LianLian 连连

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

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

Stock Code: 2598

GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Manager

CICC 中金公司 J.P.Morgan

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

BNP PARIBAS Deutsche Bank

Joint Bookrunners and Joint Lead Managers
(in alphabetical order)

農銀國際 ABC INTERNATIONAL 財通國際證券有限公司 CAITONG INTERNATIONAL SECURITIES COMPANY LIMITED 中國銀河國際 CHINA GALAXY INTERNATIONAL 富途證券 廣發証券(香港) GF SECURITIES (HONG KONG)

國泰君安國際 GUOTAI JUNAN INTERNATIONAL ICBC 工银国际 老虎證券 ZTSC 中泰國際

IMPORTANT: If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

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)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**55,920,000 H Shares (subject to the Offer Size Adjustment Option and the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**5,592,000 H Shares (subject to reallocation and the Offer Size Adjustment Option)**
Number of International Offer Shares	:	**50,328,000 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option)**
Maximum Offer Price	:	**HK$10.95 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	:	**RMB1.00 per H Share**
Stock code	:	**2598**

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Manager

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers (in alphabetical order)

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix IX to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement among the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, March 26, 2024 (Hong Kong time) and, in any event, not later than 12:00 noon on Tuesday, March 26, 2024 (Hong Kong time). The Offer Price will be not more than HK$10.95 per Offer Share and is currently expected to be not less than HK$10.21 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Tuesday, March 26, 2024 (Hong Kong time) between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

Applicants for Hong Kong Offer Shares are required to pay, on application, the maximum Offer Price of HK$10.95 for each Hong Kong Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%, subject to refund if the Offer Price as finally determined is less than HK$10.95 per Offer Share. The Joint Sponsors and the Overall Coordinators, for themselves and on behalf of the Underwriters, and with the prior consent of our Company may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this Prospectus (which is HK$10.21 to HK$10.95 per Offer Share) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the website of our Company at **www.lianlian.com** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the offer will be canceled and relaunched at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)), as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See the paragraph headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Grounds for Termination" of this Prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered or sold in the United States, or to or for the account or benefit of any U.S. person (as defined in Regulation S), except pursuant to an exemption from, or in a transaction that is not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold in the United States and to U.S. persons in reliance on Rule 144A, or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, only to QIBs. The Offer Shares may be offered, sold or delivered outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S.

March 20, 2024

IMPORTANT NOTICE TO INVESTORS:
FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "*HKEXnews > New Listings > New Listing Information*" section, and our website at www.lianlian.com. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this Prospectus are identical to the printed document as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this Prospectus is available online at the website addresses above.

See the section headed "How to Apply for Hong Kong Offer Shares" for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be for a minimum of 500 Hong Kong Offer Shares and in one of the numbers set out in the table.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable(2) on application *HK$*
500	5,530.22	6,000	66,362.58	40,000	442,417.24	450,000	4,977,193.83
1,000	11,060.44	7,000	77,423.01	45,000	497,719.38	500,000	5,530,215.38
1,500	16,590.64	8,000	88,483.45	50,000	553,021.53	600,000	6,636,258.46
2,000	22,120.86	9,000	99,543.88	100,000	1,106,043.08	700,000	7,742,301.53
2,500	27,651.08	10,000	110,604.31	150,000	1,659,064.61	800,000	8,848,344.60
3,000	33,181.30	15,000	165,906.46	200,000	2,212,086.16	900,000	9,954,387.68
3,500	38,711.51	20,000	221,208.61	250,000	2,765,107.69	1,000,000	11,060,430.76
4,000	44,241.72	25,000	276,510.77	300,000	3,318,129.23	1,500,000	16,590,646.13
4,500	49,771.93	30,000	331,812.92	350,000	3,871,150.77	2,000,000	22,120,861.50
5,000	55,302.15	35,000	387,115.07	400,000	4,424,172.30	2,796,000(1)	30,924,964.38

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of the Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE[1]

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.lianlian.com****.*

Hong Kong Public Offering commences . . . . . .9:00 a.m. on Wednesday, March 20, 2024

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk** . . . . . .11:30 a.m. on Monday, March 25, 2024

Application lists for the Hong Kong Public Offering open[3] . . . . . .11:45 a.m. on Monday, March 25, 2024

Latest time for (a) completing payment for the **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . .12:00 noon on Monday, March 25, 2024

If you are instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI System to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the earliest and latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close[3] . . . . . .12:00 noon on Monday, March 25, 2024

Expected Price Determination Date[5] . . . . . .Tuesday, March 26, 2024

Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares to be published on the website of our Company at **www.lianlian.com** and the website of the Stock Exchange at **www.hkexnews.hk** on or before[6][7] . . . . . Wednesday, March 27, 2024

Results of allocations in the Hong Kong Public Offering to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares – B. Publication of Results" in this Prospectus from[7] . . . . . Wednesday, March 27, 2024

Results of allocations in the Hong Kong Public Offering to be available at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from[6][7] . . . . . .11:00 p.m. on Wednesday, March 27, 2024 to 12:00 midnight on Tuesday, April 2, 2024

Telephone enquiry for the results of allocations in the Hong Kong Public Offering by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. from[7] . . . . . Thursday, March 28, 2024 to Friday, April 5, 2024 (expect Saturday, Sunday and public holidays in Hong Kong)

Despatch of H Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7][8] . . . . . Wednesday, March 27, 2024

Despatch/Collection of **White Form** e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or unsuccessful applications pursuant to the Hong Kong Public Offering on or before[7] . . . . . Thursday, March 28, 2024

Dealings in the H Shares on the Stock Exchange expected to commence at[7] . . . . . .9:00 a.m. on Thursday, March 28, 2024

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, March 25, 2024, the application lists will not open and close on that day. See "How to Apply for Hong Kong Offer Shares" in this Prospectus.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares – A. Application for Hong Kong Offer Shares" in this Prospectus.

(5) The Price Determination Date is expected to be on or about Tuesday, March 26, 2024, and in any event, not later than 12:00 noon on Tuesday, March 26, 2024. If, for any reason, the Offer Price is not agreed between the Sponsors and Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Tuesday, March 26, 2024, the Global Offering will not proceed and will lapse.

(6) None of the websites or any of the information contained on the websites forms part of this Prospectus.

(7) If there is a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong from Wednesday, March 20, 2024 to Thursday, March 28, 2024, then the day of (i) announcement of the results of allocations under the Hong Kong Public Offering; (ii) dispatch of H Share certificates/e-Refund payment instructions/refund checks; and (iii) dealings in the H Shares on the Stock Exchange may be postponed and an announcement may be made in such event.

(8) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be Thursday, March 28, 2024, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of the H Share certificates or prior to the H Share certificates becoming valid do so entirely at their own risk.

e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of successful applicants in the event that the final Offer Price is less than the price payable per Offer Share on application.

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This Prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not contained nor made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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

There are risks associated with any investment. Some of the particular risks in investing in our H Shares are set out in the section headed "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in our H Shares.

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

OVERVIEW

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

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

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

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

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

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

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

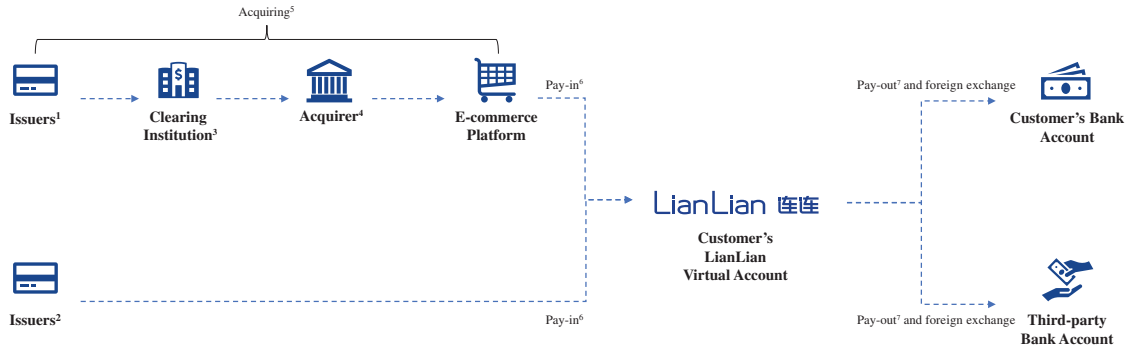
Our proprietary technology platform is the key to our business operation and success. This in-house built technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, foreign exchange processing, risk management, anti-money laundering assessment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

OUR BUSINESS MODEL

Our Services

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

Categorized by geographical coverage, our digital payment services comprise global payment and domestic payment. During the Track Record Period, we generated a majority of our revenue from provision of global payment services. For further details, please refer to "– Key Operating and Financial Metrics" in this section. For global payment, we primarily help merchants which sell their goods on global and regional e-commerce platforms to repatriate their funds. TPV from e-commerce platforms constituted approximately 10.3%, 10.4%, 7.9% and 5.8% of total TPV of digital payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. TPV from e-commerce platforms constituted approximately 82.2%, 74.9%, 67.6% and 62.0% of TPV of global payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. By assigning virtual accounts under Lianlian's local bank accounts to the merchants, which typically face challenges of owning an overseas bank account for lack of local residence, we enable the merchants to receive funds locally from the e-commerce platforms and have their funds transmitted cross-border to their home country bank accounts. For convenience of understanding, we divide the fund flow into two phases, pay-in and pay-out. Pay-in refers to the process of fund collection, and pay-out refers to the process of fund distribution, typically by transferring funds to a customer's home country bank account or to a third party for payment. See "– Key Application Scenarios" for further details and additional application scenarios of our services. The following diagram sets forth a typical transaction flow including our acquiring, pay-in, pay-out and foreign exchange services:



Notes:

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

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

3. Clearing institutions primarily connect the issuing bank and acquirers to facilitate the settlement of transactions for both end-buyers and merchants. Clearing institutions can establish business rules and standards within the payment network, ensure compliance with transaction terms, and handle fund transfers. Clearing institutions enable the smooth and secure settlement of transactions by facilitating orderly settlement, managing risks, and providing a safety net in the event of default. The functions of clearing institutions primarily include establishment of standards and rules, transaction clearing, fund settlement and risk management.

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

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

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

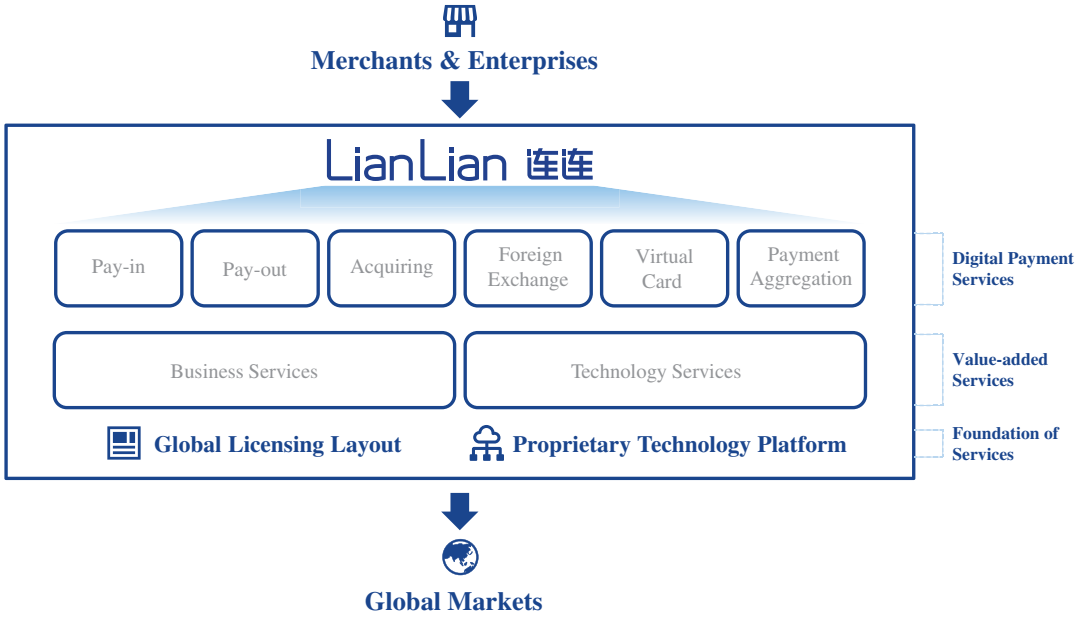
7. Refers to Lianlian's pay-out services – the process of fund distribution. A typical scenario of pay-out in Lianlian's global payment business is that Lianlian helps customers transfer funds from the virtual account assigned to a customer under Lianlian's account to a customer's home country bank account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

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

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

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

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



To serve our merchant and enterprise customers better and more effectively, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem, such as e-commerce platforms like Amazon, Shopee, Shopify and Shopyy, commercial banks, clearing institutions and third-party service providers. For this purpose, we strategically partner with affiliates of American Express Company ("**American Express**") through the joint venture Express (Hangzhou) Technology Services Company Limited ("**LianTong**"), which was established in 2017. Each of the Company and American Express is subject to a ten-year lock-up of equity, voting and economic interest transfer from the date on which LianTong formally commenced licensed business and operation. Pursuant to our agreement with affiliates of American Express, we will help LianTong to build its local network, infrastructure and systems as well as support it on regulatory communications; and American Express will bring its expertise, experience and resources to help LianTong to build its network, develop products, as well as support the operation of LianTong's business, including in the area of technology. LianTong acts as the clearing and settlement institution in a four party model payment network, and the participants of such network include cardholder, issuing bank, merchant and acquirer. Network wise, we assisted LianTong in facilitating its collaborations with major commercial banks in China by leveraging our local operation experience and partnership resources. LianTong's infrastructure investments primarily included clearing system, risk control and management platforms, IDC facilities and operation supporting system. We helped LianTong in the selection and initiation of its IDC facilities as well as its development of operational platforms. In terms of regulatory communications, we

assisted LianTong in its local AIC business registration and bankcard clearing business license application, which required PBOC approval. American Express has helped LianTong establish operations protocols, enable connection of LianTong's China network to American Express's global network and develop American Express brand bankcard products in collaboration with issuing banks. LianTong was granted a bankcard clearing business license with long term validity (no expiration date) in June 2020, making it the first Sino-foreign joint venture bankcard clearing institution established in China, according to Frost & Sullivan. LianTong provides settlement, clearing and related activities for bank cards carrying "American Express" brands issued by card issuing banks in China, offering bankcard clearing and settlement services to issuing banks and merchant acquirers in its network as well as cardholder benefits to Chinese consumers both in China and globally.

Investment in the joint venture is a significant and strategic endeavor for Lianlian. We formed LianTong with affiliates of American Express with the primary purposes to (i) provide the best payment and payment-related services to our commercial customers and consumers across the globe, (ii) leverage China's expansion of external opening of the financial sector and deepening of financial supply-side reform and (iii) provide diversified and differentiated payment services to financial consumers.

Key Application Scenarios

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

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

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

TPV contribution from circumstances where we provide a mix of pay-in, pay-out and acquiring services to Chinese cross-border merchants, including circumstances where we provided pay-in and pay-out services only to cross-border merchants as well as circumstances where we provide acquiring, pay-in and pay-out services to cross-border merchants (independent site sellers), represented 96.4%, 93.6%, 87.2% and 78.7% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively. For details, see "Business – Key Application Scenarios – Scenario 1 – for Chinese cross-border merchants: the Company provides pay-in and pay-out services" and "– Scenario 2 – for Chinese cross-border merchants (independent site sellers): the Company provides acquiring, pay-in and pay-out services." The TPV from pay-in, pay-out and acquiring services provided to Chinese cross-border merchants increased in absolute amount during the Track Record Period. The decreasing percentage contribution was mainly driven by rapid increases in TPV from services provided to Chinese cross-border enterprises, as detailed below.

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

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

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

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

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

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

Our Market Opportunities

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

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

Our Value Proposition

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

OUR STRENGTHS

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

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

For details, see "Business – Our Strengths."

OUR STRATEGIES

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

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

For details, see "Business – Our Strategies."

KEY OPERATING AND FINANCIAL METRICS

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

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

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

Notes:

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

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

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

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

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

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

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

Notes:

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

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

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

	For the year ended December 31,						For the nine months ended September 30,			
	2020		**2021**		**2022**		**2022**		**2023**	
	(RMB in millions, except for percentages)									
TPV of digital payment services										
Global payment	**106,284**	**12.5%**	**135,184**	**13.9%**	**134,813**	**11.7%**	**96,944**	**10.7%**	**121,750**	**9.3%**
Chinese cross-border merchants	102,507	12.1%	126,572	13.0%	117,507	10.2%	85,416	9.5%	95,854	7.3%

	For the year ended December 31,						For the nine months ended September 30,			
	2020		2021		2022		2022		2023	
	(RMB in millions, except for percentages)									
Chinese cross-border enterprises	3,777	0.4%	8,320	0.9%	16,626	1.4%	11,130	1.2%	23,351	1.8%
Overseas merchants and enterprises	–	–	292	0.0%	680	0.1%	398	0.0%	2,545	0.2%
Domestic payment	**743,110**	**87.5%**	**836,040**	**86.1%**	**1,018,219**	**88.3%**	**804,954**	**89.3%**	**1,190,218**	**90.7%**
Domestic enterprises	743,110	87.5%	836,040	86.1%	1,018,219	88.3%	804,954	89.3%	1,190,218	90.7%
Total	**849,394**	**100.0%**	**971,224**	**100.0%**	**1,153,032**	**100.0%**	**901,898**	**100.0%**	**1,311,968**	**100.0%**

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

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

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

Notes:

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

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

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

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

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

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

CUSTOMERS AND SUPPLIERS

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

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

RISK FACTORS

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

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

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

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

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

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

- The political and economic policies of the U.S. may adversely impact our existing business, future expansion plans and results of operations;

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

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

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao are collectively interested in approximately 38.91% of our total issued share capital. Therefore, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao comprise a group of controlling shareholders (as defined in the Listing Rules) of our Company before Listing. Immediately upon the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes), our Controlling Shareholders will be interested in and control approximately 36.88% of the total issued share capital of our Company and will remain as a group of controlling shareholders (as defined in the Listing Rules) of our Company. On January 1, 2021, Mr. Zhang, Mr. Lu and Ms. Xiao entered into an acting in concert agreement, pursuant to which the aforementioned parties confirmed that they had been acting in concert historically and agreed that they would vote in agreement in Shareholders' meetings by agreeing to reach a consensus beforehand. For further details, see "Relationship with Our Controlling Shareholders".

OUR PRE-IPO INVESTORS

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

OUR CONTRACTUAL ARRANGEMENTS

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

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

Summary of Consolidated Statements of Operating Results

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Revenue	588,502	643,644	742,748	532,350	736,690
Cost of sales	(210,251)	(204,400)	(276,779)	(190,974)	(310,308)
Gross profit	**378,251**	**439,244**	**465,969**	**341,376**	**426,382**
Selling and marketing expenses	(69,013)	(89,872)	(138,976)	(94,607)	(132,040)
General and administrative expenses	(289,990)	(263,138)	(258,314)	(188,208)	(310,541)
Research and development expenses	(124,053)	(174,235)	(210,401)	(153,220)	(188,575)
Other income	25,127	18,219	27,169	15,912	59,585
Other gains – net	57,604	4,260	15,440	6,748	21,283
Reversal of/(provision for) impairment on financial assets	2,468	(99)	(747)	(387)	(3,464)
Operating loss	**(19,606)**	**(65,621)**	**(99,860)**	**(72,386)**	**(127,370)**
Finance income/(cost) – net	9,180	22,442	4,238	5,492	(7,033)
Finance income	16,039	23,419	8,419	6,770	1,730
Finance costs	(6,859)	(977)	(4,181)	(1,278)	(8,763)
Share of net loss of associates accounted for using the equity method	(328,455)	(687,271)	(805,016)	(569,677)	(470,728)
Loss before income tax	**(338,881)**	**(730,450)**	**(900,638)**	**(636,571)**	**(605,131)**
Income tax expenses	(29,868)	(16,386)	(16,228)	(11,904)	(1,588)
Loss for the year/period	**(368,749)**	**(746,836)**	**(916,866)**	**(648,475)**	**(606,719)**
Owners of the Company	(368,159)	(746,586)	(916,540)	(648,108)	(608,056)
Non-controlling interests	(590)	(250)	(326)	(367)	1,337

Non-IFRS Financial Measures

We define EBITDA (Non-IFRS measure) as loss for the years/periods adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature. We define adjusted EBITDA (Non-IFRS measure) as EBITDA (Non-IFRS measure) adjusted by adding back (i) 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 complying with Chapter 3.11 of the Guide for New Listing Applicants issued by the Stock Exchange. We believe that Non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company and provide useful information to 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/periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and 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 years/periods presented in accordance with IFRS Accounting Standards:

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Add:					
Share-based compensation expenses[(ii)]	110,972	69,802	52,278	39,209	112,813
Listing expense	–	–	–	–	39,476
Adjusted EBITDA[(iii)] (Non-IFRS measure)	**(202,746)**	**(656,681)**	**(822,428)**	**(580,737)**	**(423,208)**

Notes:

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

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

(iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

During the Track Record Period, we witnessed resilient growth in our business operations. Our total revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. Our total revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. For details on revenue contribution of digital payment services, see "Financial Information – Description of Selected Components of Consolidated Statements of Profit or Loss and Other Comprehensive Income – Revenue – Digital Payment Services."

Gross profit represents our revenue less our cost of sales. In 2020, 2021 and 2022, our gross profit were RMB378.3 million, RMB439.2 million and RMB466.0 million, respectively. Our gross profit were RMB341.4 million and RMB426.4 million for the nine months ended September 30, 2022 and 2023, respectively. The increase in gross profit in these periods was primarily driven by the growth of our overall business scale as well as the drivers set forth in "Financial Information – Revenue." Gross profit margin represents our gross profit as a percentage of our revenue. Our gross profit margins were 64.3%, 68.2%, 62.7%, 64.1% and 57.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. For details on the reasons for the decrease in the gross profit margin from 68.2%

in 2022 to 62.7% in 2023 as well as the decrease in gross profit margin from 64.1% for the nine months ended September 30, 2022 to 57.9% for the nine months ended September 30, 2023, see "Financial Information – Period-to-Period Comparison of Results of Operations." We are currently expanding acquiring services despite its lower margin because acquiring services can help us capture a larger market share, increase overall transaction volume, and broaden the customer base. Also, a well-designed value-added services can enhance the utility of our overall digital payment solutions, enabling us to attract new customers and increasing the stickiness of existing customers. For further details, please refer to "Business – Acquiring" and "Financial Information – Path to Profitability."

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

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

LianTong's clearing system is complex, and consistent with industry norm, its establishment and maintenance require significant initial investment, especially in areas of partner incentives, marketing and benefit expenses, technology and infrastructure, service outsourcing cost, personnel and other operating cost. According to Frost & Sullivan, it typically takes a number of years for a new player like LianTong to reach the breakeven point. Since the commencement of LianTong's operations in August 2020, the joint venture has invested primarily in (i) technology and infrastructure for network and infrastructure build-up and product developments; and (ii) new customer acquisition and acceptance coverage. In 2020, 2021, 2022 and nine months ended September 30, 2023, as LianTong expanded its scale of operations, of LianTong's operating losses: (i) its technology and infrastructure expenses, as well as the selling and marketing expenses in connection with incentive costs paid to issuing banks and acquiring banks/institutions, promotion, employee benefits for business development personnel and premium services for cardholders represented approximately 55% to 80%, and (ii) general and administrative expenses in connection with depreciation and amortization expenses as well as employee benefit expenses represented approximately 25% to

40%. The COVID-19 outbreak negatively impacted both consumer traveling and spending and thus payment behavior, resulting in underperforming sales volume and revenue for LianTong since its commencement of operation. In addition, the Notice on Credit Card Business promulgated in July 2022 slowed down the growth of LianTong's new card issuance and hence negatively impacted its revenue growth in 2022. See "Regulatory Overview – Regulations in Relation to Credit Card Business" for details.

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

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

We record the equity loss related to LianTong capped at the sum of net book value at the beginning of a financial period and the capital injection during the same period. In order to complete the capital injection into LianTong, first, the board of directors of LianTong shall unanimously resolve (including directors designated by American Express and us) to increase share capital and amend articles of association by resolutions, pending PBOC approval. After that, LianTong shall submit capital increase application together with board resolutions and amended articles to PBOC. The PBOC will review the applications and seek inputs from CBIRC, which is the predecessor of National Financial Regulatory Administration. Once the PBOC issues approvals, the board resolution and articles take effect, and LianTong shall register change in share capital with local Administration for Market Regulation to update business license before shareholders making capital injection. Following the capital injection made by us and American Express to LianTong in December 2023, of which we contributed RMB74.6 million, we expect the net book value of LianTong to increase by the amount of such capital injection. After the completion of the additional capital injection, our interest in LianTong decreased from 50.0% to 45.2% while American Express's interest increased from 50.0% to 54.8%. With the backdrop of China's policies to open up its financial service sector to foreign parties, this arrangement will enable American Express to reflect their de facto control of LianTong and further increase their investments in LianTong and China market, while at the same time there is no material impact to the Company's operational influence and existing business cooperation with LianTong. Such change of equity shareholding resulted in

a deemed disposal of our partial interest in LianTong and, consequently, a dilution gain of approximately RMB244.5 million was recognized upon the completion of such capital injection. The total board seats of LianTong were reduced from six to five, of which we hold two and continue to have significant influence over LianTong, to reflect changes in our interest in LianTong after the completion of capital injection in December 2023 and American Express's leading role in daily operation management of LianTong. No changes have been made to the terms of the joint venture agreement with American Express. Regarding the reduction of director seats of LianTong, LianTong has provided written explanations in the application materials submitted to the PBOC, and the PBOC did not raise any objections. Following the completion of the additional capital injection to LianTong in December 2023, we performed an impairment assessment with reference to LianTong's post-money valuation of RMB5.76 billion. As the recoverable amount was higher than the carrying amount as of December 31, 2023, we did not make any impairment provision in connection with its investments in LianTong as of December 31, 2023. The dilution gain in 2023 was primarily caused by the additional capital injection made, following which our shareholding in LianTong decreased, which resulted in a deemed disposal of our interests in LianTong. As of the Latest Practicable Date, we and American Express made in aggregate of RMB2,604.6 million and RMB3,155.4 million to LianTong, respectively, and there is no contractual obligation for each party to make further contribution. While in 2024, as LianTong's clearance network continues to require significant investment, we expect LianTong to be loss-making, which is expected to cause us to recognize a shared loss of approximately RMB299 million in 2024. We had adjusted EBITDA (Non-IFRS measure) of a loss of RMB202.7 million, a loss of RMB656.7 million, a loss of RMB822.4 million, a loss of RMB580.7 million and a loss of RMB423.2 million in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively.

Summary of Consolidated Statements of Financial Position

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

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
		(RMB in thousands)		
Total non-current assets	581,512	878,035	673,144	628,950
Total current assets	8,642,731	7,597,046	9,472,870	9,581,018
Total assets	**9,224,243**	**8,475,081**	**10,146,014**	**10,209,968**

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Total non-current liabilities	9,744	14,800	175,755	164,152
Total current liabilities	6,632,702	6,541,972	8,909,804	9,476,462
Total liabilities	**6,642,446**	**6,556,772**	**9,085,559**	**9,640,614**
Net assets	**2,581,797**	**1,918,309**	**1,060,455**	**569,354**
Non-controlling interests	941	820	2,064	3,914

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

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

	As of December 31,			As of September 30,	As of January 31,
	2020	2021	2022	2023	2024
	(RMB in thousands)				*(Unaudited)*
Current asset					
Prepayments, other receivables and other assets	181,215	33,813	340,230	59,017	85,567
Trade receivables	16,060	32,976	40,623	79,245	76,320
Financial assets at fair value through profit or loss	352,707	187,669	188,567	191,390	192,321
Loan and factoring receivables	156,997	–	–	–	–
Inventories	786	518	687	672	666
Customer accounts and restricted cash	6,634,490	6,470,610	8,757,259	9,108,472	9,314,572
Cash and cash equivalents	1,300,476	871,460	145,504	142,222	201,865
Total current asset	**8,642,731**	**7,597,046**	**9,472,870**	**9,581,018**	**9,871,311**

	As of December 31,			As of September 30,	As of January 31,
	2020	2021	2022	2023	2024
	(RMB in thousands)				
					(Unaudited)
Current liabilities					
Trade payables	20,093	25,382	38,946	72,715	82,941
Contract liabilities	5,141	7,444	9,601	25,211	12,190
Income tax payables	11,703	2,812	4,611	5,980	7,354
Borrowings	–	–	105,279	205,521	329,808
Lease liabilities	6,225	10,130	9,071	7,500	10,336
Accruals and other payables	6,589,540	6,496,204	8,742,296	9,159,535	9,408,767
Total current liabilities	**6,632,702**	**6,541,972**	**8,909,804**	**9,476,462**	**9,851,396**
Net current asset	**2,010,029**	**1,055,074**	**563,066**	**104,556**	**19,915**

We recorded net current assets of RMB2,010.0 million, RMB1,055.1 million, RMB563.1 million, RMB104.6 million and RMB19.9 million as of December 31, 2020, 2021, 2022, September 30, 2023 and January 31, 2024. Our net current assets decreased during the Track Record Period primarily attributable to our decreased cash and cash equivalent balances resulting from capital injection for LianTong during the Track Record Period. The decrease of cash and cash equivalents from RMB871.5 million as of December 31, 2021 to RMB145.5 million as of December 31, 2022 was primarily attributable to our capital injection for LianTong of RMB620.0 million in 2022. Our net current assets further decreased to RMB19.9 million as of January 31, 2024, primarily attributable to an increase in accruals and other payables driven by a growth of payables to merchants and other customers due to our TPV growth and increases in borrowings.

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

Summary of Consolidated Statement of Cash Flow

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

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

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

PATH TO PROFITABILITY

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

Our Historical Performance

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

During the Track Record Period, we witnessed resilient growth in our business operations. Our TPV increased from RMB849.4 billion in 2020 to RMB1,153.0 billion in 2022, with a CAGR of 16.5% from 2020 to 2022, and further increased to RMB1,312.0 billion for the nine months ended September 30, 2023. Our total revenue increased from RMB588.5 million in 2020 to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. Our total revenue increased at an accelerated growth rate of 38.4% period to period from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. In line with our TPV and revenue expansion, we have become an important player in the digital payment solutions market. According to Frost & Sullivan, we ranked first among all independent digital payment solution providers in China in terms of the TPV in 2022, with a market share of 9.1%. We also ranked seventh among all digital payment solution providers in China in terms of the TPV in 2022, with a market share of 0.6%. While experiencing rapid business growth, we have maintained gross profit margin of approximately 60.0% during the Track Record Period, demonstrating a healthy business model and the driving role of strategic investments in the company's medium and long-term growth.

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

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

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

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

For the nine months ended September 30, 2023, our revenue from overseas merchants and enterprises increased significantly with rapid expansion in Southeast Asia countries and across other parts of the world. Our operating expenses including selling and marketing, research and development, and general and administrative expenses had moderate growth, with combined operating expenses as a percentage of revenue increased from 81.9% for the nine months ended September 30, 2022 to 85.7% for the same periods in 2023; and

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

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

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

measure) narrowed from a loss of approximately RMB580.7 million for the nine months ended September 30, 2022 to a loss of approximately RMB423.2 million for the nine months ended September 30, 2023, driven by our revenue growth as well as improved operational efficiency during the same period.

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

Our Path to Profitability

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

BUSINESS SUSTAINABILITY

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

WORKING CAPITAL SUFFICIENCY

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Loss before income tax	(338,881)	(730,450)	(900,638)	(636,571)	(605,131)
Operating cash flows before changes in working capital	**49,269**	**11,342**	**(31,406)**	**(5,417)**	**(48,669)**
Changes in working capital:	**(130,545)**	**83,652**	**(23,715)**	**(55,241)**	**42,982**
Trade receivables, inventories and prepayments, other receivables and other current assets	4,347	(21,229)	(10,117)	(42,894)	(63,558)
Loans and advances to customers	(120,373)	21,983	–	–	–
Deferred income	45	2,340	9,330	9,330	1,352
Trade payables, other payables and accruals, and contract liabilities	2,979,360	(84,386)	2,257,507	1,961,835	461,501
Customer accounts and restricted cash	(2,993,924)	164,944	(2,280,435)	(1,983,512)	(356,313)
Cash (used in)/generated from operations	**(81,276)**	**94,994**	**(55,121)**	**(60,658)**	**(5,687)**
Interest received	26,889	35,765	29,164	19,424	58,842
Income tax paid	(4,800)	(24,968)	(7,380)	(1,203)	(7,416)
Net cash (used in)/generated from operating activities	**(59,187)**	**105,791**	**(33,337)**	**(42,437)**	**45,739**

Our Working Capital

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

During the Track Record Period, changes from customer accounts related balances accounted for a significant majority of changes in working capital. However, the balance of customer accounts and payables to merchants and other customers are held by the Company on behalf of customers and not for our general use. For details on the nature of our customer accounts, see "Financial Information – Customer Accounts and Restricted Cash".

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

Sufficiency Statement

Taking into account anticipated cash flow from our operating activities, existing cash and cash equivalents, expected capital expenditure and capital commitment, available bank facilities and the estimated net proceeds from the Global Offering, our Directors are of the opinion, and after making reasonable inquiries of our management about our working capital, the Joint Sponsors concur, that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Prospectus.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 55,920,000 H Shares are issued pursuant to the Global Offering; and (ii) the Over-allotment Option and the Offer Size Adjustment Option are not exercised.

	Based on the Offer Price of HK$10.21 per Offer Share	**Based on the Offer Price of HK$10.95 per Offer Share**
Market capitalization of our Shares[(i)]	HK$10,931.64 million	HK$11,723.95 million
Unaudited pro forma adjusted net tangible assets per Share[(ii)(iii)]	HK$1.04	HK$1.08

Notes:

(i) The calculation of market capitalization is based on 1,070,680,000 Shares expected to be in issue immediately after completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised.

(ii) The unaudited pro forma adjusted net tangible asset attributable to the equity holder of our Company per Share is based on the consolidated statements of financial position as of September 30, 2023. For further details, see "Financial Information."

(iii) The Company considered the subsequent events as disclosed in Note 39 of the Accountants' Report set forth in Appendix I to this Prospectus, and there was no impact to the adjusted pro forma net tangible assets.

DIVIDENDS

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

LEGAL PROCEEDINGS AND COMPLIANCE

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

We primarily operate in China and have been expanding into several other countries and regions where our business is regulated and supervised under different regulatory environments. We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$485.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming Over-allotment Option and Offer Size Adjustment Option are not exercised, and assuming an Offer Price of HK$10.58 per Offer Share, being the mid-point of the indicative Offer Price range stated in the Prospectus, resulting in the gross proceeds of HK$591.6 million and listing expenses of HK$106.6 million.

We intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 60.0% or approximately HK$291.0 million will be allocated over the next five years to enhance our technological capabilities;
- approximately 30.0% or approximately HK$145.5 million will be allocated over the next five years to expand our business operations globally;
- approximately 5.0% or approximately HK$24.3 million will be allocated over the next five years for future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations; and
- approximately 5.0% or approximately HK$24.3 million is expected to be used for general corporate purposes and working capital needs.

For details, please see "Future Plans and Use of Proceeds."

LISTING-RELATED EXPENSES INCURRED AND TO BE INCURRED

The total listing expenses payable by our Company are estimated to be approximately HK$106.6 million (or approximately RMB96.8 million) assuming the Over-allotment Option and Offer Size Adjustment Option are not exercised and based on an Offer Price of HK$10.58 (being the mid-point of our Offer Price range of HK$10.21 to HK$10.95 per Offer Share), accounting for approximately 18.0% of gross IPO proceeds. Among such estimated total listing expenses, (i) underwriting-related expenses, including underwriting commission, are expected to be approximately RMB13.4 million, and (ii) non-underwriting-related expenses of approximately RMB83.4 million, comprising (a) fees and expenses of legal advisors and Reporting Accountant of approximately RMB59.3 million and (b) other fees and expenses of approximately RMB24.1 million.

Among the total listing expenses payable of RMB96.8 million, RMB74.4 million is expected to be expensed through the statement of profit or loss and the remaining amount of RMB22.4 million is directly attributable to the issue of shares and deducted from equity. As of September 30, 2023, we have incurred listing expenses of RMB39.5 million expensed through the statement of comprehensive loss and prepaid listing expenses of RMB9.3 million directly attributable to the issue of shares and deducted from equity.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied for the Listing under Rule 8.05(3) of the Listing Rules and satisfy the market capitalization/revenue test, among other things, with reference to (i) our revenue for the year ended December 31, 2022, being RMB742.7 million, which is over HK$500 million as required by Rule 8.05(3) of the Listing Rules, and (ii) our expected market capitalization at the time of the Listing, which, based on the Offer Price of HK$10.21 per Offer Share, being the low end of the Offer Price range, exceeds HK$4 billion as required by Rule 8.05(3) of the Listing Rules. We have applied to the Stock Exchange for the granting of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including (i) any Shares which may be issued pursuant to the exercise of the Over-allotment Option; (ii) any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option; (iii) the options granted under the Pre-IPO Share Option Schemes; and (iv) the H Shares to be converted from Unlisted Shares).

RECENT DEVELOPMENTS

As of January 31, 2024, we had cash and cash equivalent of approximately RMB201.9 million and unutilized banking facilities of approximately RMB642.0 million. Based on our unaudited financial information for the year ended December 31, 2023 set out in Appendix III to this Prospectus, we recorded a narrowed loss for the year ended December 31, 2023, as compared to the year ended December 31, 2022, primarily due to narrowed share of net loss of associates accounted for using the equity method, reflecting our shared loss in LianTong. The narrowed loss was also attributable to, to a lesser extent, our revenue and gross profit growth, reflecting our TPV growth in global payment, and the dilution gain from the decrease of shareholding in LianTong after the capital injection provided by us and American Express.

Impact of the COVID-19 Outbreak

The outbreak of the COVID-19 and its recurrence had caused temporary disruption to our operations to the extent that certain on-site meetings, employee deployment had to be delayed or canceled. For instance, the stress experienced by the global financial markets in 2020 due to the COVID-19 pandemic as well as the restrictive measures taken by major economies globally has, to a limited extent, adversely affected cross-border commerce, which, in turn, negatively affected the business operations of our customers. In addition, due to COVID-19 and related restrictive measures, some employees had to handle their work from home or remotely, which had affected their normal work deployment on duty. Such a negative impact, together with an increase in the number of employees in line with our strategic planning for the ramp-up of the Company's digital payment and business services and increased service charges due to expansion of business services, led to loss of adjusted EBITDA (Non-IFRS measures) of RMB822.4 million in 2022. However, COVID-19 had not had any material adverse impact on our business operation or key operating performance during the Track Record Period. Over time, the temporary restrictive measures implemented has cultivated a large pool of consumers who are accustomed to online purchases, driving up the demand for cross-border commerce. With the revival of cross-border commerce, we expect that we will

witness faster pace of revenue growth in the future. For instance, our revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022, to RMB736.7 million for the nine months ended September 30, 2023, outpacing a CAGR of 12.3% for revenue from RMB588.5 million in 2020 to RMB742.7 million in 2022. Given that restrictions related to COVID-19 have been substantially lifted and business activities are resuming globally, we do not expect that the COVID-19 will have a material adverse impact on our business as of the Latest Practicable Date.

Recent PRC Regulatory Developments

Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**Trial Measures**") and five supporting guidelines, which took effect on March 31, 2023. According to the Trial Measures, PRC domestic companies that seek to offer and list securities overseas, directly or indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The Trial Measures provide that if the issuer meets both of the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by PRC domestic companies, and (ii) the main parts of the issuer's business activities are conducted in Mainland China, or its main places of operations are located in Mainland China, or the senior managers in charge of its operation and management are mostly Chinese citizens or domiciled in the PRC. Where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three PRC business days after such application is submitted. Given that we meet both of the conditions stated above and as advised by our PRC legal advisor, we have made the filings with the CSRC with respect to the Global Offering and Listing. We have submitted our filing application to the CSRC according to the Trial Measures. According to the information disclosed on the CSRC's official website, the International Cooperation Department of the CSRC accepted our filing application on July 12, 2023 and the CSRC issued the notice of filing on February 7, 2024.

Updates on Financial Information

Our Directors confirm that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, the end of the period reported on the Accountant's Report included in Appendix I to this Prospectus.

The unaudited financial information as of and for the year ended December 31, 2023 have been agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. Our unaudited financial information for the year ended December 31, 2023 is set out in Appendix III to this Prospectus.

In this Prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in the section headed "Glossary and Conventions" in this Prospectus.

"Acting in Concert Agreement"	On January 1, 2021, Mr. Zhang, Mr. Lu and Ms. Xiao entered into an acting in concert agreement, for details, see "Relationship with Our Controlling Shareholders"
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council of Hong Kong
"AIC"	Administration of Industry & Commerce* (工商行政管理機關) of the PRC (now known as the Administration for Market Regulation* (市場監督管理局)) or, where the context so requires, the State Administration for Industry & Commerce of the PRC (中華人民共和國工商行政管理總局) or its delegated authority at the provincial, municipal or other local level
"American Express"	American Express Company, a globally integrated payments company, providing products and services globally to diverse customer groups through various channels
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the Listing Date, a summary of which is set out in Appendix VII to this Prospectus
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"Business Day"	a day on which banks in Hong Kong are generally open for normal business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong

"Capital Market Intermediaries" or "Capital Market Intermediary(ies)" or "CMI(s)"	the capital market intermediaries participating in the Global Offering and has the meaning ascribed thereto under the Listing Rules
"CBIRC"	the China Banking and Insurance Regulatory Commission
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"China", "Mainland China" or "PRC"	the People's Republic of China which, for the purpose of this Prospectus 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
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company", "the Company" or "Lianlian"	Lianlian DigiTech Co., Ltd. (連連數字科技股份有限公司), a limited liability company incorporated in the PRC on February 2, 2009 with the corporate name of Zhejiang Junbao Communication Technology Co., Ltd.* (浙江君寶通信科技有限公司) and the corporate name was further changed into Lianlian Digital Technology Co., Ltd.* (連連數字科技有限公司) on March 28, 2017 and converted into a joint stock limited liability company on December 3, 2020
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules

"Contractual Arrangements"	a series of contractual arrangements entered into in Indonesia between Starlink and each of the Registered Shareholders in relation to their respective shareholding interests in PT ISR and PT BGR. See "Contractual Arrangements"
"Controlling Shareholder(s)"	meaning Mr. Zhang Zhengyu (章徵宇), Chuanglianzhixin, Mr. Lu Zhonglin (呂鐘霖) and Ms. Xiao Seqiu (肖瑟秋) who comprise a group of controlling shareholders (as defined in Listing Rules) of our Company. See "Relationship with our Controlling Shareholders" in this Prospectus
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSDC"	China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT"	enterprise income tax
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)
"Exchange Participant"	a person (a) who, in accordance with the Listing Rules of the Hong Kong Stock Exchange, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"Global Offering"	the Hong Kong Public Offering and the International Offering

"FINI"	the "Fast Interface for New Issuance", an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for all New Listings
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Group," "our Group," "we" or "us"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the context may require)
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"H Share(s)"	the ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 per H Share which is/are to be subscribed for and traded in HK dollars and to be listed on the Hong Kong Stock Exchange
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly- owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Participant"	a person admitted to participate in CCASS as a direct clearing participant, a general clearing participant, a custodian participant or an investor participant

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollar" or "HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 5,592,000 H Shares offered by us for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation and the Offer Size Adjustment Option as described in the section headed "Structure of the Global Offering" in this Prospectus)
"Hong Kong Public Offering"	the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong (subject to reallocation and the Offer Size Adjustment Option as described in the section headed "Structure of the Global Offering" in this Prospectus) at the Offer Price (plus brokerage, SFC transaction levy, Hong Kong Stock Exchange trading fee and AFRC transaction levy), on and subject to the terms and conditions described in the section headed "Structure of the Global Offering" in this Prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Hong Kong Underwriters"	the underwriters listed in the paragraph headed "Hong Kong Underwriters" in the section headed "Underwriting" in this Prospectus, being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 19, 2024 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Overall Coordinators and the Hong Kong Underwriters, as further described in "Underwriting – Underwriting arrangements and expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement"

"IFRS"	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC)
"Independent Third Party(ies)"	any entity(ies) or person(s) who is not a connected person of our Company within the meaning of the Hong Kong Listing Rules
"Indonesian Legal Advisor"	Hutabarat Halim & Rekan, our legal advisor as to Indonesian law
"Indonesian OpCos"	PT BGR and PT ISR
"International Offer Shares"	the 50,328,000 Shares offered by our Company pursuant to the International Offering (subject to reallocation and the Offer Size Adjustment Option as described in the section headed "Structure of the Global Offering" in this Prospectus) together with any additional H Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option
"International Offering"	the offering of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act or any other available exemption from the registration requirement under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this Prospectus
"International Underwriters"	the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering expected to be entered into on or about the Price Determination Date by our Company and the International Underwriters, as further described in the section headed "Underwriting – International Offering" in this Prospectus
"IDR" or "Rp"	Indonesian rupiah, the lawful currency of the Republic of Indonesia

"IPO"	initial public offering
"Joint Bookrunners"	the joint bookrunners as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus
"Joint Global Coordinators"	the joint global coordinators as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus
"Joint Lead Managers"	the joint lead managers as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus
"Joint Sponsors"	the joint sponsors as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus
"Latest Practicable Date"	March 11, 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
"Lianlian Yintong"	Lianlian Yintong Electronic Payment Co., Ltd. (連連銀通電子支付有限公司)
"LianTong"	Express (Hangzhou) Technology Services Company Limited (連通(杭州)技術服務有限公司)
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or about Thursday, March 28, 2024, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
"merchant acquirers"	financial institutions that process credit and debit card transactions for companies or merchants
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Lu"	Mr. Lu Zhonglin (呂鐘霖), one of our Controlling Shareholders
"Ms. Xiao"	Ms. Xiao Seqiu (肖瑟秋), one of our Controlling Shareholders
"Mr. Zhang"	Mr. Zhang Zhengyu (章徵宇), our executive Director and chairman of the Board, one of our Controlling Shareholders
"NAFR"	National Administration of Financial Regulation (國家金融監督管理總局)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NetsUnion"	the operating entity of the non-bank payment institution network payment clearing platform, which was established with the approval of the PBOC and the non-bank payment institution network payment clearing platform serves as a nationwide unified clearing system, primarily handling online payment transactions involving bank accounts initiated by non-bank payment institutions
"Nomination Committee"	the nomination committee of the Board

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this Prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares, with any additional H Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option
"Offer Size Adjustment Option"	the option under the Hong Kong Underwriting Agreement, exercisable by the Company on or before the Price Determination Date, pursuant to which the Company may issue and allot up to an aggregate of 8,380,000 additional H Shares at the Offer Price, to cover additional market demand, if any, as described in the section headed "Structure of the Global Offering" in this Prospectus
"Over-allotment Option"	the option granted by us to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, to require our Company to allot and issue up to an additional 8,380,000 H Shares (representing not more than 15.0% of the Offer Shares initially available under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an additional 9,645,000 H Shares (representing not more than 15.0% of the Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full) at Offer Price, to cover, over-allocations in the International Offering, if any, exercisable at any time from the date of the International Underwriting Agreement up to (and including) the date which is the 30th day from the last day for lodging of applications under the Hong Kong Public Offering
"Overall Coordinators"	the overall coordinators as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus

"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC Company Law"	Company Law of the People's Republic of China (中華人民共和國公司法)
"PRC GAAP"	generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities
"PRC Legal Advisor"	Zhong Lun Law Firm, our legal advisor as to PRC laws
"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
"Pre-IPO Investment(s)"	the investment(s) in our Company undertaken by the Pre-IPO Investors pursuant to the respective equity transfer agreement(s) and capital increase agreement(s), details of which are set out in the section headed "History, Development and Corporate Structure" in this Prospectus
"Pre-IPO Investor(s)"	the investor(s) from whom our Company obtained several rounds of investments, details of which are set out in the section headed "History, Development and Corporate Structure" in this Prospectus
"Price Determination Agreement"	the agreement to be entered into by Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around Tuesday, March 26, 2024 (Hong Kong time) on which the Offer Price is determined, or such later time as our Company and the Overall Coordinators (on behalf of the Hong Kong Underwriters) may agree, but in any event not later than 12:00 noon on Tuesday, March 26, 2024

"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"Province"	each being a province or, where the context requires, a provincial-level autonomous region or municipality under the direct supervision of the central government of the PRC
"PT BGR"	PT Buana Gemah Ripah, a company incorporated in Indonesia with limited liability on February 11, 2004, our consolidated affiliated entity, which we control through the contractual arrangements, details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"PT ISR"	PT Internasional Sukses Remiten, a company incorporated in Indonesia with limited liability on May 27, 2016, our consolidated affiliated entity, which we control through the contractual arrangements, details of which are set out in the section headed "Contractual Arrangements" in this Prospectus
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration and Assessment Committee"	the remuneration and assessment committee of the Board
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中國國家稅務總局)
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"SFC"	Securities and Futures Commission of Hong Kong
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 per H Share
"Shareholder(s)"	holder(s) of the Share(s)
"Sponsor-Overall Coordinators"	the sponsor-overall coordinators as named in the section headed "Directors, Supervisors and parties involved in the Global Offering" in this Prospectus
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"Starlink"	Starlink Financial Technologies Pte. Ltd., a company incorporated in Singapore with limited liability on March 7, 2018 and is owned by Lianlian Pay Global Limited as to 67.5% and Patricia Imelda Stevany Hutapea, an Independent Third Party, as to 32.5%
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of our Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the periods comprising the three financial years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023
"Trial Measures"	the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法)
"UK" or "U.K."	the United Kingdom of Great Britain and Northern Ireland

"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require
"Unlisted Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollar", "U.S. dollar", "US$" or "USD"	United States dollar, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the White Form eIPO Service Provider, at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Zhonglian Inc."	Zhonglian Inc., an exempt company incorporated under the laws of the Cayman Islands with limited liability on May 2, 2006 and the then ultimate holding company of our Group before March 2018
"Zhong Pu Lian Technology"	Zhejiang Zhong Pu Lian Technology Co., Ltd* (浙江中普連科技有限公司), a limited liability company incorporated in the PRC on February, 2023

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this Prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

* *English translations of company names and other terms from the Chinese language are provided for identification purposes only.*

The following is a glossary of certain terms used in this prospectus in connection with us and/or our business. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

"acquiring"	one of Lianlian's digital payment services to help customers collect funds from end-buyers for online transactions by integrating different payment methods that customers use to receive payments from their end-buyers, which save the customers' administrative burden of dealing with various payment methods and play the role of a gateway between the customers and banks or other financial institutions
"AI"	artificial intelligence
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
"AML"	anti-money laundering
"average TPV expansion rate"	for the purpose of this Prospectus, we calculate the average TPV expansion rate of a period by dividing the Current Period average TPV by the Prior Period average TPV and, the Prior Period average TPV is the average TPV attributable to new customers in the prior fiscal year and the Current Period average TPV is the average TPV in the current period attributable to the same group of new customers in the prior fiscal year
"CAGR"	compound annual growth rate
"card issuing institution"	commercial bank or credit union that issue cards to cardholders
"card scheme"	payment networks linked to payment cards, such as debit or credit cards, of which a bank or any other eligible financial institution can become a member
"Chinese cross-border merchants/enterprises"	Chinese merchants/enterprises engaged in cross-border trade. Their payment transactions involve counter-parties from different countries

"clearing institution"	a financial institution formed to facilitate the exchange (i.e., clearance) of payments, including card schemes and other eligible institutions
"cloud computing"	a method of providing applications, service or resources on an as need basis through the servers of cloud computing suppliers
"cloud service"	services, applications and resources delivered by cloud computing supplier on demand to users through the internet
"digital", "digitalization"	using a system in which information is recorded or sent out electronically, as opposed to conventional face-to-face transformations offline
"digital payment"	payment made over Internet or mobile Internet via websites or mobile applications, allowing merchants and enterprises to receive and distribute funds digital payment is a narrower concept compared to electronic payment as electronic payment encompasses various methods of payment via electronic means to finish monetary payments or fund transfer, such as Internet payment, mobile payment, telephone payment, Point-of-Sales (POS) transactions, or ATM transactions
"domestic merchants/enterprises"	Chinese merchants/enterprises whose payment transactions only occur in China
"domestic payments"	payments that occur in China
"EBITDA"	earnings before interest, taxes, depreciation and amortisation
"end-buyers"	for the purpose of merchants, ultimate buyers transacting through e-commerce platforms, and for the purpose of enterprises, ultimate buyers including companies and institutions
"enterprises"	businesses who directly sell goods or provide services to end-buyers

"e-commerce"	the buying and selling of goods and services over the Internet
"e-commerce platform"	a website or mobile application that facilitates buying and selling of goods and services for the purpose of this Prospectus, the term collectively refers to e-commerce platforms, independent sites or branded online stores in China and overseas
"ESG"	environmental, social and corporate governance
"e-wallet"	digital wallet, which allows users to make online payments
"FX", "foreign exchange"	refers to one of Lianlian's digital payment services to help customers to exchange currencies globally
"GDP"	gross domestic product
"global payments"	cross-border payment transactions and payment transactions with at least a portion of which occur outside China.
"IDC"	internet data center
"independent digital payment solution providers"	digital payment solution providers who are not owned or controlled by financial institutions, and whose business are not dependent on the businesses of connected parties, such as large e-commerce platforms
"IT"	information technology
"KPIs"	key performance indicators
"KYB"	know your business, a process that obtains and verifies business information
"KYC"	know your customer, a process that obtains and verifies customer information

"merchants"	for the purpose of this Prospectus, businesses who primarily engage in retail business with end-buyers transacting through e-commerce platforms, and the number of our merchants is defined as the number of shops opened by merchants
"offline"	operates in a physical location, such as a store, office, or warehouse
"online"	operates and conducts activities over the Internet, as opposed to offline
"overseas merchants/enterprises"	merchants/enterprises outside China
"payment aggregation"	one of Lianlian's digital payment services to enterprise customers in certain industries leveraging customized software solutions and simplified and efficient tools
"PB"	petabyte, a unit of computer data storage which equals to two to the 50th power of bytes
"pay-in"	one of Lianlian's digital payment services, refers to the process of fund collection a typical scenario of pay-in in Lianlian's global payment business is that Lianlian assigns virtual accounts under Lianlian's accounts to its merchants, which enables the merchants to receive funds locally from the e-commerce platforms
"pay-out"	one of Lianlian's digital payment services, refers to the process of fund distribution a typical scenario of pay-out in Lianlian's global payment business is that Lianlian helps customers transfer funds from the virtual account assigned to a customer under Lianlian's account to a customer's home country bank account or to a third party bank account for payment
"R&D"	research and development
"SDK"	software development kit
"TPV"	total payment volume

"virtual account"	virtual account or virtual bank account managed by Lianlian, and a virtual bank account is an account number generated by financial institutions or payment service providers that can be linked to a physical bank account
"virtual card"	non-physical forms of a payment card issued by the card issuing institution with its brand thereon, and it also refers to Lianlian's virtual card services

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This Prospectus contains forward-looking statements and information relating to us and our subsidiary that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Prospectus, the words "aim," "anticipate," "aspire," "believe," "could," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "schedules," "seek," "should," "target," "vision," "will," "would," and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in "Risk Factors" and elsewhere in this Prospectus, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate, including but not limited to interest rates, foreign exchange rates;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain relationship with, and the actions and developments affecting, our major customers and suppliers;
- our ability to maintain the market leading positions and the actions and developments of our competitors;
- our ability to effectively control costs and operating expenses;
- the ability of business partners to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;

- our business strategies and plans to achieve these strategies, including our service and geographic expansion plans; and

- all other risks and uncertainties described in "Risk Factors".

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors" in this Prospectus.

In this Prospectus, statements of or references to our intentions or those of our Directors are made as of the date of this Prospectus. Any such information may change in light of future developments.

An investment in our H Shares involves significant risks. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such an event, the market price of our H Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

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

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks related to our business and industry; (ii) risks related to our contractual arrangements; (iii) risks related to conducting business in China; and (iv) risks related to the Global Offering. Additional risks and uncertainties that are presently not known to us or not expressed or implied below or that we currently deem immaterial could also have a material adverse effect on our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

Risks Related to Our Business and Industry

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

The business environment in which we operate, is characterized by rapid technological changes, constantly evolving markets, frequent introduction of new products and services, evolving industry standards and regulations, and increasing customer expectations. Developments in blockchain technologies, machine learning and AI continue to disrupt the industry. Our success has largely been driven by our capability to innovate and introduce new services and products, and identify potential needs even before they are recognized by customers. Failure to continue to innovate, or effectively identify and address new customer needs could severely damage our leading position and erode our market share, which in turn would materially and adversely affect our business, financial condition, results of operations and prospects.

Technological development and innovation play a crucial role in driving industry growth, and new technologies and methods such as big data, cloud computing, blockchain, AI, and machine learning are evolving at an unprecedented rate. The development and innovation of technology have higher requirements for up-to-date technical capabilities, continuous learning abilities, and innovation capabilities of our Company and technical related personnel. Failure to continue to maintain our technical upgrading and innovation capabilities may result in our inability to effectively compete in the industry and respond to market changes, which may have a material adverse effect on our business, financial condition, results of operations and prospects.

Sustained innovation requires us to invest significant resources to identify new opportunities, create new markets and develop new products or services that deliver more value to our customers and our partners. Our investments in innovations, which may be significant, may not enhance our competitiveness or generate financial returns in the short term. We have ongoing research and development projects and studies but there is a high degree of uncertainty around the progress and results of these initiatives. Additionally, there is uncertainty around the commercialization of our technology achievements. If we fail to correctly judge the direction of our research and development efforts, fail to achieve key technological breakthroughs in this process, or are unable to apply our research and development results to practical business scenarios, we may face risks such as unrecoverable research and development investment and unrealized expected benefits. Even if we succeed in identifying new opportunities, creating new markets, innovating new products and services and adopting changes in our strategies and plans, we may nevertheless fail to realize the anticipated benefits of these changes and our financial performance may suffer as a result. Failure to achieve expected results from our research and development efforts could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to certain risks relating to LianTong, primarily attributable to the share of loss from our investment in LianTong.

We face certain risks in relation to LianTong, a bank card clearing joint venture we established with affiliates of American Express in 2017, including, among others, we do not control LianTong, we may not be successful in realizing the benefits of our investment activity or recouping our investment, we may invest additional amounts (in a way pro rata to our shareholding or non-pro rata to our shareholding which may affect our shareholding), and our shareholding percentage may be diluted, which could have a material and adverse effect on our business and prospects. LianTong received its bankcard clearing business license with long term validity (no expiration date) from the PBOC in June 2020 and officially commenced its operations in August 2020. For details on LianTong, see "Business – Business Partners – LianTong."

Our additional investments to LianTong, if made, may include equity investments and/or financial assistance which may have an adverse impact on our liquidity abilities. As of the Latest Practicable Date, the total registered capital of LianTong is RMB5,760 million, and each of the Company and American Express is obliged to pay RMB2,604.6 million and RMB3,155.4 million, respectively. The Company has fully paid up RMB2,604.6 million of such registered capital that it has committed to contribute, and to the best knowledge of the Company, American Express has also fully paid up its committed portion. We and American Express may inject additional capital into LianTong to support its operations. For instance, in December 2023, we and American Express provided additional capital of RMB74.6 million and RMB625.4 million, respectively, to LianTong to support its operations. As of the Latest Practicable Date, there is no other capital injection plans pending the PBOC's approval. However, as we may continue to invest in LianTong and LianTong could potentially be loss making, we cannot assure you that we will no longer record additional share of net loss of associates. LianTong experienced losses during the Track Record Period, and as we account for LianTong using the equity method of accounting, such losses have had an adverse impact on our results of operations and financial results. In terms of our consolidated financial results, we record the equity loss related to LianTong capped at the sum of net book value at the beginning of a financial period and the capital injection during the same period. We may record additional share of net loss of associates if (i) we provide additional capital contribution to LianTong following the PBOC's approvals of such plans, and (ii) LianTong is loss-making during corresponding financial period. In the event that LianTong is unable to achieve its business strategies or if any dispute arises with American Express with respect to LianTong and its operations or strategic directions, or if American Express and we intend not to provide further capital injection to LianTong and LianTong is not able to obtain sufficient working capital on its own, we may not be able to recoup our investment in LianTong and may lose our entire investment. Moreover, our shareholding percentage in LianTong may be diluted, and our influence over LianTong through board representation may be reduced. In the event a proposed capital injection plan is declined by us, LianTong will likely need to seek capital from alternative sources, which may result in the dilution of our equity interest in LianTong, reduction of our influence over LianTong through board representation or else LianTong could cease operations, each of which could have adverse consequences for us. In the event that our shareholding in LianTong is diluted, as the dilution plans are subject to the PBOC's prior approval, we do not expect LianTong's bankcard clearing business license to be revoked. If LianTong is unable to obtain sufficient capital from alternative sources, its daily operation and business could be materially and adversely affected. Furthermore, LianTong's future operations and success may be affected by general Sino-U.S. relationship. For further details, see "– Adverse changes in the economic, geopolitical and social conditions, as well as government policies, could have a material adverse effect on our business and prospects".

We have incurred net losses and negative cash flow from operations in the past, and we may continue to incur net losses and negative cash flow from operations in the near future. Our gross profit margin has experienced fluctuations in the past, and we may suffer from gross profit margin decline in the future.

For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, we incurred net losses of RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million, respectively, primarily attributable to our operating loss and share of loss from our investment in LianTong for the respective years. We anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to grow our business, expand geographically, invest and innovate our technology infrastructure, and further broaden our service offerings. Our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenues may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses. We may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability.

We have a history of and we expect to continue to experience significant net losses and negative cash flow from operations. We incurred net loss of RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. Our net loss resulted primarily from (i) our strategic investments in innovative products and solutions, global expansion and core talents and (ii) our share of net loss in LianTong, which amounted to RMB328.5 million, RMB687.3 million, RMB805.0 million, RMB569.7 million and RMB470.4 million, respectively, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. We anticipate that our operating expenses will increase in absolute amount in line with the business growth. Our net cash flows from operating activities amounted a net cash outflow of RMB59.2 million, a net cash inflow of RMB105.8 million, a net cash outflow of RMB33.3 million, a net cash outflow of RMB42.4 million and a net cash inflow of RMB45.7 million, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. We have recorded net decrease in cash and cash equivalent of RMB3.3 million for the nine months ended September 30, 2023 and may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities.

Our gross profit margins were 64.3%, 68.2%, 62.7%, 64.1% and 57.9% in 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, respectively. The decrease of our gross profit margin from 68.2% in 2021 to 62.7% in 2022 was primarily attributable to a significant decrease in our value-added services margin as a result of (i) the change of our service mix, due to the growth of our digital marketing and (ii) an increase in service charges from enhanced customer acquisition. Our gross profit margin decreased from 64.1% for the nine months ended September 30, 2022 to 57.9% for the nine months ended September 30, 2023, primarily due to (i) a decrease in global payment margin from 80.6% for the nine months

ended September 30, 2022 to 73.1% for the nine months ended September 30, 2023, primarily reflecting the expansion of acquiring services with lower gross profit margin, and (ii) a decrease in value-added services margin from 47.7% for the nine months ended September 30, 2022 to 30.0% for the nine months ended September 30, 2023, reflecting the change in service mix, as a result of (1) significant growth of digital marketing with lower margin, and (2) a decrease in revenue from higher-margin technology services due to shift of our strategic focus on business services.

If our gross profit margins continue to decrease, we may not achieve profitability as expected or it may take longer time for us to become profitable, which may adversely affect our business, financial condition and results of operations.

Changes in laws, regulations or government policies related to our business may impose additional obligations on us, and if we fail to adapt to such changes, our business, financial condition and results of operations could be materially and adversely affected; and we require various approvals, licenses, permits and qualifications to operate our business globally, any failure to obtain and maintain requisite licenses or permits applicable to our business and operation could have a material and adverse impact on us.

As a company operating in the digital payment solution industry, we and our subsidiaries, associates, joint ventures and affiliates, as well as our business partners, and other business participants on our platform, are subject to a broad range of laws, regulations or government policies on e-commerce, digital payment, foreign exchange control, data collection and data security, privacy and consumer protection and are required to obtain and maintain relevant approvals, licenses, permits and qualifications in China and globally. These laws, regulations or government policies are highly complex, continuously evolving and may change. If the interpretation or implementation of existing laws, regulations or government policies, or new regulations come into effect, there can be no assurance that we or parties on whom we rely will successfully comply with such changes. For example, the State Council promulgated the Regulations on the Supervision and Administration of Non-bank Payment Institutions on December 9, 2023, which will become effective from May 1, 2024. Please see "Regulatory Overview – Regulations in Relation to Payment Services of Non-Financial Institutions" for further details.

We have from time to time been subject, and continue to be subject to, inquiries, inspections and investigations from PRC and foreign government authorities that relate to cross-border payments, trade, tax, data security and privacy, cybersecurity, foreign exchange control, consumer protection, advertising and content control, AML, anti-terrorist financing, sanctions, anti-bribery, anticorruption and allegedly fraudulent or other criminal transactions. We may also face protectionist policies and regulatory scrutiny, on national security grounds or for other reasons, in foreign jurisdictions in which we conduct business or investment activities. As we continue to grow in scale and significance, we expect to face increased scrutiny, which will, at a minimum, result in the need to increase our investment in legal and compliance and related capabilities and systems. We were fined approximately RMB2.2 million by the State Administration of Foreign Exchange of Zhejiang Bureau due to

non-compliance with the regulations in relation to foreign exchange remittance in 2018, which we have subsequently rectified. If we are unable to comply with the applicable laws, regulations and government policies, or to address concerns raised by regulatory authorities, such actual or alleged failure could damage our reputation, deter current and potential customers from using our products and services, and subject us to significant legal, financial and operational consequences and as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, our business and operation is supported by our global license layout, and we are required to obtain and maintain various approvals, licenses, permits and qualifications in order to operate our business in the jurisdictions where we operate, including, among others, licenses and permits for providing digital payment solutions to customers, approvals and filings for establishing and operating subsidiaries in relevant jurisdictions, and approvals, filings and reporting for overseas direct investments to be obtained from PRC regulatory authorities. These approvals, licenses, permits and qualifications are granted upon satisfactory compliance with, among other things, the applicable laws, regulations and government policies. In some cases, these approvals, licenses, permits and qualifications are subject to examinations or verifications by the relevant authorities and may only be valid for a fixed period of time subject to renewal. We have experienced and may experience in the future challenges, difficulties, delays or failures in obtaining or maintaining the various approvals, licenses, permits and qualifications. As of December 31, 2023, we had built a license portfolio of 64 payment licenses and relevant qualifications. In addition, we collaborate with business partners holding payment service licenses and relevant qualifications to serve customers in other markets. Given the strict regulatory environment in the digital payment solution industry worldwide and the fact that our business spans across many jurisdictions with varying currency controls, we may face potential risks such as fines, license revocations, business restrictions, or asset seizures due to various factors. We cannot guarantee that we will be able to maintain our existing permits and licenses. If we fail to obtain and maintain the approvals, licenses and permits required for our business in the future, we could be subject to liabilities, penalties and operational disruptions. For a detailed discussion of certain licenses and permits relevant to our business, see "Business – Licenses and Permits."

Moreover, we cannot guarantee that we and our partners, including banks, payment service providers and other financial institutions will be able to maintain or renew existing licenses and permits or obtain additional licenses and permits required to expand our and their businesses. If we or our partner financial institutions are unable to maintain and renew one or more of the current licenses and permits, or obtain such renewals or additional licenses requisite for future business expansion, the operations and prospects of our business could be materially disrupted. Furthermore, newly promulgated PRC regulations may require additional licenses or permits in order to continue to conduct our business operations and maintain the cooperation between us and our partner financial institutions. However, we can give no guarantee that we and our partner financial institutions would be able to obtain such licenses or permits in a timely fashion, or at all. If any of the foregoing were to occur, our business, financial condition and prospects would be materially and adversely affected.

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

We face intense competition in the PRC and internationally in the digital payment solution industry. The market we operate in is characterized by vigorous competition, changing technology, changing customer needs, evolving industry standards and frequent introductions of new services and products. In the PRC, we primarily compete with payment service providers and technology-focused digital solution providers who offer digitalization services. According to Frost & Sullivan, there are more than 190 third-party payment providers that have obtained payment business licenses from the PBOC, of which more than 100 third-party payment providers have payment business licenses for digital payment business and more than 30 third-party payment providers have received approval for cross-border foreign exchange payment business pilot issued by the SAFE. Meanwhile, internationally, we also compete with other parties who provide cross-border and local digital payment solutions. As we expand our operations into an increasing number of international markets, we increasingly face competition from players operating in these markets.

We compete on a global scale with both international players and regional players within each geographic market. We also face competitions from our business partners that focus on certain segments of the e-commerce platforms and financial institutions who may also enter into new segments in which we operate and compete with us, including those of non-independent digital payment solution providers. See "Industry Overview – Competitive Landscape of Digital Payment Solution Market in China". Furthermore, large financial technology companies and institutions, including non-independent digital payment solution providers, may have strong brand recognition, abundant financial resources and sophisticated technology capabilities may develop their own digital payment platforms to compete with us in the future. We cannot assure you that we will be able to match their resources and technology capabilities to effectively compete with them.

Some of our competitors have strong brand recognition, robust technological capabilities, significant financial resources, and established customer bases. They are continuously investing to innovate, grow their businesses, and enhance user engagement, and can outcompete us in any of these areas. Additionally, some of our PRC and international competitors may obtain certain licenses or permits that we are unable to obtain, which would hinder our ability to offer certain products or services.

Increased investments, lower prices, or innovative products and services offered by our competitors may require us to divert significant managerial, financial, and human resources to remain competitive. Our ability to compete effectively also depends on factors beyond our control, including alliances, acquisitions, or consolidations within our industries that may result in stronger competitors, and changes in the regulatory environment in the markets we operate in. Mergers and acquisitions in the industry may lead to even larger competitors with more resources and integrated solutions.

We expect competition to intensify in the future as existing and new competitors introduce new services or enhance existing services. If we are unable to compete effectively, we may not be able to attract and retain customers and partners, and our market share, revenue growth, profitability and reputation may be negatively affected, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Adverse changes in the economic, geopolitical and social conditions, as well as government policies, could have a material adverse effect on our business and prospects.

Operating in or providing services to customers in different countries or regions, subjects us to multiple risks. The overall economic conditions in the countries or regions we operate in, or connect with, influence the success of our global operation. Any slowdown in the macro economy could significantly impact our business, financial condition and results of operations. Factors such as decrease in overall consumption level liquidity of the global financial markets, level and volatility of debt and equity prices, interest rates, currency and commodities prices, investor sentiment, inflation and the availability and cost of capital and credit have affected and will continue to affect the countries or regions where we operate. A substantial portion of our business, assets and operations are located in China. Accordingly, developments of China's economics, political and legal environment may affect our operations, business prospects and financial conditions. China's economy has experienced significant growth over the past decades and economic reform measures have been implemented across industries. Any declines in e-commerce utilization, and any factors that limit e-commerce activities for customers, whether due to changes in customer preferences, macroeconomic factors, regulatory factors, trade tensions, geopolitical instability or other causes, could also adversely affect our business and results of operations as a significant part of our business relates to the e-commerce industry. The stress experienced by the global financial markets in 2020 due to the COVID-19 pandemic, the series of measures taken by major economies in response and the consequences of such measures continue to impact the global economy in varying degrees in different regions over the years. The financial markets continue to be impacted by general uncertainty, and growth rates have declined recently. These developments may adversely impact global liquidity, heighten market volatility and increase funding costs resulting in tightened global financial conditions and fears of a recession. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and could also adversely affect the countries or regions where we operate, which could in turn affect our business.

The majority of our revenue is derived from our global payment business, which is subject to regulatory and compliance risks. The regulatory and compliance environment in the countries or regions where we operate is constantly evolving, and we may face challenges in complying with local requirements, which could impact our business operations. Some jurisdictions adopt a civil law system based on written statutes and others are largely based on common law where case laws have binding effects. We are based in China and our businesses in China are governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes and may evolve from time to time. In addition, changes in political or social environment or government policies, including unfriendly foreign affair policies, trade barriers, or other limitations, may also directly or indirectly impact our business and future expansion plans. Such changes may lead to increased costs, negatively affect our relationships with customers and partners, and create uncertainty in the Cross-border transactions. In addition, the perception of our Company by the governments and the public in

the jurisdictions where we operate may also have a significant impact on our business. Negative public perception or government scrutiny could lead to reputational damage, loss of customers or business partners as well as increased regulatory scrutiny. These matters can be politicized and be driven by public opinion, which we cannot predict or control. If we are unable to successfully manage our international operations, we may not be able to maintain or grow our market share, which may have a material and adverse effect on our business, financial condition, and results of operations.

Moreover, any future occurrence of force majeure events such as natural disasters, terrorism, war or outbreaks of contagious diseases which result in a widespread health crisis and restrict the level of business activities in affected areas, may materially and adversely affect our business, financial condition and results of operations. We cannot assure you that any future occurrence of natural disasters or outbreaks of epidemics and contagious diseases will not seriously disrupt our operations or those of our partners and customers, which may materially and adversely affect our business, financial condition and results of operations.

The political and economic policies of the U.S. may adversely impact the industries that we operate in, and in turn our operations.

Our business is subject to risks associated with the U.S. counterparties and with doing business in the United States. Political and economic relations between China and the U.S. could increase our regulatory and compliance costs, negatively affect our relationships with customers, suppliers and other partners, and create uncertainties in our expansion in the global market. Any adverse developments in the relationship between China and the U.S., including disputes in trade, technology, finance and other areas, could adversely affect the industries that we operate in, which in turn may negatively affect our business operations. For example, for digital payment services, we partner with U.S. commercial banks, including our largest supplier A, the purchase amount with whom accounted for 17.1% to 22.7% of our total purchase per year/period during the Track Record Period, who provide us settlement and clearing services as well as access to their payment infrastructure and channels. TPV generated from U.S. amounted to approximately RMB64.8 billion, RMB80.3 billion, RMB76.7 billion and RMB63.6 billion in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, representing approximately 61.0%, 59.4%, 56.9% and 52.0% of TPV of global payment services in the respective periods. If our cooperations with such banks terminated due to the political and economic policies of the U.S., our business in connection with transactions originated in the U.S. will be materially and adversely affected, which in turn could adversely impact our results of operations. As another example, many cross-border merchants are relying on U.S. de minimis tariff exemption to sell their products in the United States. If there is any regulatory change to U.S. de minimis tariff exemptions such that the current exemption were eliminated, shipments from China to the U.S. by cross-border sellers may be adversely impacted because the price of the underlying products will not be as competitive due to tariff imposed. As a result, their usage of our services may in turn decrease. During the Track Record Period, as the U.S. de minimis tariff exemption remains valid and in effect, the Company's related business operations were not impacted. However, we cannot guarantee you such de minimis tariff exemption will continue to exist.

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

In addition to doing business in Mainland China, we have established 16 overseas offices in nine countries and regions and we plan to keep expanding our operations into global markets. We therefore face risks in managing our existing global operations and we face risks associated with expanding into markets in which we have limited or no experience and in which our Company may be less well known. If we fail to attract sufficient customers, fail to anticipate competitive conditions or fail to deploy, manage, or oversee our operations successfully in existing markets we operate in and these new markets, our business and financial results could be materially and adversely affected. In addition, our success in expanding our business and providing products and services internationally, and competing in international markets is subject to our ability to manage various risks and difficulties, including, but not limited to:

- difficulties in gaining an in-depth understanding of local markets and cultures;
- higher levels of payment fraud, legal and compliance risks;
- adapt to possible import and export controls, sanctions, trade embargoes, and other heightened regulatory requirements, which may cause us to lose access to global payment infrastructure;
- challenges and increased expenses associated with staffing and managing international and cross-border operations and managing an organization spread over various jurisdictions;
- ability to recruit international talent and challenges in replicating or adapting our policies and procedures to operate in new markets;
- difficulties of integrating any foreign acquisitions, strictly complying with all procedures prescribed under foreign laws and regulations in respect of foreign acquisition and investments, and managing our foreign operations;
- ability to provide sufficient levels of technical support in different locations or provide sufficient oversight over the management of our overseas subsidiaries;
- difficulties in establishing cooperative relationships with international partners, including local financial institutions;
- ability to develop and maintain relationships with customers and other local stakeholders; and

- potential damage to our brand and reputation if we are unable to provide optimal products and services to our customers or properly oversee the management of our operations in such local markets.

As we expand further into new regions and markets, these risks could intensify. If one or more of these factors were to materialize, it could adversely impact our international operations, and our efforts to expand our operations internationally may not be successful.

Our past business operation experience in complying with the relevant laws and regulations in the current jurisdictions may not be fully replicable in the new jurisdictions where we plan to expand into due to the difference in regulatory environments in various jurisdictions.

We operate our business globally and plan to expand into new jurisdictions strategically. Expansion into new jurisdictions may come with new risks. Our past experience in geological expansion may not be fully transferable to the new jurisdictions due to the variability of regulatory and political environments in different countries and regions.

Compliance with different regulatory frameworks requires an in-depth understanding of the local laws and an ability to adapt business practices accordingly. The complexity and unfamiliarity of regulations in new markets might result in additional compliance costs. While we are committed to thorough due diligence and investing in local expertise to ensure regulatory compliance in new markets, there can be no guarantee that our efforts will be entirely successful. If we cannot successfully address new challenges effectively and fail to comply with laws and regulations, we may not be able to recover costs of our investments to achieve ultimate profitability, and our future results of operations and growth prospects may be adversely affected.

If we are unable to retain existing customers, acquire new customers, and increase revenue from our customer base, our financial condition and results of operations would be materially and adversely affected.

Our customers primarily include Chinese cross-border merchants and enterprises, overseas merchants and enterprises, and domestic enterprises. Our ability to retain existing customers, attract new ones, and expand the scope, and increase the volume, of digital payment and value-added services that our customers utilize is critical to our revenue growth. Our customer engagement may decrease for a variety of reasons, including their level of satisfaction with our products and services, our pricing and the pricing and quality of competing products or services, the effects of the PRC and global economic conditions, or reductions in the level of transactions between our customers and their end-buyers. If we are unable to encourage customers to contract and use our services and products, anticipate changing industry trends, enhance our infrastructure, innovate and develop new services that meet our customers' evolving needs or preferences, and expand our operations into new markets, we may not be able to attract more customers and acquire new customers. The loss of a significant number of customers, or a decline in their growth rate, could have a material adverse effect on our business, financial condition, results of operations and prospects.

The growth of our business depends in part on existing customers keeping or expanding their use of our services and products. However, our customers have no obligation to continue to use our services and products, and we cannot assure you that they will. In addition, we have invested and will continue to invest in improving our platform in order to offer better features, services and products, but they may not be adopted by our customers. If we are unable to retain customers and keep them continue using or broadening their use of our services and products, or if there is a decline in our customers' business performance, our growth may slow or decline, and our business may be materially and adversely affected.

We rely on business partners primarily including e-commerce platforms, commercial banks, clearing institutions and third-party service providers, for a variety of services and support from their infrastructure to carry out and grow our business. Any failure by these business partners to perform their obligations or services adequately or on acceptable terms, or any failure of maintaining our cooperation could materially and adversely affect our business.

Our success in providing reliable and satisfactory products and services to our customers is dependent on our ability to manage various partners, including e-commerce platforms, commercial banks, clearing institutions and third-party service providers. Our partnership with these entities is critical to providing our products and services to our customers. In certain circumstances, the cooperation may give them substantial discretion in approving certain aspects of our business practices, including our application and qualification procedures for customers and may require us to comply with certain legal requirements. Any failure to comply with these requirements could prompt our partners to suspend or terminate their cooperation, adversely affecting our business. Any inability on our part to manage these partners effectively or to retain them on commercially acceptable terms could severely limit our ability to attract, engage, and retain customers, which may have a material and adverse effect on our business, financial condition, and results of operations. Furthermore, our financial results could be adversely affected if other costs associated with such partnerships materially change or if any penalty or claim for damages is imposed as a result of our breach of the agreement with them or their other requirements. If we are unable to resolve any conflicts with our business partners or find alternatives partnerships, our operations, expansion strategies and results may be suffering significantly.

In particular, to provide our digital payment services, we rely on commercial banks and clearing institutions to facilitate fund settlement and other services. If these business partners fail to provide services adequately, including as a result of system errors, human errors or events beyond their control, or they refuse to provide these services on terms acceptable to us or at all, and we are not able to find suitable alternatives, our business may be materially and adversely affected.

The financial institutions that we collaborate with are highly regulated. Failures or disruptions of their operation may adversely affect our business, results of operations and reputation.

Our success depends on our ability to collaborate with financial institutions that are highly regulated. We rely on these institutions to provide various financial services to our customers, including, among others, payment processing, foreign exchange service, settlement and clearing services. Our partner financial institutions are subject to evolving and extensive regulations of the financial service industry and close scrutiny by the regulators, which may be difficult for our partners to comply with or affect their cooperation with us. In addition, recent developments in the banking industry, such as the failure of Silicon Valley Bank, potential scrutiny includes more stringent capital requirements, risk weighting requirements, data security and privacy requirements, limitation on reliance on any single platform, tighter operational standards and other measures may be imposed. As a result, any changes in the regulatory environment or any failure by our financial institution partners to comply with applicable laws and regulations could result in significant operational disruptions to them, which may adversely affect our business and results of operations indirectly.

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

We work closely with e-commerce platforms in China and abroad. Although our payment solutions are available in over 100 e-commerce platforms as of September 30, 2023, a significant portion of the TPV transacted by our customers is concentrated on a limited number of major e-commerce platforms around the world, such as, among others, Amazon, eBay, Shopee, Shopify and Shopyy. For instance, TPV from Amazon (business relationship with us commenced in 2017) constituted approximately 62.1%, 58.4%, 55.1% and 48.5% of TPV of global payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, TPV from eBay (business relationship with us commenced in 2017) constituted approximately 9.2%, 3.7%, 0.4% and 0.2% of TPV of global payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, and TPV from Shopee (business relationship with us commenced in 2019) constituted approximately 3.7%, 5.0%, 5.8% and 5.9% of TPV of global payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. Such e-commerce platforms enable merchants to display their products, process orders, handle payments and collect funds from end-buyers. Our continued partnerships with such platforms are important as we aim to grow the TPV from merchants who operate on these platforms.

One of the primary reasons that our merchant customers engage us for payment services is because we are able to assist them in receiving funds from transactions on e-commerce platforms. In the event that such e-commerce platforms terminate their relationship with us and stop disbursement to merchants who are using our payment services, our customers may seek alternative payment service providers, which may adversely affect our business, financial condition and results of operations.

Although we are diversifying our partnerships with multiple e-commerce platforms to reduce reliance against any single platform, which is evidenced by a decreasing TPV contribution from Amazon during the Track Record Period, our business, financial condition and results of operations may still be significantly affected by our partnerships with such major e-commerce platforms. We are working diligently to be enrolled as qualified payment service providers for major e-commerce platforms. For instance, we started to provide services to merchants on Amazon in 2017 and was enrolled in the Amazon's official payment service provider program in 2021 when Amazon introduced such official program for the first time. Based on Amazon's official website, as of the Latest Practicable Date, we are one of the 31 participating payment service provider for Amazon. Furthermore, there was no non-renewal of partnership with major e-commerce platforms during the Track Record Period. However, it is possible that major e-commerce platforms may not renew the current partnership with us. In such event, it is possible that our customers may lose trust in us and seek alternative payment service providers simply because certain major e-commerce platforms did not consider us as a qualified payment service provider, which may adversely affect our business, financial condition and results of operations.

Our business is subject to complex and evolving laws, regulation and oversight in China and other jurisdictions relating to cybersecurity, privacy and data protection. Failure to comply with applicable cybersecurity and data protection laws and regulations could subject us to fines and reputational harm.

The regulatory framework for the collection, use, safeguarding, sharing, transfer and other processing of personal information and important data worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Regulatory authorities in nearly every jurisdiction in which we operate have implemented and are considering a number of legislative and regulatory proposals concerning data protection and cybersecurity.

As part of our business operations, we collect certain personal data or personal information, and other potentially sensitive and/or regulated data from our employees, customers and the partners we work with. There are extensive laws and regulations adopted by different jurisdictions concerning how personal information is collected, processed, stored, transferred, used and disclosed. In addition, there may be further requirements on data security and privacy practices. There may also be stringent requirements regarding the use, disclosure and sale of one's protected personal information.

In the PRC, the PRC government has started to tighten the regulation of the storage, sharing, use, disclosure and protection of personal information and general data and outbound data transfer. The Cybersecurity Law became effective in June 2017 and requires network operators to follow the principles of legitimacy in collecting and using personal information. The Data Security Law became effective in September 2021, which provides a national data security review system, under which data processing activities that affect or may affect national security shall be reviewed, and prohibits any individual or entity in China from providing data stored in China to foreign judicial or law enforcement departments without the approval of competent authorities in China. Moreover, the Personal Information Protection Law (PIPL) became effective on November 1, 2021, which regulates data processing in China, and the protection of the privacy and personal information of Chinese citizens. The PIPL applies to Chinese organizations, as well as foreign organizations engaging with customers from China, and requires such organizations to take necessary measures, as applicable, in order to ensure compliance. In principle, the PIPL only applies to the personal information processing activities in Mainland China. In accordance with Article 3 of the PIPL, however, the PIPL also applies to the personal information processing activities outside Mainland China if it meets certain circumstances. On July 7, 2022, the Cyberspace Administration of China issued the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》), which became effective from September 1, 2022. To provide data abroad under certain circumstances, a data processor shall declare security assessment for its outbound data transfer to the Cyberspace Administration of China through the local cyberspace administration at the provincial level. As of the Latest Practicable Date, we have submitted the application materials of outbound data transfer security assessment regarding a number of matters, such as, among others, cross-border payment, foreign exchange services, anti-money laundering and compliance as well as acquiring services and such application has been approved by the Cyberspace Administration of China, the regulatory authority of outbound data transfer security assessment. For further details, see "Regulatory Overview – Laws and Regulations Related to Our Business in the PRC – Regulations in Relation to Information Security and Data Privacy." In addition, for a detailed description of laws and regulations with respect to data privacy in certain of our material markets, see "Regulatory Overview."

As these and other laws and regulations may continue to evolve and be enacted, or new interpretation of existing laws and regulations apply, it may require us to modify our data processing practices, agreements and policies and to incur substantial costs in order to comply with this ever-evolving regulatory landscape. Restrictions on the collection, use, sharing or disclosure of personal data and information or additional requirements and liability for security and data integrity could require us to modify our product solutions and offerings. Such changes may limit our ability to develop new products and services which could adversely affect our business expansion. We take a variety of technical and organizational security measures and other measures to protect the data we process, including data pertaining to our customers, employees and business partners.

Despite the measures we have implemented, we may be unable to anticipate or prevent unauthorized access to such data. Non-compliance with data protection and privacy requirements may result in regulatory fines, regulatory investigations, reputational damage, orders to cease/change our processing of our data, enforcement notices, and/or assessment notices (for a compulsory audit). We may also face civil claims. If we are unable to prevail in these proceedings, we may be subject to significant financial liabilities and reputational harm.

Our business generates and processes a large amount of data, and we face risks relating to data security and privacy. Any improper collection, use or disclosure of data could harm our reputation and have a material adverse effect on our business and prospects.

Our business generates and processes a large amount of data. We have adopted policies to regulate the collection, use and disclosure of data in accordance with relevant requirements. However, we face risks inherent to handling and protecting a large volume of data. In particular, we face a number of challenges relating to data security and privacy, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behavior or improper use by our employees or business partners;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived sharing (including sharing among our own businesses, with business partners or regulators), safety, security and other factors that may arise from our existing businesses or new businesses and technology; and

- complying with applicable laws and regulations relating to the collection, use, storage, transfer, disclosure and security of personal data, including requests from data subjects and compliance requirements in accordance with applicable laws and regulations.

These challenges are heightened as we expand our business into jurisdictions with different legal and regulatory regimes. There have been reports of a number of incidents relating to data security and unauthorized use of customer data by other high-profile internet and technology companies and their business partners. Any improper collection, use or disclosure of our customer data could result in loss of customers and business partners, loss of confidence or trust in our platform, litigation, regulatory investigations, penalties or actions against us, significant damage to our reputation, and have a material adverse effect on our business, financial condition, results of operations and prospects.

Moreover, we share a limited amount of customer data with our business partners in accordance with applicable laws and regulations and subject to stringent data security and privacy requirements. If our business partners engage in activities that are negligent, fraudulent, illegal or otherwise harm the trustworthiness and security of our platform,

including improper disclosure or use of customer data, or if our business partners otherwise fail to meet their data security and privacy obligations, we may be subject to customer complaints and suffer reputational harm, even if due to actions or activities not related to, attributable to or caused by us, or within our control.

We may not be able to maintain and strengthen the network effects of our platform, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our platform and services generate powerful self-reinforcing network effects that enhance the value that we create for our customers and partners. The extent to which we are able to maintain and strengthen these network effects depends on our ability to:

- attract and retain customers and businesses and provide a superior experience to them;
- offer and maintain a scalable and efficient platform for customers, businesses and partners;
- provide a wide range of high-quality, secure and trustworthy services to customers, businesses and partners;
- maintain the compatibility of our platform, services and solutions with third-party applications and platforms;
- consistently innovate and improve the services offered on our platform;
- address customer concerns with respect to data security and privacy in connection with our data processing activities;
- attract and retain partners that are able to provide quality products and services on commercially reasonable terms on our platform;
- provide effective technologies, infrastructure and services that meet the evolving needs of customers, businesses and partners; and
- continue adapting to the changing demands of the market and customer behavior and preference.

In addition, the interests of customers or partners on our platform may not always be aligned. To the extent we are not able to address the needs and demands of any particular participant group, those participants may conduct fewer transactions or use alternative platforms, any of which could result in a material decrease in the network effects on our platform and therefore materially and adversely affect our business, financial condition, results of operations and prospects.

Our technology systems and underlying infrastructure may face disruptions, failures or capacity constraints, and the resulting interruptions in the availability of our platform, products or services could harm our business and reputation.

Our business is dependent on the ability of our information technology systems to timely process a large amount of information and transactions. Our software, hardware, and systems may contain errors or defects that could have a material adverse effect on our business, particularly to the extent such errors are not detected and remedied quickly. The digital payment products and services we provide are designed to process complex transactions and deliver reports and other information related to those transactions, all at high volumes and processing speeds. Since customers use our services for important aspects of their businesses, any errors, defects, disruptions in services, or other performance problems with our services could hurt our reputation and damage our customers' businesses. Software and system errors, or human error, could delay or inhibit settlement of payment, result in over settlement, cause reporting errors, or prevent us from collecting transaction fees. Such issues could result in lawsuits and other liabilities and losses, which could have a material and adverse effect on our business.

We are continuously upgrading our platform to provide increased scale, improved performance, additional capacity and built-in functionality, including functionality related to security. Adopting new products and maintaining and upgrading our technology infrastructure require significant investment of time and resources. Any failure to maintain and improve our technology infrastructure could result in unanticipated system disruptions, slower response times, impaired customer experience, delays in reporting accurate operating and financial information and failures in risk management. In addition, much of the software and interfaces we use are internally developed and proprietary technology. If we experience problems with the functionality and effectiveness of our software, interfaces or platform, or are unable to maintain and continuously improve our technology infrastructure to handle our business needs, our business, financial condition, results of operations and prospects, as well as our reputation and brand, could be materially and adversely affected.

As our technology infrastructure and services expand and become more complex, we face increasingly serious risks to the performance and security of our technology infrastructure and services that may be caused by these third-party-developed components, including risks relating to incompatibilities among these components, service failures or delays or back-end procedures on hardware and software. In addition, our use of open source and third-party technology, which is inherently more vulnerable, unpredictable and harder to control comparing to our own systems, also imposes limitations on our ability to offer our products and services to our customers. It may also disrupt our operations, introduce security vulnerabilities, or restrict our ability to update or modify our services. We also need to continuously enhance our existing technology. Otherwise, we face the risk of our technology infrastructure becoming unstable and susceptible to security breaches. This instability or susceptibility could create serious challenges to the security and uninterrupted operation of our platform and services, which would materially and adversely affect our business and reputation.

Security breaches and attacks against our systems and network, and any potential breaches or failure to otherwise protect personal, confidential and proprietary information, could damage our reputation and negatively impact our business.

Our cybersecurity measures may not detect or prevent all attempts to compromise our systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by our systems or that we otherwise maintain. Breaches of our cybersecurity measures could result in unauthorized access to our systems, misappropriation of information or data, deletion or modification of customer information, or a denial of service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers, we may be unable to anticipate, or implement adequate measures to protect against, these attacks.

We have in the past and are likely again in the future to be subject to these types of attacks, although to date no such attack has resulted in any material damages or remediation costs. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyberattacks. Actual or anticipated attacks and risks may cause us to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees and engage third-party experts and consultants. If we are unable to avert these attacks and security breaches, we could be subject to significant legal and financial liability, our reputation would be harmed, and we could sustain substantial loss and customer dissatisfaction.

The successful operation of our business depends upon the performance, reliability and security of the internet infrastructure in China and other jurisdictions where we operate.

Our business depends on the performance, reliability and security of the telecommunications and internet infrastructure in China and other jurisdictions in which we operate. Substantially all of our computer hardware and a majority of our online services are currently located in China. Almost all access to the internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology of the PRC (the "**MIIT**"). In addition, the national networks in China are connected to the internet through state-owned international gateways, which are the only channels through which a PRC user can connect to the internet outside of China. We may face similar or other limitations in other jurisdictions in which we operate. We may not have access to alternative networks in the event of disruptions, failures or other problems with the internet infrastructure in China or elsewhere. In addition, the internet infrastructure in the jurisdictions in which we operate may not support the demands associated with continued growth in internet usage.

The failure of telecommunications network operators to provide us with the requisite bandwidth could also interfere with the speed and availability of our websites. We have no control over the costs of the services provided by the telecommunications operators. If the prices that we pay for telecommunications and internet services rise significantly, our margins could be adversely affected.

We have utilized two local data centers that meet business and Chinese regulatory requirements for system availability. We utilize cloud-based data center and cloud service providers for daily operation and maintenance services of certain businesses that are not subject to localization requirements by Chinese regulators. Any errors, defects, disruptions, or other performance problems with data centers could adversely affect our business operations and reputation. Interruptions in our services might reduce our revenue, subject us to potential liability, and materially and adversely affect our business.

Moreover, if the security of our domain names is compromised, we will be unable to use the domain names in our business operations, which could materially and adversely affect our business operations, reputation and brand image. If we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and internet operators we rely upon, there is a risk that telecommunications and internet operators or their business partners may misappropriate our data, which could materially and adversely affect our business operations and reputation.

We may require additional capital resources due to future growth and development of our business, but we may not be able to obtain financing on favorable terms or at all.

Our ability to sustain growth and remain competitive requires significant investment in various aspects of our business, including technology development, market expansion, and talent acquisition. While our current capital resources have been primarily generated from operating cash flows and shareholder investments, we may face pressure on our capital position if our future capital requirements exceed our available funds. A shortage of funds may impede our ability to maintain adequate investment in research and development, delay the development of new products and services, and hinder the adoption of new technologies. Furthermore, inadequate financing may limit our marketing and business expansion efforts, hamper our ability to fulfill our obligations, and negatively impact our business prospects, operations, and performance. Additionally, a strained financial position may hinder our ability to attract and retain top talent, thereby undermining our competitiveness and hindering our ability to execute our growth strategy.

Furthermore, our financing capacity may be limited by factors beyond our control, such as macroeconomic policies, economic conditions, interest rate environment, and market sentiment. Should our financing capacity become restricted, we may experience liquidity constraints that could adversely affect our ability to operate and grow our business. As a result, we may require additional capital resources to fund our future growth and development, but we may not be able to obtain financing on favorable terms, or at all. Any failure to secure financing on acceptable terms could negatively impact our business, results of operations, financial

condition, and prospects. We may also be required to accept financing terms that may be unfavorable, which could dilute our shareholders' ownership interests, increase our financing costs, or restrict our financial flexibility. Such financing terms may also contain covenants that could limit our operations, including our ability to incur additional debt or make certain investments, which may adversely impact our business.

Fraudulent and fictitious transactions pose severe challenges, and failure to identify those transactions and manage the related risks may adversely affect our business, reputation, financial condition and results of operations.

We experience and face risks of loss due to fraudulent and fictitious transactions, including fraudulent chargebacks, online scams, fake transactions, unauthorized use of account information, identity theft and other illegal and unethical online transactions. In addition, we are subject to the risk that our employees, counterparties or third-party service providers commit fraudulent activity against us or our customers. We have taken measures to detect and reduce the incidents and risk of fraud. However, as the methods used to perpetrate fraudulent and fictitious transactions have become increasingly sophisticated, these measures need to be continually improved and may not be effective at all times against new and continually evolving forms of fraud or in connection with new services and products on our platform. If our risk management measures against fraudulent and fictitious transactions do not succeed, fraudulent transactions may increase, which could lead to losses, regulatory penalties or even restrictions to our operations, and as a result, our business, reputation, financial condition and results of operations may be materially and adversely affected.

Any failure by us or our business partners to comply with applicable anti-money laundering, anti-terrorism, anti-bribery, economic and trade sanctions regulations and similar laws could lead to significant penalties and damages to our reputation.

Any failure by us or our partners who work with us to comply with applicable anti-money laundering ("**AML**"), anti-terrorism, anti-bribery, economic and trade sanctions laws and regulations could lead to significant penalties and damages to our reputation. We and our partners who work with us are often required to comply with certain AML requirements set out by the PBOC and other regulators in the jurisdictions where we and our partners operate. These requirements include, among others, the establishment of a customer identification program, the monitoring and reporting of suspicious transactions, the preservation of customer information and transaction records, and the provision of assistance in investigations and proceedings in relation to AML matters. We and our partners are also subject to various anti-terrorism and economic and trade sanctions laws and regulations that prohibit, among other things, any involvement in transferring the proceeds of criminal activities. These laws and regulations require us and our partners to establish sound internal control policies and procedures with respect to AML, anti-terrorism, and economic and trade sanctions monitoring and reporting obligations.

The policies and procedures we and our partners have adopted may not be effectively implemented in protecting our services from being exploited for money laundering, terrorist financing, terrorism, economic and trade sanctions and other illegal purposes. If we fail to comply with AML, anti-terrorist and economic and trade sanction laws and regulations, we will be subject to fines, enforcement actions, regulatory sanctions, additional compliance requirements, increased regulatory scrutiny of our business, or other penalties levied by regulators, and damages to our reputation, all of which may adversely affect our business operations, and results of operations. In particular, if we were publicly named as a sanctioned entity by relevant regulatory authorities or become subject to investigation, our business may be significantly interrupted and our reputation will be severely damaged. Similarly, if our partners fail to comply with applicable laws and regulations, it could disrupt our services and could result in potential liability for us and damage our reputation.

Furthermore, regulators in the PRC and globally continue to increase their scrutiny of compliance with these obligations, which requires us to continually monitor and update our compliance program, including the procedures we use to verify the identity of our customers and to monitor international and PRC transactions. We also need to make changes to our compliance program in various jurisdictions in a timely response. Regulators regularly re-examine the transaction volume thresholds at which we must obtain and keep applicable records or verify identities of customers, and any change in such thresholds could result in greater costs for compliance.

As a global digital payment solution provider, we may be subject to anticorruption laws and regulations, including the Foreign Corrupt Practices Act and other laws that prohibit the making or offering of improper payment to foreign government officials and political figures, including anti-bribery provisions enforced by the U.S. Department of Justice.

If our products and services are used for wrongful or illegal purposes, our reputation and business results could be materially adversely affected.

Our digital payment solutions are susceptible to potentially illegal or improper uses, including illegal online gambling, fraudulent sales of goods or services, sales of illegal drugs and substances, weapons, obscene or pornographic materials, or the facilitation of other illegal activities. The use of our payment system for illegal or improper uses may from time to time subject us to fines, claims, or government and regulatory investigations, inquiries, or requests that could result in liability and reputational harm for us. Moreover, certain activity that may be legal in one jurisdiction may be illegal in another jurisdiction, and a customer may be found responsible for intentionally or inadvertently importing or exporting illegal goods, which may indirectly result in liability for us. Changes in law have increased the penalties for intermediaries providing payment services for certain illegal activities, and government authorities may consider additional payment-related proposals from time to time. Owners of intellectual property or government authorities may seek to bring legal action against providers of payment solutions that are peripherally involved in the sale of products that actually or

allegedly infringe, misappropriate or otherwise violate intellectual property. Any threatened or resulting claims could result in reputational harm, and any resulting liabilities, loss of transaction volume, or increased costs could harm our business and results of operations.

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

We work with clearing institutions such as China UnionPay Co., Ltd. ("**UnionPay**"), China NetsUnion Clearing Corporation ("**NetsUnion**"), Visa, MasterCard and American Express to facilitate funds settlement services in China and globally. The clearing institutions require us to comply with their operating rules, including special operating rules that apply to us as a digital payment solution provider. For some clearing institutions like card schemes, we need to become a principal member in corresponding jurisdictions in order to provide services directly through their network in these jurisdictions. Such operating rules, including membership qualification requirements, are set by the clearing institutions, who have the discretion for interpretation and alteration as they see appropriate. If the clearing institutions interpret or alter the operating rules in a way that is inconsistent with the way we currently operate, we may be required to make changes to our operations. Such changes could be costly or difficult to implement. If we fail to make such changes or otherwise resolve the issue with the clearing institutions, we could be fined or prohibited from processing transactions. In addition, violations of the operating rules or failure to maintain good relationships with the clearing institutions could limit our ability to provide transaction processing services to customers and result in a reduction of revenue, increase our costs and operating expenses, divert our management's attention, or otherwise harm our business. Also, prospective customers, business partners or other third parties may choose not to consider us for their processing needs. In addition, the clearing institutions could refuse to allow us to process through their networks. Any of the foregoing could materially adversely impact our business, financial condition or results of operations.

As a result of competitive pressures, customer expectations, differences in our estimation of processing fees and the actual fees charged by these clearing institutions, or for other reasons that result in an increase in the fees, which could result in us absorbing all or a portion of such fees or fee increases in the future. In addition, the processing fees charged by the clearing institutions are subject to government regulation. Changes in such government regulation may lead to increases in such fees. Moreover, the clearing institutions prescribe certain capital requirements. Any increase in the capital level required would further limit our use of capital for other purposes. Any of these events would increase our operating costs, reduce our profit margins and adversely affect our business, results of operations and financial condition.

Our failure to successfully manage the operational, financial and management challenges involved in growing our business and operations could harm us.

As we continue to grow and expand our business and operations, the complexity of our decision-making, organizational management, and risk control will increase. We will face challenges in various aspects of our business, including technology research and development, product and service offerings, and sales, which will require us to adapt our organizational structure, management capabilities, and staff quality. If we fail to adjust our management model and improve our management capabilities in a timely manner to meet the changing needs of our business, we may face management risks arising from the rapid expansion of our business.

The growth of our business may place a strain on our resources and require us to hire additional employees and expand our capabilities. In addition, we may face challenges in managing relationships with our business partners, service providers, and regulatory authorities, which could affect our ability to conduct our operations effectively and efficiently. We may also face risks associated with financial management, including managing our working capital, cash flow and debt levels. Our inability to effectively manage our financial resources could lead to liquidity constraints, which could adversely impact our ability to meet our financial obligations, pay our employees, and invest in our business. Moreover, if we are unable to generate sufficient revenue and profits to meet our financial obligations and fund our growth plans, we may need to seek additional financing, which may not be available on favorable terms or at all. Any failure to manage the operational, financial, and management challenges involved in growing our business and operations could harm our business, financial condition, and results of operations.

Our controls and procedures may fail or be circumvented, and our risk management and internal control systems, including our counterparty risk management, may not be adequate or effective in all respects and any failure or inadequacies could materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems, consisting of an organizational framework, policies, procedures and risk management methods, which are appropriate for our business operations, and seek to continue to improve these systems. However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

In addition, as some of our risk management and internal control policies and procedures are relatively new, we need more time to fully evaluate and assess their adequacy and effectiveness. As a result, we may need to establish and implement additional risk management and internal control policies and procedures to further improve our systems from time to time. We implement our risk management and internal controls by using a series of risk management methods. However, these methods also have their inherent limitations, as risk management methods are generally based on the statistical analysis of historical data as well as assumptions that risks in future periods share characteristics similar to risks in past periods. We cannot assure you that such assumptions are always reliable. In addition, although we have established what we believe to be an advanced information technology system and have the benefit of an accumulation of industry and company data, our information technology system may not be adequate in the collection, analysis and processing of this data, and our historical data and experience may not be able to adequately reflect risks that may emerge from time to time in the future. As a result, our risk management methods and techniques may not be effective in directing us to take timely and appropriate measures in risk management and internal controls.

Our risk management and internal controls depend on the effective implementation by our employees. Due to the large size of our operations, we cannot assure you that such implementation will not involve any human errors or mistakes, which may materially and adversely affect our business and results of operations.

Our risk management also relies upon third-party information as a data source for verification, such as customers' identification, phone numbers, bank card details and other information obtained from public agencies or authorized third parties. We cannot assure you that such information is always accurate, and any inaccuracy may affect the proper function of our risk management system.

We face risks relating to our investment and acquisitions.

Investment and acquisitions are part of our growth strategy. We evaluate and expect in the future to evaluate potential strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations. However, there can be no assurance that we will be able to identify attractive investment and acquisitions targets, negotiate favorable terms, obtain necessary government approvals or permits, complete necessary registrations or filings, or obtain necessary funding to complete these investment and acquisitions on commercially acceptable terms or at all. Furthermore, we believe investment and acquisitions are important to our long-term success and future growth, but they may have the effect of increasing our costs and lowering our margins and profit, and this effect may be significant in the short term and potentially over longer periods.

Investment and acquisitions involve numerous risks, including potential difficulties in retaining and assimilating personnel, disputes or disagreements arising from the investment and/or acquisition, risks and difficulties associated with integrating the operations and culture of acquired businesses, diversions of management attention and other resources, lack of experience, lack of industry and market knowledge of the new businesses, difficulties associated with strictly complying with laws and regulations or fulfilling local requirements related to the acquisitions and the acquired businesses, and failure to properly identify problems with acquisition targets through the due diligence process. In addition, investment and acquisitions may significantly stretch our capital, personnel and management resources and, as a result, we may fail to manage our growth effectively. Any new investment and acquisitions plans may also result in our inheritance of debts and other liabilities, assumption of potential legal liabilities in respect of the new businesses, and incurrence of impairment charges related to goodwill and other intangible assets, any of which could harm our businesses, financial condition and results of operations. In particular, if any new businesses we acquire or develop fail to perform as we expected, we may be required to recognize a significant impairment charge, which could materially and adversely affect our business, financial condition and results of operations. There may also be established players in these sectors and markets that enjoy significant market share, and it may be difficult for us to win market share from them. Furthermore, some of the overseas markets that we target may have high barriers of entry for foreign players. As a result, there can be no assurance that our investment and acquisitions plans will be successful, and we cannot ensure that any investment or acquisition we make will not have a material adverse effect on our business, financial condition and results of operations.

Our reputation, our brand and our business may be harmed by aggressive and misleading marketing and communications strategies of certain third parties.

We have been and may, in the future, be the target of incomplete, inaccurate and false statements and complaints about us, our products and services and our management that could damage our reputation and brand and materially deter customers and partners from engagement with our business. In addition, certain third parties, including some of our competitors and organizations may use methods such as publishing media or other reports and lodging complaints with regulators, government officials and other bodies which may lead to regulatory inspections or investigations or other government actions, initiating frivolous and nuisance lawsuits, and other forms of litigation and "lawfare." These actions attempt to generate negative publicity or disrupt our business or capital markets activities or otherwise harm our reputation and brand, hinder our operations, force us to expend resources on responding to and defending against these claims, and are otherwise designed to allow such third parties to gain a competitive or other advantage over us by means of litigious and accusatory behavior. Our ability to respond to such accusations and misinformation may be limited due to our internal policies, legal considerations or limited resources, which may significantly expose our brand and business to reputation risk and in turn materially and adversely impact our business, financial condition and results of operations.

Failure to comply with any restrictive covenants of our indebtedness could have an adverse effect on our cash flow and liquidity.

We had outstanding indebtedness of RMB498.4 million as of January 31, 2024. Under the terms of our indebtedness and under any debt financing arrangement that we may enter into in the future, we are subject to certain covenants that could, among other things, restrict our business and operations and impose certain financial requirements. If we breach any of these covenants, our lenders may be entitled to accelerate our debt obligations. Any default under our debt obligations could require that we repay these debts prior to maturity, and may also limit our ability to obtain additional financing, which in turn may have a material adverse effect on our cash flow and liquidity.

Our success largely depends on our senior management, as well as our experienced and capable employees. The loss of senior management or other key personnel required for our operations could severely and adversely affect our business.

Our future success is significantly dependent upon the continued service of our senior management and other experienced and capable employees. We depend upon the ability and experience of a number of our senior management who have significant experience with our operations, the rapidly changing digital payment solution industry and the selected markets in which we offer our products and services. The loss of the services of one or a combination of our senior management or key employees could have a material adverse effect on our day-to-day operations and financial results.

To maintain and grow our business, we will need to identify, hire, develop, motivate and retain highly skilled employees, which requires significant time, expense, and attention. In addition, from time to time, there may be changes in our management team that may be disruptive to our business. If our management team members, including any new hires that we make, fail to work together effectively and to execute our plans and strategies on a timely basis, our business could be harmed. Competition for highly skilled personnel is intense. We may need to invest significant amounts of expense and other efforts to attract and retain new employees, and we may never realize returns on our human resource investments. If we are not able to add and retain employees effectively, our ability to achieve our strategic objectives will be adversely affected, and our business and growth prospects will be harmed.

From time to time, we, our Directors, management and employees may be exposed to the risk of litigation, claims, disputes and regulatory compliance issues, which may not only cause us to pay significant damages and incur additional costs but also adversely affect our business, results of operations, reputation and prospects.

We, our Directors, management and employees may be subject to legal proceedings, claims and disputes from time to time in the ordinary course of our business, which could have a material adverse effect on our business, results of operations, and financial condition. Claims arising out of actual or alleged violations of law or breach of contractual terms could be asserted against us by our customers, our competitors, governmental authorities in civil or

criminal investigations and proceedings. These claims could be asserted under a variety of bases, including, but not limited to, customer protection laws, intellectual property laws, and labor and employment laws. Given the inherent uncertainty of litigation, it is possible that we might incur liabilities as a consequence of the proceedings and claims brought against us, including those that we are currently do not believe to be reasonably probable.

Moreover, companies in the digital payment solution industry including our Company are, from time to time, exposed to lawsuits or compliance matters relating to certain aspects of our business operations. If such litigation or non-compliance were to result in fines, monetary damages or reputational damages to us or our brands, this could materially and adversely affect our financial condition and operating results.

We may not be able to fully protect our intellectual property rights.

We face challenges in protecting our intellectual property rights and enforcing corresponding contractual rights. We rely on a combination of patents, trademarks, copyrights and trade secrets in the PRC and other jurisdictions, as well as confidentiality procedures and contractual provisions, to protect our intellectual property rights. We also enter into confidentiality agreements with our employees and third parties who may access our proprietary information, and we take security measures to control access to our proprietary technology and information. We might not be able to obtain broad protection for all of our intellectual property. The protection of our intellectual property rights may require the expenditure of significant financial, managerial and operational resources. The process of obtaining intellectual property protections can be expensive and time-consuming, and we may not be able to pursue all necessary or desirable actions at a reasonable cost or in a timely manner.

In addition, policing any unauthorized use of our intellectual property is difficult, time-consuming and costly and the steps we have taken may be inadequate to prevent the misappropriation of our intellectual property. Confidentiality agreements may be breached by counterparties, and they may use our intellectual property without authorization. In the event that we resort to litigation to protect our intellectual property rights, litigation could result in substantial costs and a diversion of our managerial and financial resources. There can be no assurance that we will prevail in any litigation. Furthermore, the intellectual property protection mechanisms that we rely on may not be sufficient in the jurisdictions in which we operate. For example, effective intellectual property protection may not be available in every country in which we currently, or in the future, will operate.

The degree of future protection afforded by our intellectual property rights is uncertain. Intellectual property rights have time and geographical limitations and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to independently develop similar or alternative technologies or designs that are similar to our services and products but that are not covered under the patents that we own;
- we might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own, which could result in the patent applications not being issued or being invalidated after issuance;
- we are exposed to risks of unauthorized use of our trademarks by third parties;
- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate; and
- the patents of others may have an adverse effect on our business.

Any of the aforementioned threats to our competitive advantage could have a material adverse effect on our business. If we fail to protect or enforce our intellectual property rights, our customers and partners may devalue our services, and our ability to compete effectively may be impaired, which could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to intellectual property infringement claims, which may be expensive and time-consuming to defend and may disrupt our business and operation by diverting our financial and management resources.

We depend to a large extent on our ability to develop and maintain the intellectual property rights relating to our business. We cannot be certain that third parties will not claim that our business infringes upon or otherwise violates patents, copyrights or other intellectual property rights that they hold. We may be involved in litigation in respect of our technology-based services in relation to allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. The validity, enforceability and scope of protection of intellectual property rights are not consistently developed in the jurisdictions where we operate. We may face allegations that we have infringed on the trademarks, copyrights, patents and other intellectual property rights of third parties, including our competitors, or allegations that we are involved in unfair trade practices. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources, and favorable final outcomes may not be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our services to reduce the risk of future liability, may have a material adverse effect on our business, results of operations and prospects.

We face challenges in implementing our growth strategy and new initiatives.

Our growth strategy is influenced, in part, on our ability to implement our newly launched initiatives. Our lack of experience in certain sectors may result in operational difficulties, which could cause delay or failure to integrate and realize the benefits of entering into such sectors. We may also be unable to identify new opportunism for the rendition and deployment of our services and product. If and when we choose to enter into new sectors, our market validation process may not guarantee our success. We may be unable to tailor products and services for a new sector or, in the event that we enter a new sector by way of a strategic acquisition, we may be unable to leverage the acquired platform in time to take advantage of the identified market opportunity, and any delay in our time-to-market could expose us to additional competition or other factors that could impede our success. Furthermore, any product or solution we develop or acquire for a new sector may not provide the functionality required by potential customers and, as a result, may not achieve widespread market acceptance. To the extent we choose to enter new sectors, whether organically or via strategic acquisition, we may invest significant resources to develop and expand the functionality of services and products to meet the needs of customers in those sectors. Our initiatives to grow our business may not be successful and, as a result, our business, results of operations and future prospects may be materially and adversely affected.

We have granted and may continue to grant incentive shares, share options, restricted share units, and/or other types of share-based compensation awards under our equity incentive plans, which may result in increased share-based compensation expenses and may dilute shareholder value and cause the price of our H Shares to decline.

We adopted certain equity incentive plans for the purpose of granting share-based compensation awards to plan participants to incentivize their performance and align their interests with ours. We believe the granting of share-based compensation awards is important to attract and retain key personnel and employees, and we will continue to grant share-based compensation awards to employees in the future. We had share-based compensation of RMB111.0 million, RMB69.8 million, RMB52.3 million and RMB112.8 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. The amount of the grant and the underlying factors determining the fair value of the grant, such as the trading price and volatility of our H Shares may fluctuate after our public offering. As the trading price of our H Shares changes and the number of our employees and the amount of grant increase, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. Furthermore, share-based compensation awards issued under our equity incentive plans may dilute the ownership interests of our Shareholders. The

allocation of our H Shares under our equity incentive plans, or the grant of share-based compensation awards, may adversely affect the market price of our H Shares. In addition, if any awards that we may issue vest, and those Shares are sold into the public market, the market price of our H Shares may decline.

We are subject to the risk of exposure to fair value change for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and valuation uncertainty due to the use of unobservable inputs.

Our financial assets, which include at fair value through profit or loss and at fair value through other comprehensive income, carry inherent risks related to valuation and potential impairment. We recorded financial assets at fair value through profit or loss of RMB451.9 million, RMB275.4 million, RMB271.1 million and RMB270.9 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively, and financial assets at fair value through other comprehensive income of RMB20.5 million, RMB37.8 million, RMB43.7 million and RMB48.2 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. These assets' value can fluctuate due to various factors, including market volatility, changes in interest rates, shifts in our creditworthiness, and other market-driven variables. The valuation of these financial assets can be subject to significant uncertainty, especially when unobservable inputs are used in valuation models. These inputs might not reflect actual market conditions or could be based on assumptions that may not materialize, leading to potential discrepancies between the recorded fair value and the price we might obtain in an actual transaction. Any fair value change of financial assets at fair value through profit or loss may adversely affect our profit and loss statements, which may have a negative impact on our overall financial condition and results of operations.

We are subject to the risk of possible impairment for prepayment, other receivables and other assets.

We are exposed to the risk of possible impairment of assets, such as prepayments, other receivables, and other assets. This could occur due to several reasons, such as a deterioration in the creditworthiness of counterparties, changes in expected future cash flows, or unexpected adverse changes in market conditions. Our prepayments, other receivables and other assets primarily include prepayments to suppliers, prepaid listing expenses, advance paid on behalf of customers, loans to and receivables from related parties, and deposits for payment channels and rentals. We had prepayments, other receivables and other assets of RMB181.2 million, RMB33.8 million, RMB340.2 million and RMB59.0 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. An impairment of these assets could result in a significant change in our profit and loss statement, which could adversely affect our financial condition and operating results.

We may not have sufficient insurance coverage to cover our business risks.

We have obtained insurance to cover certain potential risks and liabilities, such as property damage insurance, directors' and officers' insurance, employer liability insurance, public liabilities for business premises and information technology profession liability insurance. For further details, see "Business – Insurance." However, insurance companies in the PRC and other jurisdictions in which we operate may offer limited business insurance products. As a result, we may not be able to acquire any insurance for all types of risks we face in our operations in the PRC and overseas, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. This potentially insufficient coverage could expose us to potential claims and losses. Any business disruption, litigation, regulatory action, outbreak of epidemic disease, adverse weather conditions or natural disasters could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage will be sufficient to cover us for any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensation amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

Discontinuation of any of preferential tax treatments or government grants or imposition of any additional taxes and surcharges could adversely affect our business, financial condition, results of operations and prospects.

Our business is subject to risks associated with the tax laws and regulations of the countries in which we operate, including the risk of changes in tax laws, regulations, and policies, as well as the imposition of additional taxes, surcharges, or penalties. We may face evolving tax regimes in the countries or regions in which we operate, which could adversely affect our effective tax rate, transfer pricing, or exposure to additional tax liabilities. We strive to comply with applicable tax laws and regulations in each of the countries or regions in which we operate, but there can be no assurance that we will be successful in doing so, which could result in material adverse effects on our business, financial condition, results of operations and prospects. In addition, some of the jurisdictions in which we operate have rules on transfer pricing that require intra-group transactions to be conducted on arm's length terms. While we believe that we have complied with these rules, there can be no assurance that tax authorities in these jurisdictions will not challenge our transfer pricing arrangements, which could result in additional taxes, interests, or penalties imposed on us. Such challenges could have a material adverse effect on our financial condition, results of operations and prospects.

We may receive grants, subsidies and other benefits from local governments. We cannot assure you that we will continue to be eligible to receive such government grants or that the amount of such grants will not be reduced in the future. Our ability to continue to avail government grants is subject to changes in national or local policies, and may be affected by the termination of, or amendments to, such policies for a number of reasons, including those beyond our control. Any decrease in or termination of such government grants in the future may have an adverse effect on our financial condition, results of operations and prospects.

Preferential tax treatments and incentives granted to us by local governmental authorities are also subject to review and renewal and may be adjusted or revoked at any time in the future. We cannot guarantee you that the preferential tax treatments and incentives to which we and our subsidiaries are currently entitled would remain valid or be successfully renewed. There can be no assurance that the local tax authorities will not, in the future, change their decisions and discontinue any of our current tax treatments, potentially with retrospective effect. The discontinuation of any of our current tax treatments and imposition of any additional taxes and surcharges could materially increase our tax obligations and adversely impact our net income.

We may be subject to fines for failing to register and file lease agreements with the relevant government authorities in China.

As of the Latest Practicable Date, 29 lease agreements of our leased properties had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Advisor has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered if we fail to rectify the non-compliance after we are required to do so by the relevant PRC governmental authorities.

Strict enforcement of labor laws and regulations and increases in labor costs in the PRC may adversely affect our business and results of operations.

The average wages in the PRC have increased in recent years and are expected to continue to grow. We expect that our labor costs will continue to increase. If we are not able to effectively control our labor cost or tackle the challenges posed by the increasing labor costs, our results of operations may be adversely affected. We are required by the local laws and regulations to comply with various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employee's probation and unilaterally terminating labor contracts. In the event that we decide to terminate employment contracts with some of our employees or otherwise change our employment or labor practices, the relevant local laws and regulations, such as the PRC Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations.

In accordance with relevant PRC laws and regulations, an employer shall pay basic pension insurance, basic medical insurance, work related injury insurance, unemployment insurance, maternity insurance and housing provident fund (collectively, the "**Employee Benefits**") for its employees in accordance with the rates and bases provided under relevant regulations and shall withhold the Employee Benefits that should be assumed by its employees. See "Regulatory Overview – Laws and Regulations Related to Our Business in the PRC – Regulations in Relation to Labor Protection in the PRC" for details of relevant laws and regulations. During the Track Record Period, we had not made full contributions to the Employee Benefits for some of our employees in accordance with the bases provided under relevant regulations and we used third-party service providers to pay the Employee Benefits for some of our employees. Under the agreements between the third-party service providers and us, the third-party service providers have the obligations to pay the Employee Benefits for our relevant employees. As of the Latest Practicable Date, none of the third-party service providers that we cooperate with had failed to pay, or delayed in paying, any of the Employee Benefits for our employees. As of the Latest Practicable Date, we had not received any notice or inquiry from the relevant governmental authorities due to the abovementioned practice of making contributions to the Employee Benefits, and we obtained compliance certificates with respect to contributions to the Employee Benefits.

As advised by our PRC Legal Advisor, considering, among others, the facts stated above, based on the compliance certificates we have obtained, as well as the fact that we have not received any notice or inquiry from relevant government authorities, the likelihood of us being required to integrally supplement all historical arrears for the Employee Benefits and/or to take rectification measures with respect to using third-party service providers to pay the Employee Benefits is remote and the risk of us being imposed to late fees or fines or subject to compulsory enforcement is remote. As such, no provision is required for the abovementioned contribution of the Employee Benefits and such matters would not have a material and adverse impact on our business, financial condition and results of operations.

As the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. We cannot assure you that the relevant governmental authorities will not require us to rectify and/or impose late fees or fines on us, which may adversely affect our business, financial condition and results of operations.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives and corporate governance practices.

Although certain members of our management team, such as our executive Director and chief executive officer Mr. Xin Jie, have been serving director positions in public companies, some of our management team have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws, rules and regulations that govern public companies. A public company is subject to significant obligations relating to reporting, procedures and internal controls, and our management team may not have all the knowledge required to manage such obligations. These obligations and scrutiny could require significant attention from our management and could divert their attention away from the day-to-day management of our business, which could adversely affect our operations.

Once we become a public company, we are likely to incur significant legal, accounting and other expenses that we did not incur as a private company. Moreover, rules and regulations applicable to a public company, including the Listing Rules, continue to increase our legal and financial compliance costs and could make certain of our operating activities more time-consuming and costly as we face additional compliance requirements for a public company. These rules and regulations are subject to further changes and in some cases may apply differently based on the specific circumstances. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Risks Related to the Contractual Arrangements

We rely upon contractual arrangements to establish control over the Indonesian OpCos (the "Contractual Arrangements"), and government authorities may determine that these arrangements do not comply with applicable laws and regulations.

In Indonesia, we provide payment services through the Indonesian OpCos. Under the Indonesian laws and regulations, business actors operating in the field of fund transfer are allowed to have a maximum of 49% direct foreign investment. Despite it is legally possible to restructure the Indonesian OpCos such that each of them is directly held as to 49% by us, we have adopted the Contractual Arrangements such that the issued shares of each of the Indonesian OpCos were held as to 100% by Indonesian nationals as Registered Shareholders as of the Latest Practicable Date. The Contractual Arrangements enable us to (i) exercise effective control over our the Indonesian OpCos; (ii) receive substantially all of the economic benefits of the Indonesian OpCos; and (iii) have an exclusive option to purchase all or part of the equity interests in the Indonesian OpCos when and to the extent permitted by Indonesian laws. Our expansion and operations in Indonesia through the Contractual Arrangements represent our Group's first step in a larger plan to serve the Indonesian payment services market, which we believe to be of significant potential and strategic value.

Respect towards local regulations, culture and pace, in our Directors' belief, is key for any successful entry and expansion into new markets. Such respect underlies our adoption of the Contractual Arrangements, which allowed us to enter into the Indonesian payment market in a lawful manner as advised by Hutabarat Halim & Rekan as our Indonesian Legal Advisor. They are of the opinion that the Contractual Arrangements are legally binding and enforceable on the Registered Shareholders and comply with all relevant laws and regulations of Indonesia. As and when Indonesian law allows foreign invested entity to provide payment and fund transfer services in Indonesia, we will, upon due consultation with the relevant Indonesian authorities, proceed as a second step to unwind the Contractual Arrangements so that the Indonesian OpCos will become the subsidiaries of our Group to the extent possible.

In the event the contribution of any Indonesian OpCo exceeds 5% of the Group's total assets or revenue for any financial year after the Listing, we undertake to take all reasonable steps to, subject to obtaining the requisite approvals and in compliance with the prevailing laws and regulations in Indonesia applicable at that time, acquire 49% of the issued shares of such Indonesian OpCo at nominal consideration and procure all relevant parties enter into necessary amendment agreements to reflect the changes in the Contractual Arrangements. Also, as and when Indonesian law and regulatory practices allow wholly foreign invested entity to provide payment and fund transfer services in Indonesia, we will, upon due consultation with relevant Indonesian authorities, proceed to purchase the shares of the Indonesian OpCos held by the Registered Shareholders to unwind the Contractual Arrangements as soon as possible, so that the shares in the Indonesian OpCos will, to the extent permissible, be held by us to the extent permissible under applicable Indonesian laws and/or regulations. For details, please refer to the section headed "Contractual Arrangements".

If, prior to our unwinding of the Contractual Arrangements, the authorities of Indonesia find that our contractual or other shareholding arrangements do not comply with their prohibition or restrictions on foreign investment, or if the relevant government otherwise finds that we or any of our subsidiaries are in violation of the relevant laws or regulations or lack the necessary registrations, permits or licenses to operate our businesses in such jurisdictions, they would have broad discretion in dealing with such violations or failures, including but not limited to revoking the necessary licenses required for our payment service provision businesses and/or requiring us to discontinue our payment service provision business in Indonesia.

Any of these actions could cause significant disruption to our business operations and severely damage our reputation, which would in turn materially and adversely affect our business, financial condition and results of operations in Indonesia. If any of these occurrences results in our inability to direct the activities of the Indonesian OpCos that most significantly impact their economic performance, or prevent us from receiving the economic benefits from these entities, we may not be able to consolidate such entities in our consolidated financial statements in accordance with IFRS.

Our Contractual Arrangements with the Indonesian OpCos may result in adverse tax consequences to us.

We could face material and adverse tax consequences if the competent tax authorities determine that our Contractual Arrangements were not made on an arm's length basis and adjust our income and expenses for tax purposes by requiring a transfer pricing adjustment. A transfer pricing adjustment could adversely affect us by (i) increasing the tax liabilities of the Indonesian OpCos without reducing the tax liability of our subsidiaries, which could further result in late payment fees and other penalties to the Indonesian OpCos for underpaid taxes; or (ii) limiting the ability of the Indonesian OpCos to obtain or maintain preferential tax treatments and other financial incentives, if any.

The Contractual Arrangements with the Indonesian OpCos and their shareholders may not be as effective as direct ownership in providing operational control.

The Contractual Arrangements with the Indonesian OpCos and their shareholders may not be as effective as direct ownership in providing operational control. For a description of these Contractual Arrangements, see "Contractual Arrangements." These Contractual Arrangements may not be as effective as direct ownership in providing us with control over the Indonesian OpCos. If the Indonesian OpCos or their shareholders fail to perform their respective obligations under these Contractual Arrangements, our recourse to the assets held by the Indonesian OpCos is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies available under Indonesian laws. These remedies may not always be effective, particularly in light of uncertainties surrounding such contractual arrangements under the Indonesian laws. Furthermore, in connection with litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any record holder of equity interest in the Indonesian OpCos, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the Contractual Arrangements or ownership by the record holder of the equity interest.

The shareholders of the Indonesian OpCos may have potential conflicts of interest with us.

Despite the protection of our interest in the Indonesian OpCos being covered in the Contractual Arrangements, it is always a possibility that the shareholders of the Indonesian OpCos may differ from the interests of our Company as a whole, as what is in the best interests of the Indonesian OpCos, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirement, may not be in the best interests of our Company. These shareholders of the Indonesian OpCos may breach, or cause the Indonesian OpCos to breach, the existing Contractual Arrangements we have with them and the Indonesian OpCos, which would have a material and adverse effect on our ability to effectively control the Indonesian OpCos and receive economic benefits from them. For example, these shareholders may be able to cause our agreements with the Indonesian OpCos to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that when conflicts of interest

arise, any or all of these shareholders will act in the best interests of our Company or such conflicts will be resolved in our favor. If we cannot resolve any conflict of interest or dispute between us and these shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We do not have any insurance coverage to cover our risks relating to our Contractual Arrangements, which may impact our business, financial condition and results of operations in Indonesia.

We have not purchased nor do we maintain any insurance policy to cover any of the risks relating to our Contractual Arrangements. In the event that our Contractual Arrangements are held or declared to be illegal, invalid or not legally binding, or if we fail to enforce our rights under our Contractual Arrangements, or if we fail to seek remedies against the "registered shareholders" under our Contractual Arrangements, we may not be adequately compensated for our losses, which may materially and adversely affect our business, results of operations and financial condition in Indonesia.

Risks Related to Conducting Business in China

We are required to complete filing procedures with the CSRC for the listing and trading of our H Shares on the Hong Kong Stock Exchange.

On July 6, 2021, the relevant PRC government authorities issued Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions enhanced administration and supervision on overseas listing by China-based companies and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listing companies. See "Regulatory Overview – Laws and Regulations Related to Our Business in the PRC – Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies" for details.

On February 17, 2023, the CSRC released the Trial Administrative Measures for Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Measures**"), together with five interpretative guidelines thereof, which became effective on March 31, 2023. The Trial Measures comprehensively improved and reformed the prior regulatory regime for overseas offering and listing of securities of PRC domestic companies, and had regulated both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the Trial Measures, we, as a PRC domestic company seeking to offer and list securities in overseas markets, are required to fulfill the filing procedure with the CSRC within three (3) working days after submitting the listing application documents to the overseas supervisory authorities and report relevant information.

Furthermore, we cannot assure you that any new rules or regulations promulgated in the future will not impose additional requirements or restrictions on us or our financing activities. We may not able to comply with such additional requirements in a timely manner or at all. In addition, we may be subject to sanctions by the CSRC or other PRC regulatory authorities for failure to seek CSRC filing or other government authorization for this listing, and these regulatory authorities may impose fines and penalties on us, limit our operating activities in the PRC, limit our ability to pay dividends outside of the PRC, delay or restrict the repatriation of the proceeds from the offering into the PRC or take other actions to restrict our financing activities, which could have a material adverse effect on our business.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC, and a substantial portion of our business, assets and operations are located in Mainland China. In addition, a majority of our Directors, Supervisors or members of our senior management reside in Mainland China, and a substantial portion of the assets of such Directors, Supervisors or members of our senior management are located in Mainland China. As a result, it may be difficult, cumbersome, and time-consuming to effect service of process outside Mainland China upon us or such Directors, Supervisors or members of our senior management. Furthermore, an original action may only be brought in China against us or our Directors, Supervisors and senior management if the actions are not required to be arbitrated by the PRC laws and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether you will be able to bring an original action in China in this manner. Moreover, Mainland China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with many countries including the United States. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. As a result, recognition and enforcement in Mainland China or Hong Kong of a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be difficult or impossible.

On July 14, 2006, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the "**2006 Arrangement**"). Pursuant to such arrangement, a party with a final judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China, and vice versa. However, it is subject to the parties in the dispute agreeing to enter into a choice of court agreement in writing under the 2006 Arrangement. On January 18, 2019, the Supreme People's Court of China and Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by

the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**2019 Arrangement**"), the commencement date of which shall be announced after the Supreme People's Court promulgates judicial interpretations and relevant procedures are completed in Hong Kong. The 2019 Arrangement will supersede the 2006 Arrangement and afford greater clarity and certainty for reciprocal recognition and enforcement of judgments in civil and commercial matters. The 2006 Arrangement will remain applicable to a "choice of court agreement in writing" entered into before the 2019 Arrangement taking effect. However, there remain uncertainties as to the outcome of any applications to recognize and enforce such judgments and arbitral awards in China.

Although we will be subject to the Hong Kong Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases upon the listing of our H Shares on the Hong Kong Stock Exchange, the holders of H Shares will not be able to bring actions on the basis of violations of the Hong Kong Listing Rules and must rely on the Hong Kong Stock Exchange to enforce its rules. The Hong Kong Listing Rules and Hong Kong Codes on Takeovers and Mergers and Share Repurchases do not have the force of law in Hong Kong.

Changes in the regulation on the centralized deposit and supervision of customer reserve funds by the PBOC may adversely affect our interest income and customer experience.

Since January 2019, the PBOC has mandated all third-party payment service providers in China to deposit 100% of customer reserve funds to a central deposit and management reserve account with the PBOC or a depository account with a designated depository bank. Customer reserve funds may or may not be interest-bearing, and applicable interest rate may fluctuate from time to time. In addition, our settlement arrangements are subject to regulatory enforcement in the process of increasing the proportion of centralized deposits of customer reserve funds, which may prolong the process for us to access the funds and affect our settlement efficiency, and negatively affect our ability to process a significant surge in payment volume during peak times, such as holiday seasons. This could adversely affect our processing costs and the customer experience of our services.

We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.

Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from China and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion

between China and the jurisdiction where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. Considering that the applicable tax rate on dividends is usually 10% according to tax treaties or tax agreements, and that the number of stockholders is large for a listed company, to simplify the tax administration, generally a domestic non-foreign-investment enterprise with shares listed in Hong Kong can withhold dividend income tax at a rate of 10%. There remains uncertainty as to whether gains realized by non-PRC resident individuals on disposition of H Shares are subject to the PRC individual income tax.

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between China and the jurisdiction where the non resident enterprise domiciles. In accordance with applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

There remains substantial uncertainty as to the interpretation and implementation of the PRC EIT Law and other applicable PRC tax rules and regulations by the PRC tax authorities, including whether and how non-PRC resident H shareholders are subject to personal income tax or enterprise income tax on gains realized upon the sale or other dispositions of their H shares. In addition, the value of your investment in our H Shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

Payment of dividends is subject to restrictions under PRC laws.

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to

make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

We are subject to PRC government controls on currency conversion and risks relating to fluctuations in exchange rates.

Given the nature of our cross-border digital payment solutions, we regularly deal in multiple currencies and are therefore exposed to significant foreign exchange risk. We receive a majority of our revenues in Renminbi, which is currently not a freely convertible currency. A portion of these revenues must be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

Under the PRC's existing foreign exchange regulations, by complying with certain procedural requirements, following completion of the H Share IPO, we will be able to undertake current account foreign exchange transactions, including payment of dividends without prior approval from the SAFE. However, in the future, the PRC government may, at its discretion, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's international political and economic conditions and the PRC government's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets. It is expected that China may further reform its exchange rate system in the future.

Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency terms. Furthermore, we are also currently required to obtain the approval of the SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our financial condition and results of operations.

Risks Related to the Global Offering

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

Prior to the H Share IPO, there has been no public market for our H Shares. The H Share Offer Price is the result of negotiations between ourselves and the Overall Coordinators on behalf of the Underwriters, and may differ significantly from the market price for our H Shares following the H Share IPO. We have applied for the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, will be sustained following the H Share IPO or that the market price of our H Shares will not decline following the H Share IPO.

Furthermore, the price and trading volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares.

The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the political uncertainties in Hong Kong and the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall political and economic conditions in Hong Kong, the PRC or elsewhere in the world.

We cannot assure you that the trading price and volume of our H Shares will remain stable or appreciate over time, and investors may experience substantial losses. In addition, the volatility in the trading price and volume of our H Shares may also negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

Purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases and may experience further dilution if we issue additional H Shares pursuant to the exercise of the Over-allotment Option and the Offer Size Adjustment Option.

As the Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering may experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their H Shares. In addition, purchasers of our H Shares may experience further dilution of their shareholdings if we issue additional H Shares pursuant to the exercise of the Over-allotment Option and the Offer Size Adjustment Option. The Global Offering comprises: (i) the Hong Kong Public Offering of 5,592,000 H Shares (subject to reallocation and the Offer Size Adjustment Option); and (ii) the International Offering of 50,328,000 H Shares (subject to reallocation, the Over-allotment Option and the Offer Size Adjustment Option). The 50,328,000 International Offer Shares in the Global Offering will represent approximately 4.70% of our enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option, the Offer Size Adjustment Option and any H Shares to be issued upon exercise of the options granted under the Pre-IPO Share Option Schemes. If the Over-allotment Option and the Offer Size Adjustment Option are exercised in full, an additional 18,025,000 Offer Shares will be issued

and the total Offer Shares will represent approximately 6.79% of our issued share capital immediately following the completion of the Global Offering, without taking into account any H Shares to be issued upon exercise of the options granted under the Pre-IPO Share Option Schemes.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares.

Although our Controlling Shareholders are subject to restrictions on their sales of H Shares within 12 months from the Listing Date as described in "Underwriting" in this Prospectus, future sales of a significant number of our H Shares by our Controlling Shareholders or other existing shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares. We cannot assure you that our Controlling Shareholders, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Controlling Shareholders or other existing Shareholders, or the Shares available for sale by our Controlling Shareholders or other existing Shareholders, or the issuance of Shares by our Company may have on the market price of the H Shares. Sale or issuance of a substantial number of Shares by our Controlling Shareholders or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

We may not be able to pay dividends in the foreseeable future after the Global Offering.

We may not be able to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the corporate approval processes. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but

not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. See "Financial Information – Dividend."

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. For details, see "Future Plans and Use of Proceeds – Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, whose judgment you must depend on, for the specific uses we will make of the net proceeds from this Global Offering.

Certain facts, forecasts and statistics derived from external sources contained in this Prospectus may not be reliable and the market opportunity estimates may not be accurate.

We have derived certain facts and other statistics in this Prospectus, particularly those relating to the general economy, digital payment, e-commerce and financial services industry, from information provided by various public sources, industry associations, independent research institutes and other third-party sources, including a report prepared by Frost & Sullivan that we commissioned. We have not independently verified information and statistics from official government sources. While we have taken reasonable care in the reproduction of the information, we cannot assure you as to the accuracy and reliability of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other data problems, the statistics herein may be inaccurate. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Prospectus, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that our market opportunity estimates will materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth

forecasted in this Prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

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

This Prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this Prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to this cautionary statement.

Investors should read the entire Prospectus carefully and should not consider any particular statements in this Prospectus or in published media reports without carefully considering the risks and other information contained in this Prospectus.

The Global Offering is being made solely on the basis of the information and representations contained in this Prospectus, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Prospectus should not be relied upon in making an investment decision with respect to the securities being offered.

Prior to the publication of this Prospectus, there has been coverage in the media regarding us and the Global Offering, which may have contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our company and the Global Offering may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets, and the demands of advertisers.

We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this Prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Prospectus only and should not rely on any other information.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts, the omission of which would make this Prospectus or any statement in this Prospectus misleading.

CSRC FILING REQUIREMENT

The CSRC issued notice of filing on February 7, 2024 for the Global Offering and for the submission of the application to list our H Shares on the Hong Kong Stock Exchange. In granting its notice of filing, the CSRC accepts no responsibility for our financial soundness, nor for the accuracy of any of the statements made or opinions expressed in this Prospectus.

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this Prospectus contain the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 5,592,000 H Shares and the International Offering of initially 50,328,000 H Shares (subject, in each case, to reallocation on the basis described in "Structure of the Global Offering" in this Prospectus and without taking into consideration the Offer Size Adjustment Option and/or the Over-allotment Option).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and us. The International Offering is managed by the Overall Coordinators and is underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Overall Coordinators (on behalf of the Hong Kong Underwriters). If, for any reason, the Offer Price is not agreed between the Company and the Overall Coordinators (on behalf of the Hong Kong Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and the Company, the Global Offering will not proceed. Further details about the Underwriters and the underwriting arrangements are contained in "Underwriting" in this Prospectus.

INFORMATION ON THE CONVERSION OF CERTAIN UNLISTED SHARES INTO H SHARES

Our Company has applied for conversion of certain Unlisted Shares into H Shares, which involves 354,368,764 Unlisted Shares held by the existing Shareholders. See "History, Development and Corporate Structure" and "Share Capital" for details of our existing Shareholders and their respective interests in our Company and relevant procedures for the conversion of certain Unlisted Shares into H Shares. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing. The relevant filing procedure in relation to the conversion of certain Unlisted Shares into H Shares has been completed on February 7, 2024.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which the Overall Coordinators (on behalf of the Hong Kong Underwriters) and the Company will determine on or around Tuesday, March 26, 2024, and in any event not later than 12:00 noon on Tuesday, March 26, 2024.

If the Overall Coordinators (on behalf of the Hong Kong Underwriters) and the Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, or such later date or time as may be agreed between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and the Company, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF SHARES

No action has been taken to permit a Hong Kong Public Offering of the Offer Shares or the general distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to confirm, or be deemed by his or her acquisition of Hong Kong Offer Shares to confirm, that he or she is aware of the restrictions on offers and sales of the Offer Shares described in this Prospectus. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this Prospectus, and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Global Offering to give any information, or to make any representation not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorized by the Company, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, officers, employees, agents, affiliates or advisers or any other persons or parties involved in the Global Offering. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for Hong Kong Offer Shares, see "Structure of the Global Offering," "How to Apply for Hong Kong Offer Shares" in this Prospectus.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including (i) any H Shares which may be issued pursuant to the Offer Size Adjustment Option and the Over-allotment Option; (ii) the options granted under the Pre-IPO Share Option Schemes; and (iii) the H Shares to be converted from Unlisted Shares). Dealings in the H Shares on the Hong Kong Stock Exchange are expected to commence on Thursday, March 28, 2024. No part of our H Shares is listed on or dealt in on any other stock exchange, and no such listing or permission to list is being or proposed to be sought in the near future.

The H Shares will be traded in board lot of 500 H Shares. The stock code of the H Shares is 2598.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotments made in respect of any applications will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Hong Kong Stock Exchange.

COMPLIANCE WITH LISTING RULES

We will comply with applicable laws and regulations in Hong Kong (including the Listing Rules) and any other undertakings which have been given in favor of the Hong Kong Stock Exchange from time to time. If the Listing Committee finds that there has been a breach by us of the Listing Rules or such other undertakings which may have been given by us in favor of the Hong Kong Stock Exchange from time to time, the Listing Committee may instigate cancelation or disciplinary proceedings in accordance with the Listing Rules.

H SHARE REGISTER AND STAMP DUTY

All H Shares issued pursuant to applications made in the Hong Kong Public Offering and the International Offering will be registered on the Company's H Share register of members to be maintained by our H Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. We will maintain the Company's principal register of members at our current registered office in the PRC.

Dealings in our H Shares registered in the H Share register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty. See "Appendix V – Taxation and Foreign Exchange" for further details.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the H Shares will be paid to the Shareholders as recorded on the H Share register of members of our Company in Hong Kong and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

According to the Guide to the Program for "Full Circulation" of H shares promulgated by CSDC on February 7, 2020, cash dividends to domestic investors of H-share "full circulation" shall be distributed through CSDC. An H-share listed company shall transfer RMB cash dividends to the designated bank account of the Shenzhen subsidiary of CSDC, who shall complete the clearing of cash dividends by distributing the cash dividends to investors through domestic securities companies.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our H Shares on the Hong Kong Stock Exchange or any other date as HKSCC chooses. Settlement of any transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made for our H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our H Shares or exercising rights attached to them. None of the Company, the Underwriters, the Joint Sponsors, the Sponsor-Overall Coordinators, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of their respective directors, supervisors, officers, employees, agents or advisers or any other persons involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, or dealing in, our H Shares.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, the Stabilizing Manager (on behalf of the International Underwriters) or any persons acting for it may over-allot shares or effect any other transactions with a view to prevent a decline in the market price of our H Shares for a limited period after the issue date. However, there is no obligation on the Stabilizing Manager or any person acting for it to do this. Such stabilization action, if taken, may be discontinued at any time and is required to end after a limited period. In Hong Kong and certain other jurisdictions, activities aimed at reducing the market price are prohibited, and the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Company intends to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators (for themselves and on behalf of the International Underwriters) for up to 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, the Company may be required to issue and allot at the Offer Price up to an aggregate of 8,380,000 additional H Shares (representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an additional 9,645,000 H Shares (representing not more than 15% of the number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), in connection with over-allocations in the Global Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in "Structure of the Global Offering" of this Prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" in this Prospectus and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering" in this Prospectus.

LANGUAGE

The English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included herein for identification purposes only. If there is any inconsistency, the Chinese name prevails.

ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one decimal place. Any discrepancies in any tables or charts between the total shown and the sums of the amounts listed are due to rounding.

MARKET SHARE DATA

The statistical and market share information contained in this Prospectus has been derived from official government publications, market data providers and other independent third-party sources. Unless otherwise indicated, the information has not been verified by us independently. This statistical information may not be consistent with other statistical information from other sources within or outside the PRC. Our Directors have reproduced the data and statistics extracted from such official government publications and other sources in a reasonably cautious manner.

CURRENCY TRANSLATIONS

Solely for your convenience, certain translations among amounts in Renminbi, HK dollars or US dollars are contained in this Prospectus. None should be regarded as and be interpreted as an amount in one currency that can be on the relevant dates or any other dates actually converted into that in another currency at the rates below or cannot be converted at all. Unless otherwise specified:

(i) all amounts in Renminbi are translated into HK dollars at an exchange rate of RMB0.9075 to HK$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date;

(ii) all amounts in Renminbi are translated into US dollars at an exchange rate of RMB7.0969 to US$1.00, being the middle exchange rate set by the PBOC prevailing on the Latest Practicable Date; and

(iii) all amounts in HK dollars are translated into US dollars at an exchange rate of HK$7.8202 to US$1.00 (calculated based on (i) and (ii) above).

Further information on exchange rates is set forth in "Appendix V – Taxation and Foreign Exchange" in this Prospectus.

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemptions from strict compliance with the Companies (Winding up and Miscellaneous Provisions) Ordinance.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Rule 19A.15 of the Listing Rules further provides that the requirement in Rule 8.12 of the Listing Rules may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Hong Kong Stock Exchange.

We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 and Rule 19A.15 of the Listing Rules. Our management headquarters, senior management, business operations and assets are primarily based outside Hong Kong. The Directors consider that either by means of relocation of our existing executive Directors or appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to, or appropriate for, our Group and therefore would not be in the best interests of our Company or the Shareholders as a whole. As such, we have applied to the Stock Exchange for, and the Stock Exchange has granted us a waiver from strict compliance with Rule 8.12 and Rule 19A.15 of the Listing Rules. We will ensure that there is a regular and effective communication between us and the Stock Exchange by way of, among others, the following conditions:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Mr. Xin Jie (辛潔) ("**Mr. Xin**"), our executive Director and the chief executive officer, and Ms. Cheung Lai Ha (張麗霞) ("**Ms. Cheung**"), our joint company secretary. Ms. Cheung is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of our authorized representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the authorized representatives;

(b) both authorized representatives have means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. Our Company has implemented a policy whereby (1) each Director has provided their respective valid phone numbers or other means of communication to the authorized representatives; (2) in the event that a Director expects to travel or is otherwise out of office, he/she

will endeavour to provide his/her phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her mobile phone; and (3) each Director has provided his or her mobile phone number, office phone number, e-mail address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(c) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his or her contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required;

(d) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required; and

(e) pursuant to Rules 3A.19 of the Listing Rules, we have retained the services of Somerley Capital Limited as compliance adviser (the "**Compliance Adviser**") upon listing for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date, which will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange; our Company has provided the Hong Kong Stock Exchange with the names, mobile phone numbers, office phone numbers, fax numbers and email addresses of the Compliance Adviser's officers who will act as the Compliance Adviser's contact persons between the Hong Kong Stock Exchange and the Company;

(f) our authorized representatives, Directors and other officers of our Company will provide promptly such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, authorized representatives, Directors and other officers of our Company and the Compliance Adviser, and to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us; meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of authorized representatives and/or the Compliance Adviser;

(g) we will appoint other professional advisors (including legal advisors in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(h) our Company has designated one of our staff members as the communication officer at our headquarters after the Listing who will be responsible for maintaining day-to-day communication with Ms. Cheung and our Company's professional advisors in Hong Kong, including our legal advisors in Hong Kong and the Compliance Adviser, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, a new applicant for listing on the Stock Exchange must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary.

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

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further provides that the Stock Exchange considers the following factors in assessing the "relevant experience" of the individual:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

Our Company appointed Mr. Yan Hao (閆浩) ("**Mr. Yan**"), our Secretary of Board, and Ms. Cheung as our joint company secretaries. Please see "Directors, Supervisors and Senior Management – Joint Company Secretaries" for further biographical details of Mr. Yan and Ms. Cheung.

Mr. Yan has extensive experience in financing and investment services. The Company believes that it would be in the best interests of the Company and the corporate governance of the Group to have as its joint company secretary a person such as Mr. Yan, who is an employee of the Company and who has day-to-day knowledge of the Company's affairs. Mr. Yan has the necessary nexus to the Board and close working relationship with management of the Company in order to perform the function of a joint company secretary and to take the necessary actions in the most effective and efficient manner. However, Mr. Yan presently does not possess any of the qualifications under Rules 3.28 and 8.17 of the Listing Rules, and may not be able to solely fulfill the requirements of the Listing Rules. Therefore, we have appointed Ms. Cheung, who is a member of The Hong Kong Institute of Certified Public Accountants, who fully meets the requirements stipulated under Rules 3.28 and 8.17 of the Listing Rules, to act as the other joint company secretary and to provide assistance to Mr. Yan for an initial period of three years from the Listing Date to enable Mr. Yan to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Listing Rules.

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

The waiver is valid for an initial period of three years from the Listing Date, and is granted on the condition that Ms. Cheung, as a joint company secretary of our Company, will work closely with Mr. Yan to jointly discharge the duties and responsibilities as company secretaries and assist Mr. Yan in acquiring the relevant experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Cheung will also assist Mr. Yan in organizing Board meetings and Shareholders' meetings of our Company as well as other matters of our Company which are incidental to the duties of a company secretary. Ms. Cheung is expected to work closely with Mr. Yan and will maintain regular contact with Mr. Yan, the Directors and the senior management of our Company. In addition, Mr. Yan will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules and will enhance his knowledge of the Listing Rules during the three-year period from the Listing. Mr. Yan will also be assisted by (a) the Compliance Adviser of our Company, particularly in relation to compliance with the Listing Rules; and (b) the Hong Kong legal advisors of our Company, on matters concerning our Company's ongoing compliance with the Listing Rules and the applicable laws and regulations.

Pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants published by the Stock Exchange, the waiver will be revoked immediately if Ms. Cheung ceases to provide assistance to Mr. Yan as a joint company secretary for the three-year period after the Listing Date or where there are material breaches of the Listing Rules by our Company.

Prior to the expiration of the initial three-year period, the qualifications and experience of Mr. Yan will be re-evaluated to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied and whether the need for ongoing assistance will continue. We will liaise with the Stock Exchange to enable it to assess whether Mr. Yan, having benefited from the assistance of Ms. Cheung for the preceding three years, will have acquired the skills necessary to carry out the duties of company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

WAIVER AND EXEMPTION IN RELATION TO THE PRE-IPO SHARE OPTION SCHEMES OF THE COMPANY

Rule 17.02(1)(b) of the Listing Rules requires a Listing applicant to, inter alia, disclose in the document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Paragraph 27 of Appendix D1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

Under Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing Shareholders or debenture holders as such, the relevant shares or debentures, must be specified in the document.

As of the Latest Practicable Date, our Company had granted outstanding options under the Pre-IPO Share Option Schemes to a total of 263 participants to subscribe for an aggregate of 69,676,800 H Shares, which include outstanding options to 263 grantees (the "**Grantee(s)**") to subscribe for an aggregate of 69,676,800 H Shares, represent approximately 6.11% of the total number of Shares in issue immediately after completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised). Among the outstanding options, four Directors, one senior management member (other than directors) and three other connected persons of our Company were granted options to subscribe for 17,600,000 H Shares, 2,200,000 H Shares and 6,600,000 H Shares respectively. 255 other Grantees (who are not Directors, Supervisors, senior management or connected persons of the Company) were granted options to subscribe for 43,276,800 H Shares.

No options under the Pre-IPO Share Option Schemes will be further granted upon Listing. For more details of our Pre-IPO Share Option Schemes, see "Appendix VIII – Statutory and General Information – 5. Pre-IPO Share Option Schemes".

Our Company has applied to the Stock Exchange and the SFC, respectively for, (i) a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of, and paragraph 27 of Appendix D1A to, the Listing Rules; and (ii) a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, on the grounds that strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons:

(a) since the outstanding options under the Pre-IPO Share Option Schemes were granted to a total of 263 Grantees involved, strict compliance with the relevant disclosure requirements to disclose names, addresses, and entitlements on an individual basis in the Prospectus will require substantial number of pages of additional disclosure that does not provide any material information to the investing public and would significantly increase the cost and timing for information compilation and prospectus preparation;

(b) full details of options granted by the Company under the Pre-IPO Share Option Schemes to (i) each of the Directors, members of senior management, and connected persons of our Company, and (ii) other grantee who has been granted options to subscribe for 1,800,000 H Shares of the Company or more, on an individual basis, are disclosed in "Appendix VIII – Statutory and General Information – 5. Pre-IPO Share Option Schemes";

(c) the key information of the Pre-IPO Share Option Schemes as disclosed in "Appendix VIII – Statutory and General Information – 5. Pre-IPO Share Option Schemes" is sufficient to provide potential investors with information to make an informed assessment of the potential dilution effect and impact on earnings per share of the options granted under the Pre-IPO Share Option Schemes in their investment decision making process;

(d) with respect to the other Grantees, such number of H Shares (in aggregate representing only approximately 2.84% of the total issued share capital of our Company immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised) is not material in the circumstances of our Company, and the exercise in full of such options will not cause any material adverse change in the financial position of our Company;

(e) with respect to the options granted to the other Grantees (other than those referred to in (b) above) under the Pre-IPO Share Option Schemes, disclosure are made on an aggregate basis, categorized into lots based on the number of H Shares underlying each individual grantee, being (i) 1 to 99,999 H Shares; and (ii) 100,000 to 1,799,999 H Shares. For each lot of H Share, the following details are disclosed in this Prospectus, including (1) aggregate number of Grantees and number of H Shares subject to the options; (2) the consideration paid for the grant of the options; and (3) the exercise period and the exercise price for the options; and

(f) the lack of full compliance with such disclosure requirements will not prevent potential investors from making an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group and will not prejudice the interest of the investing public.

The Stock Exchange has granted us a waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules on the conditions that:

(a) the following information will be clearly disclosed in this Prospectus:

(i) on individual basis, full details of all the outstanding options granted by our Company under the Pre-IPO Share Option Schemes to each of the Directors, members of senior management and connected persons, including all the particulars required under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix D1A to the Listing Rules;

(ii) in respect of the outstanding options granted by our Company to the grantees other than those referred to in sub-paragraph a (i) above disclosures are made on an aggregate basis, categorized into lots based on the number of H Shares underlying each individual grantee, being (i) 1 to 99,999 H Shares; and (ii) 100,000 to 1,799,999 H Shares, and for each lot of H Share, the following details are set out in this Prospectus, including:

a. aggregate number of Grantees and number of H Shares subject to the options;

b. the consideration paid for the grant of the options; and

c. the exercise period and the exercise price for the options;

(iii) the dilution effect and impact on earnings per Share upon full exercise of the outstanding options granted under the Pre-IPO Share Option Schemes;

(iv) the aggregate number of H Shares subject to the options granted by our Company under the Pre-IPO Share Option Schemes and the percentage of our Company's issued share capital of which such number represents;

(v) a summary of the Pre-IPO Share Option Schemes; and

(vi) the list of all the Grantees (including the persons referred to in paragraph (ii) above), containing all details as required under Rule 17.02(1)(b), paragraph 27 of Appendix D1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance be made available for public inspection in accordance with "Appendix IX – Documents Delivered to the Registrar of Companies and Available on Display – Document Available for Inspection".

The disclosure is consistent with the conditions set out in the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024.

The SFC has granted to our Company a certificate of exemption under Section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

(a) full details of options granted by the Company under the Pre-IPO Share Option Schemes to (i) each of the Directors, members of senior management, and connected persons of our Company, and (ii) other grantee who has been granted options to subscribe for 1,800,000 H Shares of the Company or more, are disclosed in this Prospectus, such details include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(b) in respect of the options granted by our Company under the Pre-IPO Share Option Schemes to the Grantees other than those referred to in sub-paragraph (a) above, disclosure are made on an aggregate basis, categorized into lots based on the number of H Shares underlying each individual grantee, being (i) 1 to 99,999 H Shares; and (ii) 100,000 to 1,799,999 H Shares, and for each lot of H Share, the following details are disclosed in this Prospectus, including:

(i) aggregate number of Grantees and number of H Shares subject to the options;

(ii) the consideration paid for the grant of the options; and

(iii) the exercise period and the exercise price for the options;

(c) a full list of all the Grantees (including the persons referred to in sub-paragraph (a) above) who have been granted options to subscribe for H Shares under the Pre-IPO Share Option Schemes, containing all details as required under paragraph 10 of Part I of the Third Schedule to the Companies (WUMP) Ordinance, be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies and Available on Display – Document Available for Inspection" in Appendix IX; and

(d) the particulars of the exemption are disclosed in this Prospectus and that this Prospectus will be issued on or before Wednesday, March 20, 2024.

Further details of the Pre-IPO Share Option Schemes are set forth in "Appendix VIII – Statutory and General Information – 5. Pre-IPO Share Option Schemes".

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, a new applicant must, after Listing, comply with the announcement, circular and shareholders' approval requirements (as applicable) for continuing connected transactions entered into by the new applicant or its subsidiaries. The Company has entered into, and expects to continue, certain transactions that will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon Listing. Accordingly, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, waivers from strict compliance with Chapter 14A of the Listing Rules. See "Connected Transactions" for further information.

WAIVER IN RESPECT OF STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Applicable Listing Rules and legal requirements

Requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires, subject to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, all prospectuses to state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of its prospectus, as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a report by the auditors of the listing applicant with respect to profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of the prospectus.

According to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as it thinks fit, a certificate of exemption from compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with the relevant requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Listing Rules

Rule 4.04(1) of the Listing Rules requires that the consolidated results of the listing applicant and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus of the listing applicant, or such shorter period as may be acceptable to the Stock Exchange, be included in the accountant's report of the prospectus.

Rule 13.49(1) of the Listing Rules requires issuers to publish preliminary financial results not later than three months after the end of each financial year.

Requirements under the Guide for New Listing Applicants

Pursuant to paragraph 19 of Chapter 1.1A of the Guide for New Listing Applicants published by the Stock Exchange, in view of the shortened deadline for releasing preliminary results announcements and to enable potential investors to have adequate and timely information, where an applicant issues its listing document within two months after the latest year end, the Stock Exchange has provided the conditions for granting waiver from strict compliance with Rules 4.04(1) of the Listing Rules as follows:

(i) the listing document must include the financial information for the latest financial year and a commentary on the results for the year. The financial information to be included in the listing document must (a) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(ii) the applicant must list on the Stock Exchange within three months after the latest year end; and

(iii) the applicant must obtain a certificate of exemption from the SFC on compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements.

Grounds for waiver and exemption application

The financial year of the Company ends on December 31. The Prospectus contains the consolidated results of the Group for the three years ended December 31, 2022 and the nine months ended September 30, 2023, but does not include the consolidated results of the Group in respect of the full year immediately preceding the proposed date of issue of the Prospectus, being the full year ended December 31, 2023, as required under Rule 4.04(1) of the Listing Rules, paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The waiver and exemption applied for would not prejudice the interest of the investing public. The strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for the following reasons:

(a) there would not be sufficient time for the Company and the Reporting Accountant to finalize the audited consolidated financial statements of the Group for the year ended December 31, 2023 for inclusion in the Prospectus. It would be unduly burdensome for the Company and the Reporting Accountant to undertake the considerable amount of work required to prepare, update and finalize the Accountant's Report to cover such additional period within a short period of time. If the results for the full year ended December 31, 2023 are to be included in the Prospectus, there would be a significant delay in the listing timetable;

(b) the Company has included in this prospectus (i) the Accountant's Report covering the three years ended December 31, 2022 and the nine months ended September 30, 2023, (ii) the unaudited preliminary financial information of the Group for the year ended December 31, 2023 and a commentary on the results for the year, which has been agreed with the Group's Reporting Accountant, following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and such disclosure is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date;

(c) the Company is of the view that the Accountant's Report covering the three years ended December 31, 2020, 2021 and 2022 and the nine months ended September 30, 2023, as set out in Appendix I to the Prospectus, the unaudited pro forma financial information as set out in Appendix II to the Prospectus, unaudited preliminary financial information for the year ended December 31, 2023 as set out in Appendix III to the Prospectus, together with other disclosure in this prospectus, has already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this prospectus. Therefore, the waiver and the exemption would not prejudice the interests of the investing public;

(d) the Company will not be in breach of its Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not publishing its preliminary results announcement for the year ended December 31, 2023 in accordance with Rule 13.49(1) of the Listing Rules. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after Listing and no later than March 31, 2024 stating that the relevant financial information has been included in this prospectus; and

(e) the Company will comply with the requirements under Rule 13.46 of the Listing Rules in respect of the publication of its annual report. The Company currently expects to issue its annual report for the financial year ended December 31, 2023 on or before April 30, 2024. In this regard, the Directors consider that the Shareholders, the investing public, as well as potential investors of the Company, will be kept informed of the financial results of the Group for the financial year ended December 31, 2023.

The waiver and exemption application

In light of the above, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules relating to inclusion in the Accountant's Report of the consolidated results of our Group in respect of the full financial year ended December 31, 2023, on the conditions that: (i) this Prospectus will be issued on or before Wednesday, March 20, 2024 and the Listing Date shall not be later than three months after the latest financial year end of our Company (i.e. on or before March 31, 2024); (ii) we have obtained from the SFC a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) the preliminary unaudited financial information for the year ended December 31, 2023 and a commentary on the results for the year shall be included in the Prospectus; and (iv) the Company is not in breach of its constitutional documents or laws and regulations of PRC or other regulatory requirements regarding its obligation to publish preliminary results announcements.

We have also applied for, and the SFC has granted us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that: (i) the particulars of this exemption are set out in the Prospectus; (ii) the Prospectus will be issued on or before Wednesday, March 20, 2024 and the Company's H Shares will be listed on or before March 31, 2024 i.e. three months after the latest financial year-end.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zhang Zhengyu (章徵宇)	Room 6-3, Zhongda Wuzhuang 21 Siyi Road Shangcheng District, Hangzhou Zhejiang Province PRC	Chinese
Mr. Xin Jie (辛潔)	No.210 Santaishan Road Xihu District, Hangzhou Zhejiang Province PRC	Chinese
Mr. Xue Qiangjun (薛強軍)	Room 501, Unit 1, Building 11 Kangle Hong Kong City Xihu District, Hangzhou Zhejiang Province PRC	Chinese
Mr. Zhu Xiaosong (朱曉松)	Room 202, Unit 1, Building 4 Xinlvyuan Apartment Shangcheng District, Hangzhou Zhejiang Province PRC	Chinese
Mr. Wang Yu (王愚)	Room 212, No. 199, Wensan Road Xihu District, Hangzhou Zhejiang Province PRC	Chinese

Independent Non-Executive Directors

Mr. Chun Chang	Room 701, 886 Hua Mu Road Pudong New Area, Shanghai PRC	American
Mr. Wong Chi Kin (黃志堅)	Room F, 18/F Fu Dat Court, Fortress Garden Fortress Hill Road, North Point Hong Kong	Chinese (Hong Kong)
Ms. Lin Lanfen (林蘭芬)	Room 1301, Unit 2, Building 6 Zhichengyuan, Xixi Chengyuan Jiangcun Street, Xihu District Hangzhou, Zhejiang Province PRC	Chinese

SUPERVISORS

Name	**Address**	**Nationality**
Mr. Wu Wei (吳偉)	Room 301, Unit 3, Building 2 Liulangge, Qingbo Street Shangcheng District, Hangzhou Zhejiang Province PRC	Chinese
Ms. Song Jingfang (宋靜芳)	Room 602, Unit 1, Building 18 Meizheng Huayuan Shangcheng District, Hangzhou Zhejiang Province PRC	Chinese
Ms. Hong Xiaoxue (洪曉雪)	Room 1002, Building 2, Chunbo Nanyuan Binjiang District, Hangzhou Zhejiang Province PRC	Chinese

For details with respect to our Directors and Supervisors, see "Directors, Supervisors and Senior Management" in this Prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Far East) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F. and 63/F., Two International Finance Centre 8 Finance Street, Central Hong Kong
	Deutsche Bank AG, Hong Kong Branch Level 60, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
Joint Bookrunners	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
28/F, Chater House
8 Connaught Road Central
Hong Kong

BNP Paribas Securities (Asia) Limited
60/F. and 63/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Caitong International Securities Company Limited
Unit 2401-05, 24/F
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2, 13/F
United Centre
No. 95 Queensway
Hong Kong

	GF Securities (Hong Kong) Brokerage Limited 27/F, GF Tower 81 Lockhart Road Wan Chai Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 26/F-28/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	Tiger Brokers (HK) Global Limited 1/F, FWD Financial Centre 308 Des Voeux Road Central Hong Kong
	Zhongtai International Securities Limited 19th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Lead Managers	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong

BNP Paribas Securities (Asia) Limited
60/F. and 63/F., Two International Finance Centre
8 Finance Street, Central
Hong Kong

Deutsche Bank AG, Hong Kong Branch
Level 60, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Caitong International Securities Company Limited
Unit 2401-05, 24/F
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
Unit C1-2, 13/F
United Centre
No. 95 Queensway
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

	Guotai Junan Securities (Hong Kong) Limited 26/F-28/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	ICBC International Securities Limited 37/F, ICBC Tower 3 Garden Road Hong Kong
	Tiger Brokers (HK) Global Limited 1/F, FWD Financial Centre 308 Des Voeux Road Central Hong Kong
	Zhongtai International Securities Limited 19th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Sponsor-Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
Capital Market Intermediaries	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28/F, Chater House 8 Connaught Road Central Hong Kong
	BNP Paribas Securities (Asia) Limited 60/F. and 63/F., Two International Finance Centre 8 Finance Street, Central Hong Kong
	Deutsche Bank AG, Hong Kong Branch Level 60, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong

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Hong Kong

ICBC International Securities Limited
37/F, ICBC Tower
3 Garden Road
Hong Kong

Tiger Brokers (HK) Global Limited
1/F, FWD Financial Centre
308 Des Voeux Road Central
Hong Kong

	Zhongtai International Securities Limited 19th Floor, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Legal Advisors to our Company	*As to Hong Kong law and United States law* **Davis Polk & Wardwell** 10/F, The Hong Kong Club Building 3A Chater Road Central Hong Kong *As to PRC law* **Zhong Lun Law Firm** 22-31/F, South Tower of CP Center 20 Jin He East Avenue Chaoyang District, Beijing PRC *As to Indonesia law* **Hutabarat Halim & Rekan** Grha HHR Lawyers, Jl. Kawi Raya No. 46A Guntur – Setiabudi Jakarta 12980 Indonesia
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong law and United States law* **Sullivan & Cromwell (Hong Kong) LLP** 20/F, Alexandra House 18 Chater Road, Central Hong Kong *As to PRC law* **JunHe LLP** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing

Reporting Accountant and auditor	**PricewaterhouseCoopers** *Certified Public Accountants and Registered Public Interest Entity Auditor* 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504-2505, Wheelock Square No. 1717, Nanjing West Road Jingan District, Shanghai PRC
Compliance Adviser	**Somerley Capital Limited** 20/F China Building 29 Queen's Road Central Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** 45 Des Voeux Road Central Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower 3 Garden Road, Central Hong Kong

Registered Office	B3, 12/F, Building 1 79 Yueda Lane Binjiang District, Hangzhou Zhejiang Province PRC
Headquarters and Principal Place of Business in the PRC	B3, 12/F, Building 1 79 Yueda Lane Binjiang District, Hangzhou Zhejiang Province PRC
Principal Place of Business in Hong Kong	46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's Website	**www.lianlian.com** *(The information contained in this website does not form part of this Prospectus)*
Joint Company Secretaries	Mr. Yan Hao (閆浩) B3, 12/F, Building 1 79 Yueda Lane Binjiang District, Hangzhou Zhejiang Province PRC Ms. Cheung Lai Ha (張麗霞) (associate member of the Hong Kong Chartered Governance Institute) 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Authorized Representatives	Mr. Xin Jie (辛潔) B3, 12/F, Building 1 79 Yueda Lane Binjiang District, Hangzhou Zhejiang Province PRC Ms. Cheung Lai Ha (張麗霞) (associate member of the Hong Kong Chartered Governance Institute) 46/F, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Wong Chi Kin (黃志堅) *(Chairperson)* Mr. Chun Chang Ms. Lin Lanfen (林蘭芬)
Remuneration and Assessment Committee	Mr. Chun Chang *(Chairperson)* Ms. Lin Lanfen (林蘭芬) Mr. Zhang Zhengyu (章徵宇)
Nomination Committee	Ms. Lin Lanfen (林蘭芬) *(Chairperson)* Mr. Wong Chi Kin (黃志堅) Mr. Zhu Xiaosong (朱曉松)
Compliance and Risk Management Committee	Mr. Zhang Zhengyu (章徵宇) *(Chairperson)* Mr. Xin Jie (辛潔) Mr. Wong Chi Kin (黃志堅)
Strategy Committee	Mr. Zhang Zhengyu (章徵宇) *(Chairperson)* Mr. Xin Jie (辛潔) Mr. Chun Chang
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Principal Banks

Industrial and Commercial Bank of China Limited
Hangzhou Gaoxin Sub-branch
No. 391 Wener Road, West Lake District
Hangzhou, Zhejiang Province
PRC

China Merchants Bank Co., Ltd.
Hangzhou Branch
No. 300, Fuchun Road, Shangcheng District
Hangzhou, Zhejiang Province
PRC

China CITIC Bank Co., Ltd.
Binjiang Sub-branch
Southeast Corner, 1/F and 2/F, Building 6
Zhongnan International Mall
No. 1090, Jiangnan Avenue,
Binjiang District
Hangzhou, Zhejiang Province
PRC

China Construction Bank Corporation
Hangzhou Binjiang Sub-branch
No. 480, Jiangnan Avenue, Binjiang District
Hangzhou, Zhejiang Province
PRC

We are primarily subject to the laws and regulations in the PRC and to lesser extent, Hong Kong, Singapore, the United States, the United Kingdom, Thailand, Indonesia, Vietnam, Brazil and Japan due to our business operations. Set out below is a summary of the types of laws and regulations in these countries and territories that have a significant impact on our operations, which is prepared with the objective to provide investors with a brief overview of the key laws and regulations applicable to us. This summary does not purport to be a complete description of all the laws and regulations, which are applicable to our business and operations. Investors should note that the following summary is based on relevant laws and regulations in force as of the date of this Prospectus, which may be subject to change.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

PRC Regulations

We primarily engage in providing digital payment solutions. We are required to comply with numerous PRC laws and regulations related to third-party payment and value-added telecommunication services in the PRC.

The third-party payment industry has developed from a rising to thriving trend in the past decade. As the major regulatory authority for third-party payment businesses, the People's Bank of China (the "**PBOC**"), individually and jointly with other competent authorities of relevant businesses, including the State Administration of Foreign Exchange of the PRC (the "**SAFE**"), the MIIT and the National Development and Reform Commission of the PRC (the "**NDRC**"), successively formulated the regulations and regulatory requirements of material importance in respect of deposit and management of client reserve funds, bankcard acquiring, network payment and other regulations and regulatory requirements related to third-party payment businesses, which have gradually established the regulation framework for the third-party payment industry in the PRC.

Regulations in Relation to Payment Services of Non-Financial Institutions

Regulations on Non-bank Payment Institutions

According to the Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法》) (the "**Decree No.2 of PBOC**") promulgated by the PBOC on June 14, 2010, implemented on September 1, 2010 and amended on April 29, 2020 and the Implementation Rules for the Administrative Measures on Non-Financial Institutions Payment Services (《非金融機構支付服務管理辦法實施細則》) promulgated and implemented on December 1, 2010 and last amended on September 1, 2021, payment services provided by non-financial institutions refer to part or all of the following monetary funds transfer services provided by non-financial institutions as intermediaries between the payer and the payee, including: (1) network payment; (2) issuance and acceptance of prepaid cards; (3) bankcard acquiring and (4) other payment services determined by the PBOC. The network payment as mentioned in these Measures refers to the act of transferring monetary fund between payers and payees through public network and private network, including money

transfer, payment via the internet, payment by mobile phone, payment by fixed-line telephone, digital television payment, etc. The bankcard acquiring refers to the act of collecting monetary capital for specially engaged commercial business of bank cards through terminals of point-of-sells (POS).

According to the Administrative Measures for the Reporting of Major Events by Non-bank Payment Institutions (《非銀行支付機構重大事項報告管理辦法》) promulgated by the PBOC on July 20, 2021 and became effective from September 1, 2021, where the payment institution proposes to make an initial public offering or additional issuance of shares, or where the major contributor or actual controller of the payment institution proposes to make an initial public offering, including but not limited to the circumstance where it directly serves as a subject of the initial public offering or makes an overseas initial public offering through a variable interest entity or otherwise, the payment institution shall report the events to the local branch office of the PBOC in advance.

As a non-bank Payment Institution, our PRC subsidiary Lianlian Yintong holds the payment service license of the PRC and is required to report the Company's proposed listing to the local branch office of PBOC. So Lianlian Yintong has submitted a written report regarding the listing of the Company to the People's Bank of China Zhejiang Branch on May 26, 2023. As of the Latest Practicable Date, we have not received any further request or objection in respect to the report.

A non-financial institution that intends to provide any of the above-mentioned payment services shall obtain the payment service license of the PRC (《中華人民共和國支付業務許可證》, the "**Payment License**") to become a qualified payment institution in accordance with terms and conditions as stipulated in the Decree No. 2 of PBOC. However, monetary funds transfers between two payment institutions shall only be processed by a banking financial institution, instead of depositing monetary funds with each other or being processed by other payment institutions. The Payment License shall be valid for five years from the date of issuance and shall be extended before expiry. The payment institution shall provide payment services within the approved business scope as specified in the Payment License, and shall not outsource its payment services to others. The payment institution shall not transfer, lease or lend the Payment License to others. Where a branch of a paying institution engages in payment business, the paying institution and the branch shall respectively go through procedures with the branch of the PBOC in charge of the region where it is located for record filing.

According to the Decree No. 2 of PBOC, the business scope of the foreign-invested payment institutions, the qualifications and the ratio of contributions of the foreign investors shall be separately stipulated by the PBOC and submitted to the State Council for approval. According to the PBOC Announcement [2018] No. 7 – Announcement on Matters Relating to Foreign-invested Payment Institutions (《中國人民銀行公告[2018]第7號—關於外商投資支付機構有關事宜公告》) (the "**No. 7 Announcement**") issued by the PBOC on March 19, 2018 and took effect on the same day, an overseas institution proposing to provide electronic payment services for domestic transactions and cross-border transactions of domestic entities in the PRC shall establish a foreign investment enterprise in the PRC, and obtain a payment

business permit in accordance with the criteria and procedures stipulated in the Administrative Measures on Non-Financial Institutions Payment Services. A foreign-invested payment institution shall possess a secured and standardised business system and a disaster recovery system in the PRC which can complete payment transactions independently. The storage, processing and analysis of personal information and financial information collected and generated in the PRC shall be carried out in China. Where it is necessary to transmit such information to overseas for the purpose of processing cross-border transactions, the transmission shall comply with the provisions of laws, administrative regulations and the relevant regulatory authorities, the payment institution shall require the overseas entities to perform the corresponding information confidentiality obligations, and the consent of the owners of personal information is required. The Corporate governance, daily operation, risk management, fund processing, deposit of provisions, contingency arrangements etc of foreign-invested payment institutions shall comply with the regulatory requirements of the PBOC for non-bank payment institutions.

We conduct domestic payment services through Lianlian Yintong, which has obtained the PRC Payment License. Lianlian Yintong is our wholly owned subsidiary and will remain as a PRC domestic company after completion of the Global Offering, so the No. 7 Announcement is inapplicable to Lianlian Yintong. Except for Lianlian Yintong, we are not involved in the payment services business in China, so the No. 7 Announcement are inapplicable to us in general. LianTong is not engaged in the payment services business. Therefore, the No. 7 Announcement is inapplicable to LianTong.

According to the Notice on Further Strengthening the Rectification of Unlicensed Operation of Payment Business (《關於進一步加強無證經營支付業務整治工作的通知》) issued by the General Office of the PBOC on November 13, 2017, the PBOC would impose greater penalties to the unlicensed entities engaging in the payment business, and would cut off the payment business channels used by such unlicensed entities.

The State Council promulgated the Regulations on the Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) (the "**Non-bank Payment Institutions Regulations**") on December 9, 2023, which will become effective from May 1, 2024. According to these regulations, the Non-bank Payment Institution refers to limited liability companies or joint stock limited companies established in accordance with the law within the PBOC, other than banking financial institutions, that has obtained the payment license and engaged in the transfer of currency funds and other payment businesses based on electronic payment instructions submitted by payees or payers. The same shareholder of the non-bank payment institution shall not directly or indirectly hold 10% or more of the equity or voting rights of two or more non-bank payment institutions of the same business type, and the same actual controller may not control two or more non-bank payment institutions of the same business type, except as otherwise provided by the State.

The payment services provided by the non-bank payment institutions are divided into two types based on whether they can receive prepaid funds from payees: stored value account operation and payment transaction processing. The specific classification and supervision rules for stored value account operation and payment transaction processing are formulated by the PBOC. The payment institution engaged in stored value account operation shall promptly convert the prepaid funds obtained from customers into payment account balances or prepaid fund balances of equivalent value, but may not pay interest or other returns related to the balances held by customers.

The non-bank payment institution shall enter into a payment service agreement with customers. The payment service agreement shall specify the rights and obligations of the payment institutions and customers, the payment business process, the transmission path of electronic payment instructions, fund settlement, dispute resolution principles, and breach of contract liabilities, and shall not include contents that exclude or restrict competition, unreasonably exempt or mitigate the payment institution's liability, increase customers' liability, or limit or exclude the main rights of customers. The non-bank payment institution shall formulate agreement terms in accordance with the principle of fairness and make them publicly available in prominent locations at their business premises, official websites, mobile internet applications, and other platforms.

On the basis that (i) the Company currently complies with and commits to follow requirements under the Non-bank Payment Institutions Regulations, and (ii) satisfying such requirements is not expected to result in any significant adverse impact on the Group's business and operations, the PRC Legal Advisor, after reviewing the substantive contents of the Non-bank Payment Institutions Regulations as well as the Company's current operational procedures, is of the view that the Non-bank Payment Institutions Regulations will not have a material adverse effect on the Group's business and operations.

Regulations on Online Payment

The Administrative Measures on Network Payments by Non-bank Payment Institutions (《非銀行支付機構網絡支付業務管理辦法》) (the "**Administrative Measures on Network Payment**") was promulgated by the PBOC on December 28, 2015 and became effective on July 1, 2016. According to these measures, network payment services refer to the monetary funds transfer services provided by the payment institution when the payee or payer, through computers and mobile terminals, etc., remotely initiates payment instructions relying on public network information system, with no interaction between the payer's electronic devices and the payee's specific personal devices. According to the Decree No.2 of PBOC, the network payment businesses include currency exchange, internet payment, mobile payment, telephone payment and digital television payment.

The Administrative Measures on Network Payment stipulates that a real-name management system shall apply when the payment institutions provide the network payment services. A payment institution shall register the real name and identity information of the account holder, and take effective measures to verify such information. The individual payment

accounts are divided into category I, II and III payment accounts according to the different validation methods and the degree of effectiveness of the validation, and managed separately. The larger number of legal and safe external cross-validation of the individual payment accounts and the more reliable methods of authentication provided, the higher the level of payment services is available to the customer. The payment institution shall guarantee the authenticity, integrity, traceability of the transaction information and the consistency in the whole payment, and shall not tamper with or conceal the transaction information.

With regard to risk management and protection of clients' rights and interests, the Administrative Measures on Network Payment stipulates that payment institutions shall, according to the customers' risk rating, transaction validation mode, transaction channel, transaction terminal or type of interface, transaction type, transaction amount, transaction time and merchant category, etc., establish the transaction risk management system and the transaction monitoring system and take timely measures, such as investigation and verification, delay of settlement and termination of services, to crack down on transactions suspected to be fraud, cashing out, money laundering, illegal financing, and terrorist financing, etc. The Administrative Measures on Network Payment further stipulates that payment institutions shall establish a sound risk reserve system and transaction compensation system, and shall protect the legitimate rights and interests of the client by making timely, full advance compensation for any and all capital losses which cannot be effectively proved being caused by the client; moreover, in accordance with the provisions of the PBOC on client information protection, effective client information protection measures and risk control mechanisms shall be established to protect client information.

The Payment and Settlement Department of the PBOC issued the Notice on the Transfer of the Network Payment Business of Non-bank Payment Institutions from the Direct-Connection Mode to the NetsUnion Platform (《關於將非銀行支付機構網絡支付業務由直連模式遷移至網聯平台處理的通知》) to require that starting from June 30, 2018, all the non-bank payment institutions' network payment business involving bank accounts in the PRC shall be processed through the NetsUnion.

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

(i) Regulatory authorities: Non-bank financial institutions are regulated by the PBOC whereas banks are regulated by the PBOC and the NAFR.

(ii) Qualification requirements: Non-bank financial institutions undertake the business of digital payment and are required to obtain payment business permits issued by the PBOC. Banks, on the other hand, are obligated to obtain certain permissions and licenses from the PBOC and the NAFR before engaging in the acquiring business.

(iii) Scope of services: Non-bank financial institutions offer fund-transferring services using public or private network, including currency transfer and internet payment. Banks, on the other hand, provide not only digital payment services, but also traditional Point of Sale (POS) transactions, online banking payments and so on.

(iv) Outsourcing: Non-bank financial institutions are not allowed to outsource its digital payment business.

Regulations on Bankcard Acquiring Business

The Administrative Measures on Bankcard Acquiring Services (《銀行卡收單業務管理辦法》) ("**Measures on Bankcard Acquiring**") was promulgated by the PBOC on July 5, 2013 and came into force on the same day. According to the Measures on Bankcard Acquiring, bankcard acquiring business refers to the activities that bankcard acquirers provide specially engaged commercial businesses with transaction funds settlement services after the specially engaged merchants acquire bankcards and conclude transactions with related cardholders based on the bankcard acceptance agreement signed between the bankcard acquirers and the specially engaged merchants. The bankcard acquirers include payment institutions which provide offline merchants with bankcard acceptance and settlement services under Payment License of bankcard acquiring as well as payment institutions which provide internet merchants with bankcard acceptance and settlement services under Payment License of network payment.

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

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

Regulations on Outsourcing of Bankcard Acquiring Business

The PBOC promulgated Notice on the Management of Bankcard Acquiring Outsourcing (《關於加強銀行卡收單業務外包管理的通知》) ("**Notice on Outsourcing Management**") on June 28, 2015, which took effect on the same day. The Notice on Outsourcing Management defines the outsourcing limit of acquiring business, stipulating that, the verification of merchant qualification, execution of acceptance agreement, transaction processing of acquiring services, fund settlement, risk monitoring, the acceptance of generation and management of terminal secret keys, and error and disputes settlement, shall not be outsourced.

According to the Administrative Measures for the Record-filing of Outsourcing Service Providers of Acquiring Business (for Trial Implementation) (《收單外包服務機構備案管理辦法(試行)》), the service providers that have carried out or intend to carry out any acquiring business shall apply to the Payment & Clearing Association of China for record-filing. As of the Latest Practicable Date, our PRC subsidiary Lianlian Yinjia Information Technology Co., Ltd. carried out the acquiring business including the aggregate payment technical services, special merchant recommendation, acceptance logo pasting, special merchant maintenance, acceptance terminal deployment and maintenance and has fulfilled the filing procedure.

Regulations on the Management of Client Reserve Funds

Client reserve funds are amounts received on behalf our clients from processing payments and payable to clients. The General Office of the PBOC issued Notice on Adjustment of Centralized Deposit Proportion of Client Reserve Funds by Payment Institutions (《關於調整支付機構客戶備付金集中交存比例的通知》) ("**Notice on Adjustment of Centralized Deposit Proportion**") on December 29, 2017, which took effect on the same day. According to the Notice on Adjustment of Centralized Deposit Proportion, the original centralized deposit proportion shall still be executed in January 2018, and the centralized deposit proportion shall be increased by 10% monthly from February to April 2018. Starting from the second quarter of 2018, the adjustment will take place quarterly.

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

The Decree No. 2 of PBOC stipulates that the ratio of the paid-in capital to the daily average balance of client reserve funds of the payment institutions shall not be less than 10%. According to Decree No. 2 of PBOC, the client reserve funds received by payment institutions shall not constitute self-owned property of such payment institutions; payment institutions shall transfer client reserve funds as per the payment instructions given by clients; payment institutions shall not embezzle client reserve funds in any form. The Depository Measures for Clients' Provisions of Non-bank Payment Institutions (《非銀行支付機構客戶備付金存管辦法》) ("**Measures on Client Reserve Funds Depository**") was promulgated by the PBOC on January 19, 2021 and came into force on March 1, 2021. The Measures on Client Reserve Funds Depository stipulates that non-bank payment institutions shall deposit the full monetary capital (client reserve funds) received in advance to handle the payment business on behalf of the client to the central deposit and management reserve account with the PBOC or the special deposit account opened by non-bank payment institutions with the depository banks. The Measures on Client Reserve Funds Depository also strictly regulates the storage, accumulation, use, transfer and other depository activities of the client reserve funds.

We manage our client reserve funds by: (i) properly managing the opening and operation of depository accounts and selecting depository banks with proper qualifications and (ii) using technology to improve efficiency, such as adopting an automated processing system for our fund settlement, thereby enhancing efficiency and reducing operational errors that could cause delays. We believe the regulatory requirements on the centralized deposit and supervision of client reserve funds by the PBOC could reduce the risk of misappropriation and mismanagement of client reserve funds.

Regulations on Anti-Money Laundering and Anti-Terrorism Financing

The Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) ("**PRC Anti-Money Laundering Law**") was promulgated by the Standing Committee of the National People's Congress on October 31, 2006 and came into force on January 1, 2007. The PRC Anti-Money Laundering Law stipulates that specific non-financial institutions under anti-money laundering obligations shall take precautionary and monitoring measures and comply with their anti-money laundering obligations, including establishing a sound client identification system, client identification information and transaction record-keeping system, block transaction and suspicious transaction reporting system. According to the Decree No. 2 of PBOC, payment institutions with the Payment License shall comply with the regulations related to the PRC Anti-Money Laundering Law and comply with anti-money laundering obligations. The PBOC and its branches shall conduct regular or occasional site inspections and non-site inspections of the anti-money laundering work of payment institutions in accordance with the law.

The Measures for Anti-Money Laundering and Anti-Terrorism Financing of Payment Institutions (《支付機構反洗錢和反恐怖融資管理辦法》) ("**YF Decree No. 54**") was promulgated by the PBOC on March 5, 2012 and came into force on the same day. The YF Decree No. 54 stipulates that payment institutions which have obtained the Payment License shall carry out the obligations of anti-money laundering and anti-terrorism financing in accordance with the law. The main aspects include client identification, client identification information and transaction record-keeping, suspicious transaction reports, anti-money laundering and anti-terrorism financing surveys, etc. The Management Measure on Large and Suspicious Transactions Reporting for Financial Institutions (amended in 2016) (《金融機構大額交易和可疑交易報告管理辦法》(2016年修訂)) ("**YF Decree No. 3**") was promulgated by the PBOC on December 28, 2016, came into effect on July 1, 2017, and was amended on July 26, 2018. YF Decree No. 3 stipulates that payment institutions shall fulfill their obligations of reporting large transactions and suspicious transactions and formulate internal management systems and operational regulations and procedures for reporting large transactions and suspicious transactions to establish a sound monitoring system for large transactions and suspicious transactions.

Regulations on Detection and Authentication Management of Payment Business System

The Regulations on Inspection and Verification of Non-financial Institutions Payment Service Business System (《非金融機構支付服務業務系統檢測認證管理規定》) was promulgated by the PBOC on June 16, 2011 and came into force on the same day. The regulations implement payment business safety management requirements for the third-party payment institution business system and communication system, etc. The PBOC is responsible for the approval and management of inspection and qualification verification. Certification institutions which are recognized and approved by relevant national authorities as well as certified and authorized by the PBOC are qualified to conduct inspections and certifications on the business system of third-party payment institutions.

Regulations on QR Payment Business Standard

According to the Rules for the QR Payment Business Standard (Trial) (《條碼支付業務規範(試行)》) issued by the PBOC on December 25, 2017 and became effective from April 1, 2018, the QR payment business refers to business activities where banking financial institutions or non-bank payment institutions apply QR technologies to realize the transfer of monetary funds between the payers and payees, including payment code scanning and receipt code scanning. The Rules provides that a non-bank payment institution which conducts QR payment business shall obtain the relevant license as required and conduct the business in a standard manner in accordance with the corresponding administrative measures.

Regulations in Relation to Credit Card Business

On July 7, 2022, China Banking and Insurance Regulatory Commission ("**CBIRC**") issued the Notice on the Further Promoting the Standardized and Sound Development of the Credit Card Business (《關於進一步促進信用卡業務規範健康發展的通知》) ("**Notice on Credit Card Business**") which sets forth requirements for the standardized development of credit card business in various aspects, including operational management, risk management, fund flow control and cooperative institution management. The main requirements for banking and financial institutions ("**banking institutions**") are as follows:

(i) Strictly regulate card issuance and marketing activities

The proportion of the number of credit cards dormant for a long time under which no client initiates transactions for over 18 consecutive months and of which current overdraft balances and overpayments are zero to the total number of cards issued by the institution shall not exceed 20% at any time.

(ii) Strictly manage credit granting and risk control

Banking institutions shall implement strict and prudent management of credit card credit limits. Banking institutions shall reevaluate, calculate, and determine the credit limits for credit card customers at least once a year.

(iii) Strictly control fund flow

Banking institutions shall take effective measures to monitor and control the actual use of credit card funds in a timely and accurate manner. Credit card funds may not be used for the repayment of loans, investment, or other fields, and are strictly prohibited from flowing into the fields restricted or prohibited by policies.

(iv) Strengthen regulation of credit card installment business

Banking institutions shall prudently set the amount and duration of credit card installments, specify the minimum and maximum amounts. The installment period shall not exceed 5 years. If customers need to apply for installment repayment for cash advance transactions, the limit shall not exceed RMB50,000 or its equivalent in freely convertible currency, and the repayment period shall not exceed 2 years.

(v) Strictly manage cooperative institutions

Where banking institutions acquire credit card applications through a single cooperative institution or multiple cooperative institutions with affiliated relationships, the total number of approved credit cards shall not exceed 25% of the institution's total number of credit cards issued, and the total credit limit shall not exceed 15% of the institution's total credit limit for credit cards, except as otherwise provided for by any law or regulation.

Regulations in Relation to Information Security and Data Privacy

Pursuant to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**") which was promulgated on May 28, 2020 and came into effect on January 1, 2021, by the National People's Congress (the "**NPC**"), the personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide or make public personal information of others.

According to the Data Security Law of the People's Republic of China (the "**Data Security Law**",《中華人民共和國數據安全法》) promulgated by the Standing Committee of the National People's Congress (the "**SCNPC**") on June 10, 2021 and became effective on September 1, 2021, The entity carries out data processing activities shall abide by laws and regulations, show respect for social morality and ethics, observe business ethics and professional ethics, be honest and trustworthy, perform the obligations of data security protection and undertake social responsibilities, and shall not endanger national security or public interests, or damage the legitimate rights and interests of individuals or organizations. Any organization or individual shall collect data by lawful and proper means and shall not acquire data by theft or other illegal means.

According to the Cyber Security Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cyber Security Law**"), which was promulgated on November 7, 2016 and came into effect on June 1, 2017, by the SCNPC, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. When collecting and using personal information, network operators shall abide by the "lawful, justifiable and necessary" principles. The network operator shall collect and use personal information by announcing rules for collection and use, expressly notify the purpose, methods and scope of such collection and use, and obtain the consent of the person whose personal information is to be collected. The network operator shall neither collect the personal information unrelated to the services they provide, nor collect or use personal information in violation of the provisions of laws and administrative regulations or the agreements with such persons, and shall process the personal information they store in accordance with the provisions of laws and administrative regulations and agreements reached with such persons. Network operator shall not disclose, tamper with or destroy personal information that it has collected, or disclose such information to others without prior consent of the person whose personal information has been collected, unless such information has been processed to prevent specific person from being identified and such information from being restored. Each individual is entitled to require a network operator to delete his or her personal information if he or she finds that collection and use of such information by such operator violate the laws, administrative regulations or the agreement by and between such operator and such individual; and is entitled to require any network operator to make corrections if he or she finds errors in such information collected and stored by such operator. Such operator shall take measures to delete the information or correct the error. Any individual or organization may neither acquire personal information by stealing or through other illegal ways, nor illegally sell or provide personal information to others.

On August 20, 2021, the SCNPC promulgated the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) which became effective from November 1, 2021. According to this law, the handling of personal information shall be for a definite and reasonable purpose, be directly related to the purpose of handling and shall be conducted in a way that minimizes the impact on personal rights and interests. The collection of personal information shall be limited to the minimum scope for achieving the purpose of handling and it is not allowed to excessively collect personal information. A personal information processor shall be responsible for its handling of personal information and take necessary measures to ensure the security of the personal information handled. No organization or individual may illegally collect, use, process or transmit the personal information of others, illegally buy or sell, provide or make public the personal information of others, or engage in the handling of personal information that endangers the national security or public interests.

According to Regulations of the People's Republic of China on Protecting the Safety of Computer Information Systems (《中華人民共和國計算機信息系統安全保護條例》) promulgated by the State Council on January 8, 2011 and became effective on the same day, the protection of the safety of computer information systems shall safeguard the safety of the computer and its related and complementary sets of equipment and facilities (including network), the safety of operating environment, the safety of information, and the normal

performance of computer functions so as to maintain the safe operation of computer information systems. The safety grading protection shall be enforced in respect of computer information systems. The standards for safety grades and specific measures for safety grading protection shall be formulated by the Ministry of Public Security in conjunction with other relevant departments.

On December 28, 2021, the Cyberspace Administration of China (the "**CAC**"), NDRC, MIIT and other ten PRC regulatory authorities jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》), effective on February 15, 2022. The Cybersecurity Review Measures require that, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any data processing activities by network platform operators, which affects or may affect national security, including that any network platform operators which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review. On June 1st, 2023, our PRC Legal Advisor and the Sponsor's PRC Legal Advisor made a telephone consultation with the China Cybersecurity Review Technology and Certification Center (the "**CCRC**"), which is delegated by the CAC to accept applications for cybersecurity review, the staff of which confirmed that the term "listing abroad (赴國外上市)" under Article 7 of the Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante application of cybersecurity review and the Company does not need to apply for the cybersecurity review according to Article 7 of the Review Measures. Our PRC Legal Advisor is of the view that the CCRC is the competent authority for such consultation, and the staff who responded our inquiries during such consultation is the duly designated person in the CCRC to handle public inquiries. As such and based on the consultation with the CCRC, our PRC Legal Advisor is of the view that, we do not need to initiate the application for cybersecurity review pursuant to Article 7 of the Review Measures. As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been involved in any investigations on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning, or sanctions in such respect. On November 14, 2021, the Cyberspace Administration of China publicly solicited opinions on the Draft Data Security Regulations (《網絡數據安全管理條例(徵求意見稿)》). According to the Draft Data Security Regulations, data processors shall, in accordance with relevant state provisions, apply for cyber security review when carrying out the following activities: (i) the merger, reorganization or separation of internet platform operators that have acquired a large number of data resources related to national security, economic development or public interests, which affects or may affect national security; (ii) data processors that handle the personal information of more than one million people intends to be listed abroad; (iii) the processors intends to be listed in Hong Kong, which affects or may affect national security; and (iv) other data processing activities that affect or may affect national security. However, the Draft Data Security Regulations does not provide the standard to determine under which specific circumstances such listings would "affect or may affect national security." As of the Latest Practicable Date, the Draft Data Security Regulations has not been formally adopted and there has been no enforcement based on the Draft Data Security Regulations, according to our PRC Legal Advisor. Based on the telephone consultation with the CCRC and considering the draft shape of the Draft Data Security Regulations, as of the Latest Practicable Date, our PRC

Legal Advisor is of the view that the Company's Listing is unlikely to trigger data security review under the Draft Data Security Regulations. Our Directors and PRC Legal Advisor are of the view that the Draft Data Security Regulations will not have any material adverse impact on the Group's business operations. Having considered the views and basis of our Directors and the PRC Legal Advisor, nothing has come to the Joint Sponsors' attention that would reasonably cause them to cast doubt on the reasonableness of our Directors' and the PRC Legal Advisor's views in any material aspect.

On July 7, 2022, the Cyberspace Administration of China issued the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》), which became effective from September 1, 2022. To provide data abroad under any of the following circumstances, a data processor shall declare security assessment for its outbound data transfer to the Cyberspace Administration of China through the local cyberspace administration at the provincial level: (i) where a data processor provides critical data abroad; (ii) where a key information infrastructure operator or a data processor processing the personal information of more than one million people provides personal information abroad; (iii) where a data processor has provided personal information of 100,000 people or sensitive personal information of 10,000 people in total abroad since January 1 of the previous year; and (iv) other circumstances prescribed by the Cyberspace Administration of China for which declaration for security assessment for outbound data transfers is required.

On February 24, 2023, the Cyberspace Administration of China issued the Measures for the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同辦法》) and the Standard Contract for Cross-border Transfer of Personal Information (《個人信息出境標準合同》) (the "**SCC**"), which became effective from June 1, 2023. Pursuant to the Measures for the Standard Contract for Cross-border Transfer of Personal Information, for personal information cross-border transfer that do not trigger the security assessment, the activity of transferring personal information abroad may be carried out after the SCC enters into force. Meanwhile, personal information processor shall, within 10 working days after the SCC enters into effect, apply for filing with the cyberspace administration at the provincial level by submitting the SCC and a personal information protection impact assessment report. The SCC shall be concluded in strict accordance with the Annex of the Measures for the Standard Contract for Cross-border Transfer of Personal Information, stipulating a number of obligations on the personal information processor and the overseas recipient to protect the rights and interests of the subject of personal information.

In addition to the above-mentioned laws and regulations, the PRC government authorities have enacted other laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorized disclosure, and which includes but not limited to the Decision on Maintaining Internet Security (《關於維護互聯網安全的決定》), the Provisions on the Technical Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), the Decision on Strengthening Network Information Protection (《關於加強網絡信息保護的決定》), the Several Provisions on Regulating the Order of the Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), Announcement of Launching Special Crackdown Against Illegal Collection and Use of Personal Information by Apps (《關於開展App違法違規收集使用個人信息專項治理的公告》), and the Method for Identifying the Illegal Collection and Use of Personal Information by Apps (《App違法違規收集使用個人信息行為認定方法》).

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

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

Regulations in Relation to Company Establishment and Foreign Investment

Company Law

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**PRC Company Law**"), which was promulgated by the SCNPC on December 29, 1993 and most recently amended on October 26, 2018. The PRC Company Law generally governs two types of companies: limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its creditors is limited to the entire value of assets owned by the company. Liabilities of shareholders of a joint stock limited company are limited to the amount of capital they are legally obliged to contribute for the shares for which they have subscribed.

Foreign Investment Law

The PRC Foreign Investment Law (《中華人民共和國外商投資法》) was promulgated by the SCNPC on March 15, 2019 and became effective on January 1, 2020. China adopts the management system of pre-establishment national treatment and negative list for foreign investment. Foreign investors shall not invest in any field with investment prohibited by the negative list for foreign investment access. Foreign investors shall meet the investment conditions stipulated under the negative list for any field with investment restricted by the negative list for foreign investment access. For the fields not included in the negative list for foreign investment access, management shall be conducted under the principle of consistency for domestic and foreign investment.

The Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) was promulgated by State Council on December 26, 2019 and became effective on January 1, 2020. According to the regulation, foreign investors may not invest in a field where their investment is prohibited as specified in the negative list. To invest in a field where their investment is restricted as specified in the negative list, foreign investors shall comply with the special administrative measures for restrictive access such as requirements for shareholding ratios and senior executives as specified in the negative list. The registration of foreign-funded enterprises shall be conducted in accordance with the law by the market regulatory department of the State Council or the market regulatory departments of the local people's governments authorized by it. Foreign investors or foreign-funded enterprises shall report investment information to the commerce departments through the enterprise registration system and the enterprise credit information publicity system.

Catalogue of Industries for Guiding Foreign Investment

According to the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) which was jointly promulgated by the NDRC and the MOFCOM, the Industry Guidelines on Encouraged Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) and the Foreign Investment Access Special Management Measures (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)(2021年版)》, the "**Negative List**") which were promulgated on December 27, 2021 and implemented on January 1, 2022, industries for foreign investment are classified into the encouraged foreign investment industry, restricted foreign investment industry and prohibited foreign investment industry. The proportion of foreign equity in value-added telecommunications services (except for e-commerce, domestic multi-party communications, store-and-forward, call centres) shall not exceed 50%.

Administrative Provisions for Foreign-funded Telecommunications Enterprises

According to the Administrative Provisions for Foreign-funded Telecommunications Enterprises (《外商投資電信企業管理規定》), the proportion of capital contributed by the foreign investors in a foreign-invested telecommunications enterprise that is engaged in the value-added telecommunications services shall not exceed 50% ultimately, unless it is otherwise provided for by the State.

According to the Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), a telecommunications enterprise within the territory of China may not lease, shift or sell any license for telecommunications business in any form, or provide resources, places and facilities or any other condition for any foreign investor to engage in any illegal telecommunications operation by any means within the territory of China.

Measures on Reporting of Foreign Investment Information

The Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and became effective on January 1, 2020. Foreign investors carrying out investment activities in China directly or indirectly shall submit investment information to the commerce administrative authorities pursuant to these Measures. The investment information includes initial reports, change reports, deregistration reports, annual reports, etc.

Regulations in Relation to Product Liability and Consumer Protection

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

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

Regulations in Relation to Intellectual Property

The Trademark Law

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982 and last amended on April 23, 2019 (the latest revised version became effective from November 1, 2019) and the Implementation Regulation of the PRC Trademark Law (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002 and amended on April 29, 2014 (the latest revised version became effective from May 1, 2014), registered trademarks including commodity trademarks, service marks, collective trademarks and certification marks, refer to trademarks that have been approved and registered by the Trademark Office. The trademark registrants shall enjoy the exclusive right to use the marks, which shall be protected by the law. Any natural person, legal person or other organization, intending to acquire the exclusive right to use a trademark for his/her/its goods or service in the course of their manufacturing and business activities, shall file an application for the registration of the trademark with the Trademark Office. The Trademark Law of the PRC has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

The Patent Law

The Patent Law of the PRC (《中華人民共和國專利法》) was promulgated by the SCNPC on March 12, 1984 and was most recently revised on October 17, 2020 (the latest revised version became effective from June 1, 2021). The Implementation Regulations for the Patent Law of the PRC (《中華人民共和國專利法實施細則》) was promulgated by the State Council on June 15, 2001 and last amended on January 9, 2010 (the latest revised version became effective from February 1, 2010). According to the regulations mentioned above, "invention-creations" shall mean invention patent, utility model patent or design patent. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Invention patent shall be valid for 20 years from the date of application, utility model patent shall be valid for 10 years from the date of application and design patent shall be valid for 15 years from the date of application. The patent right entitled to its owner shall be protected by the laws. Any exploitation of a patent without the authorization of the patentee constitutes an infringement of the patent right of the patentee.

The Copyright Law

The Copyright Law of the PRC (《中華人民共和國著作權法》) was promulgated by the SCNPC on September 7, 1990 and last amended on November 11, 2020. Works of Chinese citizens, legal entities or other organizations, whether published or not, shall enjoy copyright in accordance with the Copyright Law. Works include written works, oral works, musical, dramatic, opera, dance, acrobatic artistic works, fine arts, architectural works, photographic works, audio-visual works, graphic works and model works, computer software and other intellectual achievements which comply with the characteristics of the works. Except as otherwise provided in the Copyright Law, copying, distributing, performing, screening, broadcasting, compiling, or distributing through the information network the work to the public, without the permission of the copyright owner, shall constitute infringement of copyright.

According to the Measures for Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and the Computer Software Protection Regulations (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and last amended on January 30, 2013, software developed by PRC citizens, legal persons or other organizations shall be automatically protected immediately after its development, whether published or not. Software copyright may be registered with the software registration agency appointed by the State Council copyright administrative department.

Domain Names

The Ministry of Industry and Information Technology (the "**MIIT**") promulgated the Administrative Measure for Internet Domain Names (《互聯網域名管理辦法》) on August 24, 2017, which became effective from November 1, 2017. According to this measure, the MIIT is in charge of the administration of PRC internet domain names and the domain name services follow a "first come, first file" principle. Use of domain name by providers of internet information services shall comply with laws and regulations and the relevant provisions of the telecommunication administrative authorities and shall not use a domain name to carry out illegal acts.

Regulations in Relation to Tax

Income Tax

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the "**Enterprise Income Tax Law**"), which was promulgated on March 16, 2007, amended on February 24, 2017 and December 29, 2018 (the latest amendment was implemented from December 29, 2018) and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated on December 6, 2007, amended on April 23, 2019 and implemented from April 23, 2019, taxpayers consist of resident enterprises and non-resident enterprises. Resident

enterprises are defined as enterprises that are established in the PRC in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but whose actual administration is conducted in the PRC. Non-resident enterprises refers to enterprises that are established in accordance with the laws of foreign countries and whose actual administration is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. The Enterprise Income Tax Law applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment institutions or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside the PRC.

In February 2015, the State Administration of Taxation ("**the SAT**") issued the Announcement of SAT on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》, "**the SAT Circular 7**"). According to the SAT Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. SAT Circular 7 provides two exemptions: (i) where a non-resident enterprise derives income from the indirect transfer of PRC taxable assets by acquiring and selling equity interests of the same listed overseas company on a public market; and (ii) where the non-resident enterprise had directly held and transferred such PRC taxable assets, the income from the transfer of such PRC taxable assets would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

The Announcement on Issues Relating to Withholding at Source of Income Tax of Non-resident Enterprises (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》, "**the SAT Circular 37**") was promulgated by the SAT on October 17, 2017 and amended on June 15, 2018, which replaced or supplemented certain previous provisions in the Circular 7. SAT Circular 37 purports to clarify certain issues in the implementation of the SAT Circular 7 and other regulations, by providing, among others, the definition of equity transfer income and tax basis, the foreign exchange rate to be used in the calculation of withholding amount, and the date of occurrence of the withholding obligation. Specifically, SAT Circular 37 provides that where the transfer income subject to withholding at source is derived by a non-PRC resident enterprise in instalments, the instalments may first be treated as recovery of costs of previous investments. Upon recovery of all costs, the tax amount to be withheld must then be computed and withheld.

Value-added Tax and Business Tax

According to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated on December 13, 1993, amended on November 10, 2008, February 6, 2016 and November 19, 2017 (the latest amendment was implemented from November 19, 2017), and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated on December 25, 1993 and most recently revised on October 28, 2011 (the latest revision became effective from November 1, 2011), all entities and individuals in the PRC engaging in sale of goods or labor services of processing, repair or replacement, sale of services, intangible assets, or immovables, or import of goods are required to pay value-added tax for the added value derived from the process of processing, sale or services.

According to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value added Tax to Replace Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the MOF and the SAT on March 23, 2016 and last amended on April 1, 2019, the pilot program of the collection of value-added tax in lieu of business tax shall be promoted nationwide in a comprehensive manner as of May 1, 2016, and all taxpayer of business tax engaged in the building industry, the real estate industry, the financial industry and the life service industry shall be included in the scope of the pilot program with regard to payment of value-added tax instead of business tax.

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

According to the Circular on Policies to Deepen Value-added Tax Reform (《關於深化增值稅改革有關政策的公告》), which was promulgated on March 20, 2019 and became effective on April 1, 2019, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

Regulations in Relation to Labor Protection in the PRC

Labor Law and Labor Contract Law

The Labor Law of the PRC (《中華人民共和國勞動法》) was promulgated by the SCNPC on July 5, 1994 and was amended on August 27, 2009 and December 29, 2018 (the latest revised version became effective from December 29, 2018). The PRC Labor Contract Law (《中華人民共和國勞動合同法》) was promulgated by the SCNPC on June 29, 2007 and was amended on December 28, 2012 (the latest revised version became effective from July 1, 2013). The Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) were promulgated and became effective on September 18, 2008.

These laws together stipulate the employment contracts, settlement of labor dispute, labor remuneration, protection of occupational safety and healthcare, social insurance and welfare, etc. Written labor contracts must be entered into in order to establish the labor relationship between employers and employees. Employers are also required to pay wages no lower than the local minimum wage standards to their employees.

Social Insurance and Housing Provident Funds

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

Under the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated by the State Council on April 3, 1999 and last amended on March 24, 2019, an employer shall make contribution registration with the housing provident fund management and complete the formalities of opening housing provident fund accounts for its employees. Where an employer fails to undertake payment and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management center shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where an employer is overdue in the payment of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment within a prescribed time limit; where the payment has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Regulations in Relation to Foreign Exchange

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

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

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

On March 30, 2015, SAFE issued the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》, the "**SAFE Circular 19**"), which took effect on June 1, 2015. SAFE further issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》, the "**SAFE Circular 16**") and the Notice on Annulling five Foreign Exchange Management Normative Documents and clauses of seven Foreign Exchange Management Normative Documents (《國家外匯管理局關於廢止和失效5件外匯管理規範性文件及7件外匯管理規範性文件條款的通知》), which, among other things, amend certain provisions of SAFE Circular 19. According to SAFE Circular 19, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of SAFE Circular 19 or SAFE Circular 16 could result in administrative penalties.

According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall conduct spot checking in accordance with the relevant requirements.

The SAFE promulgated the Administrative Measures for the Foreign Exchange Services of Payment Institutions (《支付機構外匯業務管理辦法》) on April 29, 2019. These Measures are applicable to the foreign exchange services provided by payment agencies. The foreign exchange services provided by payment agencies refer to the small-amount fast and convenient electronic payment services provided by payment institutions for cross-border transactions of market players through their cooperative banks, including institution settlement and sale of foreign exchange and the related fund receipt and payment services. A payment institution shall perform due diligence to verify the authenticity and legality of the identity of market players. No services may be provided to illegal transactions to ensure that the foreign exchange services provided to market players are based on true and legitimate transactions and comply with relevant state laws and regulations. A payment institution shall review the authenticity and legality of transactions as well as their consistency with foreign exchange services.

The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Supports for the Development of New Business Forms of Trade (《國家外匯管理局關於支持貿易新業態發展的通知》). Under the criteria of satisfying customer identification, collection of electronic transaction information, review of veracity etc., banks may, pursuant to the Notice of the SAFE on Promulgation of the Administrative Measures on Foreign Exchange Businesses of Payment Organisations (Hui Fa [2019] No. 13), apply to provide exchange settlement and the relevant funds collection and payment services for market entities of new trade forms such as cross-border e-commerce and integrated foreign trade services etc., on the strength of electronic transaction information, and payment organisations may provide exchange settlement and the relevant funds collection and payment services for market entities of cross-border e-commerce by virtue of electronic transaction information.

According to Notice by the PBOC of Supporting Cross-border RMB Settlement for New Forms of Foreign Trade (《中國人民銀行關於支持外貿新業態跨境人民幣結算的通知》), which was promulgated by the PBOC on June 16, 2022 and became effective from July 21, 2022, PRC banks may cooperate with nonbank payment institutions that have legally obtained the internet payment business license and clearing institutions with legal qualifications to provide cross-border Renminbi settlement services under current account for market trading entities and individuals. A payment institution participating in the provision of the cross-border Renminbi settlement services as specified in this Notice shall meet the following conditions: (i) It shall be registered within the territory of the PRC and have obtained the internet payment business permit in accordance with the law; (ii) It shall have real cross-border business needs

to use Renminbi for cross-border settlement. (iii) It shall have a sound internal control system and full-time staff relating to cross-border business, and be able to properly deal with merchant information collection and access management, transaction information collection, and examination of authenticity and legitimacy of cross-border business according to the requirements of this Notice and relevant provisions; (iv) It shall have specific systems and measures for anti-money laundering, anti- terrorist financing and anti-tax evasion relating to cross-border Renminbi settlement services; and it shall have efficient system processing and connection capabilities for anti-money laundering, anti- terrorist financing and anti-tax evasion relating to cross-border Renminbi settlement services; and (v) It shall abide by relevant laws and regulations of the state, operate in compliance with laws and regulations, have strong risk control capability, and have committed no serious violation in the recent two years.

Regulations in Relation to Overseas Securities Offering and Listing by Domestic Companies

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

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

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

Regulations in Relation to H-Share Full Circulation

The Guidelines for the "Full Circulation" Program for Domestic Unlisted Shares of H-share Listed Companies (amended in 2023)《H股公司境內未上市股份申請"全流通"業務指引》(2023年修訂) (the "**Guidelines for the Full Circulation**") was promulgated by the CSRC on November 14, 2019 and revised on August 10, 2023. According to the Guidelines for the Full Circulation, "Full Circulation" means listing and circulating on the Stock Exchange of the

domestic unlisted shares of an H-share listed company, including unlisted domestic shares held by domestic shareholders prior to overseas listing, unlisted domestic shares additionally issued after overseas listing, and unlisted shares held by foreign shareholders. Shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements in the relevant laws and regulations and policies for state-owned asset administration, foreign investment and industry regulation are met, and the corresponding H-share listed company may be entrusted to file the said application for full circulation.

The Measures for Implementation of H-share "Full Circulation" Business (《H股"全流通"業務實施細則》) ("**Measures for Implementation**") was jointly promulgated by the China Securities Depositary and Clearing Corporation Limited (中國證券登記結算有限責任公司) and Shenzhen Stock Exchange (the "**SZSE**") on December 31, 2019. The businesses of cross-border conversion registration, maintenance of deposit and holding details, transaction entrustment and instruction transmission, settlement, management of settlement participants, services of nominal holders, etc. in relation to the H-share Full Circulation business, are subject to the Measures for Implementation. Where there is no provision in the Measures for Implementation, it shall be handled with reference to other business rules of the CSDC and China Securities Depository and Clearing (Hong Kong) Company Limited (the "**CSDC (Hong Kong)**") and SZSE. In order to fully promote the reform of H-shares Full Circulation and clarify the business arrangement and procedures for the relevant shares' registration, custody, settlement and delivery, CSDC promulgated the Circular on Issuing the Guide to the Program for Full Circulation of H-shares (《關於發佈<H股"全流通"業務指南>的通知》) in February 2020, which specifies the business preparation, account arrangement, cross-border share transfer registration and overseas centralized custody, etc.

According to the Trial Measures and related guidelines, the Full Circulation shall comply with relevant regulations of the CSRC and the shareholders of domestic unlisted shares shall entrust the domestic company to report the Full Circulation with CSRC by filing materials on key compliance issues, including whether the Full Circulation has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the Full Circulation involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

Regulations in relation to Organizations of Bank Card Clearing Institution

Decision of the State Council on Implementing the Admission Management of Bank Card Clearing Institutions (《國務院關於實施銀行卡清算機構准入管理的決定》) (the "**Bank Card Clearing Institutions Admission Decision**") were promulgated by the State Council and became effective on June 1, 2015. The Administrative Measures on Bank Card Clearing Organizations (《銀行卡清算機構管理辦法》) (together with the Bank Card Clearing Institutions Admission Decision, the "**Regulations relating to Bank Card Clearing Institution**") were promulgated by the PBOC and China Banking Regulatory Commission (中國銀行業監督管理委員會) (the "**CBRC**") on June 6, 2016.

Requirements and Procedures of Application

According to the Regulations relating to Bank Card Clearing Institution, an applicant for being a Bank Card Clearing Institution shall be a legal body of enterprise incorporated in accordance with the PRC Company Law and shall meets the following requirements.

(i) The registered capital of the bank card clearing institution shall not be less than RMB1 billion, and the shareholders of the bank card clearing institution shall contribute with their own funds, and shall not use entrusted funds, debt funds, and other non-self-owned funds for contribution.

(ii) Having at least a single principal contributor who meets the specified requirements and holds more than 20% of shares, or having several principal contributors who meet the specified requirements and hold in total more than 25% of shares. The aforesaid principal contributor shall (a) have the total assets of no less than RMB2 billion or the net assets of no less than RMB500 million for the year before the application, (b) have been engaged in banking, payment or clearing services for more than five consecutive years before filing the application, (c) have made profit for more than three consecutive years, and (d) have no record of violation of laws or regulations in the latest three years. Other single contributor holding more than 10% of shares shall (a) have the net assets of no less than RMB200 million, (b) have sustainable profitability and good reputation, and (c) have no record of violation of laws or regulations in the latest three years.

(iii) Having a bank card clearing system satisfying the national or industrial standards.

(iv) Having the infrastructure and disaster backup system inside China which meets relevant requirements and is able to conduct the bank card clearing business independently.

(v) 50% or more of the members of the board of directors (including chairman and deputy chairman) and all senior management personnel of a bank card clearing organization shall possess the corresponding professional knowledge for their appointment, five or more years of practitioner experience in banking, payment or settlement and good character and reputation, as well as independence for performance of duties. The following individuals are not allowed to serve as directors or senior management personnel of bank card clearing institutions: (a) he/she has committed gross negligence or has criminal record; (b) his/her appointment qualification for director, supervisor or senior management personnel is cancelled by the financial regulatory authorities for committing an illegal act or disciplinary violation, and a five-year period has not elapsed since the cancellation of appointment qualification; (c) he/she was appointed as director, supervisor or senior management personnel of an organization which was subject to administrative punishment imposed by the financial regulatory authorities and borne personal liability or direct leadership liability for the administrative punishment, and a two-year period has not elapsed since expiry of the administrative punishment period.

PBOC Filing Requirement

According to the Regulations relating to Bank Card Clearing Institution, the bank card clearing institution applicant shall file an application for preparation with the PBOC. The PBOC shall, after seeking consent from the CBRC (which was abolished in March 2018), make a decision to approve or disapprove the application within 90 days from the date of acceptance of the application. If approved, the applicant will be issued with a business approval document and a bank card clearing business license, and the approval will be publicly announced. If disapproved, the reasons shall be stated. The applicant should complete the preparatory work within 1 year from the date of approval, and during the preparatory period, it shall not engage in bank card clearing business.

Regulations in relation to the Revocation of the Bank Card Clearing Business License

According to the Administrative Measures for Bank Card Clearing Institutions, the bank card clearing institution's bank card clearing business license shall be revoked or cancelled in the following circumstances:

(i) where a bank card clearing organization fails to commence business within the stipulated period, the approval document for business commencement shall become void, and the PBOC shall cancel the approval for business commencement, take back the bank card clearing business permit and make a public announcement; or

(ii) where the licensee has obtained a bank card clearing business permit via improper means such as fraud or bribery, the PBOC shall take back the bank card clearing business permit pursuant to the law.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN HONG KONG

Hong Kong Regulations

As at the Latest Practicable Date, our Company had eight subsidiaries (being Lianlian Bao HK Company Limited, Lianlian Hong Kong Company Limited, Lianlian International Company Limited, Lite Pay Company Limited, Lianlian StarFX Company Limited, DFX Labs Company Limited, DFX Custody Company Limited and DFX Holding Limited), which are incorporated in Hong Kong and are subject to regulatory requirements in Hong Kong.

Regulations in Relation to Anti-money Laundering and Terrorist Financing

Money laundering covers a wide range of activities and processes intended to alter the identity of the source of criminal proceeds in a manner which disguises their illegal origin. Terrorist financing is a term which includes the financing of terrorist acts, and of terrorist and terrorist organisations. It extends to any funds, whether from a legitimate or illegitimate source.

The four main pieces of legislation in Hong Kong concerning money laundering and terrorist financing are (i) the Anti-Money Laundering and Counter Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong) (the "**AMLO**"); (ii) the Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong); (iii) the Organised and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) and (iv) the United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong).

Regulations in Relation to Money Service Operators

Under the AMLO, a person who wishes to operate a remittance and/or money changing service (i.e. money service as defined under the AMLO) is required to apply for a licence from the Commissioner of Customs & Excise (the "**CCE**"). Under the AMLO, the CCE is the relevant authority to regulate money service operators ("**MSOs**") and supervise licensed MSOs' compliance with the customer due diligence and record-keeping obligations and other licensing requirements, as well as combating unlicensed operation of money service. Operating a money service without obtaining a money service operator licence from the CCE is an offence and any person in contravention is liable to a fine of HK$1,000,000 and imprisonment for two years.

As at the Latest Practicable Date, two of our subsidiaries, namely Lianlian International Company Limited and Lite Pay Company Limited hold MSO licenses from the CCE.

Under section 30(3) of the AMLO, the CCE may grant or renew a licence to an applicant to operate a money service only if the CCE is satisfied that – (a) where the applicant is an individual, the individual and each ultimate owner is a fit and proper person to operate a money service; (b) where the applicant is a partnership, each partner and each ultimate owner in the partnership is a fit and proper person to operate a money service; or (c) where the applicant is a corporation, each director and each ultimate owner of the corporation is a fit and proper person to be associated with the business of operating a money service.

According to the Guideline on Criteria for Determining Fitness and Propriety published by the CCE, in assessing an applicant's fitness and propriety, the CCE will take into account the following factors, which will be considered in the context of all the facts and circumstances of each individual case:

(i) whether the person has failed to comply with any requirement imposed under the AMLO or any regulation made by the CCE.

(ii) whether the person, being an individual, is an undischarged bankrupt or is the subject of any bankruptcy proceedings under the Bankruptcy Ordinance (Chapter 6 of the Laws of Hong Kong).

(iii) whether the person, being a corporation, is in the course of being wound-up or where a receiver, or such other person having the powers and duties of a receiver, has been appointed in relation to or in respect of any property of the corporation.

(iv) whether the person has failed to comply with any conditions imposed by the CCE on the licence.

(v) whether the person has been convicted of a criminal offence which is not listed in section 30(4)(a) and (b), in Part 5, of the AMLO, but which has a significant and negative bearing on his/her honesty, integrity and reliability.

MSOs are required to appoint a competent compliance officer ("**CO**") and a money laundering reporting officer ("**MLRO**") to act respectively as the focal point for the oversight of applicant's anti-money laundering and counter-terrorist financing ("**AML/CFT**") systems and compliance measures and the central reference point for reporting suspicious transactions. The CO and MLRO must be the MSOs' employee under the definition of Employment Ordinance (Chapter 57 of the Laws of Hong Kong). MSOs should comply with the Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Money Service Operators) issued by the CCE (the "**AML Guideline**"), which sets out relevant statutory and regulatory requirements and AML/CFT standards which MSOs should meet in order to comply with the statutory requirements under the AMLO.

MSOs must notify the CCE in writing of certain changes in particulars within one month beginning on the date on which the change takes place.

Regulations in Relation to Data Privacy

Section 4 of the Personal Data Privacy Ordinance (Chapter 486 of the Laws of Hong Kong) (the "**PDPO**") states that any person who controls the collection, holding, processing or use of the personal data (the "**data user**") shall not do any act, or engage in a practice, that contravenes any of the data protection principles set out in Schedule 1 to the PDPO (the "**Data Protection Principles**") unless the act or practice, as the case may be, is required or permitted under the PDPO. Personal data means any data (a) relating directly or indirectly to a living individual; (b) from which it is practicable for the identity of the individual to be directly or indirectly ascertained; and (c) in a form in which access to or processing of the data is practicable. We may collect, keep, and make use of our customers' and potential customers' personal data and therefore are required to comply with the Data Protection Principles. The Date Protection Principles set out that (1) personal data must be collected in a lawful and fair way, for a purpose directly related to a function or activity of the data user. Data subjects must be notified of the purpose for which the data is to be used for and the classes of persons to whom the data may be transferred. Data collected should be adequate but not excessive; (2) personal data must be accurate and should not be kept for a period longer than necessary for the fulfilment of the purpose for which the data is or is to be used; (3) personal data must be used for the purpose for which the data is collected or for a directly related purpose unless voluntary and explicit consent with a new purpose is obtained from the data subject; (4) a data

user shall take practicable steps to safeguard any personal data held against unauthorised or accidental access, processing, erasure, loss or use; (5) a data user shall take practicable steps to ensure that its policies and practices in relation to personal data, the kind of personal data it holds and the main purposes for which the personal data is or is to be used for are made known to the public; and (6) a data shall be entitled to request access to personal data and must be allowed to correct the personal data if it is inaccurate.

Section 50A of the PDPO states that a data user who contravenes an enforcement notice commits an offence and shall be liable to a fine of HK$50,000 and to imprisonment for two years, and to a daily penalty of HK$1,000 if the contravention continues after the conviction. The PDPO further criminalises misuse or inappropriate use of personal data in direct marketing activities under Part 6A of the PDPO, non-compliance with data access request under section 19 of the PDPO, and unauthorised disclosure of personal data collected without consent from data users under section 64 of the PDPO.

Part 6A of the PDPO imposes regulations on the use and provision of personal data in direct marketing. Under Part 6A, if customers' personal data is intended to be used in direct marketing, customers must be notified and their consent must be obtained before using or transferring any of their personal data to another person. Furthermore, customers must be notified of their opt-out right when using their personal data in direct marketing for the first time. Customers are entitled to require us to cease using their personal data at any time. Customers shall not be charged for compliance with Part 6A of the PDPO.

Regulations in Relation to Taxation

As the Group carries out business in Hong Kong, the Group is subject to the profits tax regime under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**"). The IRO is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. Section 14 of the IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of person, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all assessable profits (excluding profits from the disposal of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, profits tax is chargeable to corporations at the rate of 8.25% on assessable profits up to HK$2,000,000 and at the rate of 16.5% on any part of assessable profits over HK$2,000,000. The IRO also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN SINGAPORE

Singapore Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Starlink Financial Technologies Pte. Ltd. ("**Starlink**")), which is incorporated in Singapore and is subject to regulatory requirements in Singapore.

Regulations in Relation to Incorporation of Company

The requirements for the incorporation of a private company in Singapore are found in the Companies Act 1967 ("**Companies Act**"). In order to incorporate a private company, the Companies Act requires the private company to:

(i) reserve a name with the Accounting and Corporate Regulatory Authority of Singapore;

(ii) appoint at least one director ordinarily resident in Singapore;

(iii) have a minimum of one shareholder but not more than fifty shareholders;

(iv) appoint a qualified company secretary within six (6) months of incorporation;

(v) have a minimum share capital of Singapore Dollar $1;

(vi) provide a local Singapore address as the registered address of the private company; and

(vii) put in place the Constitution of the private company, which is a legal document which spells out the rules and regulations on how the private company should be governed.

Regulations in Relation to Payment Services

Starlink is licensed by the Monetary Authority of Singapore ("**MAS**") as a major payment institution under the Payment Services Act 2019 (the "**Payment Services Act**") for the purpose of providing the following services:

(i) account issuance service;

(ii) domestic money transfer service;

(iii) cross-border money transfer service;

(iv) merchant acquisition service; and

(v) e-money issuance service.

As a major payment institution, Starlink is subject to detailed and comprehensive supervision and regulation by the MAS, which regulates and supervises payment service providers in Singapore. The following is a brief non-exhaustive summary of the material laws, rules and regulations that need to be complied with by such major payment institutions.

The payment services regulatory framework consists mainly of the Payment Services Act and its related regulations, as well as the relevant notices, guidelines, circulars and practice notes issued by the MAS.

Starlink's Licence Conditions

Under the conditions of its licence issued on September 1, 2021, Starlink is required to abide by the following:

(i) Starlink must notify the MAS of any significant change to its business model; and

(ii) Starlink must notify the MAS of any change in phone number, email address, or any other contact details within 7 days of such change (as also required under Section 14(4) of the Payment Services Act).

A licensed payment service provider in Singapore must also pay a prescribed annual fee to the MAS.

Supervisory Powers of the MAS

More generally, under the Payment Services Act, the MAS has, among other things, the power to impose conditions on a licensed payment service provider and may add to, vary or revoke any existing conditions of its license. In addition, the MAS may issue such directions as it may consider necessary for carrying into effect the objects of the Payment Services Act and may at any such time vary, rescind or revoke any such directions. The MAS may also issue such directions to a licensed payment service provider as it may consider necessary or assume control of and manage such areas of the business of the payment service provider as it may determine, or appoint one or more persons as statutory manager to do so, where, among other things, the payment service provider is or is likely to become insolvent or the MAS is of the view that the payment service provider has contravened any of the provisions of the Payment Services Act or that the MAS considers it in the public interest to do so.

The MAS is also empowered to cancel the license of a payment service provider on certain grounds.

Security and Financial Requirements

A licensed payment service provider that is a major payment institution is required to maintain with the MAS security of a prescribed amount (or its equivalent in a foreign currency), for the due performance of its obligations to its customers. The current prescribed amount is S$100,000 (if the total value of all payment transactions accepted, processed or executed by the major payment institution in one month over the current calendar year does not exceed S$6 million for each payment service provided by the licensed payment service provider) or S$200,000 in any other case.

A licensed payment service provider that is a major payment institution must also satisfy the prescribed financial requirements as set out in the Payment Services Regulations 2019. Currently, the prescribed financial requirements for a major payment institution incorporated in Singapore is a base capital of not less than S$250,000 while its licence is in force.

Notice on Conduct

The MAS Notice PSN07 sets out certain requirements in relation to the conduct requirements applicable to licensed payment service providers including (but not limited to) the obligations to keep records of transactions, issuance of receipts, transmission of money, display of exchange rate and fees, exchange rates to be applied where currency in which money is safeguarded is different from the currency received by the licensed payment service provider.

Risk Management and Fit and Proper Person

Broadly, the MAS has issued risk management guidelines applicable to payment service providers and to financial institutions generally.

The MAS Technology Risk Management Guidelines set out risk management principles and best practice standards to guide financial institutions (including major payment institutions) in respect of (i) establishing a sound and robust technology risk management framework, (ii) strengthening system security, reliability, resiliency, and recoverability, and (iii) deploying strong authentication to protect customer data, transactions and systems. Senior officers who have direct knowledge of a financial institution's information systems and operations should complete a prescribed compliance checklist each year. The MAS has also issued circulars on particular aspects of technology risk management.

Under the MAS Guidelines on Fit and Proper Criteria, the following persons, among others, are required to be "fit and proper" persons: a director of a licensee under the Payment Services Act, a chief executive officer or deputy chief executive officer of a licensee, the chief financial officer of a licensee, the head of treasury of a licensee, (and any other officer having responsibilities or functions similar to the abovementioned persons) an employee of a licensee, a partner of the licensee, a person having control of the licensee and an exempt payment service provider in relation to activities regulated by the MAS. Broadly, the MAS will take into account, among other things, the following criteria in considering whether a person is fit and proper: (i) honesty, integrity and reputation; (ii) competence and capability; and (iii) financial soundness.

Cyber Hygiene Requirements

The MAS Notice PSN06 on Cyber Hygiene sets out various cyber security requirements that a licensed payment service provider is required to comply with, including but not limited to ensuring the application of security patches, putting in place a written set of security standards for its system, implementing controls for network perimeter defence and implementing malware protection measures.

Anti-money Laundering

Licensed payment service providers (for the specified payment services of account issuance service, domestic money transfer service, cross-border money transfer service and/or money-changing service) must comply with anti-money laundering and countering the financing of terrorism requirements under the MAS Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Holders of Payment Services Licence (Specific Payment Services). The MAS has also issued the MAS Guidelines to Notice PSN01 on Prevention of Money Laundering and Countering the Financing of Terrorism – Specified Payment Services, which apply to licensed payment service providers.

The Notice and Guidelines reiterate Singapore's commitment to safeguard its financial system from being used as a haven to harbour illegitimate funds or as a conduit to disguise the flow of such funds, and further elaborate on the role of financial institutions in preserving the integrity of the financial system.

Suspicious Transactions Reporting

Licensed payment service providers are obliged under the MAS Notice PSN03 on Reporting of Suspicious Activities and Incident of Fraud to lodge with the MAS a report in the specified form, manner and within the specified time, upon discovery of any suspicious activities and incidents of fraud where such activities or incidents are material to the safety, soundness or reputation of the licensee.

Audit/Regulatory Returns Requirements

The Payment Services Act provides that a licensed payment service provider must submit to the MAS such reports or returns relating to the licensee's business in such form, manner and frequency as the MAS may specify by notice in writing.

The MAS Notice PSN04 on Submission of Regulatory Returns sets forth the various regulatory returns that need to be submitted and prescribes the form in which the relevant returns are to be made.

A licensed payment service provider is required to file with MAS, all applicable forms (including all applicable annexes to such forms) and documents as specified in MAS Notice PSN04, in the form and manner specified in the Notice.

In addition, a licensed payment service provider must on an annual basis and at its own expense, appoint an auditor. A report of an audit on the licensee needs to be submitted to the MAS in the prescribed form not later than 6 months after the end of the financial year in respect of which the audit is conducted.

Control of shareholding in a licensed payment service provider

A person must not become a 20% controller of a licensed payment service provider without first applying for and obtaining the approval of the MAS under Section 28 of the Payment Services Act.

The MAS may serve a written notice of objection on any person that has obtained or is required to obtain the MAS' approval under Section 28 of the Payment Services Act in certain specified circumstances, including but not limited to, the MAS being satisfied that (a) its conditions have not been complied with, (b) it is no longer in the public interest to allow the person to continue to be a 20% controller, (c) the person has provided false or misleading information to the MAS in its application for approval or (d) the person is no longer a fit and proper person under the Guidelines on Fit and Proper Criteria.

Appointment of Chief Executive Officer and Directors

Before appointing a person as its chief executive officer or director, a licensed payment service provider incorporated in Singapore must apply for and obtain the approval of the MAS for such appointment and satisfy the MAS that such person is a fit and proper person to be so appointed.

Regulations in Relation to Privacy

The Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore ("**PDPA**") is the main Singapore legislation governing the protection of personal data (data, whether true or not, about an individual who can be identified from that data or other accessible information). To the extent the Group collects, uses and/or discloses personal data, it is subject to the requirements of the PDPA.

The PDPA generally requires organisations, including Group, to give notice and obtain consents prior to collection, use or disclosure of personal data. Organisations are required to ensure they have obtained consents from customers for all purposes for which they intend to collect, use and/or disclose such customers' personal data – perhaps regular reassessment of customers' profiles and portfolios after the use of payment services. The PDPA also imposes various obligations upon organisations that relate to, among other things, the access to, the correction of, the protection of, the retention of and the transfer of, personal data. Finally, the PDPA also requires organisations to check national "Do-Not-Call" registries prior to sending marketing messages addressed to Singapore telephone numbers through voice calls, fax or text messages.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED STATES

The United States Regulations

As at the Latest Practicable Date, our Company had two subsidiaries (being LL Pay U.S., LLC ("**LLPay**") and Nuna Network LLC ("**Nuna**")), which was incorporated in the United States and subject to regulatory requirements in the United States.

Regulations in Relation to Business Entity Registration

As a business operating across the United States, LLPay is subject to the jurisdictional regulations of each state and the District of Columbia. U.S. laws require entities that conduct commercial activities within a state but are incorporated or organized under the laws of another state or country to register as a "foreign entity." This process ensures our legal status to conduct business in that state and may entail compliance with tax laws, reporting requirements, and other regulations specific to each jurisdiction. LLPay has completed business registration in all 50 states in the United States and the District of Columbia. Nuna has registered as a foreign limited liability company in the State of New York and the State of Connecticut where it has business operations. We remain committed to maintaining good standing by fulfilling all local reporting requirements, tax obligations, and any other stipulations set forth by each jurisdiction's Secretary of State or equivalent regulatory body.

Regulations in Relation to Money Transmission Regulation

Various laws and regulations govern the payments industry in the United States and globally. For example, certain jurisdictions in the United States require a license to offer money transmission services, such as domestic and cross-border money transfer, payment, currency exchange, and e-wallet services. Each of these licenses has its unique set of requirements, including, but not limited to, undergoing periodic audits and examinations by the state regulators or independent auditors, submitting regular reports and financial statements to the state regulators, and renewing the license periodically. LLPay maintains a license in each of those jurisdictions and complies with new license requirements as they arise.

LLPay is also registered as a "Money Services Business" with the U.S. Department of Treasury's Financial Crimes Enforcement Network ("**FinCen**"). These licenses and registrations subject us, among other things, to record-keeping requirements, reporting requirements, bonding requirements, limitations on the investment of customer funds, and inspection by state and federal regulatory agencies.

Our money transmission services may be or become subject to regulation by other authorities, and the laws and regulations applicable to the payments industry in any given jurisdiction are always subject to interpretation and change.

Regulations in Relation to Consumer Protection

The Consumer Financial Protection Bureau and other federal, state, and local regulatory and law enforcement agencies regulate financial products and enforce consumer protection laws, including those applicable to domestic and cross-border money transfer, payment, currency exchange, e-wallet services, and other similar services. These agencies have broad consumer protection mandates, and they promulgate, interpret, and enforce rules and regulations that affect our business. These rules may pertain to issues such as transaction transparency, fee disclosures, customer privacy, data security, dispute resolution, and fair lending, among others.

Regulations in Relation to Anti-Money Laundering

We are subject to anti-money laundering ("**AML**") laws and regulations in the United States and other jurisdictions. In the U.S., our money transmission services are subject to the Bank Secrecy Act of 1970, the USA Patriot Act of 2001, the Anti Money Laundering Act of 2020, and other similar federal, state, and local laws and regulations. These regulations require money services businesses, including money transmitters, to maintain detailed records, report large currency transactions and suspicious activities, implement an AML program, and combat terrorist financing and cross-border transactions.

Regulations in Relation to Protection and Use of Information

We collect and use a wide variety of information for various purposes in our business, including to help ensure the integrity of our services and to provide features and functionality to our customers. This aspect of our business, including the collection, use, disclosure, and protection of the information we acquire from our own services as well as from third-party sources, is subject to federal, state, and local laws and regulations in the United States, involving privacy, data protection and personal information, data security, and data retention and deletion. As our business continues to expand in the United States, and as laws and regulations continue to be passed, and their interpretations continue to evolve in numerous jurisdictions, additional laws and regulations may become relevant to us.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE UNITED KINGDOM

The United Kingdom Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being LL Pay UK Limited ("**LLUK**")), which is incorporated in the United Kingdom and subject to regulatory requirements in the United Kingdom. LLUK as an authorized payment institution, is regulated by the UK Financial Conduct Authority (FCA).

Regulations in Relation to Corporate Structure

Companies Act 2006 provides the legal basis for the formation, organization, operation and management of companies. Foreign companies in the UK have the option of setting up subsidiaries in the form of private limited companies, public limited companies, branches, etc. Of these, the private limited company is arguably the most widely used form of corporate organization in the business world today, and is therefore used by most UK subsidiaries of foreign companies. LianLian DigiTech Co., Ltd, in establishing a subsidiary as a foreign shareholder, filed a memorandum of association, an application for registration of the company, a statement of compliance and other documents required by Companies Act 2006 with the Registrar in accordance with Section 7-13 of the Companies Act 2006, in compliance with the statutory process for the establishment of a company.

In the UK, foreign shareholders are only required to complete the incorporation procedures at the Companies Registry and no approval or license is required. In addition, the scope of business, the registered capital at the time of incorporation, capital increase, capital reduction, and the transfer of equity after incorporation can be freely changed and registered with the public without government approval or permission.

Regulations in Relation to Anti-Money Laundering

UK AML laws and regulations incorporate international standards set by the Financial Action Task Force (FATF) and to transpose the EU's 5th Money Laundering Directive (5MLD). LLUK is subject to various AML regulations and guidances, including but not limited to, Proceeds of Crime Act 2002 (POCA), The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR 2017), The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (MLR 2019), and The Joint Money Laundering Steering Group's (JMLSG) Guidance on the Prevention of ML/TF.

Under the laws and regulations, financial institutions must put appropriate AML controls in place to detect money laundering activities: these include customer due diligence and transaction monitoring measures, as well as a range of reporting requirements.

Regulations in Relation to Authorised Payment Institution

The Payment Service Directive 2 or PSD2 for short, is an EU Directive (Directive 2015/2366) that sets requirements for businesses wishing to provide payment services. The PSD2 directive is transposed to The Payment Services Regulations 2017 which sets requirements, including for UK's Authorised Payment Institution (API) and the API Licence.

The following regulations are also applicable to payment institutions:

- Revised Payment Services Directive (PSD2)
- Payment Accounts Directive
- Credit transfers and direct debits in euros (SEPA)
- The Payments in Euro (Credit Transfers and Direct Debits) Regulations 2012
- Data Protection Act 2018 - Guide to the UK General Data Protection Regulation (UK GDPR) – Proceeds of Crime Act 2002(POCA)
- Terrorism Act 2000
- Money Laundering, Terrorist Financing and Transfer of Funds 2017
- Regulation on interchange fees for card-based payment transactions (EU) 2015/751
- The Money Laundering and Terrorist Financing Regulations 2019

Regulations in Relation to Data Protection

In the UK, the key pieces of legislation governing data protection are the UK General Data Protection Regulation (Regulation (EU) (2016/679) ("**UK GDPR**") and the Data Protection Act 2018 ("**the Act**"). The UK GDPR sets out core definitions and fundamental data protection principles relating to data processing, the lawful grounds for processing data, as well as certain accountability duties and obligations which apply to both organisations and individuals which are processing personal data caught by the scope of the UK GDPR. The UK GDPR also contains certain rights for natural persons who are data subjects, including the right to obtain a legal remedy, such as compensation.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THAILAND

Thailand Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Lianlian Pay Electronics Payment (Thailand) Co., Ltd. ("**LLT**")), which is incorporated in Thailand and subject to regulatory requirements in Thailand.

Regulations in Relation to Payment System

The Payment System Act B.E. 2560 (2017) ("**PSA**") is the governing law for payment systems and services in Thailand. Under the PSA, any business operator who engages in designated payment services (as determined by the Ministry of Finance of Thailand) must comply with its relevant licensing requirements. The Bank of Thailand is a supervising authority for all payment systems and payment services under the PSA.

Payment on behalf service and payment facilitating service fall under the category of electronic payment services, which are designated payment services. Payment on behalf service involves a service provider receiving electronic payments on behalf of a merchant, service provider, or creditor, as per a mutual service agreement. Payment facilitating service, refers to a service provider receiving or sending electronic card payments to an acquiring business provider or another payment facilitating business provider.

As LLT operates the above payment services, it is subject to the PSA and its relevant regulations, including the Notification of the Ministry of Finance Re: Stipulation on Designated Payment Services.

Regulations in Relation to Anti-Money Laundering

The Anti-Money Laundering Act B.E. 2542 (1999) ("**AMLA**") is aimed at regulating and combating various illicit activities such as money laundering, fraud, and corruption. The AMLA sets out offenses related to the transfer or conversion of money or property obtained through illegal means, with the intention of concealing the sources of such money or assets. The term illegal means include activities such as human trafficking, fraud involving financial institutions (including payment systems and payment service providers as specified in the Ministerial Regulation B.E. 2543 (2000) issued under the AMLA), or the trade of contraband goods.

AMLA requires the financial institutions (including a business operator obtaining the license or registering under the PSA) to report any transactions that reach a certain threshold specified in sub-regulations issued under the AMLA, the Ministerial Regulation Re: Stipulating the Amount of Money and Assets in a Transactions that Requires to Report to the Anti-Money Laundering Office ("**AMLO**"). For example, the financial institution is required to report (i) electronic payment transactions involving the transfer of at least THB100,000 (approximately US$2,940), (ii) electronic payment transactions involving assets valued at least THB700,000 (approximately US$20,580), or (iii) any suspicious transaction that may not fall under the categories of (i) or (ii), to the AMLO.

Regulations in Relation to Foreign Business

The law governing business activities conducted by foreign nationals is the Foreign Business Act B.E. 2542 (1999) ("**FBA**"). Any performance of services conducted in Thailand would be characterized as doing business in Thailand and be subject to the FBA. Under the FBA, a foreign company (i.e., a company registered outside Thailand or a Thai company of which at least 50% of capital shares are held by a foreign individual or entity) may not conduct any prohibited or restricted business activity listed under List 1 to List 3 attached to the FBA (including service business) unless it has obtained (i) a Foreign Business License ("**FBL**"); or (ii) a Foreign Business Certificate ("**FBC**") by virtue of having been granted a Board of Investment promotion ("**BOI Promotion**") (or have obtained a license from the Industrial Estate Authority of Thailand ("**IEAT**"), or operating under the treaty such as the Thailand-U.S. Treaty of Amity).

Under the FBA, LLT is defined as a foreigner (as more than a half of its shares are held by non-Thai nationals). Accordingly, LLT is required to obtain an FBL or FBC for operating the payment service businesses. In this case, LLT has obtained (i) the FBL for service of receiving electronic payment – receiving payment on behalf service and service of receiving electronic payment – payment facilitating service, and data management service for money transfer and (ii) FBC by virtue of being granted the BOI Promotion for digital software, platform, digital service provider, or digital content business activities.

Regulations in Relation to Investment Promotion

Investment Promotion Act B.E. 2520 (1977) ("**IPA**") aims to promote certain businesses or projects in Thailand that contribute to the country's economic growth, provided that these businesses are deemed important and beneficial to economic and social development. Under the IPA, the Board of Investment ("**BOI**") has the authority to assess and grant BOI promotion to businesses that meet the criteria specified under the IPA.

The IPA offers investment promotion in various aspects, including tax incentives, permitting to hire skilled workers, land ownership rights and tax benefits related to import of raw materials and machinery. These benefits and the list of the promoted businesses are outlined in the BOI Notification No. 9/2565.

In relation to LLT, it has obtained the BOI promotion under the category of business activity related to digital software, platform, digital service provider, or digital content. Accordingly, LLT is subject to the requirements specified in the BOI certificate and is entitled to the benefits prescribed therein.

Regulations in Relation to Personal Data Protection

Assuming that the payment services business operated by LLT involves collection, usage, or disclosure of personal data, LLT would fall under the regulatory framework of the Personal Data Protection Act B.E. 2562 (2019) ("**PDPA**"). The PDPA is a comprehensive law that governs the protection of personal data of data subjects. It applies to data controllers and data processors, whether natural persons or juristic entities, located in Thailand, regardless of whether the collection, storage, usage, or disclosure of personal data occurs inside or outside of Thailand.

If a data controller or data processor is located outside of Thailand but collects, uses, or discloses personal data of Thai residents, they will also be subject to the PDPA provided that their activities involve (i) offering goods or services to data subjects in Thailand, regardless of whether payment is required, or (ii) monitoring the behavior of data subjects within Thailand.

Under the PDPA, data controllers and/or data processors are required to obtain explicit consent from the data subject or have a legal basis or exemption for processing personal data without prior consent (e.g., prevention or suppression of danger to data subject's life, body or health, performance of a contract, legitimate interests of the data subject). They must also maintain a record of personal data, appoint a data protection officer, prepare data processing agreements, implement security measures for cross-border data transfers, and comply with other obligations. Accordingly, it is essential for LLT to adhere to the provisions of the PDPA to ensure the proper protection and lawful processing of personal data.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN INDONESIA

Indonesia Regulations

As at the Latest Practicable Date, our Company conducts the Indonesian Business through our Indonesian OpCos (being PT Buana Gemah Ripah ("**PT BGR**") and PT Internasional Sukses Remiten ("**PT ISR**")), which are wholly-owned by the Registered Shareholders. Both PT BGR and PT ISR are incorporated in Indonesia and subject to regulatory requirements in Indonesia.

Regulations in Relation to Payment

PT ISR is licenced by Bank of Indonesia ("**BI**") as a Payment Service Provider (*Penyedia Jasa Pembayaran* or "**PJP**") for category 3 to engage in remittance services, which are the activities of fund transfer in the form of acceptance and execution of fund transfer orders whose sources of fund do not come from the accounts managed by the remittance service provider.

The umbrella regulation that provides a regulatory framework for the Indonesian payment systems industry is Regulation of BI No. 22/23/PBI/2020 of 2020 on Payment System and Regulation of BI No. 23/6/PBI/2021 on Payment Services Providers ("**PBI 23/2021**").

Obligations

A PJP licence holder shall observe the following general principles in managing the payment system:

(i) Operational requirements in the aspects of governance, risk management, information system security standards, interconnectivity and interoperability, and legal compliance;

(ii) BI's policy on the pricing scheme in the operation of payment system; and

(iii) Capability of human resources and organization as well as code of ethics and healthy business practices code of conduct.

A PJP licence holder shall submit periodical and incidental reports to BI on the aspects of institutional, capital and financial, governance and risk management, capability of information system, and other aspects determined by BI from time to time.

Any corporate actions in the form of merger, amalgamation, spin off, and/or acquisition over a PJP licence holder shall obtain a prior approval from BI.

Restrictions

Under PBI 23/2021, a non-bank PJP licence holder is prohibited from taking any corporate actions which will cause any change of a party holding:

(i) shares constituting 25% (twenty five percent) or more shares with voting rights issued by the PJP; or

(ii) shares constituting less than 25% (twenty five percent) of shares with voting rights issued by the PJP but it can be proven that the relevant party has control over the PJP, either directly or indirectly,

within 5 (five) years since the PJP licence was first issued except with BI's approval. A failure to comply with this restriction shall be subject with administrative sanctions ranging from warning letters to revocation of the PJP licence.

A PJP licence holder is prohibited from cooperating with other parties to exclusively provide public services. Under PBI 23/2021, "provision of public services" is defined as the provision of services intended for public, such as transportation, electricity, health, and education. The cooperation is regarded as exclusive if it fulfils, among other things, the followings:

(i) the cooperation is conducted only between a public service provider with 1 (one) or several PJP so that it will prevent other PJPs from entering into such cooperation; and

(ii) public service payment activity depends on certain electronic money product.

A PJP licence holder is prohibited from owning and/or managing "values" which are equal with the value of money or value other than Rupiah that can be widely used for payment purposes. Further, PJP is prohibited from:

(i) accepting any virtual currency used as a source of fund in payment transaction processing;

(ii) processing any payment transaction by using virtual currency as a source of fund; and/or

(iii) connecting any virtual currency to payment transaction processing.

It is also prohibited for a PJP licence holder to facilitate trade of virtual currency as a commodity except if it is regulated in accordance with the provisions of laws and regulations.

Supervision

Supervision of payment system by BI shall be conducted either directly or indirectly by using risk and/or compliance based supervision approach against a PJP licence holder. This supervision shall cover the followings:

(i) risk exposure, including compliance with laws and regulations;

(ii) implementation of governance and risk management; and

(iii) other aspects determined by BI.

Regulations in Relation to Consumer Protection

In relation to consumer protection in the operation of PJP, Regulation of BI No. 3 of 2023 on BI Consumer Protection stipulates the consumer protection principles, which include:

(i) equality and fair treatment;

(ii) disclosure and transparency;

(iii) education and literacy;

(iv) responsible business behaviour;

(v) protection of consumers' assets against misuse;

(vi) protection of consumers' data and/or information;

(vii) effective handling and resolving of complaints; and

(viii) enforcement of PJP licence holder compliance.

The implementation of the above principles shall be conducted by considering the forms of the products and/or services of the PJP licence holder.

BI shall conduct direct and/or indirect supervision to PJP licence holder, and is also authorised to request document, data, information, statements, and/or explanations from PJP licence holder, in which the PJP licence holder shall be obliged to submit such document, data, information, statements, and/or explanations to BI.

In the case where a consumer does not agree with the result of the handling and resolution of the complaints by a PJP licence holder, the consumer may submit: (i) a complaint to BI; (ii) a claim to a dispute resolution forum; or (iii) a claim to the relevant court.

Regulations in Relation to Personal Data Protection

In processing data and/or information related to the payment system, a PJP licence holder and/or other parties cooperating with a PJP licence holder shall be obligated to apply the principles of personal data protection including fulfilling the aspect of the users' consent for the use of their personal data. A PJP licence holder may transfer individual customer data to other parties outside the jurisdiction of the Republic of Indonesia.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN VIETNAM

Vietnam Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Starlink Financial Technologies Joint Stock Company ("**SF**")), which is incorporated in Vietnam and subject to regulatory requirements in Vietnam.

Regulations in Relation to Foreign Investment

The establishment, operation, and management of SF – a foreign-invested company ("**FIE**") in Vietnam – would be governed by the Law on Investment and the Law on Enterprises.

According to the Law on Investment, an FIE shall be deemed as an economic organization. Before the establishment of an economic organization, foreign investors must have an investment project and must notably apply for an investment registration certificate ("**IRC**") from the relevant Vietnamese licensing authority of the location where the investment project will be based ("**Investment Licensing Authority**"). The statutory time limit for the competent authority to issue the IRC is within fifteen days of its receipt of the respective complete and valid application dossier. However, it would often take longer time in practice. The Investment Licensing Authority is either the relevant provincial Department of Planning and Investment ("**DPI**"), or the management authority of the relevant industrial zone/export processing zone/economic zone/high-tech zone, depending on the location of the project.

After obtaining an IRC, the foreign investor (owner) of the FIE must submit a dossier to the Business Registration Office under the DPI to apply for an enterprise registration certificate ("**ERC**") in order to incorporate the FIE. The regulatory timeframe is three working days from the receipt of a valid and complete application dossier by the licensing authority. In practice, it may actually take ten or more working days. The registration of the enterprise's tax information is a part of the enterprise registration procedure, where the enterprise code of the FIE recorded under the ERC is also the tax registration number of the FIE.

A foreign investor establishing an FIE may be subject to limitations on foreign investment. The investors should see if the expected business lines (in both cases of new establishment of the FIE or expanding new business lines for existing FIE) fall within the list for which foreign investment is prohibited (the "**Prohibited Lists**") or are subject to market

access conditions (the "**Conditional Lists**"). In case any of the expected business lines are included in the Prohibited Lists, the foreign investor cannot establish/operate the FIE in such prohibited sectors. In the case of those included in the Conditional Lists, the foreign investors might have to meet several conditions (e.g. foreign ownership cap, foreign investor's capacity), as specifically required by each sector regulation.

After obtaining an IRC and ERC, an FIE must carry out several statutory procedures, generally including the following:

(i) Announcement of the establishment of the FIE on the National Business Registration Portal within thirty days from the issuance date of the ERC;

(ii) Registration to use electronic invoices;

(iii) Signing up an account for tax declaration and implementing tax declaration;

(iv) Periodical reporting on the progress and implementation of the investment project; and

(v) Setting up a "direct investment capital account" in a foreign currency or VND ("**DICA**") with a commercial bank or a branch of a foreign bank duly licensed to operate in Vietnam to receive charter capital contributions.

Regulations in Relation to Foreign Exchange Control

Capital contribution

Under Vietnamese law, an FIE is required to open a DICA in a foreign currency or VND at a commercial bank or a branch of a foreign bank duly licensed to operate in Vietnam ("**Permitted Bank**") to implement transactions relating to foreign direct investment. The FIE can only open 1 (one) DICA for each type of currency, corresponding to the currency of the investment capital under the FIE's IRC with one Permitted Bank. Several transactions must be routed via DICA, notably: (a) contribution of capital in cash (i.e., bank transfers) made by foreign investors to the charter capital of FIE; (b) payments for the FIE's capital transfer transactions between a resident investor and a non-resident investor, which must be made in VND and routed via the DICA in VND; (c) drawdown and repayment of foreign loans borrowed by the FIE, and (d) profit repatriation to foreign investors.

Offshore loan (without any guarantee from the Government)

An FIE may borrow foreign loans, subject to the satisfaction of certain conditions provided by the law on (i) loan purpose, (ii) loan term, (iii) loan registration, (iv) borrowing restriction, (v) loan currency, and (vi) loan drawdown and repayment. Apart from offshore debt refinancing purpose, a FIE may borrow (i) offshore short-term loans to discharge the FIE's short-term payables according to corporate accounting rules (other than the outstanding

principal of onshore loans) arising in its implementation of investment projects, production or business plans or other projects; or (ii) medium/long-term offshore loans to implement the FIE's investment projects and/or carry out its production or business plans or other projects. Foreign loan must be registered to the State Bank of Vietnam ("**SBV**") if it is a medium-term or long-term (more than one year term) foreign loan, and be drawn down and repaid via the aforementioned DICA of the FIE.

Payments

In general, Ordinance 28 enshrines the principle of freedom of "current transactions" *(in Vietnamese: "giao dich vãng lai")* (i.e., not for the purpose of remittance of capital such as the contribution of the charter capital of the FIE as mentioned above) between residents and non-residents in Vietnam. All current transactions related to payments and remittance of money connected to exports, imports, short-term loans from banks, net income from direct and indirect investment, interest and repayments on foreign loans, and import or export of goods or services, may be conducted freely. However, in the territory of Vietnam, all transactions, payments, displays of prices, advertisements, quotations, pricing, and price writing in contracts and agreements and other similar forms (including conversion or adjustment of prices of goods or services, value of contracts or agreements) must not be conducted in any foreign currency except for limited cases provided by the law.

Regulations in Relation to Anti-money Laundering

The anti-money laundering legal framework of Vietnam establishes measures to prevent, detect, halt, and address money laundering activities. The Law on Anti-Money Laundering shall be applicable to (i) reporting entities, which encompass financial entities (which are licensed to engage in certain financial services such as financial leasing, payment services, payment intermediary services, etc.), companies and individuals engaged in relevant non-financial businesses (e.g. prized gaming businesses, services of establishing, managing and running an enterprise) (the "**Reporting Entities**"); (ii) Vietnamese individuals/entities, foreign individuals/entities, and other international organizations conducting transactions with the reporting entities; and (iii) other organizations, individuals, and agencies related to anti-money laundering matters.

The Law on Anti-Money Laundering requires the Reporting Entities to conduct measures of anti-money laundering and comply with statutory obligations taken on by Reporting Entities including:

(i) Customer due diligence (or KYC);

(ii) Assessment of money-laundering risks;

(iii) Building upon internal regulations on anti-money laundering;

(iv) Reporting suspicious transactions and unusually high-value transactions;

(v) Reporting high-value transactions, with the regulated reporting threshold of VND 400 million;

(vi) Storing/recording information and documents; and

(vii) Applying provisional measures.

Notably, the Law on Anti-Money Laundering specifies suspicious transactions in each service sector (i.e. banking, payment intermediaries, life insurance, securities, prize-awarding game, and real estate), which the Reporting Entities must be reported to the SBV.

Regulations in Relation to Data Security and Privacy

The legal framework of data security and privacy in Vietnam has a broad scope of regulation, which applies to both domestic and foreign organizations and individuals involved in the processing of personal data in Vietnam (Vietnamese agencies, entities, and individuals; foreign agencies, entities, and individuals in Vietnam; Vietnamese agencies, entities, and individuals operating abroad; and foreign agencies, entities, and individuals directly participating in or related to personal data processing activities in Vietnam). Some of the key aspects regarding data protection in Vietnam are as follows:

Personal data processing

Under Decree 13 which will take effect from July 1, 2023, personal data refers to information associated with an individual or used to identify an individual. Personal data includes basic personal data (*e.g. name, age, address, identity card number, phone number, email address*) and sensitive personal data (*e.g. health status, religion*).

Decree 13 defines "personal data processing" in a very broad manner, which refers to one or multiple activities that impact personal data, including collection, recording, analyzing, confirmation, storage, rectification/modification, disclosure, combination, access, traceability, retrieval, encryption, decryption, copying, sharing, transmission, provision, transfer, deletion, destruction, or other relevant activities.

Under Decree 13, to process personal data in a lawful, fair, and legitimate way, the data processor must ensure compliance with several requirements, notably:

(i) The data subject shall be entitled to be notified/receive information related to the processing of his/her personal data;

(ii) Personal data can only be processed upon the valid consent of the relevant data subject;

(iii) Personal data is exclusively processed in alignment with the stated/publicized purpose;

(iv) Personal data cannot be bought or sold in any form;

(v) Personal data must be protected and kept confidential;

(vi) Personal data must only be stored for the period necessary for its processing;

(vii) Personal data collection must be appropriate and limited to the specific scope and purpose for which it will be processed.

Under Decree 13, the data controllers (who determine the purpose and means of personal data processing), data processors (who are engaged under a contract with a data controller to process personal data for and in accordance with the instructions of that data controller), or data controller-cum-processor (who simultaneously act as data controllers and data processors) are required to prepare, retain, and send a copy of a data protection impact assessment dossier ("**DPIA**") to the Department of Cyber Security and Hi-tech Crime Prevention under the Vietnamese Ministry of Public Security ("**DCHCP**") within 60 days from commencement of, or changes to, personal data processing activity. The submission of DPIA can be conducted (i) directly to the headquarters of the DCHCP; (ii) through postal services; or (iii) through online submission via the DCHCP's portal specialized for data privacy (the "**Portal**").

In addition, for the processing of sensitive personal data, they are also required to designate (and notify the DCHCP of the details of) a data protection department and data protection officer.

To prevent and remedy actual or threatened cyberinformation security incidents, the Law on Cybersecurity requires entities to take appropriate management and technical measures to protect personal data and to comply with standards and technical regulations for cyberinformation security. Law on Cybersecurity also requires the implementation of measures to prevent and remedy actual or threatened cyberinformation security incidents.

Data localization

Vietnamese law requires the following information to be stored in Vietnam:

(i) Data on personal information of service users in Vietnam;

(ii) Data generated by service users in Vietnam; and

(iii) Relationship data of service users in Vietnam with foreign and domestic entities doing business in Vietnam.

If a foreign enterprise meets both of the following two conditions, it is obligated to adhere to data localization requirements in Vietnam:

(i) Scope: The foreign enterprise conducting business in Vietnam in the following sectors: (a) telecommunication service; (b) storage and sharing of data in cyberspace; (c) provision of national or international domain names for service users in Vietnam; (d) e-commerce; (e) online payment; (f) intermediary payment; (g) service of transport connection via cyberspace; (h) social network and social media; (i) online electronic games; (j) service of supply, management or operation of other information in the cyberspace under the form of message, voice call, video call, email, online chat;

(ii) Triggering conditions: The foreign enterprise is required to comply with the data localization requirement in case the services provided by such enterprise are used to carry out activities that violate cybersecurity laws and are notified by the Ministry of Public Security ("**MPS**"), with a request for cooperation, prevention, investigation, and handling through written communication, but such foreign enterprise fails to comply, or only partially complies, or obstructs, hinders, or disables the effectiveness of cybersecurity protection measures implemented by specialized cybersecurity forces.

The foreign enterprise subject to data localization requirements shall store the localized data in Vietnam and may decide its form of data localization and takes on continuing obligation of data storage with a bare minimum term of 24 months (or a longer period subject to the request of the MPS). In addition, they may also be required to establish a representative office or a branch in Vietnam as a part of the data localization requirement.

Cross-border transfer of data

Offshore transfer of personal data is permissible under Vietnamese law. The offshore transfer of personal data is defined as an act of using cyberspace, electronic devices, equipment, or other forms to transfer personal data of a Vietnamese citizen to a location outside the territory of the Socialist Republic of Vietnam or using a location outside the territory of the Socialist Republic of Vietnam to process personal data of a Vietnamese citizen. To be specific, the offshore transfer of personal data comprises the following cases:

(i) An entity or individual transfers personal data of a Vietnamese citizen to an offshore organization, enterprise, or management department in order to process the data for the purposes agreed upon by the data subject;

(ii) The personal data of a Vietnamese citizen is processed by automatic systems outside the territory of Vietnam of the data controller, data controller-cum- processor, and data processor for the purposes agreed upon by the data subject.

The party conducting an offshore transfer of personal data (the transferor) is required to prepare and submit a dossier that assesses the impact of such transfer to the MPS (i.e. the DCHCP) (the "**TIA**"). The submission of TIA can be conducted (i) directly to the headquarters of the DCHCP; (ii) through postal services; or (iii) through online submission via the Portal. The data transferor is also required to send a notification to the DCHCP after the successful transfer of data.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN BRAZIL

Brazil Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being Lianlian Pay Brasil Pagamentos Eletrônicos LTDA ("**LianLian BR**")), which is incorporated in the Brazil and subject to regulatory requirements in Brazil.

Regulations in Relation to Corporate Structure and Foreign Capital

As a Limited Liability Company (Sociedade Limitada), the corporate structure of LianLian BR is regulated by Federal Law 10406/2002, as amended ("**Civil Code**"), which governs its form of incorporation, registration, rights, responsibilities and obligations of the quota holders, the form of corporate resolutions and the administration of the company.

In a Limited Liability Company, the liability of each quotaholder is restricted to the value of its/his/her quotas, but all quotaholders are jointly and severally liable for the payment of the capital stock.

Equity participation held by quotaholders resident or domiciled outside Brazil are subject to Federal Law 14.286/2021 and Federal Law 4,131/1962, as well as the regulations enacted by the Brazilian National Monetary Council ("**CMN**") and Central Bank of Brazil ("**BACEN**"), such as BACEN Resolution 278/2022 which, inter alia, requires the Brazilian company receiving foreign capital to keep updated information and registration of such foreign capital with BACEN and establish obligations in respect of remittances of foreign capital outside Brazil.

CMN is the main monetary and financial policy authority in Brazil, responsible for creating financial, credit, budgetary and monetary rules.

BACEN is responsible for (i) implementing CMN policies related to monetary, credit and foreign exchange control matters; (ii) regulating Brazilian financial institutions in the public and private sectors; and (iii) monitoring and regulating foreign investments in Brazil.

Regulations in Relation to International Payments and International Transfers

Services of international payments and international transfers ("**eFX Services**") are regulated by BACEN Resolution 277/2022, which establishes certain obligations, limits, liabilities and procedures applicable to eFX Services providers and set out the general rules applicable to the Brazilian foreign exchange market operated by financial institutions authorized by the Central Bank of Brazil, through which any and all international transfers from and to Brazil should be carried out. eFX Services providers are required to comply with Brazilian foreign exchange laws and regulations, which main rules are set out in Federal Law 14,286/2021, Federal Law 4,131/1962 and Resolutions BACEN 277, 278, 279, 280, 281 and 337. Breach of foreign exchange obligations are subject to administrative and criminal penalties as provided for in Federal Law 7,492/1986, Federal Law 13,506/2017, BACEN Resolution 131/2021.

Regulations in Relation to Data Protection

Data Protection is mainly regulated by Federal Law 13,709/2018, as amended ("**Lei Geral de Proteção de Dados**" or "**LGPD**"), which sets forth general principles and obligations regarding data privacy, including detailed rules for collection, use, processing and storage of personal data. LGPD is similar to the European General Data Protection Regulation.

As applicable, data protection is also regulated by Consumer Protection Code, Federal Law 12,965/2014, as amended ("**Brazilian Civil Rights Framework for the Internet**") and Federal Supplementary Law 105/2001, as amended ("**Bank Secrecy Law**").

Regulations in Relation to Consumer Protection

Consumer relations and protection are regulated by Federal Law 8,078/1990, as amended ("**Consumer Protection Code**"). It sets forth consumers' rights (including regarding personal information) and principles and requirements applicable to consumer relations in Brazil, including product and service liability, commercial practices, reversal of the burden of proof to the benefit of consumers, abuse of rights in contractual clauses, advertising and information on services and products.

Regulations in Relation to Anti-corruption, Anti-bribery and Anti-money Laundering

Federal Law 12,846/2013, as amended ("**Clean Company Act**" or "**Anticorruption Law**"), regulates the administrative and civil liability of legal entities for the practice of acts against the national or foreign public administration, including bribery and other corruption practices.

Federal Law 9,613/1998, as amended ("**Brazilian Anti-Money Laundering Law**") sets forth general rules regarding crimes of "laundering" or concealing assets, rights and values and the use of the financial system for unlawful activities. Regulations establish specific measure and procedures for specific industries, such as financial market and capital market.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN JAPAN

Japan Regulations

As at the Latest Practicable Date, our Company had one subsidiary (being LianLian Pay Japan Co., Ltd. (連連Pay株式会社), which is incorporated in Japan and subject to regulatory requirements in Japan.

Regulations in Relation to Companies Act of Japan

The formation, organization, operation, and management of companies are governed by the provisions of Companies Act in Japan (Act No. 86 of 2005, as amended). A foreign company establishing a subsidiary company in Japan may choose to establish the subsidiary company as a Kabushiki-Kaisha (K.K.)[1], Godo-Kaisha, or similar entity stipulated by Japan's Companies Act. Among these, the KK is generally considered to be the most credible form, and therefore was adopted by most Japanese subsidiaries of foreign companies. LianLian DigiTech Co., Ltd, as a foreign shareholder, established a K.K in Japan, and submitted the Articles of Incorporation in compliance with the requirements stipulated in Article 17 of the Companies Act, and certified by a Japanese notary public which was a mandatory precondition for its effectiveness and stipulated in Article 17 of the Companies Act.

In Japan, foreign shareholders setting up kk-form-companies need only by finishing the registration procedures at the Legal Affairs Bureau or registration office, and neither any approval nor permission is required. Moreover, the company's business scope, registered capital at the time of establishment, capital increase, capital reduction and equity transfer matters after the establishment can be freely changed and registered to the public without any government approval or permission.

Companies Act of Japan provides detailed provisions on company organizational structure and other related matters, but most of these are guidelines, and the company can determine whether to adopt these provisions stipulated under in the Companies Act by itself through their Articles of Incorporation. It is generally considered that Companies Act of Japan grants autonomy to companies and their shareholders to determine the organization, operation, and management of companies.

Regulations in Relation to Labor Law

Japan has numbers of laws pertaining to labor and the protection of workers. These include: the Labor Standards Act (Act No. 49 of 1947, as amended) which sets forth the minimum standards on working conditions; the Industrial Safety and Health Act (Act No. 57 of 1972, as amended) which aims to ensure the safety and health of workers at the workplace; and the Minimum Wage Act (Act No. 137 of 1959, as amended).

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1 A kabushiki-kaisha is the most widely known and credible type of company structure in Japan. As with any corporation structure, these types of companies are governed and owned by investors and owners (i.e., shareholders) as well as by directors of the company.

A valid employment agreement is required to comply with the Article 15 of Labor Standard Act, the employer must explicitly specify the wages, working hours, and other working conditions to the employee.

The purpose of the Minimum Wage Act is to improve the working conditions of low-paid workers by guaranteeing a minimum level of wages for them, thereby contributing to securing the worker's livelihoods, the improvement of the quality of the labor force, and ensuring fair business competition as well as the sound development of the national economy.

Regulations in Relation to Contract Law

Japan does not have a separate code to determine the governance of contracts. Instead, contracts are governed by various chapters contained in the Civil Code (Act No. 89 of 1896, as amended). The basic rules concerning contracts are prescribed in the Civil Code together with the law of torts, law of property, law of succession, and family law. On the other hand, the rules concerning contracts that are contained in the Civil Code are limited to basic rules, special rules relating to contracts between merchants are prescribed in the Commercial Code (Act No. 48 of 1899, as amended).

OVERVIEW

Our Company was established on February 2, 2009 as a limited liability company under the PRC Company Law. On December 2, 2020, the promoters of the Company entered into a promoters' agreement, pursuant to which, the promoters of the Company agreed to convert the Company into a joint stock limited company with a registered capital of RMB1,005,580,000 and renamed our Company as Lianlian DigiTech Co., Ltd. (連連數字科技股份有限公司). The conversion was completed on December 3, 2020. Since the Group's establishment, it has been mainly focused on the provision of digital payment and value-added services.

BUSINESS DEVELOPMENT MILESTONES

The following table summarizes the key business development milestones since our inception:

Time	Milestone
2009	Our Company was established in the PRC
2011	We obtained the mobile and internet payment license from the PBOC and entered the third-party payment business
2013	We launched mobile payment service for merchants and became one of the first companies to enter cross-border e-commerce payment market
2014	We launched innovative vertical-specific mobile payments solutions
2016	We began global expansion and established our first overseas office in Hong Kong
2017	We set up our research institute by partnering with Zhejiang University to apply advanced technology to payment services
	We initiated our operations in Hong Kong to act as our cross-border business hub with MSO license
	We entered into a joint venture agreement with affiliates of American Express Company to establish Express (Hangzhou) Technology Services Company Limited
2018	We continued global expansion and established presence in UK, Ireland and Brazil

Time	Milestone
2019	We won the 1st prize of Zhejiang Science and Technology Progress Award as recognition of our success in translating technical capabilities into innovative services by Department of Science and Technology of Zhejiang Province* (浙江省科學技術廳)
2021	Starlink Financial Technologies Pte. Ltd., one of our subsidiaries, became licensed as a Major Payment Institution by the Monetary Authority of Singapore
	We obtained all-state level money transmitter licenses in the United States
2022	We launched new multi-currency wallet for U.S. e-commerce merchant
	We have cumulatively been granted with 64 licenses and relevant qualifications (currently effective or under renewal) that cover our seven material markets including Mainland China, Hong Kong, Singapore, the United States, the United Kingdom, Thailand and Indonesia
2023	We established a joint venture, namely Zhong Pu Lian Technology, with COSCO SHIPPING Logistics and Supply Chain Management Co., Ltd. and P&T Group

OUR MAJOR SUBSIDIARIES

The principal business activities and the dates of incorporation of our subsidiaries which are holding entities or operating entities with strategic importance to the Group's overall operation during the Track Record Period are shown below.

Name of major subsidiary#	Place of incorporation	Registered/Issued Share Capital	Date of incorporation	Principal business activities
Lianlian Yintong Electronic Payment Co., Ltd.* (連連銀通電子支付有限公司) ("**Lianlian Yintong**")	PRC	RMB325,000,000	August 7, 2003	Internet payment
Lianlian (Hangzhou) Information Technology Co., Ltd.* (連連(杭州)信息技術有限公司)	PRC	RMB80,198,000	October 20, 2005	Information technology service

Name of major subsidiary#	Place of incorporation	Registered/Issued Share Capital	Date of incorporation	Principal business activities
Lianlian International Company Limited (連連國際支付有限公司)	Hong Kong	HK$1	June 20, 2016	Internet payment
Lianlianbao (Hangzhou) Information Technology Co., Ltd.* (連連寶(杭州)信息科技有限公司)	PRC	RMB100,000,000	August 15, 2019	Information technology service

Each of these major subsidiaries contribute to 5% or more of our Group's total revenue during the Track Record Period.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and up to the Latest Practicable Date, we had not conducted any major acquisitions, disposals or mergers that we consider to be material to us.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

(1) Establishment of our Company and Initial Equity Transfers in February 2014

On February 2, 2009, the predecessor of our Company, Zhejiang Junbao Communication Technology Co., Ltd. (浙江君寶通信科技有限公司) ("**Zhejiang Junbao**"), was established as a limited liability company under the laws of the PRC, with an initial registered capital of RMB50,000,000. As of the date of its establishment, Zhejiang Junbao was owned as to 50% by Ms. Xiao, now as one of our Controlling Shareholders and 50% by Mr. Tang Ting Shou (唐廷壽) ("**Mr. Tang**"). On February 21, 2014, Mr. Tang is an Independent Third Party who transferred his entire 50% equity interest in Zhejiang Junbao to Mr. Zhu Xiaosong (朱曉松) ("**Mr. Zhu**"), now an executive Director of our Company, at a consideration of RMB25 million, which represented the corresponding value of the equity interest being transferred.

(2) Capital Increase in September 2014 and Equity Transfer in November 2016 and November 2017

In September 2014, Ms. Xiao and Mr. Zhu, being the only then registered shareholders of our Company, subscribed additional registered capital of RMB245 million and RMB5 million in our Company at cost, respectively. Such subscriptions were completed on September 26, 2014. The consideration of these subscriptions represented the value of the equity interest subscribed.

In November 2016, Ms. Xiao transferred RMB267 million of the registered capital in our Company and Mr. Zhu transferred his entire RMB30 million of the registered capital in our Company to Mr. Zhang for a consideration of RMB267 million and RMB30 million, respectively. Such equity transfers were completed on November 28, 2016. The consideration of such transfers were determined according to the corresponding value of the equity interest transferred.

In November 2017, Mr. Zhang transferred RMB92,306,401, RMB9,870,571 and RMB5,491,444 of the registered capital in the Company to Mr. Lu, now as one of our Controlling Shareholders, Ms. Xiao and Ms. Xie Jia (謝佳) ("**Ms. Xie**"), an Independent Third Party, respectively, at nominal consideration of RMB1.0[(1)]. All of these equity transfers were completed on November 30, 2017.

The capital structure of our Company upon completion of above capital injection and equity transfers are set forth as follows:

Shareholders	**Registered share capital subscribed**	**Corresponding equity interest in our Company**
	(RMB)	*(%)*
Mr. Zhang	189,331,584	63.11
Mr. Lu	92,306,401	30.77
Ms. Xiao	12,870,571	4.29
Ms. Xie	5,491,444	1.83
Total	**300,000,000**	**100.00**

Note:

(1) Since its establishment until February 2018, our Company was under the control by Zhonglian Inc. through its then wholly-owned subsidiary, Lianlian Hangzhou via a variable interest entity structure established by a series of contractual arrangements ("**Prior VIE Structure**"), with Ms. Xiao, Mr. Tang, Mr. Zhu and Mr. Zhang having acted as the then registered shareholders of our Company under such Prior VIE Structure at different period of time as mentioned above. In preparation of the Company's plan to apply for a listing of the Shares in the PRC ("**A-Share Listing Plan**"), the Prior VIE Structure was terminated in 2018 through a restructuring plan adopted by Zhonglian Inc. and our Group, under which (i) all of its then pre-IPO investors' preference and/or non-voting ordinary shares held in Zhonglian Inc. were repurchased by Zhonglian Inc. at a total consideration of US$388.90 million; (ii) the Prior VIE Structure was dismantled with the underlying structural agreements that were terminated in 2018; (iii) our Company acquired 100% equity interest in Lianlian Hangzhou in March 2018; and (iv) Zhonglian Inc. ceased as our shareholder from March 2018. Zhonglian Inc., an exempt company incorporated under the laws of the Cayman Islands with limited liability on May 2, 2006, which is controlled by our Controlling Shareholders as to 25.38% in aggregate. In particularly, Zhonglian Inc. is held (i) as to 6.83% by Ideal Topcorn, a British Virgin Islands incorporated company wholly owned by Mr. Zhang; (ii) as to 5.35% by Winner Silver, a British Virgin Islands incorporated company wholly owned by Mr. Zhang; (iii) as to 0.48% by Golden Marion, a British Virgin Islands incorporated company ultimately controlled by Mr. Zhang; (iv) as to 8.52% by Full Stock, a British Virgin Islands incorporated company wholly owned by Mr. Lu; (v) as to 1.27% by Jump Winner, a British Virgin Islands incorporated company wholly owned by Mr. Lu; (vi) as to 2.93% by Sunny Pay, a British Virgin Islands incorporated company, which is owned as to 50% by Ms. Xiao, 25% by Mr. Zhang and 25% by Mr. Lu; and has reserved 14.64% equity interest for the purpose of employee incentive, immediately prior to the restructuring of Zhonglian Inc. as mentioned above. Save as disclosed above, no other shareholders hold more than 30% of the voting power at general meetings of Zhonglian Inc..

(3) Subscriptions by Employee Incentive Platforms in January 2018

In January 2018, each of Xingzhu Investment, Yousong Investment, and Nuoheng Investment, being three of our employee incentive platforms subscribed for RMB61,800,770, RMB16,769,497 and RMB47,439,256 of the registered capital of the Company at consideration of RMB192,356,597, RMB56,846,773 and RMB137,006,283, respectively, which took into account the valuation of our Company reflected in the agreements comprising the pre-IPO investment signed in or around January 2018. Such subscriptions were completed on March 20, 2018.

(4) Pre-IPO Investments

From January 2018 to October 2020, we have entered into several rounds of pre-IPO financing agreements with our Pre-IPO Investors. For further details, please refer to the paragraphs headed "– Pre-IPO Investments" in this section.

Our PRC Legal Advisor has confirmed that, all the equity interest transfers and capital increases as described in this section were properly and legally completed and all necessary, filings and registrations from the relevant PRC authorities have been obtained and completed.

(5) Business combination with LLP Global BVI

On June 4, 2020, we acquired 100% of the equity interests in Lianlian Pay Global Limited BVI ("**LLP Global BVI**"), which was a company had been indirectly controlled by Mr. Zhang, one of our Controlling Shareholders and our ultimate controller since its incorporation in 2017. The transaction was recognized 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.

(6) Conversion into a joint stock limited company

On November 17, 2020 and December 2, 2020, respectively, our then Shareholders passed resolutions approving, among other matters, the conversion of our Company from a limited liability company into a joint stock limited company and the change of name of our Company to Lianlian DigiTech Co., Ltd. (連連數字科技股份有限公司). Pursuant to the promoters' agreement dated December 2, 2020, entered into by all the then Shareholders, all promoters approved the conversion of the net assets value of our Company as of October 31, 2020 into 1,005,580,000 Shares of our Company, with the remaining RMB1,620,196,115.35 in net assets included as capital reserves of our Company.

On December 3, 2020, our Company convened a general meeting, and passed related resolutions approving the conversion of our Company into a joint stock limited company, articles of association and relevant procedures. Upon completion of the conversion, the registered capital of our Company became RMB1,005,580,000 divided into 1,005,580,000 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion. The conversion was completed on December 3, 2020 when our Company obtained a new business license issued by Administration for Market Regulation of Zhejiang (浙江省市場監督管理局).

Immediately after the conversion into a joint stock company, the Company is held by the following shareholders who acted as promoters for the purpose of the stock conversion of our Company. The information of our promoters is set forth as follows:

Shareholders	**Number of Shares**	**Shareholding Percentage**
Chuanglianzhixin	172,217,799	17.13%
Mr. Zhang	117,428,375	11.68%
Mr. Lu	92,316,555	9.18%
Tianjin Everbright Innovation Technology Investment Center L.P. (天津光大創新科技投資中心(有限合夥))	79,929,600	7.95%
Boyu Jingtai (Shanghai) Equity Investment L.P. (博裕景泰(上海)股權投資合夥企業(有限合夥))	60,864,541	6.05%
Ningbo Sequoia Zhensheng Equity Investment L.P. (寧波紅杉臻盛股權投資合夥企業(有限合夥))	53,406,361	5.31%
Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合夥))	45,476,159	4.52%
Hangzhou Xingzhu Investment Management L.P. (杭州星渚投資管理合夥(有限合夥)) ("**Xingzhu Investment**")	39,801,138	3.96%
Hangzhou Lulian Equity Investment L.P. (杭州麓連股權投資合夥企業(有限合夥))	37,989,015	3.78%
Hangzhou Sailian Phase II Investment L.P. (杭州賽連貳期投資合夥企業(有限合夥))	37,016,484	3.68%
Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥))	37,016,701	3.68%
Hangzhou Sailian Phase I Investment L.P. (杭州賽連壹期投資合夥企業(有限合夥))	32,538,083	3.24%
CICC Jiatai Phase II (Tianjin) Equity Investment Fund L.P. (中金佳泰貳期(天津)股權投資基金合夥企業(有限合夥))	29,832,718	2.97%
Taikang Life Insurance Co., Ltd. (泰康人壽保險有限責任公司)	26,227,434	2.61%
Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合夥))	24,675,407	2.45%

Shareholders	Number of Shares	Shareholding Percentage
Qilu (Xiamen) Equity Investment L.P. (啟鷺(廈門)股權投資合夥企業(有限合夥))	13,327,767	1.33%
Ms. Xiao	12,871,987	1.28%
Ningbo Meishan Bonded Port Area Lianli Zhaoli Shangyang Integrated Circuit Venture Capital L.P. (寧波梅山保稅港區聯力昭離商陽集成電路創業投資合夥企業(有限合夥))	11,994,990	1.19%
Hangzhou Nuoheng Investment Management L.P. (杭州諾衡投資管理合夥企業(有限合夥)) ("**Nuoheng Investment**")	11,111,000	1.10%
Hangzhou Yousong Investment Management L.P. (杭州友嵩投資管理合夥(有限合夥)) ("**Yousong Investment**")	10,655,515	1.06%
Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund L.P. (上海國和二期現代服務業股權投資基金合夥企業(有限合夥))	9,870,163	0.98%
Shanghai Jinpu Innovative Consumption Equity Investment Fund (Limited Partnership) (上海金浦創新消費股權投資基金(有限合夥))	8,636,393	0.86%
Caitong Innovation Investment Co., Ltd. (財通創新投資有限公司)	7,458,179	0.74%
Hangzhou Kefa Weilian Technology Development Co., Ltd. (杭州科發未鏈科技開發有限公司)	6,663,883	0.66%
Qingdao Guoxin Platinum Investment L.P. (青島國信鉑翺投資合夥企業(有限合夥))	6,663,883	0.66%
Ms. Xie	5,492,048	0.55%
CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司)	3,331,941	0.33%
Hangzhou Hongfu Equity Investment L.P. (杭州鴻富股權投資合夥企業(有限合夥))	3,331,941	0.33%
Zhejiang Venture Capital Group Co., Ltd. (浙江省創業投資集團有限公司)	3,331,941	0.33%
Hangzhou Youchuang Tianchen Investment L.P. (杭州友創天辰投資合夥企業(有限合夥))	2,610,363	0.26%
Shanghai Zhihuai Management Consulting L.P. (上海致淮管理諮詢合夥企業(有限合夥))	1,491,636	0.15%
Total	**1,005,580,000**	**100.00%**

(7) Subscriptions by Employee Incentive Platform in December 2020 and as of the Latest Practicable Date

In December 2020, Hangzhou Huilian Enterprise Management Consulting L.P. (杭州慧連企業管理顧問合夥(有限合夥)) ("**Hangzhou Huilian**"), one of our employee incentive platforms subscribed for RMB9,180,000 of the registered capital of our Company at a consideration of RMB27,172,800, which took into account the then net asset value per share and was based on the arm's length negotiation amongst the Pre-IPO Investors and our Group. Such subscription was completed on December 22, 2020.

PREVIOUS LISTING PLAN

In view of the growing potential of stock market in the PRC, the Company entered into a tutoring agreement with China International Capital Corporation Limited (中國國際金融股份有限公司) in preparation for the A share listing application on the Shanghai Stock Exchange Science and Technology Innovation Board (上海證券交易所科創版) and made a preliminary filing (上市輔導備案) with the Zhejiang office of CSRC (中國證券監督管理委員會浙江監管局) in December 2020 which did not constitute a listing application with the CSRC. During the tutoring period in preparation for the A-Share Listing Plan, we did not encounter any disagreements with the professional parties or the CSRC. To further expand our global business and considering that the Hong Kong Stock Exchange would provide us with an international platform to access foreign capital and attract diverse overseas investors, the Company voluntarily decided not to proceed with the previous A-Share Listing Plan and instead to pursue a Listing in Hong Kong in the first half of 2023. As of the Latest Practicable Date, we have neither filed any formal A share listing application with any representative office of the CSRC nor received any material comments or inquiries from the CSRC or the Shanghai Stock Exchange.

Our Directors and the Joint Sponsors confirmed that there are no other matters relating to the A-Share Listing Plan that may affect the Company's suitability for listing on the Stock Exchange or that are required to be brought to the attention of the Stock Exchange and investors.

REASONS FOR THE LISTING

Our Company is seeking a listing of its H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our Company's business, to strengthen our Company's working capital and to further raise our business profile and global presence. For further details of our future plans, please refer to the section headed "Future Plans and Use of Proceeds" of this Prospectus.

Pre-IPO Share Option Schemes

Our Company adopted the Pre-IPO Share Option Schemes, which included (i) the 2021 Pre-IPO Share Option Scheme adopted on February 1, 2021 which was further amended and approved on June 8, 2023; and (ii) the 2023 Pre-IPO Share Option Scheme adopted on June 8, 2023. See "Appendix VIII – Statutory and General Information – Further Information about Our Directors, Supervisors, Senior Management and Substantial Shareholders – 5. Pre-IPO Share Option Schemes".

PRE-IPO INVESTMENTS

Overview

We underwent the following rounds of pre-IPO investments, details of which are set forth below.

No.	Round	Subscription Method	Date of Investment	Date of settlement of consideration (last payment)	Subscriber[1]	Amount of consideration/ registered capital subscribed for	Total funds raised by our Company	Post-money valuation of our Company[2] (approximately)	Cost per Share[3]	Discount to the H Share Offer Price[4]
						(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	
1.	Series A	Subscription of registered share capital by cash	January 30, 2018[15]	March 19, 2018	Chuanglianzhixin[5]	204,260,507	2,376,627,000	4 billion[6]	5.30	-44.80%
					Everbright Investment	100,377,007				
					Hangshi Sailian	45,471,157				
					Lulian Investment	39,476,309				
					Puhua Jishi	24,672,693				
					Jinpu Investment	18,504,520				
					Sailian Fund I	15,949,651				
		Share transfer from existing shareholders[10]	February 7, 2018	June 27, 2018	Everbright Investment	11,584,093				
					Sailian Fund I	21,059,269				
					Sailian Fund II	37,012,412				
					Saizhi Yunsheng	37,012,629				
		Share transfer from existing shareholders[11]	June 13, 2018	March 16, 2018	Guohe Investment	9,869,077				

No.	Round	Subscription Method	Date of Investment	Date of settlement of consideration (last payment)	Subscriber[1]	Amount of consideration/ registered capital subscribed for	Total funds raised by our Company	Post-money valuation of our Company[2] (approximately)	Cost per Share[3]	Discount to the H Share Offer Price[4]
						(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	
2.	Series B	Share transfer from existing shareholders[12]	June 30, 2018	July 3, 2018	Sequoia Zhensheng	37,391,021	299,800,000	7 billion[7]	9.36	-2.51%
					Boyu Jingtai	37,391,021				
		Subscription of registered share capital by cash	June 30, 2018[15]	July 3, 2018	Sequoia Zhensheng	16,009,466				
					Boyu Jingtai	16,009,466				
3.	Series C	Share transfer from existing shareholders[13]	June 27, 2019	July 17, 2019	CICC Jiatai	11,186,039	350,000,000	12 billion[8]	13.41	39.67%
					Caitong Innovation Investment	7,457,359				
					Youchuang Tianchen	2,610,076				
		Share transfer from existing shareholders[14]	August 31, 2020	September 15, 2020	Taikang Insurance	2,237,208				
					Zhihuai Consulting	1,491,472				
		Subscription of registered share capital by cash	August 31, 2020[15]	September 15, 2020	CICC Jiatai	18,643,398				
					Boyu Jingtai	7,457,359				

No.	Round	Subscription Method	Date of Investment	Date of settlement of consideration (last payment)	Subscriber[1]	Amount of consideration/ registered capital subscribed for	Total funds raised by our Company	Post-money valuation of our Company[2] (approximately)	Cost per Share[3]	Discount to the H Share Offer Price[4]
						(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	
4.	Series D	Subscription of registered share capital by cash	October 15, 2020[15]	October 26, 2020	Taikang Insurance	23,987,341	1,090,000,000	15 billion[9]	15.01	56.33%
					Qilu Investment	13,326,301				
					CICC Pucheng	3,331,575				
					Lianli Investment	11,993,671				
					Kefa Weilian	6,663,150				
					Guoxin Platinum	6,663,150				
					Hongfu Investment	3,331,575				
					Zhejiang Venture Capital	3,331,575				

Notes:

(1) For the details on the Pre-IPO subscribers, please refer to the paragraphs headed "– Information about our Pre-IPO Investors" in this section.

(2) The post-money valuation of our Company equals the total consideration paid by each round of Pre-IPO Investors divided by the shareholding percentage of it immediately following their investments.

(3) The cost per Share paid by the Pre-IPO Investors was calculated based on the amount of investment made by the relevant Pre-IPO Investors and number of Shares held by them immediately before the completion of the Global Offering.

(4) The discount to the H Share Offer Price is calculated based on the assumption that the Offer Price is HK$10.58 per Offer Share, being the mid-point of the indicative Offer Price range of HK$10.21 to HK$10.95 per Offer Share.

(5) Chuanglianzhixin is a limited partnership established in the PRC on December 11, 2017. The general partner of Chuanglianzhixin is Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), which is ultimately controlled by Mr. Zhang, our executive Director and chairman of the Board. Chuanglianzhixin has two limited partners and the one which holds more than one third of partnership interests is Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司) holding 82.67%, which is wholly owned by Mr. Zhang. The other limited partner of Chuanglianzhixin is Hangzhou Saizhi Wangxin Investment L.P. (杭州賽智網信投資合夥(有限合夥)) ("**Saizhi Wangxin**") which holds 16.26% partnership interests in Chuanglianzhixin. The general partner of Saizhi Wangxin is Zhejiang Saizhi Kechuang Capital Management Co., Ltd. (浙江賽智科創資本管理股份有限公司) which is ultimately controlled by Chen Bin. Saizhi Wangxin has eight limited partners, namely, Hangshi Sailian, Lulian Investment, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I, Puhua Jishi, Guohe Investment and Jinpu Investment, all of which are our Pre-IPO Investors.

(6) The valuation of our Company of the Series A investment is primarily determined based on arm's length negotiation taking into account the prospects of the Group's business in provision of digital payment solutions and related technical services, together with the mobile and internet payment license from the PBOC and its third-party payment business, as well as its strategic partnerships with global leading payment companies.

(7) The valuation of our Company increased during the period between the Series A investment and the Series B investments as the Group began expansion into new markets, including UK, Ireland and Brazil.

(8) The valuation of our Company increased during the period between the Series B investment and the Series C investments as the Group further expanded its global business and license coverage in a wider geographic area.

(9) The valuation of our Company increased during the period between the Series C investment and the Series D investments as the Group continued to expand its digital payment and value-add business globally, as a driving force of revenue, given the growth of global e-commerce.

(10) On February 7, 2018, Nuoheng Investment entered into three share transfer agreements with Everbright Investment, Sailian Fund I and Sailian Fund II, respectively, pursuant to which, Nuoheng Investment agreed to transfer the registered capital of RMB11,584,093, RMB21,059,269 and RMB2,108,916 to Everbright Investment, Sailian Fund I and Sailian Fund II, at a consideration of RMB61,356,000, RMB111,542,000 and RMB11,170,000, respectively. On the same day, Mr. Zhang entered into two share transfer agreements with Sailian Fund II and Saizhi Yunsheng, respectively, pursuant to which, Mr. Zhang agreed to transfer the registered capital of RMB34,903,496 and RMB37,012,629 to Sailian Fund II and Saizhi Yunshen at a consideration of RMB184,850,000 and RMB196,020,000, respectively.

(11) On June 13, 2018, Jinpu Investment entered into a share transfer agreement with Guohe Investment, pursuant to which, Jinpu Investment agreed to transfer the registered capital of RMB9,869,077 to Guohe Investment at a consideration of RMB52,272,000.

(12) On June 30, 2018, Sequoia Zhensheng entered into five share transfer agreements with Chuanglianzhixin, Everbright Investment, Xingzhu Investment, Yousong Investment and Nuoheng Investment, respectively, pursuant to which, Chuanglianzhixin, Everbright Investment, Xingzhu Investment, Yousong Investment and Nuoheng Investment agreed to transfer the registered capital of RMB16,030,826, RMB16,020,146, RMB2,825,407, RMB2,121,655 and RMB392,987 to Sequoia Zhensheng at a consideration of RMB150,100,000, RMB150,000,000, RMB26,454,900, RMB19,865,500, and RMB3,679,600, respectively. On the same date, Boyu Jingtai entered into three share transfer agreements with Chuanglianzhixin, Everbright Investment and Xingzhu Investment, respectively, pursuant to which, Chuanglianzhixin, Everbright Investment and Xingzhu Investment agreed to transfer the registered capital of RMB16,030,826, RMB16,020,146 and RMB5,340,049 to Boyu Jingtai at a consideration of RMB150,100,000, RMB150,000,000 and RMB50,000,000, respectively.

(13) On June 27, 2019, CICC Jiatai entered into four share transfer agreements with Xingzhu Investment, Yousong Investment, Nuoheng Investment and Sailian Phase I, respectively, pursuant to which, Xingzhu Investment, Yousong Investment, Nuoheng Investment and Sailian Phase I agreed to transfer the registered capital of RMB4,006,569, RMB3,263,155, RMB560,503 and RMB3,355,812 to CICC Jiatai at a consideration of RMB53,726,377, RMB43,757,515, RMB7,516,108 and RMB45,000,000, respectively. On the same date, Caitong Chuangtou entered into a share transfer agreement with Xingzhu Investment, pursuant to which, Xingzhu Investment agreed to transfer the registered capital of RMB7,457,539 to Caitong Chuangtou at a consideration of RMB100,000,000. On the same date, Youchuang Tianchen entered into two share transfer agreements with Lulian Investment and Sailian Phase I, respectively, pursuant to which, Lulian Investment and Sailian Phase I agreed to transfer the registered capital of RMB1,491,472 and RMB1,118,604 to Youchuang Tianchen at a consideration of RMB20,000,000 and RMB15,000,000, respectively.

(14) On August 31, 2020, Xingzhu Investment entered into a share transfer agreement with Taikang Insurance, pursuant to which, Xingzhu Investment agreed to transfer the registered capital of RMB2,237,208 to Taikang Insurance at a consideration of RMB30,000,000. On the same date, Zhihuai Consulting entered into three share transfer agreements with Xingzhu Investment, Yousong Investment and Nuoheng Investment, respectively, pursuant to which, Xingzhu Investment, Yousong Investment and Nuoheng Investment agreed to transfer the registered capital of RMB137,418, RMB730,344 and RMB623,710 to Zhihuai Consulting at a consideration of RMB1,842,714, RMB9,793,601 and RMB8,363,685, respectively.

(15) The date refers to the date of the investment agreement or subscription agreement (as the case may be) or, where no agreement was entered into, the date of the relevant shareholder resolutions approving the relevant increase in the registered capital.

Other Principal Terms of the Pre-IPO Investments

Basis of determination of the valuation and consideration	The considerations for each round of Pre-IPO Investments were determined based on arm's length negotiation amongst the respective Pre-IPO Investors and our Group after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the status of our business operations, financial performance of our Group, and the prospectus of our business.
Lock-up Period	The Pre-IPO Investors are not subject to any lock-up arrangement at the time of Listing under the relevant agreements in relation to the Pre-IPO Investments. Pursuant to the applicable PRC law, within the 12 months from the Listing Date, all existing Shareholders (including the Pre-IPO Investors) could not dispose of any of the Shares held by them.

Use of proceeds from the Pre-IPO Investments	We utilized the proceeds from the Pre-IPO Investments for the principal business of our Group as approved by the Board, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, we have fully utilized the net proceeds from the Pre-IPO Investments.
Strategic benefits to our Company brought by the Pre-IPO Investors	At the time of the relevant Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-IPO Investors' investments in our Group and the knowledge and experience of the Pre-IPO Investors in digital payment solution market and the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.

Rights of the Pre-IPO Investors

Pursuant to the shareholders agreement currently in effect dated October 15, 2020, all the existing special rights granted to the Pre-IPO Investors, including, among others, the pre-emptive right, right of first refusal, right of co-sale, information right, liquidation rights and anti-dilution right were automatically terminated on the day immediately preceding the date on which the Company filed its Listing application, and shall resume to be exercisable upon the withdrawal or rejection of the Listing application by the Stock Exchange. No special rights granted to the Pre-IPO Investors will survive after the Listing.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has obtained all necessary approvals from competent authorities or made all necessary registration or filings with the relevant local branch of the State Administration for Market Regulation (國家市場監督管理總局) in respect of the Pre-IPO Investments in material aspects set out above.

Joint Sponsors' Confirmation

On the basis that (i) the consideration for the Pre-IPO Investment was settled more than 28 clear days before the first filing of the listing application by our Company with the Stock Exchange, and (ii) the termination of special rights granted to the Pre-IPO Investors as disclosed in "Rights of the Pre-IPO Investors" above, the Joint Sponsors confirm that the investments by the Pre-IPO Investors are in compliance with Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024 (the "**Pre-IPO Investment Guidance**").

Information about our Pre-IPO Investors

The background information of our Pre-IPO Investors is set out below.

Saizhibole

Zhejiang Saizhibole Equity Investment Management Co., Ltd. (浙江賽智伯樂股權投資管理有限公司) ("**Saizhibole**") was established in the PRC with limited liability on August 9, 2011 with approximately RMB10 billion assets under management, focusing on information technology, semiconductors, biotech, intelligent manufacturing, new materials, energy conservation and environmental protection, new energy and other fields, which is the general partner of each of (i) Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合夥)) ("**Hangshi Sailian**"), a limited partnership established in the PRC on November 17, 2017; (ii) Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合夥)) ("**Sailian Fund II**"), a limited partnership established in the PRC on November 14, 2017; (iii) Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥)) ("**Saizhi Yunsheng**"), a limited partnership established in the PRC on August 28, 2017; and (iv) Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合夥)) ("**Sailian Fund I**"), a limited partnership established in the PRC on November 15, 2017, which are all our series A Pre-IPO Investors. Saizhibole is wholly owned by Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司) which is ultimately controlled by Chen Bin (陳斌) and Huang Xin (黃昕).

Everbright Investment

Tianjin Everbright Innovation Technology Investment Center L.P. (天津光大創新科技投資中心(有限合夥)) ("**Everbright Investment**") is a limited partnership established in the PRC on November 14, 2017. Everbright Investment has approximately RMB450 million assets under management, focusing on the investments in technological innovation fields such as information technology and high technology companies. The general partner of Everbright Investment is Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司), which is wholly owned by China Everbright Industrial (Group) Co., Ltd. (中國光大實業(集團)有限責任公司), which is ultimately controlled by the MOF and the State Council, each an Independent Third Party. Everbright Investment has five limited partners and the one which holds more than one third of partnership interests is Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥)) holding 53.16%, an Independent Third Party.

Boyu Jingtai

Boyu Jingtai (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕景泰(上海)股權投資合夥企業(有限合夥)) ("**Boyu Jingtai**") is a limited partnership established in the PRC on December 28, 2016. Boyu Jingtai has approximately RMB7.9 billion assets under management and provides growth and transformational capital for leading businesses and entrepreneurs in areas that include technology, healthcare, consumer and business services.

Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司), a limited liability company established in the PRC, is the general partner of Boyu Jingtai and ultimately controlled by Ms. Huang Ailian (黃愛蓮) and Ms. Tao Rong (陶融). To the best knowledge of our Directors, each of Huang Ailian, Tao Rong, Boyu Jingtai, its general partner and limited partners is an Independent Third Party.

Sequoia Zhensheng

Ningbo Sequoia Zhensheng Equity Investment L.P. (寧波紅杉臻盛股權投資合夥企業(有限合夥)) ("**Sequoia Zhensheng**") is a limited partnership established in the PRC on May 14, 2018, which is an investment fund whose primary purpose is to make equity investments in private companies. Sequoia Zhensheng has RMB505 million assets under management. The general partner of Sequoia Zhensheng is Jiaxing Sequoia Kunsheng Investment Management L.P. (嘉興紅杉坤盛投資管理合夥企業(有限合夥)), a managing fund focusing on investments in technology, healthcare and consumer sectors, whose general partner is Ningbo Meishan Bonded Port Sequoia Huanjia Investment Management Co., Ltd. (寧波梅山保税港區紅杉桓嘉投資管理有限公司), which is beneficially owned by Zhou Kui (周逵) and Zhang Lianqing (張聯慶), each an Independent Third Party.

Lulian Investment

Hangzhou Lulian Equity Investment L.P. (杭州麓連股權投資合夥企業(有限合夥)) ("**Lulian Investment**") is a limited partnership established in the PRC on November 10, 2017. Lulian Investment has approximately RMB326 million assets under management, focusing on the investments in the growth companies covering the fields such as TMT, Fintech, high-end manufacturing, etc. The general partner of Lulian Investment is Hangzhou Hualu Investment Management Co., Ltd. (杭州華麓投資管理有限公司), which is ultimately controlled by Zhang Tao (張濤), an Independent Third Party. Lulian Investment has 13 limited partners which are all Independent Third Parties, and none of the limited partners holds more than one third of partnership interests.

CICC entities

China International Capital Corporation Limited (中國國際金融股份有限公司) ("**CICC**") is a PRC incorporated joint stock company whose shares are listed on the Shanghai Stock Exchange (stock code: 601995) and the main board of the Hong Kong Stock Exchange (stock code: 3908). Three of its controlled entities, namely, CICC Jiatai Phase II (Tianjin) Equity Investment Fund L.P. (中金佳泰貳期(天津)股權投資基金合夥企業(有限合夥)) ("**CICC Jiatai**"), CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司) ("**CICC Pucheng**") and Qilu (Xiamen) Equity Investment L.P. (啟鷺(廈門)股權投資合夥企業(有限合夥)) ("**Qilu Investment**") are our Pre-IPO Investors.

CICC Jiatai

CICC Jiatai is a limited partnership established in the PRC on March 8, 2016 and principally engaged in investment holding. The general partner of CICC Jiatai is CICC Capital Management Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**"), a wholly-owned subsidiary of CICC. In addition, CICC Capital is the general partner of (i) CICC Qirong (Xiamen) Equity Investment Fund L.P. (中金啟融(廈門)股權投資基金合夥企業(有限合夥)) ("**CICC Qirong**"), a limited partner of CICC Jiatai which holds 14.94% partnership interests in CICC Jiatai; and (ii) CICC Jia'an (Tianjin) Investment Centre L.P. (中金佳安(天津)投資中心(有限合夥)), a limited partner of CICC Jiatai which holds 13.99% partnership interests in CICC Jiatai. CICC Jiatai has approximately RMB6 billion assets under management and primarily focuses on investment in technology, healthcare, consumption and high-end manufacturing. To the best knowledge of our Directors, CICC Jiatai is an Independent Third Party.

Qilu Investment

Qilu Investment is a limited partnership established in the PRC on March 18, 2019, the general partner of which is CICC Capital which is wholly owned by CICC. The sole limited partner of Qilu Investment is CICC Qirong whose general partner is also CICC Capital. Qilu Investment has approximately RMB9 billion assets under management, focusing on the investments in TMT, high-end manufacturing, medical, etc. To the best knowledge of our Directors, Qilu Investment, CICC Qirong and CICC Capital are Independent Third Parties.

CICC Pucheng

CICC Pucheng was established in the PRC with limited liability on April 10, 2012 and is wholly owned by CICC. CICC Pucheng is an established investment company with approximately RMB6 billion assets under management, focusing on various industries including technology, finance and healthcare. To the best knowledge of our Directors, CICC Pucheng is an Independent Third Party.

Taikang Insurance

Taikang Life Insurance Co., Ltd. (泰康人壽保險有限責任公司) ("**Taikang Insurance**") was established in the PRC with limited liability on November 28, 2016 with approximately RMB3 billion assets under management and is wholly owned by Taikang Insurance Group Inc. (泰康保險集團股份有限公司) ("**Taikang Insurance Group**"), a company which focuses on the insurance and asset management business. Taikang Insurance Group is a limited liability company with 22 shareholders, among which, the largest shareholder, Guardian Investment Holdings Co., Ltd. (嘉德投資控股有限公司), holds approximately 23.77% of its equity interests. To the best of our knowledge, each of Taikang Insurance and Taikang Insurance Group and all shareholders of Taikang Insurance Group is an Independent Third Party.

Puhua Jishi

Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合夥)) ("**Puhua Jishi**") is a limited partnership established in the PRC on February 3, 2016. Puhua Jishi has approximately RMB200 million assets under management, focusing on the investments in healthcare, internet technology, pan-culture, new energy, energy conservation and environmental protection, advanced manufacturing, new materials, etc. The general partner of Puhua Jishi is Zhejiang Puhua Tianqin Equity Investment Management Co., Ltd. (浙江普華天勤股權投資管理有限公司), which is controlled by Shen Qinhua (沈琴華), an Independent Third Party. Puhua Jishi has six limited partners, each an Independent Third Party, and the one which holds more than one third of partnership interests is Hangzhou Saide Zhiyun Investment L.P. (杭州賽德智雲投資合夥企業(有限合夥)) holding 42.48%.

Lianli Investment

Ningbo Meishan Free Trade Port Lianli Zhaoli Shangyang Integrated Circuit Venture Capital L.P. (寧波梅山保税港區聯力昭離商陽集成電路創業投資合夥企業(有限合夥)) ("**Lianli Investment**") is a limited partnership established in the PRC on September 4, 2020. Lianli Investment has approximately RMB190 million assets under management, focusing on the investments in high-tech industries and technology applications such as integrated circuits and financial hard technology. The general partner of Lianli Investment is Zhejiang Litao Investment Management Co., Ltd. (浙江麗陶投資管理有限公司) and is controlled by Chen Wentao (陳文濤), an Independent Third Party. Lianli Investment has five limited partners, each an Independent Third Party, and the largest limited partner is Zhuji Lianli Pinzibiao Zhejiang Made Integrated Circuit Equity Investment L.P. (諸暨聯礪品字標浙江製造集成電路股權投資合夥企業(有限合夥)) holding 33.33%.

Guohe Investment

Shanghai Guohe Phase II Modern Service Industry Equity Investment Fund L.P. (上海國和二期現代服務業股權投資基金合夥企業(有限合夥)) ("**Guohe Investment**") is a limited partnership established in the PRC on January 9, 2017. Guohe Investment has approximately RMB1.3 billion assets under management, focusing on the investments fields such as digital economy, intelligent manufacturing, enterprise services, new energy, new materials, etc. Its general partner is Shanghai Hejian Enterprise Management L.P. (上海和簡企業管理合夥企業(有限合夥)), the general partner of which is Shanghai Zhichen Investment Management Co., Ltd. (上海致晨投資管理有限公司). There are 11 limited partners of Guohe Investment, among which Li'an Life Insurance Co., Ltd. (利安人壽保險股份有限公司) is the largest limited partner holding 23.1% of the partnership interests. The ultimate beneficial owner of Guohe Investment is Cheng Fang (程放), an Independent Third Party, who is the president of Shanghai Guohe Modern Service Equity Investment Management Co., Ltd. (上海國和現代服務業股權投資管理有限公司), an Independent Third Party and a private equity fund administrator of several modern service funds which are primarily engaged in investment in enterprise service, financial technology, supply chain upgrading, new consumption and new energy and healthcare industry.

Jinpu Investment

Shanghai Jinpu Innovative Consumption Equity Investment Fund (Limited Partnership) (上海金浦創新消費股權投資基金(有限合夥)) ("**Jinpu Investment**") is a limited partnership established in the PRC on September 23, 2015. Jinpu Investment has approximately RMB0.8 billion assets under management, focusing on the investments fields related to consumption upgrading, as well as services, advanced manufacturing and other industries. The general partner of Jinpu Investment is Shanghai Jinpu Kechuang Power Private Equity Fund Management Co., Ltd. (上海金浦科創動力私募基金管理有限公司), which is controlled by Jinpu Industrial Investment Fund Management Co., Ltd. (金浦產業投資基金管理有限公司) as to 31% and ultimately controlled by Shanghai State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會), an Independent Third Party.

Caitong Innovation Investment

Caitong Innovation Investment Co., Ltd. (財通創新投資有限公司) ("**Caitong Innovation Investment**") was established with limited liability in the PRC on October 15, 2015, with approximately RMB5 billion assets under management, focusing on the investment of technology innovative enterprises, including information technology, intelligent manufacturing and healthcare. Caitong Innovation Investment is a wholly-owned subsidiary of Caitong Securities Co., Ltd. (財通證券股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601108), and the largest shareholder of which is Zhejiang Province Financial Holdings Co., Ltd. (浙江省金融控股有限公司), an Independent Third Party.

Kefa Weilian

Hangzhou Kefa Weilian Technology Development Co., Ltd. (杭州科發未鏈科技開發有限公司) ("**Kefa Weilian**") was established with limited liability in the PRC on September 16, 2020 and is controlled (i) as to 44% by Ningbo Fenghai Information Technology Development Co., Ltd. (寧波市豐海信息科技開發有限公司), which is owned by Chen Xiaofeng (陳曉鋒) as to 60% and Chen Gao (陳杲) as to 40%, each an Independent Third Party; and (ii) as to 30% by Shenzhen Fenglv Chengqi Assets Investment Management Co., Ltd. (深圳市鳳呂承啟資產投資管理有限公司), which is owned by Yan Zhenlong (嚴珍龍) and Lv Jianming (呂建明), each an Independent Third Party. Kefa Weilian has approximately RMB100 million assets under management, focusing on the investments in the fields such us information technology, medical health, high-end manufacturing, big data, etc.

Guoxin Platinum

Qingdao Guoxin Platinum Investment L.P. (青島國信鉑翱投資合夥企業(有限合夥)) ("**Guoxin Platinum**") is a limited partnership established in the PRC on September 30, 2020 with approximately RMB100 million assets under management, focusing on the investments in information technology. The general partner of Guoxin Platinum is Platinum Service Joint Development of Chinese and Foreign Entrepreneurs (Qingdao) Center Co., Ltd. (鉑翱中外企業家聯合發展(青島)中心有限公司) and is controlled by Zhang Wei (張薇), an Independent

Third Party. The sole limited partner of Guoxin Platinum is Qingdao Guoxin Capital Investment Co., Ltd. (青島國信資本投資有限公司) which is ultimately controlled by Qingdao Municipal People's Government State-owned Assets Supervision and Administration Commission (青島市人民政府國有資產監督管理委員會), an Independent Third Party.

Hongfu Investment

Hangzhou Hongfu Equity Investment L.P. (杭州鴻富股權投資合夥企業(有限合夥)) ("**Hongfu Investment**") is a limited partnership established in the PRC on June 9, 2020. Hongfu Investment has approximately RMB0.6 billion assets under management, focusing on the investments in the new generation of information technology-driven digital economy and other fields. The general partner of Hongfu Investment is Hangzhou Jiafu Tiancheng Equity Investment Management Co., Ltd. (杭州嘉富天成股權投資管理有限公司), which is controlled (i) as to 49% by Zhejiang Orient Group Industry and Finance Investment Co., Ltd. (浙江東方集團產融投資有限公司), a wholly-owned subsidiary of Zhejiang Orient Financial Holding Group Co., Ltd. (浙江東方金融控股集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600120), which is ultimately controlled by Zhejiang Provincial People's Government State-owned Assets Supervision and Administration Commission (浙江省人民政府國有資產監督管理委員會), an Independent Third Party; and (ii) as to 48% by Hangzhou Freesia Investment Management L.P. (杭州小蒼蘭投資管理合夥企業(有限合夥)), which is ultimately controlled by Chen Wanxiang (陳萬翔), an Independent Third Party.

Zhejiang Venture Capital

Zhejiang Venture Capital Group Co., Ltd. (浙江省創業投資集團有限公司) (" **Zhejiang Venture Capital**") was established in the PRC with limited liability on September 30, 2000. Zhejiang Venture Capital has approximately RMB0.7 billion assets under management focusing on the investments in energy, electric power, environmental protection, chemical industry, materials and other sectors. Zhejiang Venture Capital is controlled as to 44% by Zhejiang Development Assets Management Co., Ltd. (浙江省發展資產經營有限公司), a wholly-owned subsidiary of Zhejiang State-owned Capital Operation Co., Ltd. (浙江省國有資本運營有限公司), which is wholly owned by Zhejiang Provincial People's Government State-owned Assets Supervision and Administration Commission (浙江省人民政府國有資產監督管理委員會), an Independent Third Party.

Youchuang Tianchen

Hangzhou Youchuang Tianchen Investment L.P. (杭州友創天辰投資合夥企業(有限合夥)) ("**Youchuang Tianchen**") is a limited partnership established in the PRC on July 6, 2017. Youchuang Tianchen has approximately RMB2.7 billion assets under management, focusing on the investments in hard technology industry, such as new energy, pan-semiconductor, industrial software, etc. The general partner of Youchuang Tianchen is Zhejiang University Youchuang (Hangzhou) Private Equity Fund Management Co., Ltd. (浙大友創(杭州)私募基金管理有限公司) which is ultimately controlled by Wang Xiaoju (王孝鋸), an Independent Third Party. Youchuang Tianchen has 20 limited partners, each an Independent Third Party, and the largest limited partner is Zhejiang Zhejiang University Qizhen Venture Capital Co., Ltd. (浙江浙大啟真創業投資有限公司) holding 33.33% partnership interests.

Zhihuai Consulting

Shanghai Zhihuai Management Consulting L.P. (上海致淮管理諮詢合夥企業(有限合夥)) ("**Zhihuai Consulting**") is a limited partnership established in the PRC on August 24, 2020. Zhihuai Consulting has approximately RMB20 million assets under management and focuses on the investments in information technology and high-tech field. The general partner of Zhihuai Consulting is Shanghai Chinese Cultural Management Consulting Co., Ltd. (上海華人文化管理諮詢有限公司) which is controlled by Li Ruigang (黎瑞剛), an Independent Third Party, who is also the sole limited partner of Zhihuai Consulting.

PUBLIC FLOAT

Our Company has applied for H-share full circulation and the CSRC issued notice of filing on February 7, 2024 for the conversion of 354,368,764 of its Unlisted Shares into H Shares upon the Listing. Upon completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, the 660,391,236 Unlisted Shares held by the existing Shareholders, representing approximately 61.68% of our total issued Shares upon the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised), will not be considered as part of the public float as these Unlisted Shares will not be converted into H Shares and will not be listed upon the completion of the Global Offering.

In addition, upon completion of the Global Offering and conversion of certain Unlisted Shares into H Shares, 115,903,863 H Shares are to be held by Hangshi Sailian, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I, and Puhua Jishi. Each of these entities is indirectly controlled by Chen Bin, who will be entitled to control the exercise of more than 10% of the voting power at the general meeting of our Company upon Listing. These entities, which constitute the core connected persons of our Company, will, in aggregate, represent approximately 10.83% of our total issued Shares upon the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised). These shares will not be counted towards the public float. For further details of these shareholders and their controllers as of the Latest Practicable Date and immediately following the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised), please refer to the section headed "Substantial Shareholders" of this Prospectus.

To the best knowledge of our Director, save as disclosed above, upon the completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, 238,464,901 H Shares to be held by our Shareholders who are not our core connected persons, representing approximately 22.27% of our total issued Shares upon the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised), will be counted towards the public float. Together with the issue of 55,920,000 H Shares pursuant to the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised), representing approximately 5.22% of our total issued Shares, approximately 27.50% of our total issued Shares will be counted towards the public float.

Rule 8.08 of the Listing Rules provides that there must be an open market in the securities for which listing is sought. Under Rule 8.01(a), it normally means that the minimum public float of a listed issuer must at all times be at least 25% of the issuer's total issued share capital. Under Rule 8.08(1)(b) of the Listing Rules, where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public at the time of listing must be at least 25% of the issuer's total number of issued shares.

Based on the above, it is expected that immediately following completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised), the total number of H Shares held by the public represents approximately 27.50% of our total issued Shares upon Listing. Therefore, our Company will be able to meet the minimum public float requirement under Rule 8.08.

CAPITALIZATION OF OUR COMPANY

Upon completion of the Pre-IPO Investments as described above, a number of capital increases and equity interest transfers among shareholders of the Company and conversion of our Company into a joint stock limited company, the table below is a summary of the capitalization of our Company as of the Latest Practicable Date immediately prior to and following the completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-Allotment Option are not exercised, the options granted under the Pre-IPO Share Option Schemes are not exercised):

Shareholders	Number of Shares	Ownership percentage as of the Latest Practicable Date and immediately prior to completion of the Global Offering (approximately)	Ownership percentage immediately after completion of the Global Offering (approximately)
Chuanglianzhixin[(A)(1)]	172,217,799	16.97%	16.08%
Mr. Zhang[(A)]	117,428,375	11.57%	10.97%
Mr. Lu[(A)]	92,316,555	9.10%	8.62%
Everbright Investment[(D)]	79,929,600	7.88%	7.47%
Boyu Jingtai[(D)]	60,864,541	6.00%	5.68%
Sequoia Zhensheng[(D)]	53,406,361	5.26%	4.99%
Hangshi Sailian[(D)]	45,476,159	4.48%	4.25%
Xingzhu Investment[(A)(2)]	39,801,138	3.92%	3.72%

Shareholders	Number of Shares	Ownership percentage as of the Latest Practicable Date and immediately prior to completion of the Global Offering (approximately)	Ownership percentage immediately after completion of the Global Offering (approximately)
Lulian Investment[B]	37,989,015	3.74%	3.55%
Sailian Fund II[D]	37,016,484	3.65%	3.46%
Saizhi Yunsheng[D]	37,016,701	3.65%	3.46%
Sailian Fund I[D]	32,538,083	3.21%	3.04%
CICC Jiatai[B]	29,832,718	2.94%	2.79%
Taikang Insurance[A]	26,227,434	2.58%	2.45%
Puhua Jishi[B]	24,675,407	2.43%	2.30%
Qilu Investment[B]	13,327,767	1.31%	1.24%
Ms. Xiao[A]	12,871,987	1.27%	1.20%
Lianli Investment[B]	11,994,990	1.18%	1.12%
Nuoheng Investment[A][3]	11,111,000	1.09%	1.04%
Yousong Investment[A][4]	10,655,515	1.05%	1.00%
Guohe Investment[B]	9,870,163	0.97%	0.92%
Jinpu Investment[B]	8,636,393	0.85%	0.81%
Caitong Innovation Investment[B]	7,458,179	0.73%	0.70%
Kefa Weilian[D]	6,663,883	0.66%	0.62%
Guoxin Platinum [A]	6,663,883	0.66%	0.62%
QING HUANG[B][5]	5,492,048	0.54%	0.51%
CICC Pucheng[B]	3,331,941	0.33%	0.31%
Hongfu Investment[D]	3,331,941	0.33%	0.31%
Zhejiang Venture Capital[B]	3,331,941	0.33%	0.31%
Youchuang Tianchen[B]	2,610,363	0.26%	0.24%
Zhihuai Consulting[B]	1,491,636	0.15%	0.14%
Hangzhou Huilian[A][6]	9,180,000	0.90%	0.86%
Investors taking part in the Global Offering[C]	55,920,000	–	5.22%
Total	**1,070,680,000**	**100.00%**	**100.00%**

Remarks

A. The Shares held by these Shareholders are Unlisted Shares and will not be converted to H Shares upon Listing.

B. The Shares held by these Shareholders are Unlisted Shares and will be converted to H Shares upon Listing.

C. This refers to the number of Shares to be held by Investors taking part in the Global Offering as of the Listing Date (assuming the Offer Size Adjustment Option and the Over-Allotment Option are not exercised), being the H Shares.

D. Among 79,929,600 Unlisted Shares held by Everbright Investment, 39,964,800 Unlisted Shares will be converted to H Shares upon Listing.

Among 60,864,541 Unlisted Shares held by Boyu Jingtai, 30,432,271 Unlisted Shares will be converted to H Shares upon Listing.

Among 53,406,361 Unlisted Shares held by Sequoia Zhensheng, 26,703,181 Unlisted Shares will be converted to H Shares upon Listing.

Among 45,476,159 Unlisted Shares held by Hangshi Sailian, 27,285,695 Unlisted Shares will be converted to H Shares upon Listing.

Among 37,016,484 Unlisted Shares held by Sailian Fund II, 22,209,890 Unlisted Shares will be converted to H Shares upon Listing.

Among 37,016,701 Unlisted Shares held by Saizhi Yunsheng, 22,210,021 Unlisted Shares will be converted to H Shares upon Listing.

Among 32,538,083 Unlisted Shares held by Sailian Fund I, 19,522,850 Unlisted Shares will be converted to H Shares upon Listing.

Among 6,663,883 Unlisted Shares held by Kefa Weilian, 3,331,942 Unlisted Shares will be converted to H Shares upon Listing.

Among 3,331,941 Unlisted Shares held by Hongfu Investment, 2,665,553 Unlisted Shares will be converted to H Shares upon Listing.

Notes:

(1) Hangzhou Chuanglianzhixin Investment L.P. (杭州創連致新投資合夥企業(有限合夥)) is a limited partnership established in the PRC on December 11, 2017. The general partner of Chuanglianzhixin is Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), which is ultimately controlled by Mr. Zhang, our executive Director and chairman of the Board. Chuanglianzhixin has two limited partners and the one which holds more than one third of partnership interests is Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司) holding 82.67%, which is wholly owned by Mr. Zhang.

(2) Xingzhu Investment was established as a limited partnership in the PRC on November 13, 2017 as our current Employee Incentive Platform. Ms. Lin Yin (林銀), the supervisor of certain of our subsidiaries, is the general partner of Xingzhu Investment, and is responsible for the management of day-to-day affairs and exercise of the voting rights of Xingzhu Investment.

(3) Nuoheng Investment was established as a limited partnership in the PRC on November 10, 2017 as our current Employee Incentive Platform. Ms. Shen Huaping (沈華萍), our employee and an Independent Third Party, is the general partner of Nuoheng Investment and is responsible for the management of day-to-day affairs and exercise of the voting rights of Nuoheng Investment.

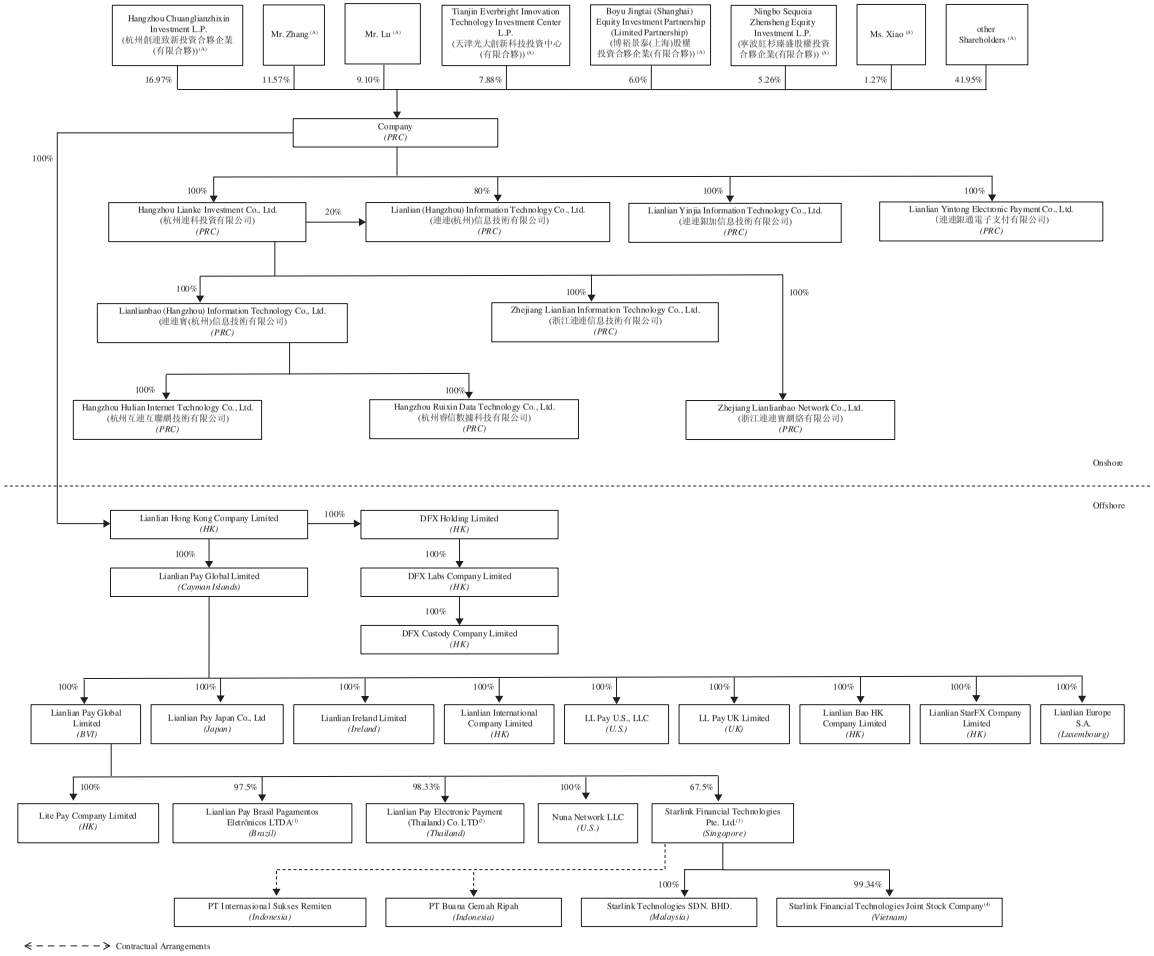
(4) Yousong Investment was established as a limited partnership in the PRC on November 13, 2017 as our current Employee Incentive Platform. Ms. Wang Lin (王琳), our employee and an Independent Third Party, is the general partner of Yousong Investment and is responsible for the management of day-to-day affairs and exercise of the voting rights of Yousong Investment.

(5) In January 2024, Ms. Xie transferred registered capital of RMB5,492,048 in the Company to QING HUANG for a consideration of RMB nil. The equity transfer was completed on January 30, 2024. Ms. Xie and QING HUANG are spouses, and therefore the consideration for the equity transfer is RMB nil.

(6) Hangzhou Huilian was established as a limited partnership in the PRC on November 30, 2020 as our current Employee Incentive Platform. Ms. Xu Yedan (許葉丹), the supervisor of certain of our subsidiaries, is the general partner of Hangzhou Huilian and is responsible for the management of day-to-day affairs and exercise of the voting rights of Hangzhou Huilian

CORPORATE STRUCTURE IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Group immediately before completion of the Global Offering:



Notes:

(1) LIANLIAN PAY BRASIL PAGAMENTOS ELETRÔNICOS LTDA is incorporated in Brazil with limited liability and is owned by Lianlian Pay Global Limited as to 97.5% and Marcelo Vilas Boas Pegoraro, an Independent Third Party, as to 2.5%.

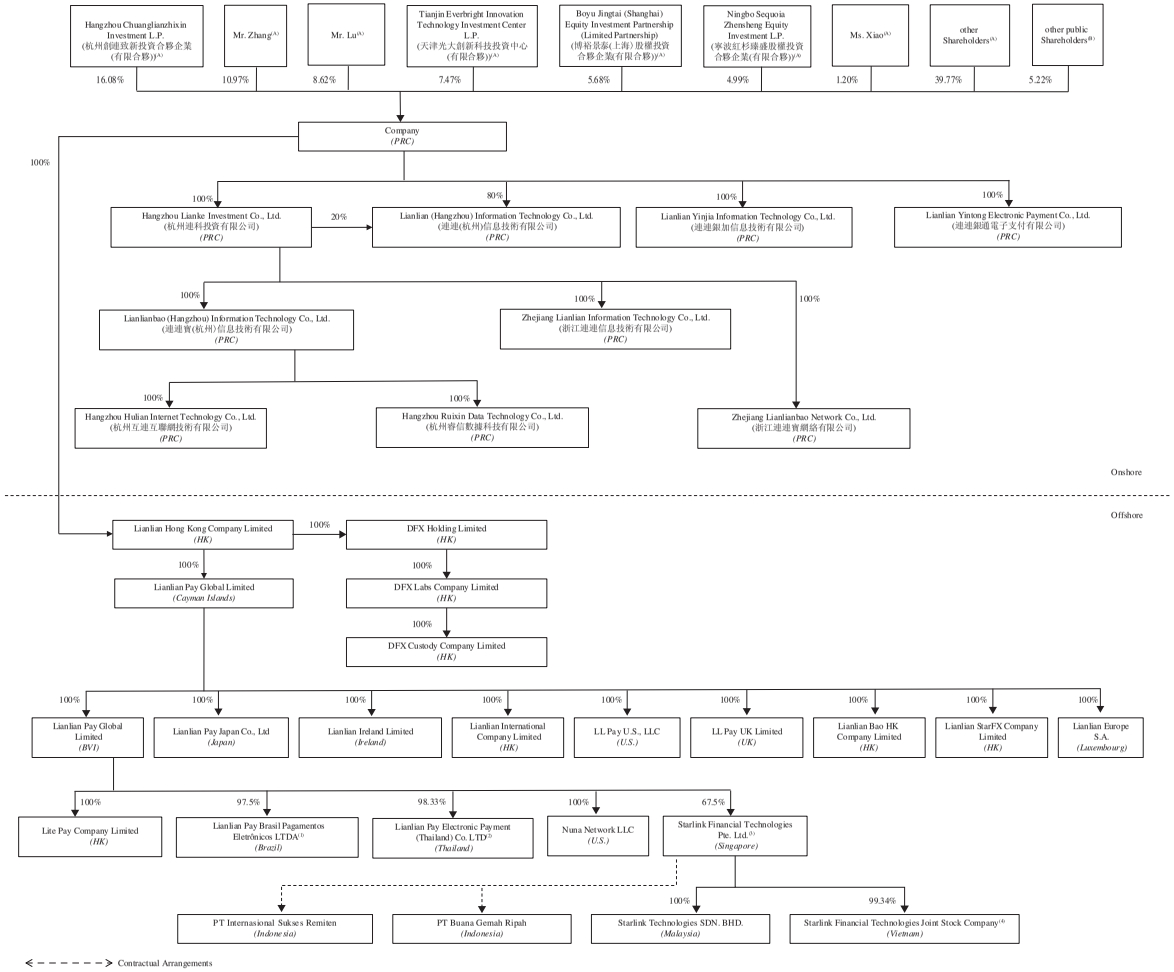
(2) Lianlian Pay Electronic Payment (Thailand) Company Limited is incorporated in Thailand with limited liability and is owned by Lianlian Pay Global Limited as to 98.33%, Lee Lin Hoon as to 0.67%, Qing Huang as to 0.67% and Marcelo Vilas Boas Pegoraro as to 0.33%, except for Qing Huang who holds certain directorship and chief executive roles in our subsidiaries, each of the rest is an Independent Third Party.

(3) Starlink Financial Technologies Pte. Ltd. is incorporated in Singapore with limited liability and is owned by Lianlian Pay Global Limited as to 67.5% and Patricia Imelda Stevany Hutapea, an Independent Third Party, as to 32.5%.

(4) Starlink Financial Technologies Joint Stock Company is incorporated in Vietnam with limited liability and is owned by Starlink Financial Technologies Pte. Ltd. as to 99.34%, Qing Huang as to 0.33% and Lee Lin Hoon as to 0.33%, except for Qing Huang who holds certain directorship and chief executive roles in our subsidiaries, each of the rest is an Independent Third Party.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING COMPLETION OF THE GLOBAL OFFERING

The chart below sets out the shareholding structure of our Group immediately following completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and the options granted under the Pre-IPO Share Option Schemes are not exercised):



Notes: For notes (1) to notes (4), please see "Corporate Structure Immediately Before Completion of the Global Offering" in this section.

Remarks:

(A) The Shares held by these Shareholders are Unlisted Shares.

(B) The Shares held by these Shareholders are H Shares.

THE CONTRACTUAL ARRANGEMENTS

Introduction

Regulatory background

Foreign investment in Indonesia is primarily governed under Law No. 25 of 2007 regarding Investment, issued on April 26, 2007, as partially amended by Law of the Republic of Indonesia No. 6 of 2023 on the Stipulation of the Government Regulation in Lieu of the Law No. 2 of 2022 regarding Job Creation into a Law ("**Job Creation Law**"), dated March 31, 2023 (the "**Job Creation Law**", together with Law No. 25 of 2007, the "**Investment Law**"), as implemented further under the 2021 Investment List (as defined below), and Indonesia Investment Coordinating Board (Badan Koordinasi Penanaman Modal, "**BKPM**") Regulation No. 4 of 2021 and BKPM Regulation No. 5 of 2021.

As advised by the Indonesian Legal Advisor and based on the Investment Law, all business activities are fully open to foreign investments, except for (i) those that are expressly closed to foreign investments; (ii) those that are open but subject to certain conditions; or (iii) those that can only be carried out by the central government of Indonesia. The Indonesian government maintains a list of business activities that are open to foreign investments, that are fully open but subject to certain conditions, or that are closed to foreign investments, which is known as the "**Investment List**". The current Investment List is set forth in President Regulation No. 10 of 2021 (the "**PR 10/2021**") regarding Investment Business Activities, dated February 2, 2021, as amended by President Regulation No. 49 of 2021 dated May 24, 2021 (as amended, the "**2021 Investment List**"). The 2021 Investment List was issued to implement the Job Creation Law. Foreign investors who intend to invest in Indonesia are obligated to structure their investments in accordance with the restrictions or requirements applicable to their intended business activities under the 2021 Investment List. In addition to the 2021 Investment List and pursuant to Articles 19 and 20 of the Bank of Indonesia Regulation No. 23/6/PBI/2021 Tahun 2021 (the "**BI Regulation No. 23/2021**"), business actors operating in the field of fund transfer are allowed to have a maximum of 49% direct foreign investment.

Our payment and data processing business

We provide fund transfer, remittance and data processing services in Indonesia (the "**Indonesian Business**"). See "– Regulatory Background" above and "Regulatory Overview – Law and Regulations Related to Our Business in Indonesia" for further details about the applicable laws and regulations in Indonesia.

Foreign direct investment restrictions

In Indonesia, we, through, PT ISR, provide fund transfer and remittance services under the Indonesian Business Standard Field Classifications ("**KBLI**") code 66411. Generally, the classifications of business activities are as stipulated in the Attachment of Government Regulation No. 5 of 2021 on the Implementation on Risk-Based Licensing ("**GR 5/2021**"), and

the risk classifications of business activities associated with the KBLI codes are regulated under the Ministry of Investment/BKPM Circular Letter No. 17 of 2021 on the Transition of Business Licensing to Risk-Based Business License Implementation through the OSS System, as amended through Ministry of Investment/BKPM Circular Letter No. 18 of 2021 (as amended, "**BKPM Circular Letter 2021**").

Based on the Attachment of BKPM Circular Letter 2021, business activities under KBLI code 66411 are classified as a high-risk business in the financial services sector, which require a specific technical business license from the authorized relevant government (in this case, the Bank of Indonesia (the "**BI**"). As such, PT ISR has obtained the following licenses and registrations:

(a) NIB No. 2705220031875 issued on May 27, 2022 (9th Amendment on January 9, 2023) by the OSS system; and

(b) Fund Transfer Operator License Mark No. 19/208/Ptk/6 dated September 8, 2017 issued by BI.

In addition, we expect to, but has not begun, conducting fund transfer and remittance services provision under KBLI code 66411 in Indonesia through PT BGR, with the support of data processing activities under KBLI code 63111. Data processing is ancillary to and inseparable from PT BGR's planned expansion into payment service business. To implement such business activities, PT BGR has obtained the NIB No. 9120403392971 issued on March 27, 2019 (4th Amendment on May 24, 2022) by the Online Single Submission ("**OSS**") system. PT BGR has not begun providing fund transfer and remittance services under KBLI code 66411, and therefore is not required to obtain a Payment Service Provider License from BI. However, such license will be required before it commences the provision of services under KBLI code 66411.

Based on the current and expected business scope of PT ISR and PT BGR (the "**Indonesian OpCos**"), the maximum ownership by foreign investors in each of the Indonesian OpCos is 49% pursuant to the 2021 Investment List and the BI Regulation No. 23/2021.

Based on the experience and studies of local practices and culture by our management, the introduction of direct foreign investment in the Indonesian OpCos is commercially not viable at the stage of obtaining the necessary licences for engaging in payment and funds transfer business, which is highly regulated and unsupported by conclusive precedent in Indonesia.

Accordingly, Starlink has entered into the Contractual Arrangements with Indonesian nationals in each of the Indonesian OpCos to consolidate financial control over and derive the economic benefits from the Indonesian OpCos, in line with the common practice in industries in Indonesia subject to foreign investment restrictions. As at the Latest Practicable Date, each of the Indonesian OpCos is held as to 100% by Indonesian nationals.

Local regulatory background in relation to our Indonesian OpCos and its immaterial financial contribution to the Group

Despite it is legally possible to restructure the Indonesian OpCos such that each of them is directly held as to 49% by Starlink, based on our communication with local stakeholders, the time and uncertainties involved for such restructuring is disproportionately high. Such position is supported by the Company's research, which shows that despite permitted by applicable laws and regulations, the number of institutions providing category 3 payment services with Payment Service Provider License ("**Licensed PSPs**") with scope of business activities similar to those of PT ISR and PT BGR in Indonesian and with foreign direct ownership is statistically very low. In particular:

- the online registry of the BI showed that, within the last 5 years, only six (6) institutions providing similar category 3 payment services to those provided by the Indonesian OpCos had obtained Payment Service Provider License and had foreign names, which indicated (on a non-conclusive basis) such selected institutions may have direct foreign ownership (the "**selected institutions**");

- among these six (6) selected institutions, four (4) of them are actually wholly domestically owned. This leaves only two (2) selected institutions with actual direct foreign ownership providing similar category 3 payment services to those provided by the Indonesian OpCos;

- the share capital of each of the two (2) selected institutions with actual direct foreign ownership is classified into two series of shares, where one of the series may not have any voting rights. The foreign investors of each of these institutions only have majority shares ownership in one series of shares of the relevant institutions, which may not carry any voting rights. As such, these two (2) selected institutions do not conclusively show that foreign investors will be allowed by the BI to hold any majority voting shares in Licensed PSPs in practice; and

- based on information available on the official websites of the aforesaid two (2) selected institutions with actual direct foreign ownership, one (1) of the selected institutions primarily focuses on tax-related billing and settlement services, which is materially different from the fund transfer and remittance services provided by the Indonesian OpCos, hence does not provide a comparable benchmark for assessment.

Against such understanding and background, it would have been highly prejudicial to the Indonesian OpCos' plan to commence their payment services operations if they were required to be restructured as 49% directly owned by Starlink at current stage.

Further, as advised by the Indonesian Legal Advisor, according to the BI Regulation No. 23/2021 and the Regulation of the Board of Governor No. 24/7/PADG/2022 of 2022 on the Implementation of Payment Systems by Payment Service Providers and Payment Infrastructure Providers, any change of the "Controller" of a Licensed PSP like PT ISR would be subject to approval by the BI. In this regard, a "**Controller**" shall mean: (a) a party holding 25% or more of the total issued shares in the Licensed PSP with valid voting rights; or (b) a party holding less than 25% of the total issued shares in the Licensed PSP with valid voting rights, provided that it can be proven that such party has direct or indirect control over such Licensed PSP. Accordingly, for Starlink to become a 49% shareholder of PT ISR, application must be made to the BI for granting of an approval for Starlink to become a new Controller of PT ISR. As advised by the Indonesian Legal Advisor, any proposed new "Controllers" of the PT ISR must also satisfy the institutional requirements on integrity and track record in carrying out the payment services operations as its shareholder. Any proposed new "Controller" of PT ISR would also be subject to a fit and proper test conducted by BI to ensure such proposed new Controller has the necessary integrity, financial reputation, financial feasibility, and/or competence, of which will be determined at the discretion of BI and presumably under their internal general guidelines and process. As such, and also considering the operations of the Indonesian OpCos involve two licenses regulated by the BI and that BI in their discretion may have a different assessment and concern about the addition of a foreign Controller for each such license, a very significant amount of time and resources are expected to be required to clear such vetting process and obtain the relevant approvals for Starlink to acquire 49% interests and become a Controller in the Indonesian OpCos. This will be highly burdensome for the Group. Considering the above and also the fact that only two (2) Licensed PSPs providing category 3 payment services with foreign direct ownership had been licensed within the last five years, the Directors are of the view and the Indonesian Legal Advisors concur that it is would be uncertain and unclear as to how long it would take for such restructuring to be approved or whether such proposed restructuring will be approved at all, as it will depend on the discretion of the BI. The Company has made informal inquiry with the officers of the BI on the likelihood and timing of obtaining approval to introduce a foreign "Controller" for PT ISR but no supportive and/or confirmative responses have been received as at the Latest Practicable Date.

Based on the above, the Directors are of the view that any proposed restructuring of any of the Indonesian OpCos to 49% directly held by Starlink would be highly uncertain in terms of regulatory approval to the Company and may adversely impact the operation of payment services business at current stage, and as such, the Contractual Arrangements remained narrowly tailored to achieve the business purpose and minimize the potential for conflict with relevant laws and regulations. Having considered (i) the extensive time and uncertainties involved for restructuring the Indonesian OpCos, (ii) the historically limited number of Licensed PSPs with foreign direct ownership and business scope similar to the Indonesian OpCos that were granted the BI's approval, (iii) the discretionary nature of the fit and proper test that is required in order for Starlink to be approved as a Controller of a Licensed PSP, the Joint Sponsors concur with the Directors' view that the existing Contractual Arrangements adopted by our Company remain narrowly tailored.

In any case, the business and operations of the Indonesian OpCos remain in developmental stage and their respective contribution to the Group's assets and revenue remains substantially lower than 5% for each of the years comprising the Track Record Period, specifically, after taking into account intra-group eliminations (i) the revenue contribution of the Indonesian OpCos to the Group were nil for each of the three years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023, given the business and operations of the Indonesian OpCos remain in developmental stage without engaging third party clients by its own but already started to serve as local operation entities to facilitate our Group's digital payment services as a whole; and (ii) the percentage ratio in terms of the total assets of the Indonesian OpCos to the Group, were 0.6%, 0.4%, 0.5% and 0.8% for each of the three years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023. It follows maintaining the Indonesian OpCos as entities wholly-owned by Indonesian nationals is in the best interests of the Company and its Shareholders, as such structure allows the Indonesian OpCos to continue its business development with the least regulatory uncertainty and least distraction of management efforts for regulatory communication, while the risks relating to operating the Indonesian OpCos through the Contractual Arrangements are insignificant in light of its immaterial contribution to our Group. The Company has undertaken to the Stock Exchange that, the Company will monitor the revenue contribution of the Indonesian OpCos after the Listing. In the event the contribution of any Indonesian OpCo exceeds 5% of the Group's total assets or revenue for any financial year after the Listing, the Company undertakes to take all reasonable steps to procure Starlink to, subject to obtaining the requisite approvals and in compliance with the prevailing laws and regulations in Indonesia applicable at that time, acquire 49% of the issued shares of such Indonesian OpCo at nominal consideration and procure all relevant parties enter into necessary amendment agreements to reflect the changes in the Contractual Arrangements.

Should the contribution of any of the Indonesian OpCos becomes material such that steps are taken to procure Starlink to acquire shares in such Indonesian OpCo after Listing, the Company will adhere to the relevant guidance provided under the Guide for New Listing Applicants issued by the Stock Exchange effective from January 1, 2024 to disclose such material changes in the Contractual Arrangements and its impact on the Group in its annual report. The Company will also duly comply with the applicable requirements under the Listing Rules in relation to such acquisition of shares by Starlink, including but not limited to any announcement and shareholders' approval requirements, as applicable, under Chapter 14 of the Listing Rules and any reporting, annual review, announcement and independent shareholders' approval requirements, as applicable, under Chapter 14A of the Listing Rules.

Background of the Registered Shareholders

Pursuant to Indonesian law, an Indonesian company must have at least two registered shareholders. To satisfy such requirement, PT ISR is held by three Indonesian nationals and PT BGR is held by two Indonesian nationals.

PT ISR is owned as to approximately 97.11% by Ms. Patricia Imelda Stevany Hutapea (or abbreviated/also known as Patricia Imelda S Hutapea), an Independent Third Party, who is also a substantial shareholder of Starlink and a director of each of the Indonesian OpCos, each an insignificant subsidiary of the Company for the purpose of Rule 14A.09 of the Listing Rules (the "**Overlapping Shareholder**"). The Overlapping Shareholder is also the spouse of Mr. Richard Zhang, a director of Starlink. The remaining approximately 2.89% is held by two minority shareholders who are also Indonesian nationals and Independent Third Parties.

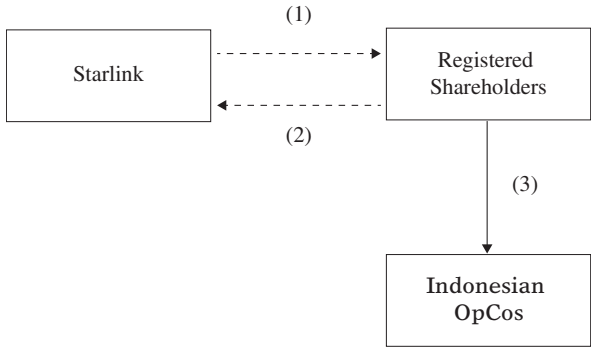
PT BGR is owned by (i) the Overlapping Shareholder holding approximately 78.21% shares in the company and (ii) Mrs. Lili Darmawan holding approximately 21.79% shares in the company, (together, the "**Registered Shareholders**"), who is also an Indonesian national. The Registered Shareholders have signed a series of agreements that comprise the Contractual Arrangements with Starlink to allow our Group to consolidate financial control over and derive the economic benefits from the Indonesian OpCos.

As at the Latest Practicable Date, none of the Registered Shareholders were closely involved in the daily operation. Our Group became acquainted with the Registered Shareholders through Mr. Richard Zhang, who has been a senior personnel assisting the Group and a director of Starlink to oversee its Southeast Asia operations since 2018. The Group believes that the Registered Shareholders have maintained a collaborative relationship with the Group since we began operating the Indonesian OpCos and engaging with the Registered Shareholders for the purpose of the Contractual Arrangements. Under the management of the Board and the day-to-day supervision of Mr. Richard Zhang, as well as the facilitation of the Registered Shareholders, the Group has obtained the Payment Service Provider License from the BI for PT ISR and had made substantial development in the business of the Indonesian OpCos. Together with the obligations bounded by the Registered Shareholders set out in the agreements underlying the Contractual Arrangements, the Directors are of the view that the Registered Shareholders share interests which are substantially aligned with those of the Group considering the Overlapping Shareholder is the spouse of Mr. Richard Zhang and also a substantial shareholder of Starlink and the other Registered Shareholder (Mrs. Lili Darmawan) is an associate of the Overlapping Shareholder (the "**Associate of Overlapping Shareholder**"). Together with the day-to-day management and supervision of Mr. Richard Zhang, the Board is in the position to ensure its decisions relating to the daily operations of the Indonesian OpCos will be duly implemented, and where necessary, the cooperation of the Registered Shareholders.

As at the date of this Prospectus, each of Starlink and the Indonesian OpCos is an insignificant subsidiary under Rule 14A.09 of the Listing Rules. In addition, under the Contractual Arrangements, the Registered Shareholders did not receive any financial benefits for becoming the holder of equity interests in the Indonesian OpCos. In the event any of Starlink or the Indonesian OpCos ceases to be insignificant subsidiaries under Rule 14A.09 of the Listing Rules, and that there will be any business collaboration between the Registered Shareholders and our Group, our Directors confirm that we will comply with the applicable requirements under the Listing Rules in relation to the transaction(s), including but not limited to Chapter 14A of the Listing Rules as amended from time to time, and all the applicable laws and regulations in Indonesia and/or the place where the transaction takes place.

Overview of the Contractual Arrangements

The following diagram illustrates the structure of the Contractual Arrangements:



Notes:

(1) Pursuant to the loan agreements between Starlink (as lender) and the Registered Shareholders (as borrowers), it was acknowledged that loans were provided to each of the Registered Shareholders to acquire the shares in the Indonesian OpCos. Please refer to the paragraph headed "Loan Agreements" in this section for details.

(2) Various contracts were entered into between each of the Registered Shareholders and Starlink as part of the Contractual Arrangements to enable Starlink to exercise effective financial control over the Indonesian OpCos. Please refer to the paragraphs headed "Pledge of Shares Agreements", "Powers of attorney", "Assignment of Proceeds Agreements", "Indemnity Agreement", and "Call Option Agreement" in this section for details.

(3) The Indonesian OpCos were wholly owned by Indonesian nationals who are Independent Third Parties. For details, please refer to the paragraph headed "Background of the Registered Shareholders" in this section.

Summary of Material Terms under the Contractual Arrangements

Loan Agreements

Starlink (as lender) entered into certain loan agreements with the Registered Shareholders[(1)] in connection with the Indonesian OpCos. These include: (i) certain loan agreements that were last amended on March 13, 2024, pursuant to which Starlink acknowledged certain loans in the sum of US$500,000 were given to the Overlapping Shareholder as a shareholder of PT ISR, (ii) certain loan agreements that were last amended on March 13, 2024, pursuant to which Starlink acknowledged certain loans in the sums of Rp1,648,244,000 were given to the Overlapping Shareholder as a shareholder of PT BGR, and (iii) certain loan agreement that were last amended on March 13, 2024, pursuant to which Starlink acknowledged certain loans in the sums of Rp459,216,000 were given to the Associate of Overlapping Shareholder as a shareholder of PT BGR (the loan agreements, as amended, shall collectively be referred to as the "**Loan Agreements**" and the loans pursuant to the Loan Agreements shall collectively be referred to as the "**Loans**"), respectively, for the acquisition of their respective shareholding interests in the Indonesian OpCos.

Note:

(1) One of the two Registered Shareholders, Ms. Patricia Imelda Stevany Hutapea, is also a substantial shareholder of Starlink, and the other Registered Shareholder is her associate.

The Loans were interest free and secured by the Pledge of Shares Agreements, the Powers of Attorney, the Assignment of Proceeds Agreements, and the Call Option Agreements (collectively, the "**Security Documents**"). Pursuant to the Loan Agreements, the Registered Shareholders agreed and undertook to exercise the voting rights attached to the shares of the Indonesian OpCos in accordance with the instruction of Starlink, and provide powers of attorney in favor of Starlink to exercise the voting rights in any shareholders meeting of the Indonesian OpCos.

If an event of default (including, among others, any of the Registered Shareholders fails to perform or otherwise violates the Loan Agreements or the Security Documents, the Registered Shareholders becoming insolvent, or any of the Indonesian OpCos commenced its bankruptcy or liquidation proceedings) occurs under the Loan Agreements, Starlink may in its sole discretion (i) declare the Loan to be immediately due and payable; and (ii) immediately enforce all of its rights under the Loan Agreements and the Security Documents whereby Starlink has the right to (i) transfer the shares of any Indonesian OpCos to any qualified party, (ii) deal with the assets of the Indonesian OpCos, and (iii) manage the business and right to revenue of the Indonesian OpCos.

Pledge of Shares Agreements

Starlink (as pledgee) entered into certain pledge of shares agreements with each of the Registered Shareholders in connection with the Indonesian OpCos. These include: (i) a pledge of shares agreement that was last amended on March 13, 2024, with the Overlapping Shareholder acting as pledgor in respect of shares held in PT ISR, (ii) a pledge of shares agreement that was last amended on March 13, 2024, with the Overlapping Shareholder acting as pledgor in respect of shares held in PT BGR, and (iii) a Pledge of Shares Agreement dated March 13, 2024 with the Associate of Overlapping Shareholder acting as pledgor in respect of shares held in PT BGR (the "**Pledge of Shares Agreements**"), pursuant to which each of the Registered Shareholders pledged all the shares held in the Indonesian OpCos in favor of Starlink to secure the due punctual and complete payment of the Registered Shareholders' obligations to Starlink under the relevant Loan Agreements. The Registered Shareholders further undertake to pledge any additional shares of the respective Indonesian OpCos issued to them at any time in the future owns by virtue of shares dividends, interest, distributions, and all other proceeds paid or payable on or in respect of the pledged shares.

Pursuant to the Pledge of Shares Agreements, the Registered Shareholders shall deliver to Starlink all share certificates and other evidence of ownership in relation to the shares in the Indonesian OpCos. Each of the Registered Shareholders undertakes that during the term of the Pledge of Shares Agreements, without the prior written consent of Starlink, the Registered Shareholders shall not, among others, sell or otherwise transfer the pledged shares, or allow any other pledge or encumbrance to be created with respect to the pledged shares. The Pledge of Shares Agreements shall remain valid and binding during the term of the Loan Agreements. The liability of the Registered Shareholders shall not be affected, prejudiced or discharged by the bankruptcy or incapacity of Starlink. Further, based on the provisions of the Loan Agreements, the Registered Shareholders undertake that, subject to the relevant laws and regulations, they must return to Starlink any considerations they receive in the event that Starlink or its designated party acquires the shares of the Indonesian OpCos.

For the enforcement of Starlink's rights under the Pledge of Shares Agreements, each of the Registered Shareholders have granted consent to transfer their shares in the respective Indonesian OpCos. These include: (i) the consent to transfer signed by the Overlapping Shareholder dated March 13, 2024 with respect to her shares held in PT ISR, (ii) the consent to transfer signed by the Overlapping Shareholder dated March 13, 2024 with respect to her shares held in PT BGR, and (iii) the consent to transfer dated March 13, 2024 with respect to the shares held by the Associate of Overlapping Shareholder in PT BGR.

The pledges of the shares in PT ISR and PT BGR have been registered in the Register of Shareholders of each PT ISR and PT BGR as required by the relevant laws and regulations.

As advised by our Indonesian Legal Advisor, save for the registration requirement in respect of the Pledge of Shares Agreements in the Register of Shareholders of the Indonesian OpCos, there are no other registration requirements in Indonesia applicable to the Contractual Arrangements.

Powers of Attorney

Each of the Registered Shareholders granted an irrevocable powers of attorney to sell shares and powers of attorney to exercise shareholders rights to Starlink for the enforcement of Starlink's rights under the Pledge of Shares Agreements. These include: (i) a power of attorney signed on March 13, 2024, by the Overlapping Shareholder in connection with her shares held in PT ISR, (ii) a power of attorney signed on March 13, 2024 by the Overlapping Shareholder in connection with her shares held in PT BGR, and (iii) a power attorney signed on March 13, 2024 by the Associate of Overlapping Shareholder in connection with her shares held in PT BGR (collectively, the "**Powers of Attorney**"), pursuant to which the Registered Shareholders appointed Starlink as its attorney to do and perform, among others, the following acts:

1. to sell and/or transfer its shares in the respective Indonesian OpCos, and to receive the sale proceeds or selling price and give receipt thereof;

2. to represent the respective Indonesian OpCos wherever and towards any party or person whomsoever in any matter;

3. to do and perform all acts which a shareholder is entitled and empowered to do and to perform the sale of shares, including attending any shareholders meetings and to vote regarding the transfer of shares, to give consents, waivers and ratifications in respect thereof;

4. to receive any share certificates including any dividend coupons; and

5. to do everything necessary or considered necessary by Starlink concerning the shares of the respective Indonesian OpCos.

Assignment of Proceeds Agreements

Starlink (as assignee), entered into certain assignment of proceeds agreements with each of the Registered Shareholders. These include: (i) an amended and restated assignment of proceeds agreements dated March 13, 2024 with the Overlapping Shareholder acting as pledgor in connection with her shares held in PT ISR, (ii) certain assignment of proceeds agreements which were last amended on March 13, 2024, with the Overlapping Shareholder acting as pledgor in connection with her shares held in PT BGR, and (iii) certain assignment of proceeds agreements dated March 13, 2024 with the Associate of Overlapping Shareholder acting as pledgor in connection with her shares held in PT BGR (the "**Assignment of Proceeds Agreements**") with each of the Registered Shareholders (as assignors), pursuant to which the Registered Shareholders assigned and transferred all their rights, title and interest in all dividends or other distributions paid out by each of the Indonesian OpCos to Starlink. The agreement shall not be revoked by the assignors without the consent of the assignee. Together with the rights and powers given to Starlink under the aforementioned Pledge of Shares Agreements and the Powers of Attorneys, any default of obligations by any Registered Shareholder will allow Starlink to enforce its rights to, among other things, cause any share registered under the name of any Registered Shareholder in the respective Indonesian OpCos to be transferred to Starlink or any third-party appointed by Starlink in compliance with applicable Indonesian laws. As such, the Directors are of the view that Starlink is in a position to effectively consolidate financial control over and derive the economic benefits from the Indonesian OpCos, including having financial control over the Indonesian OpCos in terms of the timing and the amount of dividends or any other distributions to the Registered Shareholders at all times.

Indemnity Agreements

Each of the Registered Shareholders and Starlink entered into an indemnity agreement in connection with the Indonesian OpCos. These include: (i) an indemnity agreement dated March 13, 2024 with retroactive effect from 3 June 2022 in favour of the Overlapping Shareholder as a shareholder of PT ISR, (ii) an indemnity agreement which was last amended on March 13, 2024 in favour of the Overlapping Shareholder as a shareholder of PT BGR, and (iii) an indemnity agreement dated March 13, 2024 in favour of the Associate of Overlapping Shareholder as a shareholder of PT BGR (collectively, the "**Indemnity Agreements**"), pursuant to which Starlink agreed to indemnify, protect and hold harmless each of the Registered Shareholders against all losses incurred by the Registered Shareholders resulting from or arising in connection with (a) any loss or damage of the Indonesian OpCos due to operational or non-operational activities, (b) any loss incurred in connection with the Registered Shareholders holding any incumbent position in the Indonesian OpCos, (c) any accrued and/or payable interests under the Loan Agreements, and (d) any assessment and/or penalty imposed by any governmental authority on the Registered Shareholders as a result of the agreements under the Contractual Arrangements or the operation by Starlink of the Indonesian OpCos.

Call Option Agreements

Each of the Registered Shareholders, as grantor, and Starlink, as grantee, entered into a call option agreement(s) in connection with the Indonesian OpCos. These include (i) a call option agreement dated March 13, 2024 in connection with the shares held by the Overlapping Shareholder in PT ISR, (ii) a call option agreement as last amended on March 13, 2024 in connection with the shares held by the Overlapping Shareholder held in PT BGR, and (iii) a call option agreement dated March 13, 2024 in respect of the shares held by the Associate of Overlapping Shareholder in PT BGR (collectively, the "**Call Option Agreements**"). Pursuant to the Call Option Agreements, each of the Registered Shareholders agreed to grant Starlink the option to require each of the Registered Shareholders to sell their respective shares held in each of the Indonesian OpCos (including all interest, security, dividend, rights, or other property in respect of the shares) to Starlink at a consideration of Rp1.0 (one Indonesian Rupiah), which shall be settled using the Loan provided by Starlink to the Registered Shareholders, respectively. Starlink may exercise the option by giving 5 days' written notice to any of the Registered Shareholders. Upon receipt of such written notice, any of the Registered Shareholders shall procure that the shares in the Indonesian OpCos are delivered to Starlink free from all encumbrance, and the share pledge under the relevant Pledge of Shares Agreements shall be released. The Call Option Agreements shall be effective during the term of the Loan Agreements.

Spousal Undertakings

Each spouse of the Registered Shareholders respectively entered into a spousal undertakings dated March 13, 2024 (collectively, the "**Spousal Undertakings**"). Pursuant to the Spousal Undertakings, the spouse of each of the Registered Shareholders give consent and acknowledge their respective spouse to enter into the Contractual Arrangements and acknowledged that any agreements related to shares of the respective Indonesian OpCos, which are binding upon the Registered Shareholders, shall also be binding upon each of the respective spouse. The Spousal Undertakings shall be effective during the term of the Loan Agreements.

Dispute Resolution

All agreements comprising the Contractual Arrangements contain a dispute resolution provision pursuant to which all disputes, controversies and conflicts between the parties in connection with the Contractual Arrangements shall, so far as possible, be settled amicably between the parties.

Failing such amicable settlement, all disputes, controversies and conflicts arising out of or in connection with the Contractual Arrangements shall refer to and be finally settled by arbitration in Hong Kong in accordance with the Arbitration Rules of the Hong Kong International Arbitration Centre. The arbitrators may award remedies over the shares and assets of the Indonesian OpCos, injunctive relief (such as for the conduct of business or to compel the transfer of assets) or order the winding up of the Indonesian OpCos. For the purpose of enforcing any international arbitral awards in Indonesia, the disputing parties shall go to the Clerks Office of the District Court of Central Jakarta. As advised by our Indonesian Legal Advisor, since both Hong Kong and Indonesia have ratified the Convention on the Recognition and Enforcement of Foreign Arbitral Awards, any arbitral award issued by the Hong Kong International Arbitration Centre will be recognised and enforced in Indonesia upon obtaining an exequatur or ratification from the District Court of Central Jakarta under the provisions of the prevailing laws and regulations in Indonesia. In the event of pending the formation of the arbitral tribunal or in appropriate cases in the arbitration proceedings, the courts of Hong Kong, the PRC and Indonesia should have jurisdiction to grant interim remedies that will support the further arbitration process to the extent permitted under the prevailing laws and regulations in respective jurisdictions.

Conflicts of Interest

To ensure our effective control over the Indonesian OpCos, we have implemented measures to protect against any potential conflicts of interest between Starlink and the Registered Shareholders. Under the Powers of attorney, each of the Registered Shareholders irrevocably appointed Starlink to act as its attorney to exercise its rights in connection with matters concerning its rights as shareholder of the Indonesian OpCos, including the right to vote in a shareholders' meeting and to sell its shares.

Based on the above, our Directors are of the view that the risk of potential conflicts of interests is low and the measures we have adopted are sufficient to mitigate the risks associated with the potential conflicts of interest between our Group and the Registered Shareholders, and to protect our Group's interest in the Indonesian OpCos.

Termination

The Loan Agreements cannot be terminated unilaterally by any of the Registered Shareholders in so far as the business activities and operations of the Indonesian OpCos exist, and Starlink has the sole discretion to call for any repayment of the Loan and to terminate the Loan Agreement. No prepayment of the Loan under the Loan Agreements in whole or in part is permitted at any time during the term of the Loan Agreements.

Compliance by the Registered Shareholders with their respective obligations under the Contractual Arrangements

Pursuant to the Loan Agreements, the Registered Shareholders agreed and undertook (i) to provide the powers of attorney in favour of Starlink; and (ii) that each of them will not sell, transfer or otherwise deal with the shares of the respective Indonesian OpCos except on the reasonable and lawful written instructions of Starlink.

Each of the Registered Shareholders has provided the said powers of attorney in favour of Starlink as detailed under "Summary of Material Terms under the Contractual Arrangements – Powers of Attorney" in this section. If the Registered Shareholders in their capacity as borrowers have breached the provision(s) of the respective Loan Agreements (as the case may be) or any other documents in the Contractual Arrangements relating to them, Starlink shall be entitled to accelerate the repayment of the Loan and enforce the securities granted by the Registered Shareholders, including to (i) declare the Loan to be immediately due and payable; and (ii) immediately enforce all of its rights under the Loan Agreements and the Security Documents whereby Starlink has the right to transfer the shares and assets of the Indonesian OpCos to any qualified party. For details of the risks involved in the Contractual Arrangements, see "Risk Factors – Risks Related to Our Contractual Arrangements".

Loss Exposure

Given that our Group conducts its business operations in Indonesia through the Contractual Arrangements, the Indonesian OpCos were regarded as subsidiaries of our Company and their financial results have been consolidated into our Group's financial results as wholly-owned subsidiaries through the use of the Contractual Arrangements under the applicable accounting principles. Accordingly, our Company's business, financial position and results of operations would be adversely affected if the Indonesian OpCos suffer losses.

The revenue incurred by the Indonesian OpCos for each of the three years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023 were nil after taking into account intra-group eliminations, given the business and operations of the Indonesian OpCos remain in developmental stage without engaging third party clients by its own but already started to serve as local operation entities to facilitate our Group's digital payment services as a whole.

Change in ultimate beneficial owners of Starlink

The Contractual Arrangements entered into by the Registered Shareholders have complied with the requirements of Indonesian Company Law and will remain to be valid and legally binding against the Registered Shareholders.

In the event that there is any breach of the Contractual Arrangements by any of the Registered Shareholders, such default will allow Starlink to enforce the securities granted by the Registered Shareholders, including without limitation to cause the entire shares registered under the name of any of the Registered Shareholders in the respective Indonesian OpCos to be transferred to Starlink or any third-party appointed by Starlink in compliance with applicable Indonesian laws. The change in the registered shareholders of any of the Indonesian OpCos with other Indonesian individuals and/or Indonesian local companies (wholly local owned companies) replacing any of the Registered Shareholders will not result in Starlink being in breach of foreign ownership restriction laws.

Death, bankruptcy and/or divorce of the Registered Shareholders

Pursuant to Article 833 of the Indonesian Civil Code, the legal beneficiary/heir will by law automatically own all goods, rights and receivables from the deceased person. Therefore, the shares in an Indonesian company could be inherited from its registered individual shareholder to his/her legal beneficiary/heir.

However, the death of the Registered Shareholders is one of events of defaults provided under the Loan Agreements, pursuant to which Starlink shall declare all amounts owed by the Registered Shareholders to be immediately due and payable and enforce all of its rights under the Loan Agreements and the Security Documents, whereby Starlink has the rights to transfer the Shares to any qualified party and to conduct any other actions as permitted under the prevailing laws and regulations (including to deal with assets of the Indonesian OpCos and to manage the Indonesian OpCos' business and right to revenue).

Pursuant to Article 55 paragraph (1) Law No. 37 of 2004 regarding Bankruptcy, as amended several times through Law No. 40 of 2014 on Insurance and Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (as amended, "**Bankruptcy Law**"), which provides that in the event of bankruptcy, any creditor holding a pledge, fiduciary security, security right, mortgage, or other collateral rights on property, may execute his rights as if no bankruptcy has occurred, Starlink may enforce its security rights against the Registered Shareholders as if the bankruptcy has not occurred.

Accordingly, there are appropriate arrangements in place to protect our interest in the event of death, bankruptcy and/or divorce of the Registered Shareholders, and practical difficulties in enforcing the Contractual Arrangements have been avoided.

Insurance

Our Company does not maintain any insurance policy to cover the risks relating to the Contractual Arrangements. See "Risk Factors – Risks Related to Our Contractual Arrangements – We do not have any insurance coverage to cover our risks relating to our Contractual Arrangements, which may impact our business, financial condition and results of operations in Indonesia".

Legality of the Contractual Arrangements

Our Indonesian Legal Advisor, after taking reasonable actions and steps to reach its legal conclusions, is of the following opinion that the Contractual Arrangements are legally binding and enforceable on the Registered Shareholders and the Indonesian OpCos and comply in fact and in good faith with all relevant Indonesian laws and regulations, including the relevant Indonesian laws which restricts foreign investments in the provision of payment and funds transfer services, based on the following reasons:

(a) The Contractual Arrangements are valid, legally binding and enforceable and comply in fact and in good faith with the relevant Indonesian laws and regulations, and will not be deemed as "concealing illegal intentions with a lawful form" and be voided under the laws and regulations currently prevailing in Indonesia, including those applicable to the business of the Indonesian OpCos having considered:

(i) the Contractual Arrangements had met the required basic elements to establish a contract as stipulated in the relevant Indonesian laws as stipulated in the provisions of the Article 1320 of Indonesian Civil Code;

(ii) the Contractual Arrangements are based on customary loan transactions in nature and there existed no laws and regulations in Indonesia specifically disallowing foreign investors from using any loan and security documents to gain effective financial control of the Company, and neither the execution of the Contractual Arrangements, nor the compliance by the Registered Shareholders with or performance of the terms and provisions thereof would: (a) conflict with or result in a breach or violation of any terms, or constitute as a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument governed by Indonesia law, (b) contravene any judgment, decree or order of any court, arbitrator, administrative agency or other governmental institution to which Registered Shareholders or any of its assets are subject to, and (c) violate or contravene any provisions of the articles of association or the business license of the Indonesian OpCos, laws, rules, or regulations in Indonesia;

(iii) the Contractual Arrangements had not encountered any interference or encumbrance from any governing bodies of Indonesia and therefore were in compliance with the prevailing laws and regulations of Indonesia; and

(iv) the Contractual Arrangements were within the domain of private law in Indonesia which focuses on the legal relationship between the parties based on the principle of freedom of contract under the Indonesian laws.

(b) The ownership structure does not, and the performance by the Group in Indonesia of its obligations under the ownership structure and the Contractual Arrangements to which it is subject, and the consummation by our Group in Indonesia of the transactions contemplated therein will not: (i) result in any violation of the provisions of any of the group companies' constitutional documents or business license or any governmental authorizations; (ii) result in any violation of any laws and regulations of Indonesia; (iii) conflict with or result in a breach or violation of or constitute a default under any arbitration award or judgment, order of decree of any court of laws of Indonesia having jurisdiction over the group companies in Indonesia; or (iv) conflict with or result in a breach or violation of any terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument governed by laws and regulations of Indonesia to which our Group is a party or by which or to which any of such entities or individuals, or their respective properties or assets, is bound or subject.

(c) No governmental authorizations are required to be obtained for the performance by any of the parties thereto of their obligations or for the transactions contemplated under the ownership structure and the Contractual Arrangements and no stamp duty or similar tax is required to be paid in connection with the ownership structure and the Contractual Arrangements.

(d) Our Group has the legal right and full power and authority to enter into and perform its obligations under the ownership structure and the Contractual Arrangements. The ownership structure and the Contractual Arrangements are valid and legally binding and enforceable obligations under the laws of Indonesia.

(e) Save for those set out under the Contractual Arrangements, no other consent, approval or license required under the existing laws of Indonesia for the contractual arrangement under the Contractual Arrangements.

(f) The Contractual Arrangements are in proper legal form under the laws of Indonesia for the enforcement thereof against each of the parties thereto in Indonesia without further action by any of the parties thereto; and to ensure the legality, validity, enforceability or admissibility in evidence of the Contractual Arrangements in Indonesia, it is not necessary that any such Contractual Arrangements be filed or recorded with any court or other authority in Indonesia.

As such, our Indonesian Legal Advisor is of the view that the adoption of the Contractual Arrangements by the Indonesian OpCos in Indonesia is unlikely to be deemed ineffective or invalid under the applicable laws and regulations in Indonesia. Further, our Indonesian Legal Advisor is of the view that the Contractual Arrangements are used to the extent necessary in compliance with the applicable laws and regulations in Indonesia, including on the relevant foreign shareholding or ownership limits or restrictions, and have been narrowly tailored to minimize the potential conflict with relevant Indonesian laws and regulations and enables the Group to achieve the financial control over the Indonesian OpCos through the loan arrangements which engages in the provision of payment and funds transfer services within Indonesia.

PLANS TO UNWIND THE CONTRACTUAL ARRANGEMENTS

Our expansion and operations in Indonesia through the Contractual Arrangements represent our Group's first step in a larger plan to serve the Indonesian payment services market, which we believe to be of significant potential and strategic value. Respect towards local regulations, culture and pace, which in our Directors' belief, is key for any successful entry and expansion into new markets. Such respect underlies our adoption of the Contractual Arrangements, which allowed us to enter into Indonesian payment market in a lawful manner as advised by our Indonesian Legal Advisor.

As and when Indonesian law and regulatory practices allow foreign invested entity to provide payment and fund transfer services in Indonesia, we will, upon due consultation with BI and any other relevant Indonesian authorities, proceed to unwind the Contractual Arrangements as soon as possible (including to exercise the call option and power under the Call Option Agreements and Powers of Attorney to purchase the shares of the Indonesian OpCos held by the Registered Shareholders, if required), so that the shares in the Indonesian OpCos will, to the extent permissible, be directly held by Starlink, and Starlink is expected to receive the sale proceeds from the Registered Shareholders as repayment for the Loan Agreements to the extent permissible under applicable Indonesian laws and/or regulations. No consideration would be payable by Starlink or any member of our Group to the Registered Shareholders in the unwinding of the Contractual Arrangements mentioned above.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of Financial Results of our Indonesian OpCos

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Although our Company does not directly or indirectly own the Indonesian OpCos, the Contractual Arrangements as disclosed above enable our Company to exercise financial control over the Indonesian OpCos.

In respect of the Contractual Arrangements, the consideration of the shares held by Registered Shareholders in the Indonesian OpCos was financed from the loans granted by Starlink. Further, based on the Indemnity Agreements, Starlink would indemnify, protect and hold harmless each of the Registered Shareholders against all losses incurred by the Registered Shareholders resulting from or arising in connection with (a) any loss or damage of the Indonesian OpCos due to operational or non-operational activities, (b) any loss incurred in connection with the Registered Shareholders' holding any incumbent position in the Indonesian OpCos, (c) any accrued and/or payable interests under the Loan Agreements, and (d) any assessment and/or penalty imposed by any governmental authority on the Registered Shareholders as a result of the agreements under the Contractual Arrangements or the operation by Starlink of the Indonesian OpCos. The Contractual Arrangements were adopted to reflect (i) such commercial arrangements between Starlink and the Registered Shareholders; (ii) the contribution and risks borne by Starlink; and (iii) to allow us to consolidate the Indonesian OpCos into our Group's financial results as a wholly-owned subsidiary. This kind of

arrangement is widely practised in Indonesia where the maximum foreign ownership in companies carrying out certain business activities in Indonesia is restricted under law, as long as (a) both the foreign and Indonesian parties mutually consent to such kind of arrangement; and (b) neither the execution nor performance of the terms and provisions of such arrangement were in any way prohibited by the laws, rules, or regulations in Indonesia.

The Contractual Arrangements enable Starlink to exercise effective financial control over the Indonesian OpCos. Accordingly Starlink has the right to variable returns from its involvement with the Indonesian OpCos. Accordingly, the Indonesian OpCos are accounted as subsidiaries of the Company for the purpose of the historical financial information for the Track Record Period and the historical financial information of the Indonesian OpCos for the Track Record Period are consolidated in the historical financial information of the Company for the Track Record Period. The basis for consolidating the results of the Indonesian OpCos is disclosed in Note 1 to the Accountant's Report in Appendix I.

OUR DIRECTORS' VIEW

Based on the above, our Directors are of the view that the Contractual Arrangements are narrowly tailored, as they are used to enable our Group to gain financial control and thus conduct businesses in industries that are subject to foreign investment restrictions in Indonesia. Our Directors further believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements will be negotiated on arms' length basis and entered into between Starlink, the Indonesian OpCos and the Registered Shareholders; and (ii) a number of other companies use similar arrangements to accomplish the same purpose.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(a) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(b) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(c) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

(d) our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of Starlink, and our Indonesian OpCos to deal with specific issues or matters arising from the Contractual Arrangements.

The information presented in this section, including certain facts, statistics and data, is derived from the market research report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications, unless otherwise indicated. We believe that these sources are appropriate for such information, and we have taken reasonable care in extracting and reproducing such information. The information derived from official government publications has not been independently verified by our Company, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the Listing and no representation is given as to its accuracy.

GLOBAL COMMERCE OVERVIEW

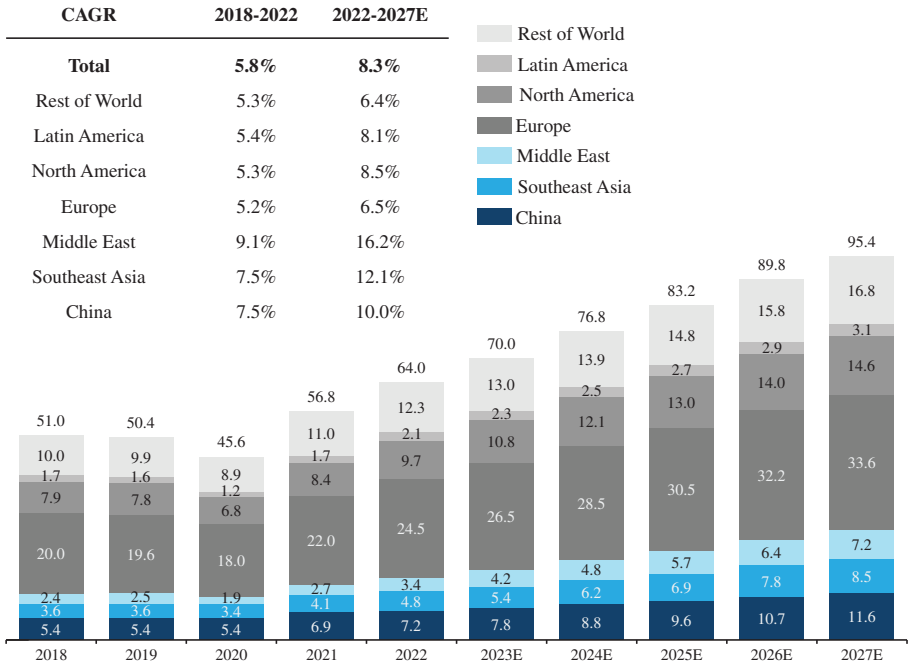
Overall Scale of Global Commerce

- The volume of global trade, encompassing both goods and services, serves as a reliable indicator of the interconnectedness and exchanges between various countries and regions, which can give a precise snapshot of global commerce.

- According to Frost & Sullivan, the market size of global commerce has increased from US$51.0 trillion in 2018 to US$64.0 trillion in 2022, representing a CAGR of 5.8% from 2018 to 2022. China's contribution to this trend, indicated by its total volume of exports and imports, grew from US$5.4 trillion in 2018 to US$7.2 trillion in 2022, representing a CAGR of 7.5% from 2018 to 2022.

Market Size of Global Commerce (US$ trillion), 2018-2027E

CAGR	2018-2022	2022-2027E
Total	**5.8%**	**8.3%**
Rest of World	5.3%	6.4%
Latin America	5.4%	8.1%
North America	5.3%	8.5%
Europe	5.2%	6.5%
Middle East	9.1%	16.2%
Southeast Asia	7.5%	12.1%
China	7.5%	10.0%



Note: The market size of global commerce is measured by the combined volume of global exports and imports, including goods and services.

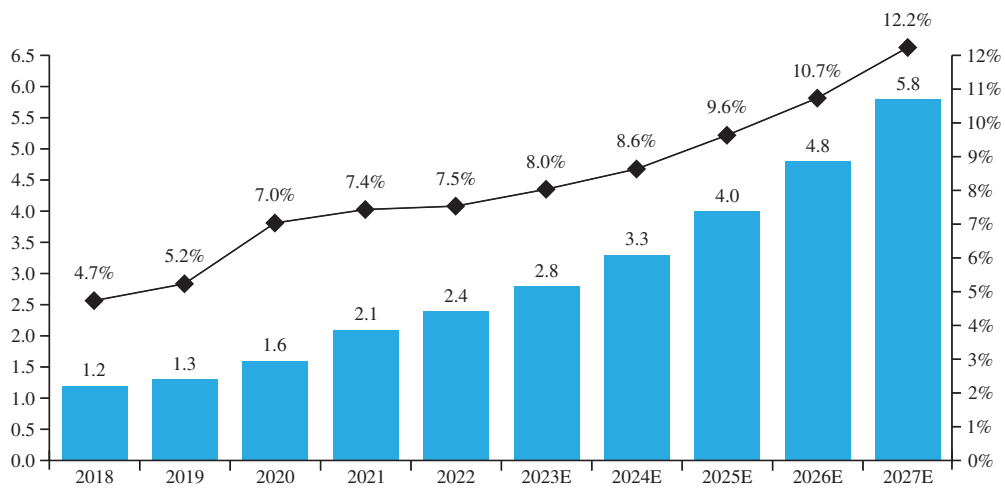
Source: WTO; Frost & Sullivan

Key Trends of Global Commerce

- With the development of information technology and the continuous improvement of internet infrastructure, the digital transformation of global commerce is accelerating. This evolution towards digitalization in global commerce is promoting merchants and enterprises across the value chain to transition from cross-border offline commerce to cross-border e-commerce. The cross-border e-commerce penetration rate globally refers to the proportion of global cross-border e-commerce scale to total global export scale, which is calculated by dividing the GMV of cross-border e-commerce by total volume of global export trade. According to Frost & Sullivan, in 2022, the cross-border e-commerce penetration rate globally was approximately 7.5%, and the cross-border e-commerce penetration rate in China was approximately 14.3%, which is much higher than the average level globally. By 2027, the cross-border e-commerce penetration rate globally is expected to increase to approximately 12.2%, while the penetration rate of cross-border e-commerce in China will reach approximately 27.7%.

Cross-border E-commerce Penetration Rate Globally (US$ trillion), 2018-2027E

CAGR	2018-2022	2022-2027E
Total volume of global export trade	**5.8%**	**8.3%**
GMV of cross-border e-commerce	18.9%	19.3%



Source: Frost & Sullivan

- Emerging markets outside of China, namely Southeast Asia, Latin America and Middle East, are poised to contribute significantly to the growth of global commerce. These regions will also further benefit from relatively low e-commerce penetration rate at present. According to Frost & Sullivan, the total volume of global trades from Southeast Asia, Latin America and Middle East combined, is expected to reach US$18.8 trillion in

2027, representing a CAGR of 12.8% from 2022 to 2027, compared to a CAGR of 8.3% for the whole world during the same period. Consequently, the contribution of above emerging markets to overall global commerce is expected to increase from 16.1% in 2022 to 19.7% in 2027.

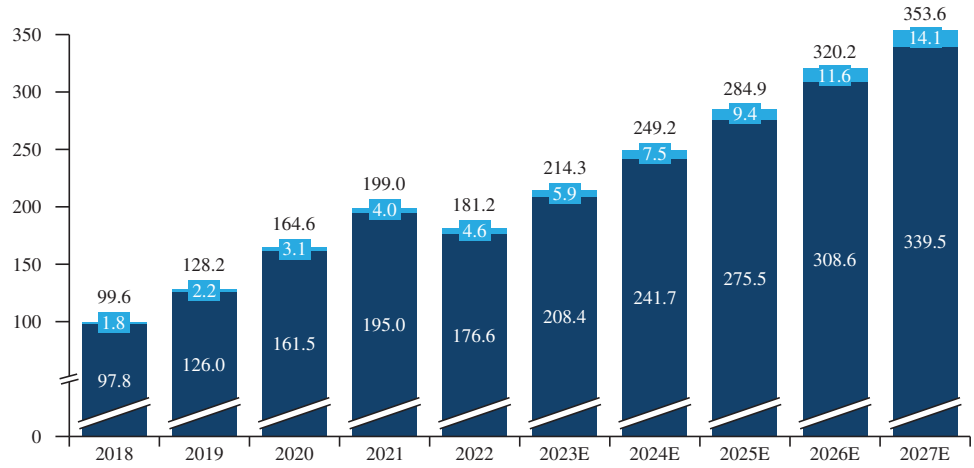
OVERVIEW OF DIGITAL PAYMENT SOLUTION MARKET IN CHINA

Digital payment solutions include digital payment services and value-added services serving merchants and enterprises. Digital payment services refer to online payment services provided by non-bank payment service providers, enabling merchants and enterprises to receive or distribute funds via the internet or mobile internet. Banks are not considered as digital payment service providers as they heavily rely on physical branch networks to serve merchants and enterprises. For example, banks usually require their customers to conduct on-site filing of application materials and submission of original documents. Value-added services are integrated with payment services, which can be accessed through an all-in-one digital platform. These services can help merchants and enterprises digitalize their businesses in respect of sales, marketing, transaction, and internal operation, among others. Digital payment solutions can also be categorized as cross-border digital payment solutions and domestic digital payment solutions, depending on the business nature of customers.

In light of the rising demand from merchants and enterprises for digital payment in businesses, the TPV of digital payment services market in China increased from RMB99.6 trillion in 2018 to RMB181.2 trillion in 2022, representing a CAGR of 16.1% from 2018 to 2022. Going forward, the TPV of digital payment services market in China is expected to increase to RMB353.6 trillion in 2027, representing a CAGR of 14.3% from 2022 to 2027.

TPV of Digital Payment Services Market in China (RMB trillion), 2018-2027E

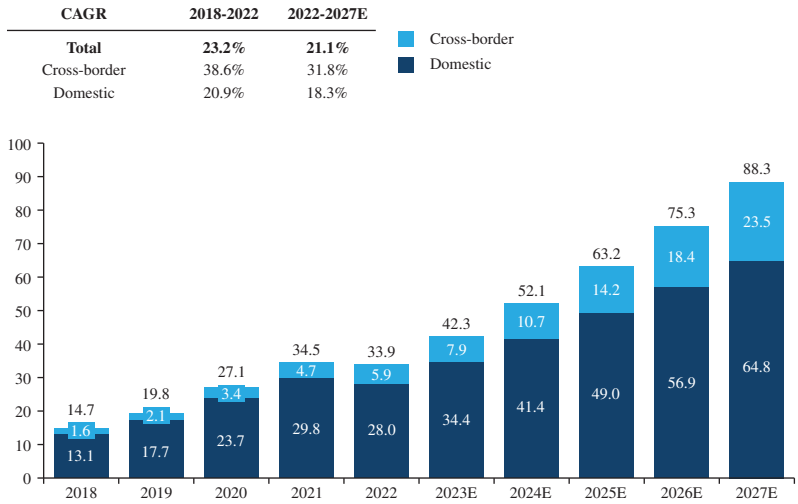
CAGR	2018-2022	2022-2027E
Total	**16.1%**	**14.3%**
Cross-border	26.4%	25.2%
Domestic	15.9%	14.0%



Source: Frost & Sullivan

As the businesses of merchants and enterprise continue to expand, their demand for value-added services continues to increase as well. According to Frost & Sullivan, the revenue of value-added services attributed to digital payment solution providers in China has increased from RMB14.7 billion in 2018 to RMB33.9 billion in 2022, representing a CAGR of 23.2% from 2018 to 2022, and is expected to increase to RMB88.3 billion in 2027, representing a CAGR of 21.1% from 2022 to 2027.

Revenue of Value-added Services Attributed to Digital Payment Solution Providers in China (RMB billion), 2018-2027E



Source: Frost & Sullivan

Overview of Cross-Border Digital Payment Solution Market in China

Rapid development of cross-border e-commerce in China

- In recent years, the market size of the cross-border e-commerce market in China has experienced consistent growth, driven by robust overseas market demand as well as an increasingly well-established digital infrastructure and global logistics network. Compared to cross-border offline commerce, cross-border e-commerce is less geographically restricted and less affected by trade protection measures. Cross-border e-commerce has a simpler transaction process and has gradually become one of the critical industries for China's economic growth in recent years. According to Frost & Sullivan, the market size of cross-border e-commerce market in China has increased from RMB1.6 trillion in 2018 to RMB4.0 trillion in 2022, representing a CAGR of 25.7% from 2018 to 2022.

- In the future, the scale of cross-border e-commerce market in China is expected to further grow with new development opportunities. According to Frost & Sullivan, as cross-border offline commerce activities will progressively transition online, and the proportion of cross-border e-commerce in China's total volume of export trade is also expected to

increase. According to Frost & Sullivan, the market size of cross-border e-commerce market in China is expected to reach RMB13.0 trillion in 2027, representing a CAGR of 26.6% from 2022 to 2027. The contribution of the cross-border e-commerce market in China to the total export volume of China is also expected to increase from 14.3% in 2022 to 27.7% in 2027.

Pain points faced by merchants and enterprises in cross-border e-commerce

- Merchants and enterprises engaged in cross-border e-commerce businesses encounter significant pain points, which include:

  - **High barriers.** Small scaled merchants and enterprises often face difficulties in opening corporate banking accounts in overseas markets without setting up a locally registered legal entity, while the onboarding process is typically time-consuming and may take one to three months on average. In addition, banks usually require them to maintain a certain number of annual transactions in order to keep their banking accounts active.

  - **Lack of a unified payment infrastructure.** Enterprises which conduct transactions cross borders need to understand the payment landscape of each local market, choose the appropriate payment methods, and establish and manage different payment accounts in each region where they operate. As enterprises usually do not possess expertise in overseas payment markets, managing a complicated payment account system, which consists of payment services provided by different payment service providers in different regions for their global business is time-consuming, expensive, unstable, and inefficient. In contrast, a unified payment infrastructure provided by digital payment solution providers can significantly simplify the processes and reduce costs of establishing and managing payment methods in different regions as digital payment service providers are able to provide expertise on global payment landscapes as well as effective payment methods on a unified platform.

  - **Unmet demands of one-stop value-added services.** To grow their businesses, merchants and enterprises have increasingly demand value-added services, such as operation services and technology services, to support their business operation. Such demands were not fully met as most service providers usually lack industry know-how, data, technology capabilities, or resources to serve merchants' and enterprises' unmet needs of value-added services. Even though some merchants and enterprises might procure discrete solutions from different suppliers in specific fields, such solutions are not seamlessly integrated and may result in further issues such as isolated systems and data silos. As such, digital payment service providers who are capable of providing a one-stop solution through integrating multiple value-added services, such as business services related to operation support and technology services related to software development, are becoming more valuable to enterprises.

- **Expensive costs.** Banks usually are not connected with marketplaces globally and part of their processes remain manual, making it difficult for them to process cross-border transactions at low cost. Some banks also charge an annual service fee to cover their maintenance cost. The banks' charge rate is usually as high as 3%-5% of the transaction volume. In addition, regulatory schemes in relation to global trades and cross-border payments are complex and vary significantly across countries or regions. Traditional financial institutions usually do not provide corresponding services to help merchants, and enterprises understand those regulations and meet compliance requirements.

- **Lack of high-quality services.** Banks mainly serve large enterprises with a substantial volume of transactions. Small scaled merchants and enterprises are usually underserved and face a series of challenges, including long settlement periods, opaque exchange rates, non-transparent transaction processes, and inadequate customer support.

Market size of cross-border digital payment solution market in China

- With the rapid development of global trade, an increasing number of Chinese cross-border merchants and enterprises has entered into the cross-border e-commerce market, sparking a rising demand for efficient and low-cost digital payment methods. Cross-border digital payment solution providers can provide secure, efficient and cost-effective payment products and services to solve customers' pain points in the process of cross-border transactions. Leveraging their extensive industry experience and technical capabilities, cross-border digital payment solution providers can also provide customers with further digital transformation services that cover more activities in operating cross-border businesses, such as procurement, production, operation management and marketing, to solve all aspects of difficulties in the business development of merchants and enterprises.

- According to Frost & Sullivan, the TPV of cross-border digital payment services market in China has increased from RMB1.8 trillion in 2018 to RMB4.6 trillion in 2022, representing a CAGR of 26.4% from 2018 to 2022, and is expected to reach RMB14.1 trillion in 2027, representing a CAGR of 25.2% from 2022 to 2027.

- As the businesses of cross-border merchants and enterprises continue to expand, their needs for services of marketing, customer acquisition, data analysis, tax management and financial management keep increasing. The revenue of cross-border value-added services attributed to cross-border digital payment solution providers in China has increased from RMB1.6 billion in 2018 to RMB5.9 billion in 2022, representing a CAGR of 38.6% from 2018 to 2022, and is expected to reach RMB23.5 billion in 2027, representing a CAGR of 31.8% from 2022 to 2027.

Market drivers of cross-border digital payment solution market in China

- **Growth of global trade.** As the global manufacturing hub and the largest exporter in the world, China is expected to continue to play a critical role as a major global supplier. The total export volume of China is expected to increase to RMB46.9 trillion in 2027, representing a CAGR of 10.9% from 2022 to 2027, driven by various favorable factors such as development of digital economy, multilateral cooperation and policy support. Moreover, given the rising domestic personal income, China will continue to play as a major supplier and become a major buyer in the global commerce market, especially in commercial services, which includes overseas education, tourism, and entertainment services. The increasing cross-border commerce represents huge potential markets for digital payment solution providers to tap into.

- **Development of digital infrastructure and advancements of digital technologies.** The development of digital infrastructure, including internet and mobile internet, provides a solid foundation for the growth of global digital commerce. Merchants and enterprises in China are able to sell globally via global marketplaces or self-operated e-commerce platforms. Moreover, digital technologies such as AI, cloud services and big data have witnessed significant advancements in recent years. Significant advancement of these digital technologies allows merchants and enterprises to conveniently access digital services to digitalize their operations in a cost-effective manner. For example, the adoption of AI and big data technologies can significantly reduce the time of KYC and compliance process from days to hours by leveraging digital tools such as OCR, conversational robots and knowledge graph.

- **Digital transformation of traditional offline trade.** Traditional offline trade is embracing digitalization and online operations, which accelerate the digital penetration of cross-border payments between enterprises. As a result, there will be a significant increase in demand for cross-border payment solutions from suppliers, manufacturers, wholesalers and retailers. Cross-border digital payment solution providers are actively prioritizing and developing solutions to cater to the growing offline trade market.

Future trends of cross-border digital payment solution market in China

- **Rising demands for comprehensive solutions.** As the market expands and competition intensifies, an increasing number of cross-border digital payment solution providers will address customer pain points and enhance customer loyalty through providing comprehensive value-added services. For instance, they provide assistance in the establishment of digital account systems and offer integrated account and e-wallet service. This customer-centric approach enables cross-border digital payment solution providers to gain a competitive advantage by growing alongside their customers.

- **Overseas expansion is the next step.** As cross-border e-commerce rapidly grows in emerging markets like Southeast Asia and Middle East, domestic merchants and enterprises are proactively expanding overseas. In the future, an increasing number of cross-border digital payment solution providers will seek overseas payment licenses to support their customers' overseas business development, improve payment convenience in emerging markets to expand their own customer base, and build strong global payment brands.

Overview of Domestic Digital Payment Solution Market in China

Market size of domestic digital payment solution market in China

- Domestic digital payment solutions refer to digital payment services and value-added services provided to merchants and enterprises to support their domestic transactions and operations.

- According to Frost & Sullivan, the TPV of domestic digital payment services market in China has increased from RMB97.8 trillion in 2018 to RMB176.6 trillion in 2022, representing a CAGR of 15.9% from 2018 to 2022, and is expected to reach RMB339.5 trillion in 2027, representing a CAGR of 14.0% from 2022 to 2027.

- Digital transformation of enterprises brings opportunities for digital payment solution providers. As the industrial internet progresses, integration of digital technology with the real economy has become an industry consensus. The urgent need for digital transformation and upgrading of traditional business operations, as well as supply chain and distribution channels, provides a huge development scope for digital payment solution providers. Digital payment solution providers are becoming a necessary choice for more and more enterprises as they can develop industry-specific solutions and establish digital payment and fund management infrastructure for enterprises.

- The revenue of domestic value-added services attributed to domestic digital payment solution providers has increased from RMB13.1 billion in 2018 to RMB28.0 billion in 2022, representing a CAGR of 20.9% from 2018 to 2022, and is expected to reach RMB64.8 billion in 2027, representing a CAGR of 18.3% from 2022 to 2027.

Competitive Landscape of Digital Payment Solution Market in China

According to Frost & Sullivan, there are two types of digital payment solution providers in China, namely independent and non-independent digital payment solution providers. Independent digital payment solution providers are those that are not owned or controlled by financial institutions, nor are they highly dependent on the businesses contributed by connected parties, such as large e-commerce platforms.

The TPV of digital payment services market in China in 2022 was RMB181.2 trillion, with the top ten digital payment solution providers accounting for 87.4% of the total market share. The Company ranked seventh among the digital payment solution providers in China in terms of the TPV in 2022, with a market share of 0.6%.

Ranking of Top Ten Digital Payment Solution Providers in China, 2022

Ranking	Company	Nature	TPV(RMB billion, 2022)	Market Share
1	Company A	Non-independent	85,000	46.9%
2	Company B	Non-independent	54,600	30.1%
3	Company C	Non-independent	8,600	4.7%
4	Company D	Non-independent	3,200	1.7%
5	Company E	Non-independent	2,100	1.2%
6	Company F	Non-independent	2,000	1.1%
7	The Company	Independent	1,150	0.6%
8	Company G	Independent	1,020	0.6%
9	Company H	Independent	600	0.3%
10	Company I	Independent	400	0.2%

Notes:

(1) Company A is a private company founded in 2004. It is a leading open internet platform that primarily provides digital payment services and digital financial services to domestic customers in China. It has a registered capital of RMB35 billion.

(2) Company B is a public company founded in 1998 and listed on Hong Kong Stock Exchange. It is a leading internet and technology company that primarily provides digital payment services to domestic customers in China with many other businesses. It has a registered capital of over RMB65 million and its revenue in 2022 was over RMB554 billion.

(3) Company C is a state-owned enterprise founded in 2002. It primarily provides bank cards and various payment services to domestic customers in China. It has a registered capital of over RMB9 billion. It has over 36 subsidiaries and over 50 foreign branches as of 2022.

(4) Company D is a public company founded in 1988 and listed on Hong Kong Stock Exchange. It is a leading integrated finance and healthcare service provider in mainland China. It has a registered capital of over RMB18 billion and its revenue in 2022 was over RMB1,000 billion.

(5) Company E is a public company founded in 1998 and dual-listed on NASDAQ and Hong Kong Stock Exchange. It is a leading internet company and online retailer in China. It has a registered capital of RMB1 billion and its revenue in 2022 was over RMB1,000 billion.

(6) Company F is a public company founded in 2015 and listed on NASDAQ. It is a leading e-commerce platform that providers a wide range of merchandise to consumers. It has a registered capital of over RMB10 million and its revenue in 2022 was over RMB100 billion.

Source: Public filings, websites of market players, Frost and Sullivan

Independent and non-independent digital payment solution providers have different target customer base and service focus. Independent digital payment solution providers primarily serve independent customers who are not affiliated with themselves. They focus on providing personalized payment solutions to meet diversified demands of customers and would typically enable merchants and enterprises to accept payments from multiple issuers as an independent party. Attributable to the independence and neutrality, independent digital payment solution providers are typically considered business partners, other than competitors, and their

provision of digital payment services would not raise grave concerns on conflict of interests and/or data privacy. For example, if a customer operates e-commerce business through an independent site, which is competing with major e-commerce platforms in nature, it would tend to avoid using services of such e-commerce platforms, including the digital payment services provided by non-independent digital payment solution providers, due to conflict of interests and data privacy concerns. Non-independent digital payment solution providers primarily serve customers in the ecosystem that are affiliated with themselves. They focus on providing a better one stop experience for merchants within its existing commerce ecosystem and would typically only accept payments within their own e-wallet or own issuing network. For instance, merchants on large-scale domestic e-commerce platforms in China will typically use digital payment solution provided by their respective related parties (non-independent digital payment solution providers), rather than cooperating with independent digital payment solution providers like the Company. Thus, most of the non-independent digital payment solution providers are not directly competing with independent digital payment solution providers in the same market due to the aforesaid differences in targeted customer group and service nature.

The TPV of digital payment services market contributed by independent digital payment solution providers was RMB12.7 trillion in 2022, accounting for approximately 7.0% of the TPV of the overall digital payment services market in China. The Company ranked the first among the independent digital payment solution provider in China in terms of the TPV in 2022, with a market share of 9.1%.

Ranking of Top Ten Independent Digital Payment Solution Providers in China, 2022

				Domestic payment licenses and relevant qualifications					
Ranking	Company	TPV	Market share	Online payment (網絡支付)	Cross-border RMB settlement services (跨境人民幣結算服務)	Cross-border foreign exchange payment business (跨境外匯支付業務)	Overseas payment licenses and relevant qualifications	Cross-border e-commerce business filings (跨境電商業務備案)	Number of payment licenses and relevant qualifications
		(RMB billion)							
1	The Company	1,150	9.1%	√	√	√	√	√	64
2	Company G	1,020	8.0%	√	√	√	x	x	3
3	Company H	600	4.7%	√	√	√	√	√	5
4	Company I	400	3.2%	√	√	√	√	√	4
5	Company J	231	1.8%	√	√	√	√	x	52
6	Company K	209	1.6%	x	x	x	√	x	54
7	Company L	192	1.5%	√	√	√	√	√	5
8	Company M	175	1.4%	√	√	√	√	x	74
9	Company N	168	1.3%	√	√	√	x	√	3
10	Company O	105	0.8%	√	√	√	√	√	49

Notes:

(1) Company G is a private company founded in 2003. It primarily provides digital payment services and industry-specific payment solutions to domestic customers in China in various industries such as airline, travel, and retail. It has a registered capital of RMB100 million. It has cooperated with more than 1 million merchants and enterprise customers.

(2) Company H is a private company founded in 2006. It primarily provides customized digital payment solutions to domestic customers in China in various industries such as education, retail and airline. It has a registered capital of over RMB100 million. It has served more than 10 million small and micro merchants.

(3) Company I is a public company founded in 2005 and listed on Shenzhen Stock Exchange. It primarily provides payment services and digital technology solutions to merchants in China in both offline and online scenarios. It has a registered capital of over RMB800 million and its revenue in 2022 is over RMB5 billion.

(4) Company J is a private company founded in 2015. It primarily provides digital payment services and customized financial services to cross-border e-commerce merchants in China. It has a registered capital of over RMB100 million. It has over 30 branches worldwide.

(5) Company K is a public company founded in 2005 and listed on NASDAQ. It primarily provides digital payment services and value-added services to small and medium-sized businesses globally. It has a registered capital of USD10,000 million. Its revenue in 2022 is more than USD600 million.

(6) Company L is a private company founded in 2008. It primarily provides payment services and value-added services to merchants and enterprises in China in both offline and online scenarios. It has a registered capital of more than RMB1 billion and has more than 1,000 employees.

(7) Company M is a public company founded in 1998 and listed on NASDAQ. It primarily provides digital payment services and value-added services to consumers and merchants worldwide. It has a registered capital of over RMB4 billion. Its revenue in 2022 is more than USD20 billion.

(8) Company N is a private company founded in 2011. It primarily provides digital payment services and value-added services to domestic customers in China in various scenarios. Its registered capital exceeds RMB 300 million. It has currently established cooperative relationships with over 600,000 enterprises.

(9) Company O is a private company founded in 2015. It primarily provides cross-border payment solutions to customers globally in various industries such as travel, education and finance. It has a registered capital of RMB50 million. It has over 15 office locations worldwide with more than 1,200 employees.

Source: Public filings, websites of market players, Frost and Sullivan

Being an independent digital payment solution provider, the Company has certain competitive advantages over non-independent third-party payment service providers, including financial institutions. First, the Company has more flexibility in adapting to changing market trends, customer demands, and emerging technologies; and is able to prioritize the needs and preferences of its customers and provide them with personalized solutions to meet their specific requirements. While financial institutions are often bound by scrutinized and complicated decision-making processes, which makes them unable or takes much longer time to cater to specific customer needs. In addition, digital payment services are the primary business of the Company, and the Company would prioritize and devote a vast majority of its resources to its customers; while non-independent digital payment service providers have diversified business lines and may not be able to focus on digital payment business. Moreover, the Company is able to develop partnerships based on its own development strategies, promoting multiple beneficial growth and expanding its reach in the market, while the business expansion plan of financial institutions is often limited by the nature of its financial business and regulations.

OVERVIEW OF BANK CARD CLEARING MARKET IN CHINA

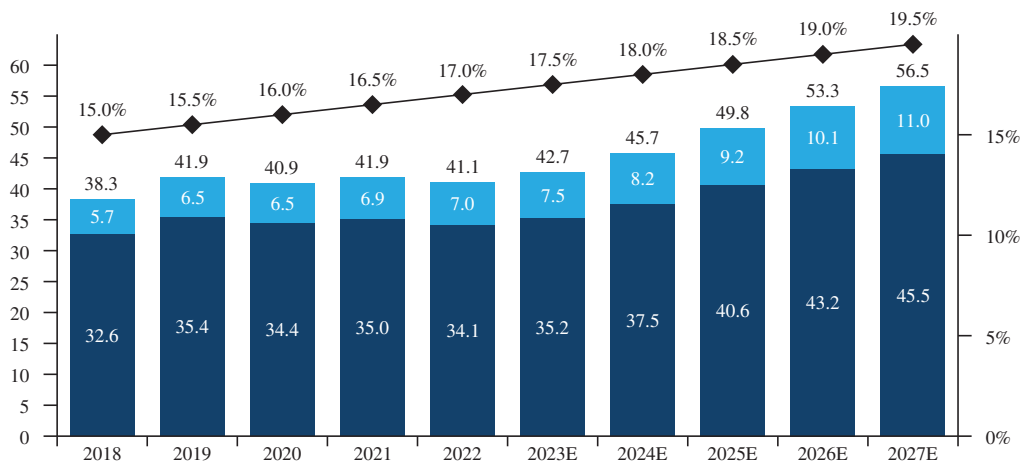
- Based on the level of credit limit and different services offered to customers, there are two categories of credit cards in China: premium cards and regular cards.

- Premium cards refer to credit cards with a credit limit of RMB50,000 or above on a single card. Regular cards refer to credit cards with a credit limit of less than RMB50,000 on a single card. Regular cards have a low credit limit and are usually used for regular purchases and daily payments, while premium cards not only have a higher credit limit but also offer cardholders a variety of benefits and personalized services. Most of the cardholders of premium cards have high income levels, as well as substantial assets and investments.

- In recent years, the market size of credit card transaction in China has shown a steady growth trend. According to Frost & Sullivan, the transaction amount of credit cards in China has increased from RMB38.3 trillion in 2018 to RMB41.1 trillion in 2022, representing a CAGR of 1.8% from 2018 to 2022, and is expected to reach RMB56.5 trillion in 2027, representing a CAGR of 6.6% from 2022 to 2027.

Total Transaction Amount of Credit Cards in China (RMB trillion), 2018-2027E

CAGR	2018-2022	2022-2027E
Total	**1.8%**	**6.6%**
Premium card	5.3%	9.5%
Regular card	1.1%	5.9%



Source: Frost & Sullivan

- As the number of affluent people in China has increased, the transaction amount of premium credit cards has been increasing. According to Frost & Sullivan, the transaction amount of premium cards in China increased from RMB5.7 trillion in 2018 to RMB7.0 trillion in 2022, representing a CAGR of 5.3% from 2018 to 2022, and the market share of premium cards increased from 15.0% in 2018 to 17.0% in 2022. The transaction amount of premium cards is further expected to reach RMB11.0 trillion in 2027, representing a CAGR of 9.5% from 2022 to 2027 and accounting for 19.5% of the overall transaction amount of credit cards in 2027. Clearing and settlement of premium cards are integral parts of LianTong's operations, and with the expansion of the addressable market for premium cards, there are opportunities of synchronized growth for LianTong in the premium card-related businesses.

- As affluent people in China have increasing demand to use their credit cards both domestically and internationally, the transaction amount of premium cards supported by card schemes is expected to increase continuously, promoting the international development of the bank card clearing market in China while contributing to the further increase of the transaction amount of premium cards in China.

SOURCES OF INFORMATION

We engaged Frost & Sullivan, an independent market research consultant, to conduct an analysis of, and to prepare the Frost & Sullivan Report about, the digital payment solution industry in China and globally for use in this document, for which we agreed to pay a fee of RMB680 thousand. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently. Except as otherwise noted, all data and forecasts in this section have been derived from the Frost & Sullivan Report and were based on literature review, expert interview and analysis by Frost & Sullivan. Frost & Sullivan prepared its report based on its in-house database, independent third-party reports and publicly available data from reputable industry organizations. Where necessary, Frost & Sullivan conducts interviews with experts who have good knowledge of the relevant markets to gather and synthesize information in relation to the market, prices and other relevant information. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York and its services include, among others, industry consulting, market strategic consulting and corporate training. In compiling and preparing the Frost & Sullivan Report, Frost & Sullivan made the following key assumptions: (i) the social, economic and political conditions in China and globally currently discussed will remain stable during the forecast period, (ii) government policies on the digital payment solution industry in China and globally will remain consistent during the forecast period, and (iii) the digital payment solution industry in China and globally will be driven by the factors which are stated in the Frost & Sullivan Report.

Our Directors confirm that after taking reasonable care, there has been no change in the market information since the date of the report prepared by Frost & Sullivan which may qualify, contradict or have an impact on the information set forth in this section in any material respect.

OVERVIEW

Who We Are

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

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

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

We are one of the first digital technology companies in China to provide a wide range of payment solutions on a global scale, according to Frost & Sullivan. Being a non-bank payment institution, our integrated digital payment solutions comprise digital payment services and value-added services to merchants (businesses which primarily engage in retail business of transacting through e-commerce platforms with end-buyers) and enterprises (businesses which directly sell goods or provide services to end-buyers including companies and institutions). Categorized by functions, our digital payment services primarily comprise pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation. Our value-added services are mostly payment related and they include business services and technology services. With business services, we provide digital marketing, operation support and referral services. With technology services, we provide account and e-wallet and software development services.

Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we have made deep inroads into global commerce across different industries. As of December 31, 2022, we had served accumulatively over 1.8 million merchants and enterprises globally from various industries, including e-commerce, service industries and manufacturing. Our total transaction payment volume ("**TPV**") of digital

payment services was RMB1,153.0 billion in 2022. As of September 30, 2023, the number of merchants and enterprises we served has increased to approximately 3.2 million accumulatively, with a total TPV of RMB1,312.0 billion for the nine months ended September 30, 2023.

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

Our proprietary technology platform is the key to our business operation and success. This in-house built technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, FX processing, risk management, AML assessment and transaction authenticity verification. Furthermore, our technology platform integrates with major e-commerce platforms globally, as well as the internal operating and financial systems of our customers, providing one-stop comprehensive digital solutions to meet their business needs. As a digital technology company, we continue to drive business growth and solution evolution through the application of advanced technologies. We are exploring the application of blockchain technology to further develop our business. For instance, we have submitted an application for the virtual asset service provider (VASP) license to the Securities and Futures Commission of Hong Kong to establish a virtual asset trading platform in Hong Kong. By applying the VASP license, we can capitalize on blockchain technology to facilitate cross-border payments using virtual digital assets within a regulatory-compliant framework. Specifically, to improve payment efficiency, we leverage the immutable and tamper-proof nature of the blockchain distributed ledgers. This enables all parties involved in payment transactions to achieve real-time transaction completion and settlement, share a unified dataset to reduce settlement time and mitigate the risk of data inconsistencies. Furthermore, utilizing smart contract and encryption technology of blockchain technology allows for automatic execution of payment transactions based on predetermined conditions. As such, we can also streamline the payment process and enhance its automation and transparency, ultimately improving payment transaction efficiency and reducing costs. Once established, we would be able to serve more merchant and enterprise customers and improve the quality and safety of our services with the force of global blockchain technology.

To serve our merchant and enterprise customers better and more effectively, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem, such as e-commerce platforms like Amazon, Shopee, Shopify and Shopyy, commercial banks, clearing institutions and third-party service providers. For this purpose, we strategically partner with affiliates of American Express Company ("**American Express**") through the joint venture Express (Hangzhou) Technology Services Company Limited ("**LianTong**"), which was established in 2017. Pursuant to our agreement with affiliates of American Express, we will help LianTong to build its local network, infrastructure and systems as well as support it on regulatory communications; and American Express will bring its expertise, experience and resources to help LianTong to build its network, develop products, as well as support the operation of LianTong's business, including in the area of technology. LianTong acts as the clearing and settlement institution in a four party model payment network, and the participants of such network include cardholder, issuing bank, merchant and acquirer. Network wise, we assisted LianTong in facilitating its collaborations with major commercial banks in China by leveraging our local operation experience and partnership resources. LianTong's infrastructure investments primarily included clearing system, risk control and management platforms, IDC facilities and operation supporting system. We helped LianTong in the selection and initiation of its IDC facilities as well as its development of operational platforms. In terms of regulatory communications, we assisted LianTong in its local AIC business registration and bankcard clearing business license application, which required PBOC approval. American Express has helped LianTong establish operations protocols, enable connection of LianTong's China network to American Express's global network and develop American Express brand bankcard products in collaboration with issuing banks. LianTong was granted a bankcard clearing business license in June 2020, making it the first Sino-foreign joint venture bankcard clearing institution established in China, according to Frost & Sullivan. LianTong provides settlement, clearing and related activities for bank cards carrying "American Express" brands issued by card issuing banks in China, offering bankcard clearing and settlement services to issuing banks and merchant acquirers in its network as well as cardholder benefits to Chinese consumers both in China and globally.

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

Our Market Opportunities

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

China is more advanced in export digitalization. In 2022, as compared with the cross-border e-commerce penetration rate globally of 7.5%, the cross-border e-commerce penetration rate in China was 14.3% and is expected to increase to 27.7% in 2027, according to Frost & Sullivan. The digitalization of the export market is increasingly linked to the digitalization of the domestic market in China. The market size of the digital payment services market in China in terms of the TPV of the cross-border and domestic digital payment services, is expected to increase from RMB181.2 trillion in 2022 to RMB353.6 trillion in 2027, representing a CAGR of 14.3% from 2022 to 2027, according to Frost & Sullivan. As the businesses of merchants and enterprise continue to expand, their demand for value-added services continues to increase. According to Frost & Sullivan, the revenue of value-added services, attributed to cross-border and domestic digital payment solution providers in China, is expected to increase from RMB33.9 billion in 2022 to RMB88.3 billion in 2027, representing a CAGR of 21.1% from 2022 to 2027.

Merchants and enterprises need long-term and committed digital payment solution providers when they participate in global commerce. According to Frost & Sullivan, there are two types of third-party payment solution providers in China, namely independent and non-independent digital payment solution providers. Independent digital payment solution providers are not owned or controlled by financial institutions, or not highly dependent on the businesses contributed by connected parties, such as large e-commerce platforms. Attributable to such neutrality, independent digital payment solution providers earn trust from their customers. According to Frost & Sullivan, we ranked first among all independent digital payment solution providers in China in terms of the TPV in 2022, with a market share of 9.1%. With our global business outreach, proprietary technology platform, insights into global commerce and deep roots in the Chinese market, we believe that our digital solutions can address the pain points and needs in the digital payment solution industry and we are best-positioned to spearhead the digital transformation for global commerce.

Our Value Proposition

Our value proposition to stakeholders in global commerce are:

- Enhance fund turnover and transaction transparency through our global payment network.

- Reduce commerce barriers and transaction costs and allow businesses to focus on core operations.

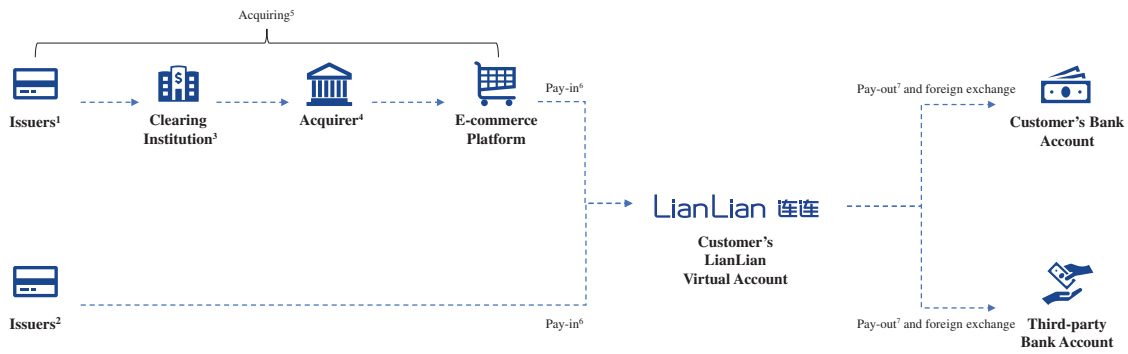
- Navigate global regulatory challenges for our customers.
- Offer effective access to global markets.
- Provide a secure, stable and reliable technology platform.
- Promote digital transformation and create more value and profits.

OUR BUSINESS MODEL

Our Services

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

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



Notes:

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

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

3. Clearing institutions primarily connect the issuing bank and acquirers to facilitate the settlement of transactions for both end-buyers and merchants. Clearing institutions can establish business rules and standards within the payment network, ensure compliance with transaction terms, and handle fund transfers. Clearing institutions enable the smooth and secure settlement of transactions by facilitating orderly settlement, managing risks, and providing a safety net in the event of default. The functions of clearing institutions primarily include establishment of standards and rules, transaction clearing, fund settlement and risk management.

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

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

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

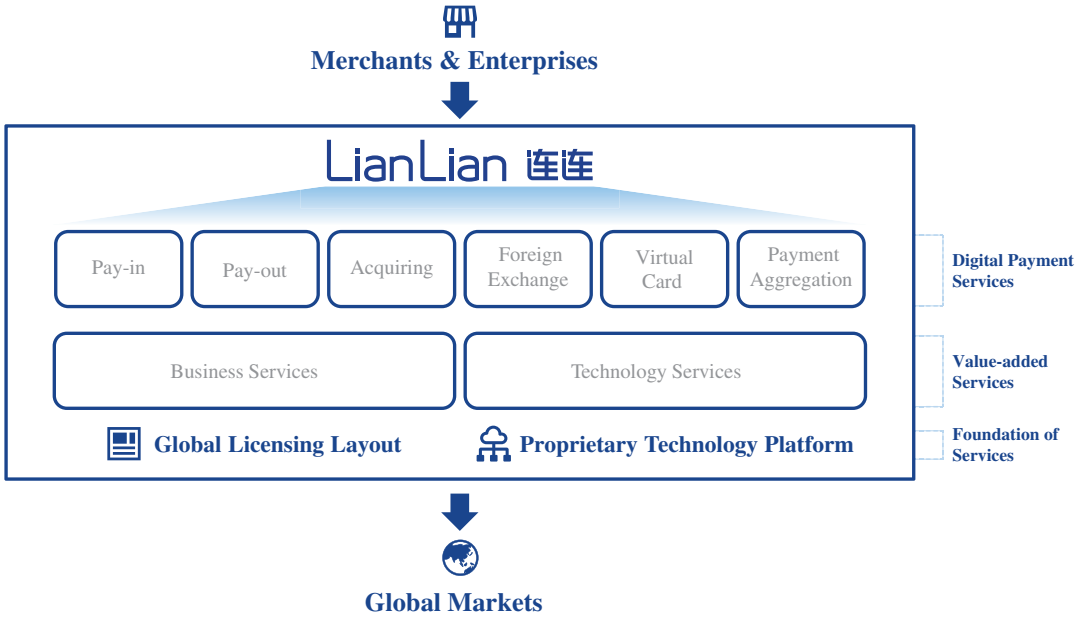
7. Refers to Lianlian's pay-out services – the process of fund distribution. A typical scenario of pay-out in Lianlian's global payment business is that Lianlian helps customers transfer funds from the virtual account assigned to a customer under Lianlian's account to a customer's home country bank account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

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

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

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

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



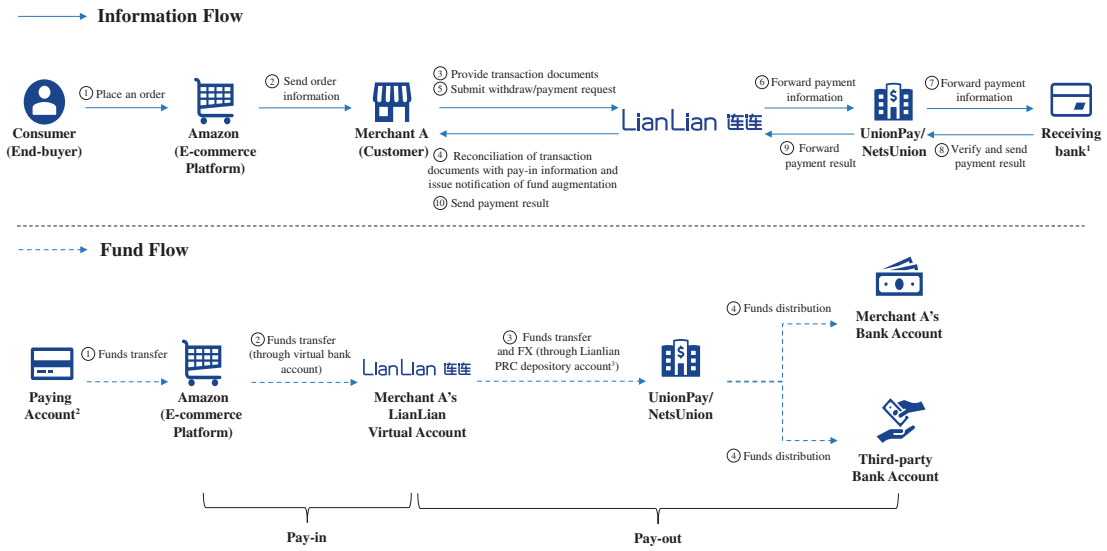
Key Application Scenarios

The following paragraphs and flow diagrams set forth typical scenarios of our services based on significance of TPV contribution during the Track Record Period. These scenarios correspond to the four types of customers we serve as discussed under "– Our Solutions – Overview", namely Chinese cross-border merchants (scenarios 1-2), Chinese cross-border enterprises (scenario 3), overseas merchants and enterprises (scenario 4) and domestic enterprises (scenario 5). Categorized by geographical coverage, scenarios 1-4 represent our global payment businesses and scenario 5 represents our domestic payment business.

Scenario 1 – for Chinese cross-border merchants: the Company provides pay-in and pay-out services

Merchant A is a Chinese merchant that sells goods through a shop set up on the cross-border e-commerce platform Amazon. When an end-buyer places order for Merchant A's products on Amazon, we help Merchant A to collect US dollar funds from Amazon through a virtual account that we provide to Merchant A, transmit the funds cross-border to Hong Kong to Merchant A's virtual account under our Hong Kong bank account (pay-in service), exchange the funds from US dollar or other local currency to RMB (foreign exchange service) and transfer the converted funds back to Merchant A's mainland China bank account (pay-out service). Merchant A also utilizes its funds at the virtual account to pay third-party advertisement and logistics services (pay-out service).

As indicated in the following fund flow diagram, the process of fund collection from e-commerce platform Amazon to Merchant A's virtual account at the Company is where we provide pay-in service. The process of funds transfer from Merchant A's virtual account to UnionPay/NetsUnion, and further distribute to Merchant A's bank account or third-party bank account is where we provide pay-out service. The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved in this scenario in further details:



Notes:

1. Refer to Merchant A's bank account or third-party bank account opened with issuing banks or digital wallet issuers, such as Alipay and WeChat Pay.

2. Refer to consumer's bank account opened with issuing banks or digital wallet issuers.

3. Refer to central deposit and management reserve account with the PBOC or depository account opened by Lianlian with the depository banks designated by the PBOC.

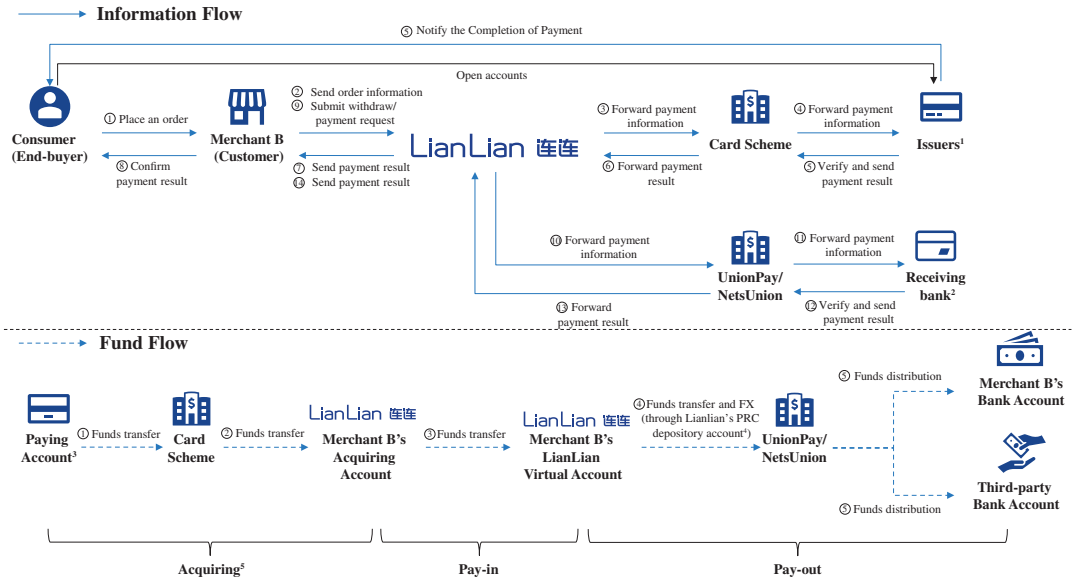
TPV contribution from circumstances where we provide pay-in and pay-out services for Chinese cross-border merchants represented 96.4%, 93.5%, 86.8% and 77.8% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

Scenario 2 – for Chinese cross-border merchants (independent site sellers): the Company provides acquiring, pay-in and pay-out services

Merchant B is a Chinese merchant that conducts cross-border e-commerce business with a store at Shopify, an independent site platform. When an end-buyer places order for Merchant B's products on Merchant B's website established through the Shopify platform, we help Merchant B to offer mainstream payment methods including international credit cards, local payments, bank card payments, and e-wallets and receive money from its end-buyers to its acquiring account at the Company (acquiring service) and transfer funds from its acquiring

account to the virtual account at the Company (pay-in service), exchange foreign currency funds to RMB (foreign exchange service) and transfer RMB back to Merchant B's mainland China bank account (pay-out service). Merchant B also utilizes its funds at the virtual account to pay third-party advertisement and logistics services (pay-out service).

As indicated in the following fund flow diagram, the process of funds transfer from end-buyer's paying account to the card scheme and further to Merchant B's acquiring account at the Company is where we provide acquiring service. The process of funds transfer from Merchant B's acquiring account to its virtual account at the Company is where we provide pay-in service. The process of funds transfer from Merchant B's virtual account to UnionPay/NetsUnion, and further distribute to Merchant B's bank account or third-party bank account is where we provide pay-out service. The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved in this scenario in further details:



Notes:

1. Issuers refer to (i) issuing banks that issue cards to cardholders or (ii) digital wallet issuers, such as Alipay and WeChat Pay.

2. Refer to Merchant B's bank account or third-party bank account opened with issuing banks or digital wallet issuers.

3. Refer to end-buyer's bank account opened with issuing banks or digital wallet issuers.

4. Refer to central deposit and management reserve account with the PBOC or depository account opened by Lianlian with the depository banks designated by the PBOC.

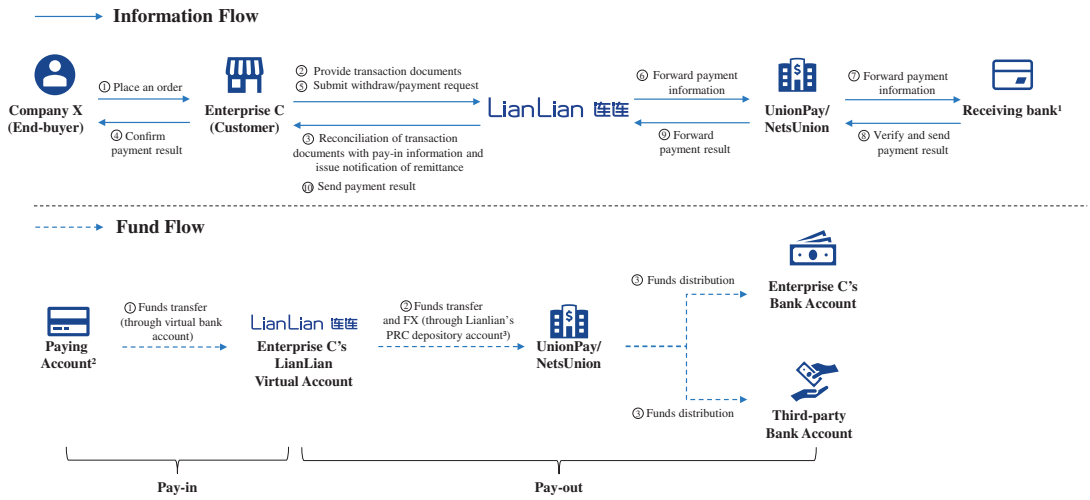
5. The Company collaborates with locally qualified financial institutions to provide acquiring services in countries and regions where it is not qualified to do so.

TPV contribution from circumstances where we provide acquiring, pay-in and pay-out services for Chinese cross-border merchants represented nil, 0.1%, 0.3% and 0.9% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

Scenario 3 – for Chinese cross-border enterprises: the Company provides pay-in and pay-out services

Enterprise C is a Chinese enterprise that conducts international trade. When Company X (end-buyer) purchases Enterprise C's products, we help Enterprise C to collect foreign currency funds from its end-buyer through a virtual account, transmit the funds cross-border to Hong Kong to Enterprise C's virtual account under our Hong Kong bank account (pay-in service), exchange foreign currency funds to RMB (foreign exchange service) and transfer the converted funds back to Enterprise C's mainland China bank account (pay-out service). Enterprise C also utilizes its funds at the virtual account to pay third-party advertisement and logistics services (pay-out service).

As indicated in the following fund flow diagram, the process of fund collection from end-buyer's paying account to Enterprise C's virtual account at the Company is where we provide pay-in service. The process of funds transfer from Enterprise C's virtual account to UnionPay/NetsUnion, and further distribute to Enterprise C's bank account or third-party bank account is where we provide pay-out service. The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved in this scenario in further details:



Notes:

1. Refer to Enterprise C's bank account or third-party bank account opened with issuing banks or digital wallet issuers, such as Alipay and WeChat Pay.

2. Refer to Company X's (end-buyer) bank account opened with issuing banks or digital wallet issuers.

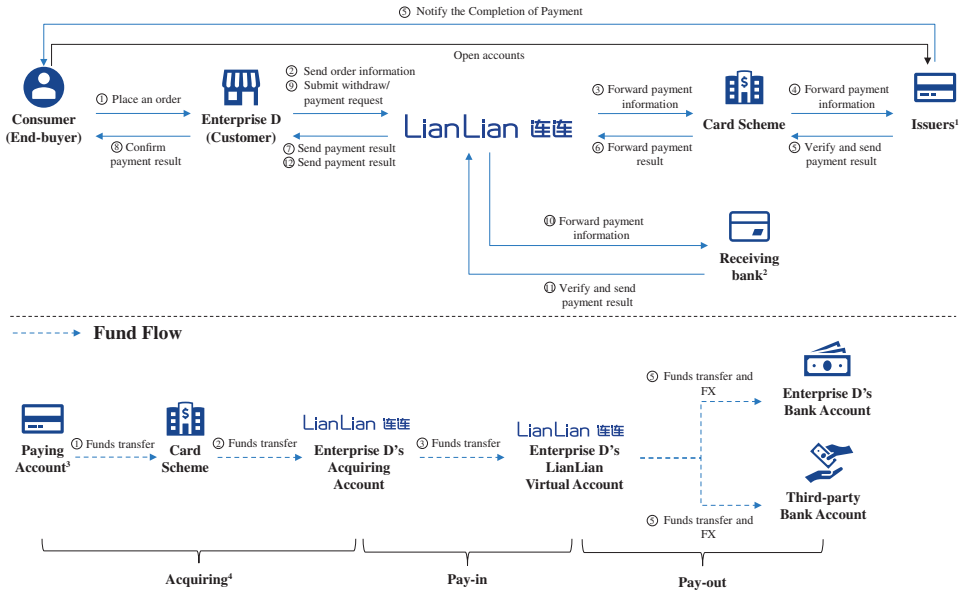
3. Refer to central deposit and management reserve account with the PBOC or depository account opened by Lianlian with the depository banks designated by the PBOC.

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

Scenario 4 – for overseas merchants and enterprises: the Company provides acquiring, pay-in, and pay-out services

Enterprise D is a Thailand based enterprise that conducts e-commerce business with its own independent site. Enterprise D can leverage LianLian's acquiring services to integrate international credit cards, local payments, bank card payments, and e-wallets. LianLian primarily acts as the acquiring institution (or collaborates with locally qualified financial institutions) to provide acquiring services for Enterprise D. We help Enterprise D to receive and make international payments through its virtual account provided by us (pay-in and pay-out service).

As indicated in the following fund flow diagram, the process of funds transfer from end-buyer's paying account to the card scheme and further to Enterprise D's acquiring account at the Company is where we provide acquiring service. The process of funds transfer from Enterprise D's acquiring account to its virtual account at the Company is where we provide pay-in service. In circumstances where funds are transferred into mainland China, the process of funds transfer from Enterprise D's virtual account to UnionPay/NetsUnion, and further distribute to Enterprise D's bank account or third-party bank account is where we provide pay-out service. The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved in this scenario in further details:



Notes:

1. Issuers refer to (i) issuing banks that issue cards to cardholders or (ii) digital wallet issuers, such as Alipay and WeChat Pay.

2. Refer to Enterprise D's bank account or third-party bank account opened with issuing banks or digital wallet issuers.

3. Refer to end-buyer's bank account opened with issuing banks or digital wallet issuers.

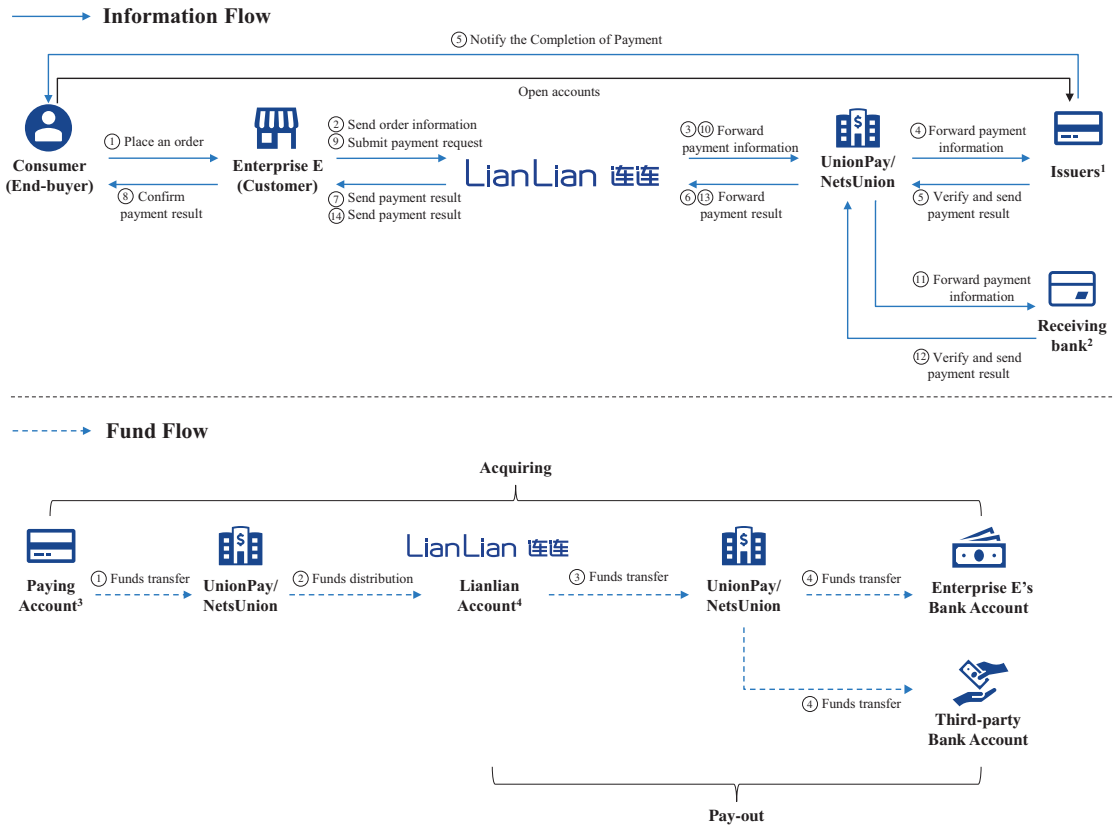
4. The Company collaborates with locally qualified financial institutions to provide acquiring services in countries and regions where it is not qualified to do so.

TPV contribution from circumstances where we provide a mix of acquiring, pay-in and pay-out services to overseas merchants and enterprises represented nil, 0.2%, 0.5% and 2.1% of our total TPV of global payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively.

Scenario 5 – for domestic enterprises: the Company provides acquiring, pay-in, and pay-out services

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

As indicated in the following fund flow diagram, the fund flow includes funds transfer from end-buyer's paying account to UnionPay/NetsUnion, funds distribution to the Company's customer depository account, funds transfer to UnionPay/NetsUnion, and then transfer funds to Enterprise E's bank account or third-party bank account. The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved in this scenario in further details:



Notes:

1. Issuers refer to (i) issuing banks that issue cards to cardholders or (ii) digital wallet issuers, such as Alipay and WeChat Pay.

2. Refer to Enterprise E's bank account or third-party bank account opened with issuing banks or digital wallets issuers.

3. Refer to end-buyer's bank account opened with issuing banks or digital wallet issuers.

4. Refer to central deposit and management reserve account with the PBOC or depository account opened by Lianlian with the depository banks designated by the PBOC.

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

Our Operating and Financial Highlights

We have achieved resilient growth during the Track Record Period. The cumulative number of customers we served increased to approximately 3.2 million as of September 30, 2023. The TPV for our digital payment services increased from RMB849.4 billion in 2020 to RMB971.2 billion in 2021 and further to RMB1,153.0 billion in 2022. Our revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, representing a CAGR of 12.3%. Our total revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. Our gross profit margin were 64.3%, 68.2%, 62.7% and 57.9% in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively. We recorded net losses of RMB368.7 million, RMB746.8 million, RMB916.9 million, RMB648.5 million and RMB606.7 million in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. Our EBITDA (Non-IFRS measure) were a loss of RMB313.7 million, a loss of RMB726.5 million, a loss of RMB874.7 million, a loss of RMB619.9 million and a loss of RMB575.5 million, respectively; and our adjusted EBITDA (Non-IFRS measure) were a loss of RMB202.7 million, a loss of RMB656.7 million, a loss of RMB822.4 million, a loss of RMB580.7 million and a loss of RMB423.2 million, respectively, in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023.

OUR STRENGTHS

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

Leader in China digital payment solution market and global commerce digitalization

We ranked first among all independent digital payment solution providers in China in terms of TPV in 2022, with a market share of 9.1%, according to Frost & Sullivan. We also ranked seventh among all digital payment solution providers in China in terms of the TPV in 2022, with a market share of 0.6%. Attributable to our neutrality as an independent digital payment solution provider, we earn trust from our customers and we are able to serve our customers through deep collaboration and grow with them along the way. Please see "Industry Overview – Competitive Landscape of Digital Payment Solution Market in China" for further details.

We are one of the first digital technology companies in China to provide a wide range of payment solutions on a global scale, according to Frost & Sullivan. Over the years, we have achieved a global license layout and developed strong service capabilities both locally and globally. Benefiting from China's integral role in global commerce, we, as a digital payment solution provider in China with established global business coverage, are positioned to enable the digitalization of global commerce and will in turn capitalize the opportunities from the digital transformation.

A global business supported by global license layout and regulatory compliance framework

Among all China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of December 31, 2023, leveraging our global license layout consisting of 64 payment licenses and relevant qualifications and collaboration with business partners, we are able to serve customers through our global payment network that covers over 100 countries and regions and supports transactions in over 130 currencies. Our comprehensive licenses help to ensure a compliant, secure and reliable payment network for all transactions conducted through our platform. As of the Latest Practicable Date, through our services, we helped businesses around the world set up online stores on over 100 e-commerce platforms, conduct marketing on over 30 internet platforms and ship goods to 29 major ports globally.

Furthermore, through building up our global license layout, we have accumulated a wealth of experience, know-how and competencies in navigating the complex legal and regulatory environment for global commerce. This enables us to provide customers with solutions that are adapted for regulatory requirements, supporting compliant, secure and reliable fund and information flow. Our strong compliance track record reinforces our credibility profile with regulatory authorities, including central banks of different countries and regions. Our continued and in-depth business partnerships with leading international financial institutions are also validations of our compliance commitment. We believe that our regulatory compliance framework has earned trust from regulators, customers and partners, enabling our customers to succeed in the digital transformation in global commerce.

Proprietary technology platform designed for complex global commerce transactions

In response to complex global commerce transactions featuring multiple channels, high frequency, complicated regulatory requirements and rapid development, leveraging our technology expertise and know-how acquired over the years, such as big data, AI, cloud computing and blockchain, we have developed a proprietary technology platform. Our technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, FX processing, risk management, AML assessment and transaction authenticity verification. It is also highly flexible and scalable, which allows us to quickly adapt to business needs of new vertical industries and business scenarios, enabling us to continuously upgrade and innovate our solutions. The virtual accounts we assign to our customers in global payment services are derived from our technology platform, the adoption of which improves the efficiency of fund and information flows as compared to traditional banking methods.

Our advanced technology infrastructure is exemplified by features such as (i) an advanced AML system capable of inspecting over 10,000 transactions per second, (ii) PB-level, which equals to two to the 50th power of bytes, data processing capabilities, (iii) risk management and monitoring with millisecond-level risk control indicators to identify and manage potential risks from different angles, (iv) distributed payment platform technology with payment network dynamic routing capable of identifying the best path for information to travel across the internet and (v) single payment order processing within 200 milliseconds on average. As a recognition of our advanced technology platform, we received numerous awards and accolades both in China and globally, such as National Digital Commerce Enterprise accredited by the Ministry of Commerce of the People's Republic of China in 2020 and First Prize for Science and Technology Progress accredited by the People's Government of Zhejiang Province in 2019.

Integrated solutions for businesses to succeed

We help businesses easily tap into the global market through a simplified transaction process and much-lowered barriers. Leveraging our integrated digital payment services and value-added services, businesses can reach various kinds of third-party service providers globally with time-efficiency, enabling them to quickly set up a shop, select products, conduct marketing, make transactions, arrange shipment and collect payments from end-buyers around the world.

Over the years, we have accumulated profound insights into global markets and various industries. Through analyzing these insights, we have created tailored digital solutions for our customers, enabling businesses to focus on their core business and achieve success globally. For example, the average TPV expansion rates for our new Chinese cross-border merchants were 284%, 199%, 211% and 320% for the 12 months ended December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

Fast growing and loyal customer base

We are committed to providing customers with integrated solutions and satisfactory customer services, which were awarded and recognized among China's Best Customer Centers by the Golden Headset Customer Center Selection in 2019 and 2020. As a result, our Chinese cross-border customer base experienced rapid growth with enhanced loyalty during the Track Record Period. The number of our active Chinese cross-border merchants increased from 421,885 in 2020 to 845,102 in 2022, representing a CAGR of 41.5% from 2020 to 2022, and surpassed 1.1 million for the 12 months ended September 30, 2023. The number of our active Chinese cross-border enterprises increased significantly from 11 in 2020 to 1,956 in 2022, and further to 4,249 for the 12 months ended September 30, 2023.

Moreover, we leverage our global license layout and capabilities developed locally and globally to provide digital solutions to overseas merchants and enterprises. The number of our active overseas merchants and enterprises increased significantly from 82 in 2020 to 2,312 in 2022, and further to 3,560 for the 12 months ended September 30, 2023.

Management team with international know-how

Our Company's success is fostered in our management team's international know-how. In our earlier years of development, we established long-term partnerships with e-commerce platforms, commercial banks, clearing institutions such as American Express, and third-party service providers around the world. Our management has a focus on the digitalization of global commerce, deepening our roots in China while expanding our business, licenses and operation globally. As of the Latest Practicable Date, we had 16 overseas offices in nine countries and regions. The key members of our management team all have experience working in leading international business institutions. We believe their in-depth know-how will continuously drive our long-term development and success.

OUR STRATEGIES

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

Further expand our global business

We will continue to increase investment and further expand our global business to bring more business flow onto our established global network. To achieve this goal, we will continue to apply for and obtain licenses necessary for conducting business in a wider geographic area. We will also enhance our global partnerships and further deepen our cooperation with them to improve our technology platform for global commerce. In terms of regional focus, we will strengthen our presence in Southeast Asia, the Middle East and Latin America. We plan to serve local businesses in these regions and support the local customers' global business activities.

Explore the application of the latest technologies in digital payment

We believe that the application of the latest technologies is a key factor for digital payment solution providers to reduce cost and lower barriers for global commerce. We will continue to explore the application of advanced technologies in digital payment, including blockchain and artificial intelligence, and develop our innovative technology platform. We believe such efforts will enhance our capability to better serve businesses globally in response to the complex and evolving global commerce environment. In addition, we plan to collaborate with a variety of companies and institutions who have developed and utilized advanced technologies to introduce more open technologies to our platform.

Continue to upgrade and develop innovative solutions

We will continue to upgrade and develop innovative solutions by leveraging on the application of the latest technologies and the industry insights we have achieved over the years of serving businesses globally. We intend to apply the latest technologies to provide digital solutions in a more convenient and efficient way, while also integrating more features and functions into our digital solutions. We will leverage our industry insights to design more industry-specific solutions, enabling us to further expand our business and customer base into more industries.

Attract, retain and motivate talents

We believe that people are the foundation of all businesses. Therefore, we will continue to invest heavily in talents. We plan to recruit top-notch professionals with international perspectives, industry knowledge, technical expertise and local experience from around the world to join our team. We will also support our employees to develop their careers and perform on a broad stage through our global business network.

OUR SOLUTIONS

Overview

Leveraging our global payment network built upon our global license layout, we provide integrated digital payment solutions, which comprise digital payment services and value-added services. The following table sets forth our digital payment solutions:

Digital payment services	Value-added services
(i) Pay-in	Business services
(ii) Pay-out	(i) Digital marketing
(iii) Acquiring	(ii) Operation support
(iv) Foreign exchange	(iii) Referral services
(v) Virtual card	
(vi) Payment aggregation	Technology services
	(i) Account and e-wallet
	(ii) Software development

Over the years, we have accumulated a wealth of experience, know-how and competencies in navigating the complex legal and regulatory environment for global commerce. This enables us to provide customers with solutions that are compliant with the regulatory requirements of the jurisdiction where they operate. We also leverage our proprietary technology platform and robust risk management to ensure the implementation of our regulatory compliance framework. We believe our commitment to regulatory compliance and related efforts has earned the trust of regulators, customers and partners, enabling our customers to succeed in the digital transformation in global commerce.

With both our digital payment services and value-added services, we provide a one-stop service for customers that address their core needs. The two types of services have strong synergistic effects not only in terms of operational efficiency but also create a virtuous cycle that creates complementary effects.

During the Track Record Period, we generated a majority of revenue from digital payment services, in particular, global payment services. Meanwhile, our value-added services experienced fast growth, becoming a critical revenue stream. The following table sets forth the breakdown of our revenue for the periods indicated:

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

Notes:

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

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

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

Our customers for digital payment solutions 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. During the Track Record Period, majority of our active customers are Chinese cross-border merchants. It is one of our business strategies to focus on serving Chinese cross-border merchants to catch the huge and growing market opportunities in global commerce and export digitalization in China. The following table sets forth the number of our active customers for the periods indicated:

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

Notes:

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

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

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

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

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

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

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

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

In 2020, 2021, 2022, and for the nine months ended September 30, 2022 and 2023, TPV of global payment services represented 12.5%, 13.9%, 11.7%, 10.7% and 9.3% of our total TPV of digital payment services, respectively. During the same periods, revenue generated from global payment services represented 64.2%, 68.4%, 64.4%, 64.1% and 65.7% of our total revenue, respectively. In general, when we collect service fees based on a percentage amount of the TPV transacted by a customer, our fee rate is generally higher for global payment services than that for domestic payment services, primarily because (i) we provide a more extensive service scope for global payment, such as foreign exchange, and (ii) the structural difference of global payment and domestic payment by products as a result of market and business nature. For this reason, despite domestic payment contributed the substantial majority of the Company's TPV of digital payment services during the Track Record Period, revenue contribution by domestic payment is relatively low.

Digital Payment Services

Overview

In the global e-commerce industry, businesses often carry out their activities on multiple e-commerce platforms in different countries and regions. This requires global payments to be accurately and timely settled, which requires opening and managing bank accounts in each of the jurisdictions where businesses operate, and an obligation to comply with cumbersome and lengthy requirements of such financial institutions. As businesses expand, they face the problem of complying with requirements of multiple e-commerce platforms and the different payment systems they adopt, and opening compliant foreign banking accounts is not an easy task for many small and mid-sized businesses. Traditional methods of fund transfer also entail multiple difficulties such as long cross-border bank transfer time, high intermediary bank handling fees and unpredictable exchange rate risks. Moreover, the actual transfer of funds typically involves multiple banks or financial institutions in different jurisdictions, and any error in between could derail the entire transaction process.

Through our well-established collaboration with e-commerce platforms, commercial banks and clearing institutions, we provide a comprehensive set of digital payment services, primarily including pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation that address these challenges to help businesses manage transparent, fast and secure global payments. The following table sets forth the revenue breakdown of our digital payment services by type and nature of services for the periods indicated:

	Year Ended December 31,			Nine Months Ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
				(unaudited)	
	(RMB in thousands)				
Pay-in/Pay-out/ Acquiring/Virtual card	530,542	581,251	623,972	452,238	624,154
Payment aggregation	7,388	6,752	6,125	4,295	1,521
Total	**537,930**	**588,003**	**630,097**	**456,533**	**625,675**

In general, our digital payment services are carried out in the following order:

Onboarding

1. A prospective customer initiates an application process to utilize our solutions by applying through our website.

2. We conduct standard KYC/KYB procedures where we collect additional documents and information to verify customer identity and qualification in accordance with applicable laws, regulations and our internal control policies.

3. Once KYC/KYB and onboarding is completed, the customer is given access to its customer interface.

Service

4. The customer interface provides access to our services including virtual account, virtual card, and various other value-added services.

5. The customer selects the product and service it needs through the customer interface, such as receiving money through our pay-in service, and we collect fees according to our standard practice, typically by percentage of transaction volume or a fixed fee.

6. The customer utilizes our pay-out services to transfer fund to its own account, which may include our foreign exchange services if the procedure involves multiple currencies.

In general, we enter into a standard contract with each customer for our digital payment services on a non-exclusive basis. The contract provides the detailed service scope and service charges. If we fail to provide services as provided pursuant to the contract, we may be subject to termination of the contract or indemnification to our customer provided that the indemnification amount usually will not exceed the total amount of the service fees collected from the customer for the involved service. However, we are not liable for service failure caused by (i) system downtime for maintenance we notified in advance, (ii) delays, interruptions, or failures in transmission due to telecommunications errors or force majeure factors, or (iii) inability to continue to perform the agreements according to laws, regulations, or government policies.

Our rights and obligations encompass the daily maintenance and enhancement of our digital payment system. We are committed to ensuring the secure, accurate custody and prompt transfer of customer funds and empowering customers to manage their capital and analyze transaction data through (i) conducting risk assessments for customers, (ii) providing them with foundational training and continuous guidance on system utilization, (iii) offering technical consultation and support for payment processes, and (iv) recommending risk prevention strategies to customers. During the course of providing digital payment services, we are responsible for conducting due diligence to assess the authenticity of customer information and the legality of transactions. We are entitled to unilaterally terminate our services, freeze customers' funds, and report to relevant regulatory authorities in the event that (i) we notice that customers conduct suspicious or illegal transactions, or commit any acts that are considered as illegal or dishonest use of accounts and personal data, (ii) we believe that customers may be engaging in fraudulent or other illegal activities, (iii) customers are placed on a regulatory blacklist, subject to investigation or penalties due to violation of applicable laws or regulations, (iv) we suspect that the identity information and related materials customers provided are incorrect, untrue, outdated, or incomplete, (v) customers fail to rectify

certain material defects in their business operations, (vi) we believe that customers have breached the agreements or otherwise damaged our interests or reputation. Pursuant to the terms of the contracts we entered with our customers, any liability arising from any illegal transactions shall be borne by the customer save where such illegal transactions are caused by us. For details on material terms with our customers, please see "– Customers and Suppliers – Customers – Agreements with Customers". During the Track Record Period and up to the Latest Practicable Date, we provided digital payment services in accordance with the relevant laws and regulations in the PRC and other major jurisdictions, and we had not been found liable or penalized by any competent government authorities for facilitating illegal transactions.

On the basis that, as of the Latest Practicable Date, (i) we had not been named as defendants or held any criminal responsibility in any criminal cases relating to facilitating illegal transactions, (ii) we did not receive any rectification notice from, nor any punishment by the competent regulator, (iii) we have performed KYC and KYB procedures to verify our customers' identities and qualifications, and (iv) our service agreements require our customers to undertake that their services will not be used to facilitate illegal purposes or activities and shall indemnify us for losses and related expenses, the PRC Legal Advisor, after reviewing relevant payment service agreement, license, qualification and operational documents and conducting case searches on relevant official judicial websites, is of the view that we had not facilitated illegal transactions, nor had we been found liable or penalized by any competent government authorities on illegal transactions.

Pay-in

We provide global digital fund pay-in services to our customers and help them receive funds from different sources. Our payment solutions are available in over 100 e-commerce platforms as of September 30, 2023. Following the use of our pay-in services, customers often proceed with our pay-out services. Therefore, we consider pay-in and pay-out services as a combined item when charging customers. See "– Pay-Out – Revenue and Pricing of Pay-in and Pay-out" for details of our pricing.

Pay-in is a flow of funds, (i) in the case of our global payment business, from sale of merchandise by our customers at the e-commerce platform into the virtual account assigned to the customer under Lianlian's business account maintained with Lianlian's banking partners, or (ii) in the case of our domestic payment business, into Lianlian's deposit account, with the amount earmarked for the customer, which is typically carried out in the following ways:

1. *Pay-in from e-commerce platform* – After an end-buyer confirms an order on an e-commerce platform and initiates instruction to transfer funds from its paying account to the e-commerce platform, and the fund payable to our customer, after deduction of the platform's charges, is transferred to Lianlian's bank account and is visible at such customer's virtual account at our place.

2. *Pay-in from enterprise* – After an end-buyer confirms an order directly with enterprises (such as an independent site operator) and initiates instruction to transfer funds from its paying account, the fund payable to our customer after deduction of the applicable charges if any, is transferred to Lianlian's bank account and is visible at such customer's virtual account at our place.

Pay-out

We provide global digital fund pay-out services to our customers. Our digital payment services enable our customers to transfer funds in various currencies to their own bank accounts or to that of a third party including partners and suppliers through simple integrated online procedures. We can also provide foreign exchange service and virtual card service as needed in conjunction with our pay-out service. Our pay-out fund flow is typically carried out in the following ways:

1. *Pay-out to own account* – Our customers initiate instruction to withdraw the funds to their own bank account. If different types of currencies are involved, they may choose to use our foreign exchange service during the withdrawal process. The fund goes from Lianlian' account to our customers' own bank account.

2. *Pay-out to third-party account* – Our customer initiates instruction to transfer funds to a third party, such as their suppliers and business partners. Foreign exchange service and virtual card service are available for such transfers. The fund goes from Lianlian's account to the third party's bank account.

Our Value Add in Pay-in and Pay-out

Our customers operate e-commerce business and sell goods to their end-buyers across the globe. They face two challenges: First, high frequency of transaction and low single transaction value makes traditional costly wire transfer unattractive to them, and more and more cross-border e-commerce platforms require local bank accounts to complete transactions. Many of our customers are small and midsized merchants and enterprises that do not possess local operational entities, and they face difficulties in overseas bank accounts opening, which can be time-consuming or unsuccessful. Second, regulations of cross-border payments vary greatly between different countries and regions. It is burdensome for our customers to understand and comply with each and every of them and thus subject them to compliance risks. We are able to assist customers in completing cross-border transfers within several hours, while according to Frost & Sullivan, in 2022, even if our customers were able to successfully open overseas bank account(s) with traditional banks, the same set of cross-border transfers would typically take around one or two weeks to complete.

We provide our customers a set of virtual accounts and value-add services to help them solve these problems. With our virtual accounts and compared to traditional banks, our customers can pay real-time and get paid quickly and reliably and no longer need to open the foreign bank accounts of their own. In addition, our customers may rely on our domestic and overseas payment licenses and qualifications to reduce their compliance costs.

Revenue and Pricing of Pay-in and Pay-out

In general, we generate revenue under our pay-out services primarily by collecting service fees either on a percentage fee basis, depending on the agreement with the customers, or charging customers a fixed fee on a per transaction basis. For global payment business, we generally charge customer service fees that are a percentage amount of the TPV transacted by the customer, typically ranging from nil to 2.0%. For domestic payment business, we generally charge a customer service fees that are a percentage amount of the TPV transacted by the customer, typically ranging from nil to 0.03%, or charge a customer a fixed fee, typically ranging from nil to RMB10 per transaction. A substantial majority of our revenue under pay-in and pay-out services are charged based on a percentage amount of the TPV transacted by the customer. Revenue is recognized, at a point in time, upon completion of the pay-out services. Our pricing strategy is largely market-driven. Our service fee rate is typically determined by reference to settlement procedures and methods, cost of payment channels and e-commerce platforms, the pricing of industry peers in relevant jurisdictions for providing services, our business strategies for future development, and customers' business scale and our commercial relationship with them, among others. Our service fee rate for pay-out services is within the range of industry average, according to Frost & Sullivan.

Examples of Pay-in and Pay-out

Merchant A engages in cross-border e-commerce operations. Upon successful registration and accreditation on Lianlian's official portal, which includes, an onboarding process by Lianlian, consisting of KYC and KYB information collection, verification, regulation, and Lianlian-specific screening procedures, it initiates a request to Lianlian for a virtual account to the merchant, linked to Lianlian's account and subsequently links this account to the e-commerce platform on which it sells products or services. Whenever Merchant A facilitates a sale, the funds of end-buyers are transferred from their paying account to the e-commerce platform. The funds, after the platform fees are deducted, are transferred to Lianlian's account. Lianlian assists Merchant A in transferring the funds from the e-commerce platform into Lianlian's account, while concurrently issuing a notification of remittance to Merchant A's virtual account at Lianlian. Our successful receipt of funds on Merchant A's behalf marks the completion of the pay-in process. Later, merchant A can initiate a withdrawal instruction to transfer the funds from the Lianlian account to its bank account. In addition, Merchant A can use Lianlian account to pay product procurement, promotional endeavors, logistical management, fiscal compliance, and other fees to third-party service providers, ensuring the funds reach the designated banking accounts of these providers. The successful withdraw of funds to Merchant A's bank account or payments made to third parties on Merchant A's behalf marks the completion of the pay-out process.

Enterprise B engages in international trade businesses. Upon successful registration and accreditation on Lianlian's official portal, Lianlian assigns a virtual account to Enterprise B, linked to Lianlian's account. After a transaction wherein Enterprise B sends a product to an end-buyer and such end-buyer makes corresponding payment, the end-buyer funds are transferred to Lianlian's account, while we concurrently issuing a notification of remittance to Enterprise B's virtual account at Lianlian. Our successful receipt of funds on Enterprise B's behalf marks the completion of the pay-in process. In subsequent operations, Enterprise B has the discretion to either withdraw the funds from its virtual account linked to Lianlian account to its bank account, or keep the balance and utilize our payment services, including product procurement, promotional endeavors, logistical management, fiscal compliance, and other fees to third-party service providers, ensuring the funds reach the designated banking accounts of these providers. The successful withdraw of funds to Enterprise B's bank account or payments made to third parties on Enterprise B's behalf marks the completion of the pay-out process.

Acquiring

We provide global acquiring services to our customers to help them collect funds from end-buyers for online transactions. Our customers also benefit from (i) real-time transaction monitoring to track status of funds flow, (ii) post-transaction data analytics to further improve operational efficiency, and (iii) recall services to ensure refunds are handled effectively. At present, we operate our acquiring services preliminarily in China and Thailand.

Our acquiring services have the following features:

- Diverse options – we provide diverse payment options that are suitable for customers' needs in different settings, whether online or offline, giving them convenient, secure and efficient payment options.

- Convenient access – we provide multiple docking channels, including (i) unified API (application programming interface) and SDK (software development kit) and integrated multi-link application interface, (ii) unified payment channel configuration, including customized payment channels for domestic enterprises, and (iii) unified system upgrades, including payment channel optimization and improvement without front-end adjustment to API and SDK.

- Quality service – we provide (i) cost efficient and reliable payment channels for funds collection and (ii) devoted customer service support systems that help address the needs of customers in a timely manner.

In the near term, we plan to expand our acquiring services by focusing on independent site sellers as well as merchants who operate in targeted industry by following reasons:

- *Volume Growth and Market Share*. Expanding acquiring services with lower margin can be a strategy to capture a larger market share, increase overall transaction volume, and broaden the customer base. Operating at a larger scale can eventually lead to cost efficiencies and higher total profits, even if the margin per transactions is lower.

- *Building Pay-in & Pay-out Ecosystems.* Acquiring services are important bedrocks to digital payment services. We strive to create an ecosystem where customers can benefit a suite of interconnected payment services, among which acquiring services play an important role. Such ecosystem can (i) create cross-selling opportunities by incentivizing customers to use multiple services, especially if integrated solutions offer convenience or financial incentive; (ii) attract new customers and retain existing ones through a seamless, one-stop-solution experience that enhances customer satisfaction and loyalty, driving our long-term revenue; (iii) stay competitive and differentiate from competitors on strategic niches.

- *Effective global reach for payment customers.* Through acquiring services, we help our customers to reach overseas individual consumers effectively.

While reinforcing our global payment licenses portfolio and acquiring services qualifications, we will continue to enhance our collaborations with global acquiring channels to improve our channel capabilities. In addition, we will also refine our service capabilities, establish a comprehensive account management system and strengthen compliance and risk control technology. Such a multi-dimensional approach is expected to enhance, among others, our transaction processing capabilities, risk management system, system integrity, service quality and payment coverage, boosting our market competitiveness in the acquiring services market.

An Example of Acquiring

An insurance company is a customer of Lianlian in China. It leverages Lianlian's acquiring services to facilitate the online sales of its commercial insurance products via its WeChat official account. When its user selects a product and places an order, Lianlian collects and processes the order, subsequently transmitting the payment information to a clearing institution. The clearing institution continues to forward payment information to the user's card-issuing bank. Upon the user's consent and authorization, the card-issuing bank transfers funds to the clearing institution, then the clearing institution forwards the funds to Lianlian account. Lianlian transfer funds to UnionPay or NetsUnion in China, which then transfer funds to insurance company's bank account. At that point, the transaction of purchasing commercial insurance products online is completed. Our successful receipt of funds on the insurance company's behalf marks the completion of the acquiring process.

We are a principal member of card schemes in Mainland China and Singapore and can provide acquiring services directly through the clearing institution consisting of American Express, UnionPay, Visa, and MasterCard in these jurisdictions. To become a principal member of the card schemes members, we are required to, among others, (i) possess payment service qualifications and relevant licenses, (ii) enter into agreements with card schemes, outlining the terms and conditions of card schemes' partnership, (iii) comply with card schemes' rules and regulations, (iv) have the technical capabilities to integrate with card schemes' payment processing systems, ensuring smooth and reliable transaction processing, and (v) establish a risk management program to control risks related to the use of card scheme services and products. In other jurisdictions, we partner with local financial institutions with such credentials to provide acquiring services.

Our Value Add in Acquiring

Our customers face two primary challenges in China: First, many enterprises face the need to operate various online and offline sales channels in China's mobile internet environment. As a result, enterprises need to accommodate various payment methods that end-buyers may use, thus operating and maintaining multiple payment channels, which may incur significant costs. Second, internet marketing methods such as group shopping and live streaming popular in China may require supporting of credit payment methods and innovative functions such as secured transactions. The market requires compliant, flexible, and trustworthy payment services.

Our acquiring services can help our customers by unifying various online and offline payment channels, such as mobile payment methods and POS machine, and reducing their operational costs. In addition, we can address complex market needs in China's model internet environment with our compliant payment system, risk control procedures, and technical supports.

In addition, with respect to overseas acquiring services, we also provide value add for our customers similar to those discussed in "– Pay-Out – Our Value Add in Pay-in and Pay-out".

Revenue and Pricing of Acquiring

We generate revenue under our acquiring services primarily by charging a customer service fees that are a percentage amount of the TPV transacted by the customer, typically ranging from 3.2% to 5.5% for global payment business, and from 0.05% to 1.1% for domestic payment business. A substantial majority of our revenue under acquiring services are charged on a percentage amount of the TPV transacted by the customer. Revenue is recognized, at a point in time, upon completion of the acquiring services. Our pricing strategy is largely market-driven. Our service fee rate is typically determined by reference to settlement procedures and methods, cost of payment channels and e-commerce platforms, the pricing of industry peers in relevant jurisdictions for providing services, our business strategies for future development, and customers' business scale and our commercial relationship with them, among others. Our service fee rate for acquiring services is within the range of industry average, according to Frost & Sullivan.

Difference Between Pay-in, Pay-out and Acquiring

Our acquiring service is different from pay-in and pay-out service. The key difference is whether the fund collection process involves acquirer license. For the illustrative purposes of this Prospectus, acquiring services refer to licensed payment institutions processing payments from end-buyers' bank cards/wallet accounts into its customers' acquiring accounts at such licensed payment institutions. As a licensed acquirer, we are able to process transaction settlements through card schemes like American Express, UnionPay, Visa and MasterCard. We forward payment requests to the card-issuing banks or institutions of end-buyers, transfer funds from their cards and settle them into designated accounts of our customers. Pay-in refers to the process of fund collection, typically on behalf of our customers from e-commerce platforms or end-buyers into their virtual account linked to Lianlian account. Both acquiring and pay-in services are processes of receiving funds. On the other hand, pay-out service is the process of distributing funds. Pay-out is utilizing our domestic or global distribution channels to distribute funds from a merchant or enterprise's virtual account linked to Lianlian account to their bank account or to other third-party service providers' accounts for payment.

Foreign Exchange

We provide the global foreign exchange service to our customers often as an ancillary service to our customers who instruct Lianlian to transfer their funds across borders. We cooperate with local, regional and global banks and other financial intermediaries which assist with foreign exchange service. We leverage our long-term established relationship with our partners aiming to provide convenient services to our customers.

We generate revenue under our foreign exchange services primarily from the spread between the quotation from our partner financial institutions and the exchange rate for conversion by the customer. Revenue is recognized, at a point in time, when the foreign exchange transaction is completed. Our pricing strategy is largely market-driven. Our service fee charged for foreign exchange services is consistent with industry practice, according to Frost & Sullivan.

Our global foreign exchange service has the following features:

- Wide range of foreign currency options – we are capable of converting multiple types of foreign currencies. These include major currencies such as RMB, USD, Euro, UK Pound, Japanese Yen and Hong Kong Dollar. We are also able to convert into other currencies such as Indonesian rupiah, UAE dirham, Polish zloty, Brazilian real, Thai baht, Indian rupee, Malaysian ringgit, Philippine peso and Saudi Arabian riyal.

- Accessible platform with reduced exchange rate risks – we provide customers 24/7 comprehensive foreign exchange service with transparent quotation models such as real-time reference quotations, enabling customers to receive the exact amount as if they made the transaction and avoid exchange rate fluctuation risks, and assistance on monitoring pre-set-up targeted exchange rates and support of automatic conversion, saving customers' time and efforts.

Virtual Card

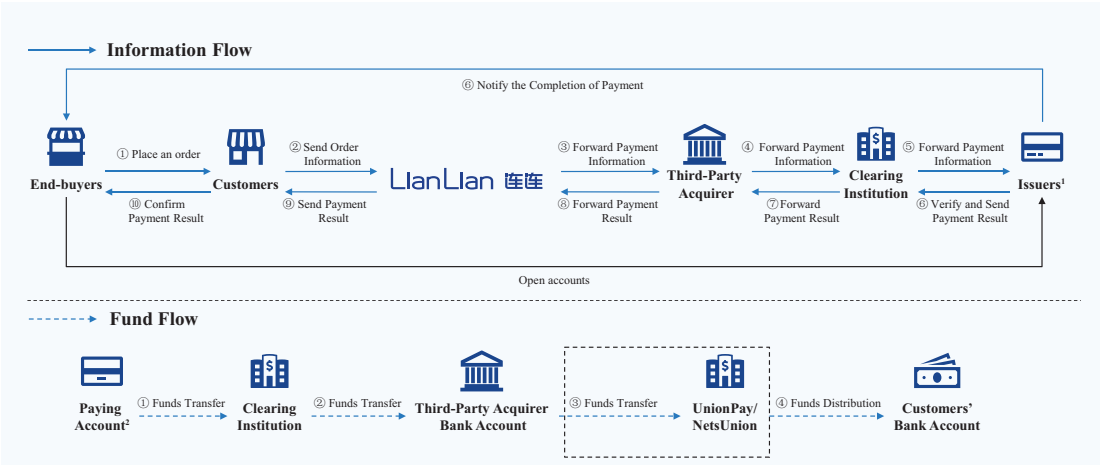
We offer virtual card services in partnership with card issuing institutions to diverse payment networks for our customers, which provides added convenience and utility. By working with card schemes like American Express, Visa, and MasterCard, Lianlian employs its own account with card schemes and their card issuing institutions to provide virtual cards to the customers. The virtual cards allow holders to use them in online transactions in the same manner as bank debit cards. Customers can preload their existing funds into a virtual card and use the available amount for various payment purposes. The payment through virtual card is settled by card schemes, making it widely accepted by businesses around the world, making payment easy and convenient. For example, our customers may use the virtual card to pay for the fees relating to marketing or logistic services provided by third-party providers. We generate revenue under a virtual card through the service fee collected from customers and card schemes. Revenue is recognized, at a point in time, upon completion of the virtual card services.

Payment Aggregation

Our payment aggregation provides payment solutions primarily for enterprises in certain industries. We offer customized software solutions that can be built into the base payment services provided by third-party payment companies. We provide our customers simplified and efficient tools for end-buyers' payments and digitalized transaction management solutions, among others. Our payment aggregation integrates multiple payment methods for Chinese end buyers, including Alipay, WeChat Pay, credit cards, and debit cards, into a unified platform. For global payment business, the application of multiple payment methods by end buyers outside China is not as common as in China, according to Frost & Sullivan. Consequently, our payment aggregation service is currently mainly available for domestic payment business.

We generate revenue under our payment aggregation primarily by collecting services fees on a percentage fee basis or charging customers a fixed fee on a per transaction basis. Under the percentage-based fee arrangement, we charge a customer service fees that are a percentage amount of the TPV transacted by the customer, typically ranging from nil to 1.1%. Under the fixed fee arrangement, we charge a customer a fixed fee, typically ranging from nil to RMB35 per transaction. A substantial majority of our revenue under payment aggregation services are based on a percentage amount of the TPV transacted by the customer. Revenue is recognized, at a point in time, upon completion of the payment aggregation services. Our pricing strategy is largely market-driven. Our service fee rate is typically determined by reference to the pricing of industry peers, our business strategies for future development, cost of payment channels, and customers' business scale and our commercial relationship with them, among others. Our service fee rate for payment aggregation services is within the range of industry average, according to Frost & Sullivan.

The following diagrams illustrate the information flow, fund flow, roles and functions of each of the key parties involved and real life examples of our payment aggregation services:



Notes:

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

2. Refer to end-buyers' bank account opened with issuing banks or digital wallet.

For payment transactions processed in China, Lianlian transfer funds directly to UnionPay or NetsUnion in China, which then transfer funds to customers' bank account or third-party bank account.

An Example of Payment Aggregation

A pharmaceutical retail group is a customer of Lianlian in China. It has hundreds of offline stores, and operates on various online platforms, including WeChat official account, and WeChat Mini-Program. By leveraging Lianlian's payment aggregation services, the pharmaceutical retail group is able to seamlessly integrate various online and offline payment methods into its payment system. This integration encompasses offline methods such as POS card swiping and QR code scanning, as well as online mobile payment methods including WeChat Pay and Alipay, achieving unified fund collection and reconciliation services. Taking a transaction using QR code scanning as an example, after placing an order, the consumer can opt for any supported payment method to make payment. Lianlian then collects and processes the payment information, subsequently forwards the payment requests to a third-party acquirer. The third-party acquirer accepts and processes the order, and then forwards payment information to the clearing institution, which in turn forwards the payment information to consumer's card-issuing bank. Following the consumer's approval and authorization, the card-issuing bank transfers funds to the clearing institution. The clearing institution then transfers funds to the third-party acquirer's bank account, which transfer funds to UnionPay or NetsUnion in China. UnionPay or NetsUnion ultimately distributes the funds to the pharmaceutical retail group's bank account. Through the payment aggregation services provided by Lianlian, the transaction of QR code payment is completed.

Value-Added Services

Overview

To complement our digital payment services and help meet the diverse needs of our customers, we utilize our deep insights into global commerce and various industries and work closely with a number of third-party services providers to provide extensive value-added services. We aim to enable businesses to focus on their core competencies and achieve success globally. In the 12 months ended September 30, 2023, 51.4% of our Chinese cross-border merchants used our value-added services following their usage of our digital payment services. During the Track Record Period, all value-added services customers are existing customers from digital payment services. Our value-added services include business services and technology services.

Business Services

Business services include digital marketing, operation support and referral services. We generate revenue from our business services primarily by collecting service fees on a percentage basis based on the TPV of customers. We believe such an approach gives a quantitative metric to measure the additional value added by our service. Our interests are aligned with that of our customers in expanding their TPV. This pricing strategy allows us to grasp the incremental growth of our customers, helping us form a long-term relationship with our customers and grow with them together.

Digital Marketing

We provide marketing solutions to our customers in collaboration with third-party service providers. Our customers may directly access marketing services that can help them precisely acquire end-buyers through a package of benefits, such as product discount and bonus points, to improve their marketing efficiency and effectiveness. Leveraging our digital payment services and customer base, we utilize our industry insights to upgrade our digital marketing services and to explore more diversified and innovative service offerings. For example, through integrating commercial banks' marketing resources for credit card business with our customers' business scenarios of our services, we provide our customers with marketing solutions to promote consumptions of their end-buyers. In some scenarios, third-party service providers are our business partners and our customers' suppliers, providing advertising services, enabling our customers to access user traffic data and other marketing resources to conduct digital marketing.

Operation Support

We partnered with a variety of third-party service providers to offer solutions to support the operation of our customers. Our operation support solutions are designed to address customers' evolving business needs; for example, we offer solutions to enable cross-border customers to set up shops on e-commerce platforms such as Amazon, Shopee, Shopify and Shopyy by integrating the online store opening application process and connecting to the

virtual account for our digital payment services and arrange shipment for making transactions around the world. In terms of operation support solutions, we provide an integrated platform where our customers can choose e-commerce platforms for their business and complete online store opening application, while e-commerce platforms will review such applications through our platform. For shipment services, we provide customized logistics solutions for mainstream sea freight and enable customers to connect to reliable and affordable international logistic services provided by third-party logistics providers.

In February 2023, we established a joint venture, namely Zhong Pu Lian Technology, with COSCO SHIPPING Logistics and Supply Chain Management Co., Ltd. (中遠海運物流供應鏈有限公司) and Hangzhou P&T Logistics Technology Co., Ltd. (杭州普泰物流科技有限公司) and Zhong Pu Lian Hai Chuang (Jiaxing) Enterprise Management Company (Limited Partnership) (中普連海創(嘉興)企業管理合夥企業(有限合夥)). Through Zhong Pu Lian Technology's services leveraging shareholders' capabilities in logistics and technologies, we help empower merchants, particularly small and medium-sized businesses, who may not have a strong bargaining power, in receiving customized logistics solutions for mainstream sea freight or connecting to reliable and affordable international logistic services. We believe this joint venture can help our customers reduce cost, eliminate uncertainties, improve operational efficiencies and connect with global markets more effectively. Zhong Pu Lian Technology has started operation in March 2023.

Referral Services

We provide referral services to financial institutions who offer financing solutions or other financial products to our Chinese cross-border merchants and enterprise customers. We are able to assist our customers to efficiently access financing solutions, further empowering them to become global players in their respective industry. Financial institutions conduct their own independent risk assessment. Our company does not take any credit risk on our own accounts in providing such referral services. When providing referral services, we act as intermediaries and facilitators to help financial institutions develop or modify financial solutions or products by leveraging data analytics based on authentic transaction behaviors and provide an integrated platform where our customers have access to various financial solutions or products. Financial institutions including commercial banks and other licensed institutions develop financing solutions or products and provide funds to our customers and bear credit risks.

Our referral services have the following features:

- A tailor-made one-stop financing service platform for Chinese cross-border merchants and enterprises;

- Fast and convenient application process supported by robust digital infrastructure; and

- Efficient payment solutions for customers to improve their capital turnover efficiency.

Technology Services

With the advancement of digital and online technological capabilities, many industries are transforming their activities from offline channels to digital online channels. Leveraging our extensive experience in the payment industry, we provide technology services to help enterprises in various industries bring their offline business to online digital platforms through digitalization, system upgrade and technological infrastructure build-up. Our technology services primarily include account and e-wallet services and software development. We constantly develop and customize our services to meet customers' evolving needs for payment transactions and funds management. We generate revenue under technology services primarily by collecting service fees based on arms lengths negotiation and commercially agreed terms. The pricing of our technology services is highly customer specific, which is negotiated on a case-by-case basis, taking into account multiple factors such as, among others, scope and type of work, the complexity and sophistication required, the length of the underlying project and competitors' pricing.

Account and E-Wallet

We provide merchants and enterprises in China and globally with integrated account and e-wallet services that primarily include the following:

- Through offering account and e-wallet service, we help enterprises to digitalize the payment transactions with their counterparties along the entire supply chain and distribution channels, and effectively manage the expenses and the reimbursements of their employees.

- Through offering e-wallet services, we help merchants to manage and monitor their funds on a real-time basis on various e-commerce platforms and make fund transfers through extensive payment channels.

The number of our active domestic enterprise customers using our account and e-wallet service increased to 485 in 2022, representing a CAGR of 116.0% from 2020 to 2022, and further increased to 674 for the 12 months ended September 30, 2023.

Software Development

We offer software development services to share our unique technological capabilities with our customers. Based on our extensive market and industry insights, we provide enterprises software development services.

Other Business

In addition to our core business to provide digital solutions, during the Track Record Period, we also provided property rental with respect to our self-owned properties, as well as micro-loan and factoring services which have been discontinued since May 2021.

Property Rental

We own Lianlian Tower in Hangzhou, China. Lianlian Tower is partly used as our office space and partly rented out to other tenants. For additional details on Lianlian Tower, see "– Properties." We generate revenue primarily from the rental fees paid by our tenants.

Micro-loan and Factoring

We derived a small portion of our revenue from micro-loan and factoring services during the Track Record Period. We discontinued our micro-loan and factoring services in May 2021 as the Interim Measures for the Administration of Online Micro-loan Business (Draft for Comment) (《網絡小額貸款業務管理暫行辦法(徵求意見稿)》) jointly issued by the PBOC and the CBIRC in November 2020 proposed to set a RMB5 billion registered capital threshold for micro-lenders that offer online across different regions. The Company made the commercial decision of not devoting such substantial amount of funds in micro-loan and factoring services, considering they are not the Company's core businesses. See "Financial Information" and "Appendix I – Note 32" for additional details.

On the basis of confirmation from relevant regulatory authorities confirming that (i) the entities engaging in micro-loan services had not been subjected to any disciplinary actions for suspected illegal or non-compliant behavior and there were no reports of significant illegal activities or major administrative penalties regarding the entities engaging in micro-loan services; and (ii) the entities engaging in factoring services had always complied with the relevant laws, regulations, and normative documents concerning commercial factoring and there were no violations of such regulations or instances of administrative penalties, our PRC Legal Advisor is of the view that our historical small loan and factoring businesses were legally compliant during the Track Record Period.

BUSINESS PARTNERS

We have built a wide network of partners that support our digital payment and value-added services. Our partners help deliver differentiated and increased variety of experience for our customers. We have established strategic partnerships with various types of business partners, including e-commerce platforms, commercial banks, clearing institutions and third-party service providers.

These partnerships cover a broad range of activities including payment settlement, foreign exchange service, marketing and logistics services as well as other value-added services to meet the evolving needs of our customers.

E-commerce Platforms

We work closely with e-commerce platforms in China and abroad. Our e-commerce partners include Amazon, Shopee, Shopify, Shopyy and others. These partnerships provide important avenues for merchants to market their products and services and represent a significant segment of our business operations. Our continued partnership with such platforms is vital as we are expanding our interactions with e-commerce merchants who operate on these platforms. By integrating our services with these platforms, we enable e-commerce merchants to access a vast customer base and expand their reach globally.

In terms of number of customers, Chinese cross-border merchants is our largest customer group during the Track Record Period, who sell products on e-commerce platforms. E-commerce platforms are typically not our direct customers although we may enter into certain commission arrangements with some major e-commerce platforms. Nonetheless, we are able to form a mutually beneficial relationship with e-commerce platforms because we enable Chinese cross-border merchants to run business on such e-commerce platforms, and an increase in the number of merchants who run shops on e-commerce platforms will likely result in higher transaction volumes in e-commerce platforms, boosting the operational performance and financial condition of both e-commerce platforms and us.

For e-commerce platforms with no official payment service provider programs, we typically enter into service agreements with our merchant customers directly. Under such circumstances, we are able to provide digital payment services so long as our merchant customers provide us with required authorizations.

For some e-commerce platforms that have official payment service provider programs, such as Amazon, we enter into service agreements with e-commerce platforms on non-exclusive basis. Some of Chinese cross-border merchants on e-commerce platforms, such as Amazon, choose our payment services for our partnership with such e-commerce platforms. The key terms of the agreements typically include each party's obligations and rights, and termination terms. According to the agreements, e-commerce platforms are required to indicate us as a third-party payment service provider on their platforms and make our services available to all merchants using their platforms. We are required to provide services to the merchants thereon with compliance with all applicable laws and regulations. We usually do not charge e-commerce platforms for providing services to their merchants, while we directly charge the merchants a fee when merchants use our payment services. Some e-commerce platforms do not charge us any fees, while we pay some e-commerce platforms service charges in the form of certain recurring fixed fees or revenue sharing fees based on a percentage of our TPV/revenue generated from the services we provided through their platforms for providing payment and marketing cooperation covering our pay-in, pay-out, acquiring and/or foreign exchange services. We incurred approximately RMB1.3 million, RMB3.5 million, RMB3.1 million, and RMB2.5 million service charges to e-commerce platforms under digital payment services in 2020, 2021, 2022 and for the nine months ended September 30, 2023, respectively, which accounted approximately 0.6% to 1.7% of our total cost of sales during the Track Record

Period. Our agreements with e-commerce platforms will be terminated at any time and for any reason by either party by giving advance written notice. The duration of our agreements are typically one year and will be automatically extended upon expiration.

TPV from e-commerce platforms constituted approximately 10.3%, 10.4%, 7.9% and 5.8% of total TPV of digital payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. TPV from e-commerce platforms constituted approximately 82.2%, 74.9%, 67.6% and 62.0% of TPV of global payment services in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively.

To solicit new and retain existing e-commerce platform partners, we invite our merchants and enterprises to establish their stores or services on such platforms and host certain marketing and promotion sessions with e-commerce platforms and customers to enlarge e-commerce platforms' branding and presence. In addition, we also provide customized products and services to certain e-commerce platforms to enhance our cooperation.

With respect to customer solicitations, we launch (i) online marketing activities through social media and search engine websites, (ii) offline marketing sessions such as industry seminars or summits, and (iii) marketing collaboration with various enterprises such as logistic companies to acquire new customers from e-commerce platforms. For the retention of our existing customers, we provide (i) an efficient user operation mechanism with a loyalty program, (ii) a professional account manager team to ensure responsiveness and quality of service (iii) value-added services such as helping customers to expand sales on e-commerce platforms, supports for global taxation payment and advertisement, and (iv) tailored payment methods for different customers.

We understand a healthy relationship with e-commerce platforms is mutually beneficial. Therefore, we try to strengthen our partnership with e-commerce platforms through various initiatives, including, among others, conducting joint online and offline marketing campaigns to attract high-quality merchants and utilizing our extensive merchant database and sales resources to recommend suitable merchants to e-commerce platforms. For example, in 2023, we worked with a major e-commerce platform to conduct marketing campaigns in China. During the process, they acquired hundreds of merchants and recommended such merchants to utilize our digital payment services. Additionally, we collaborate with e-commerce platforms to improve cost-efficiency by enhancing our solutions and offering special rates to reduce merchants' operating costs. Together, we support merchants' stores and improve their operating efficiency. Moreover, drawing on our expertise in payment industry, we assist e-commerce platforms to expand into international markets and ensure the provision of reliable payment solutions to meet new payment needs. We believe such efforts will reinforce our collaboration with e-commerce platforms and drive mutual growth.

Commercial Banks

Our partnerships with commercial banks are instrumental in providing the necessary payment infrastructure and channels for our customers. We collaborate with a number of global and local banks to ensure seamless, efficient and secure facilitation of payments. Global banks specialize in global liquidity management, while local banks possess strong distribution and payment capabilities within specific regions. Due to varying financial regulations across countries, certain business activities can only be conducted through cooperating banks. As a result, we need to maintain robust cooperation with local banks to meet regulatory requirements and optimize our service offerings.

For digital payment services, we partner with global and local commercial banks that provide us with access to their payment infrastructure and channels. Commercial banks provide us with access to their payment channels, which facilitate payment transactions through an electronic trading interface connecting our trading facility to an interface developed by our commercial bank partners using electronic, computer-based or web-based means, such as a website or a mobile device. We pay processing fees, which are typically equal to a certain percentage of the payment volume to commercial banks. We negotiate the fees with each bank on a case-by-case basis. Our processing fees to commercial banks were RMB120.4 million, RMB103.1 million, RMB99.2 million, RMB74.3 million and RMB107.7 million in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023. The confidentiality term of our agreements with commercial banks required both parties to protect confidential and/or personal information learned about the other. We agreed to maintain adequate security procedures and take reasonable precautions to prevent the misuse, unauthorized or inadvertent disclosure, or loss of confidential information. Commercial banks may terminate the agreements if (i) we fail to protect customers' information which adversely affect their rights, (ii) our merchant customers or we engage in activities that violate the laws, regulations, or relevant provisions of respective countries or regions, or (iii) we lose payment qualifications like our payment licenses in relevant jurisdiction. Our agreements with commercial banks typically have a term of one year subject to automatic renewal, absent written objection from either party. Our agreements with commercial banks usually subject us to the responsibility of screening merchant customers and their payment transactions to ensure their authenticity. Under such agreements, we are typically required to establish transaction authenticity verification systems to monitor fraudulent payments on a real-time basis. We are typically required to assume all losses arising from fictitious merchants or payment transactions.

During the Track Record Period, we cooperated with 40, 49, 57 and 61 third-party payment channels in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively, who are primarily commercial banks and non-bank payment institutions. We will only utilize the third-party payment channels under certain circumstances, such as (i) we do not hold a local payment license in certain countries such as Chile and Colombia, (ii) our own payment channel cannot support certain currencies conversion with other mainstream currencies and (iii) our current existing banking partners cannot provide support based on local regulatory policies. Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we were compliant with relevant laws and

regulations governing our management and operation of our own payment channels. In addition, we utilized four, six, six and six payment channels of our own during the same periods, respectively. In general, our own payment channels have deeper and better understanding of our business rules and procedures than third-party payment channels. Therefore, we and our own payment channels can together provide time-efficient, seamless and comprehensive solutions to our customers. Notwithstanding the advantages of our own payment channels, we have established the cooperation with a wide range of third-party payment channels, enabling us to choose the suitable payment channels to serve our customers in consideration of transaction scenarios, compliance requirements, pricing and expenses, among other factors.

Clearing Institutions

Our partnership with clearing institutions, such as UnionPay, NetsUnion, Visa, MasterCard and American Express, which enables us to facilitate funds settlement services in China and globally. Since June 30, 2018, all the non-bank payment institutions' network payment business involving bank accounts in the PRC shall be processed through the NetsUnion. We collaborate with international clearing institutions to tap into their global payment facilitation network, which allows us to directly facilitate foreign card transactions. The clearing institutions we cooperate with provide clearing services for our payment services through their networks. For example, our clearing institution partner UnionPay operates an inter-bank transaction settlement system, which allows the connection and switch between banking systems, and the inter-bank, cross-region usage of bank cards issued by its associate banks. For each transaction they process, they charge an interchange fee based on transaction value or fixed fee. Clearing institutions also provide us with services to support our settlement services to our customers for an extra fee. The clearing institutions provide their own clearing system hardware and software platform for us to process funds, including online transaction inquiry system, providing us with the capability to access transaction information. The clearing institutions may also issue us digital certificates with basic permissions, including initiating and querying transactions as well as refunds, to facilitate us in submitting instructions to them. The clearing institutions are entitled to request for a deposit, based on our credit rating and clearing status. Our processing fees to clearing institutions were RMB19.8 million, RMB36.7 million, RMB41.7 million, RMB29.8 million and RMB28.3 million in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023. Our agreement with clearing institutions typically require us to comply with business rules set by them, including but not limited to (i) ensuring that each transaction we process through clearing institutions is appropriately authorized and meets all security requirements, (ii) complying with laws and industry standards to ensure the security of merchants' data in the process of transactions, and (iii) implementing fraud prevention measures and monitoring transactions for suspicious activities to protect merchants from fraudulent transactions. During the Track Record Period and up to the Latest Practicable Date, we did not violate any of these business rules in any material aspect. The clearing institutions are entitled to monitor and inspect various aspects of our business operations, including risk management, accounts information and data security. If we fail to meet such standard, or to address the deficiencies or potential risks within a specified period, clearing institutions are entitled to suspend its services or revoke our membership. We

are also required by the agreement to comply with clearing institution' standards for developing, verifying and managing merchants for our payment services. The clearing institutions are also entitled to unilaterally terminate the agreements in the event that (i) we utilize their system and services for any illegal purpose, (ii) we engage in any activities that violate the laws, regulations, and relevant provisions, (iii) our actions are detrimental to clearing institutions' brand and reputation, or (iv) we are incapable of performing our obligations as a result of the commencement of winding-up proceedings or loss of our license or other payment qualifications. Clearing institution provides a safety net in the event of default and we are obliged to indemnify clearing institutions against losses caused by us, fraud conducted by merchants we developed and fictitious transactions we process. During the Track Record Period and up to the Latest Practicable Date, we did not experience any incidents of suspension of services or revocation of membership by clearing institutions that we cooperated with, or provided any indemnifications to the clearing institutions that we cooperated with against losses caused by us or fraud conducted by our customers. During the Track Record Period, we did not incur any losses caused by us or any losses resulted from fraud conducted by our customers, nor had we been penalized by any competent regulators in connection with any fraud cases.

Third-Party Service Providers

We collaborate with a variety of third-party service providers who provide services such as marketing, logistics and other services to support our customers' business operation. Our third-party service provider partners place their product and service offerings on our platform, which can be easily accessed by our customers. Our platform offers customers a comprehensive interface that gives them visibility into the availability of value-added services and the relevant service providers and provides customers with access to select and utilize such value-added service to be provided by third-party service providers. By working closely with those service providers, we understand their expertise and develop customized payment services and value-added services to support our customers' evolving business needs.

LianTong

We strategically partner with American Express through the joint venture LianTong, which was established in 2017. LianTong was granted a bankcard clearing business license with long term validity (no expiration date) in June 2020, making it the first Sino-foreign joint venture bankcard clearing institution established in China, according to Frost & Sullivan, followed by Mastercard's bankcard clearing joint venture in China as approved in November 2023. Pursuant to our agreement with American Express, LianTong has an extendable joint venture term until October 17, 2067, which may be extended at the time of expiration with approval of applicable PRC authorities. Each of the Company and American Express is subject to a ten-year lock-up of equity, voting and economic interest transfer from the date on which LianTong formally commenced licensed business and operation. Upon the expiry of such lock-up period, in the event of a proposed transfer, a transferring party shall serve a written notice to the non-transferring party with final version of the proposed transfer agreement and background information of proposed transfer, and the non-transferring party will have a right

of first refusal to purchase all of the to-be-transferred equity substantially on the same terms and conditions, or consent to the proposed transfer, in thirty business days. The joint venture agreement between the Company and American Express may terminate upon the expiration of the joint venture term or upon mutual written agreement prior to the expiration of the joint venture term, subject to the approval of the PBOC and other competent authorities. We are not obligated to compensate American Express if we initiate to terminate the joint venture prior to the expiration of joint venture term in accordance with the terms of the joint venture agreement. As of the Latest Practicable Date, the total registered capital of LianTong was RMB5,760 million, among which the Company has fully paid up RMB2,604.6 million of its capital contribution and, to the best knowledge of the Company, American Express has also fully paid up its portion. In July 2023, we made a capital injection of RMB130 million to LianTong. In December 2023, the Company and American Express provided additional capital of RMB74.6 million and RMB625.4 million, respectively, to LianTong to support its operations. As of the Latest Practicable Date, the Company and American Express hold 45.2% and 54.8% of the equity interest of LianTong, respectively. Upon fulfilling our obligation of LianTong's registered capital contribution, we are not contractually obligated to make any further capital contribution. However, in the future we expect LianTong to continue to require funding from its shareholders, which may come in the form of capital contributions and/or shareholder loans. The amount and form of fundings will depend on LianTong's business needs, commercial decisions and applicable regulatory approvals. With respect to capital injections, if a capital injection plan is approved unanimously by the board of LianTong, we will be required to make capital contributions to LianTong together with American Express accordingly, subject to the agreements among LianTong's shareholders to amend the joint venture agreement and LianTong's articles of association, as well as approval of applicable regulatory authorities, the result of which involves uncertainty and is time-consuming. We will exercise our right as a shareholder (including through our designated board seats of LianTong who may vote for or against a capital injection plan, and if any one of them votes against a plan, such plan will not pass) and take into consideration our own business strategies and financial position, when a capital injection plan is proposed by LianTong. However, if we do not approve a proposed capital injection plan, LianTong will likely need to seek capital from alternative sources, which may result in the dilution of our equity interest in LianTong, reduction of our influence over LianTong through board representation or else LianTong could cease operations, each of which could have adverse consequences for the Company. See "Risk Factors – Risks Related to Our Business and Industry – We are subject to certain risks relating to Liantong, primarily attributable to the share of loss from our investment in LianTong". We do not have any profit-sharing arrangement with American Express other than the usual distribution of LianTong's profit/dividend based on shareholding percentage subject to approval by LianTong's board of directors and applicable regulatory authorities.

LianTong provides settlement, clearing and related activities for bank cards carrying "American Express" brands issued by card issuing banks in China, offering bankcard clearing and settlement services to issuing banks and merchant acquirers in its network as well as cardholder benefits to Chinese consumers both in China and globally. LianTong's bankcard clearing services primarily include (i) licensing participant banks to issue American Express branded bankcards, (ii) providing issuing banks and merchant acquirers in its network with bankcard transaction clearing and settlement services, (iii) operating the underlying bankcard clearing system and (iv) other activities to assist in the settlement of funds. According to Frost & Sullivan, LianTong is a new entrant to China's bankcard clearing market where UnionPay has commanded a predominant position for the past two decades and currently holds a substantial majority of the market share. According to our PRC Legal Advisor, requisite criteria for obtaining bankcard clearing license include registered capital of no less than RMB1 billion, qualified major shareholder(s), possession of standard bankcard clearing system, independent infrastructure and remote back-up system, directors and senior managements with sufficient professional knowledge and the PBOC's approval. Please refer to "Regulatory Overview – Laws and Regulations Related to Our Business in the PRC – Regulations in Relation to Organizations of Bank Card Clearing Institution" for details. A bankcard clearing license may be revoked if a bankcard clearing organization fails to commence business within the stipulated period, or its license is obtained by unjust means such as fraud or bribery. According to our PRC Legal Advisor, the PBOC is under no legal obligation to conduct regular inspections on bankcard clearing institutions, but LianTong's operations are subject to supervision of the PBOC. As of September 30, 2023, LianTong cooperated with 22 card issuing banks in China, offering cardholder benefits both in China and overseas. These card benefits have a wide spectrum in dining, shopping, healthcare, hotels, travel, cultural and pats. For example, cardholders of the SPD Bank American Express Platinum Card can enjoy the benefits of complimentary airport transfer, lounge access, hotel nights, theme park tickets and flight delay insurance, upon meeting its transaction value thresholds.

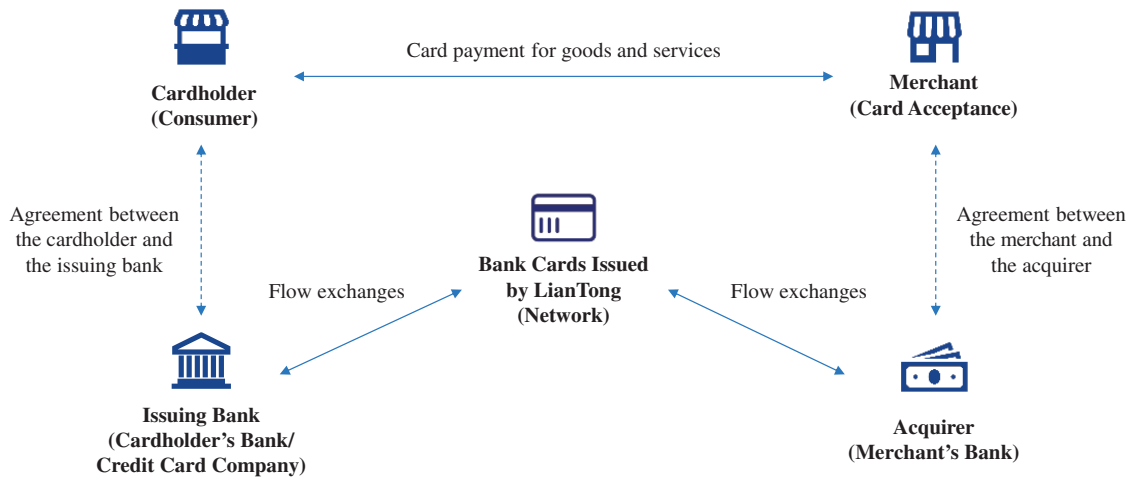
As a bank card clearing network, LianTong works in a four party model and the roles that each involved party of a typical transaction are described below:

- *Network (LianTong)*: clearing and settlement of bank card transactions.

- *Issuing banks*: issue debit/credit cards to their cardholders and consumers, manage their accounts, authorize card transactions and guarantee payments.

- *Acquirers*: provide financial backing and infrastructure necessary for merchants to accept payments from those cards. They are also responsible for securing the flow of data and initial liability in the event of dispute.

- *Merchants*: accept credit/debit cards for purchase of goods and services at the point of sales.



Note: solely for the illustration purpose of this flowchart and related descriptions, merchants shall include both online and offline merchants.

LianTong's revenue consists of (i) transaction related fees, including network clearing fees, brand fees, and cross-border transaction service fees from both issuing banks and acquirers; and (ii) card related brand loyalty fees from issuing banks. The transaction related fees, except for certain transaction types, will be recognized at the time of the clearing and settlement, while the brand loyalty fees will be charged on a quarterly basis. The transaction related brand fees and card related brand loyalty fees are charged based on the tier of the bank cards. The cross-border transaction service fees are determined by competitive considerations.

LianTong's costs consist of (i) variable cost, including incentives, marketing and benefit expense, which is linear with new cards issuing and TPV, and (ii) other costs, including technology and infrastructure, personnel and other operating cost, which are relatively fixed for LianTong's operation. As the variable costs represent relatively small portion of the total costs and the year-over-year change is not significant, the total costs are expected to be relatively stable, while revenue is expected to increase along with the growth in new cards issuing and TPV. During the Track Record Period, fixed costs represented approximately 55% to 85% of LianTong's total costs and expenses; and variable costs represented approximately 15% to 45% of LianTong's total costs and expenses. During the Track Record Period, LianTong's fixed costs as a percentage of total costs and expenses decreased by year/period, and correspondingly LianTong's variable costs as a percentage of total costs and expenses increased by year/period, primarily because the components of fixed costs, including technology and infrastructure, personnel and other operating cost, are relatively stable in nature and variable costs are linear with growing new cards issuing and TPV.

The following tables set forth LianTong's key operating data for the Track Record Period:

	Year Ended December 31,			Nine Months Ended September 30,
	2020	2021	2022	2023
Total transaction volume (RMB in millions)	2,883	48,344	115,691	139,354
Number of total transactions (in thousands)	11,436	178,174	377,724	420,812

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(in thousands)			
Cumulative number of issued cards	1,088	7,651	13,897	19,218

As of the Latest Practicable Date, we hold 45.2% of the equity interests in LianTong. We do not have control over LianTong's operation and also do not consolidate LianTong into our financial statement. We and American Express has the right to appoint two and three of the five directors on the board of directors of LianTong, respectively. American Express has the right to appoint the chairman of the board. LianTong's adoption of board resolutions requires the affirmative vote of a simple majority of the directors present at the board meeting, except that certain protective rights (such as change of registered capital, merger or division, liquidation, winding up, and amendment of articles of association) will be subject to the unanimous affirmative vote of all directors present at the board meeting. In addition, in terms of composition of the management organization of LianTong, American Express has the right to nominate each of LianTong's executive personnel, including its CEO, CFO, CTO, COO, general counsel and any other executive personnel of LianTong, while the Company only has the right to nominate a deputy CFO and/or a deputy CTO. In particular, day-to-day and operational management of LianTong rest with representatives nominated by American Express (with approval by the LianTong board).

We strategically invested in LianTong with a long-term goal, considering: (i) its bankcard clearing business license has significant strategic value and, as an important part of China's financial infrastructure, is essential in the payment industry value chain, (ii) as the first Sino-foreign joint venture bankcard clearing institution granted license in China, it is positioned with great growth potential in transaction related services and card related services, (iii) we may increasingly grow business synergy with LianTong in developing LianTong's local network, products and services, e-commerce user cases, economy of scale, and (iv) LianTong may leverage on the strength of American Express, especially in global network, products

developments and operation support including those in the area of technology. We are confident that the businesses of LianTong will bring economic benefits to us and our shareholders in the long term once it comes out of the investment phase.

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

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

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

Zhong Pu Lian Technology

In February 2023, we established Zhong Pu Lian Technology with COSCO SHIPPING Logistics and Supply Chain Management Co., Ltd. (中遠海運物流供應鏈有限公司) and Hangzhou P&T Logistics Technology Co., Ltd. (杭州普泰物流科技有限公司) and Zhong Pu Lian Hai Chuang (Jiaxing) Enterprise Management Company (Limited Partnership) (中普連海創(嘉興)企業管理合夥企業(有限合夥)). Zhong Pu Lian Technology has a registered capital of RMB10 million. We, COSCO SHIPPING Logistics and Supply Chain Management Co., Ltd. and Hangzhou P&T Logistics Technology Co., Ltd. have each contributed RMB3 million. Zhong Pu Lian Hai Chuang (Jiaxing) Enterprise Management Company (Limited Partnership) has subscribed RMB1 million and is agreed to contribute in future. None of the shareholders has any additional investment commitments to Zhong Pu Lian Technology. Zhong Pu Lian Technology provides customers with a comprehensive cross-border logistics solutions through its online cross-border logistics platform and offline industrial centers. Its establishment and business operation leverages its shareholders' capabilities, including COSCO SHIPPING Logistics and Supply Chain Management Co., Ltd.'s distinct advantage in cross-border logistics, Hangzhou P&T Logistics Technology Co., Ltd.'s technology capabilities, our Company's customer base and insights in cross-border e-commerce, and the extensive experience in the logistics sector of the two partners of Zhong Pu Lian Hai Chuang (Jiaxing) Enterprise Management Company (Limited Partnership). Zhong Pu Lian Hai Chuang (Jiaxing) Enterprise Management Company (Limited Partnership) is a limited partnership entity with two partners, who act as general manager and deputy general manager of Zhong Pu Lian Technology, respectively.

We do not consolidate Zhong Pu Lian Technology into our financial statements. Our investment into Zhong Pu Lian Technology is primarily aiming to address the substantial needs of our customers for logistics services in the context of cross-border e-commerce operations. We serve a large number of customers engaging in cross-border business through digital payment services, whereas we have earned insights relating to the information flow and fund flow in their business operations and such customers' pain points in logistics costs and reliability. Through Zhong Pu Lian Technology, we help empower customers, particularly small and medium-sized businesses, who may not have strong bargaining power, in receiving customized logistics solutions for mainstream sea freight or connecting to reliable and affordable international logistic services. Accordingly, through such operation support services, we are also able to increase the loyalty of our customers and the deepen our insights into cross-border e-commerce from logistics perspective.

OUR TECHNOLOGY AND RESEARCH AND DEVELOPMENT

Research and Development

Overview

We believe that R&D is critical to our business operation, future growth and ability to remain competitive in the industry. We are committed to developing R&D capabilities with a focus on the application of the latest technologies, including artificial intelligence and blockchain, to drive the upgrade and innovation of digital solutions, optimize our technology platform and enhance our user experience and operation efficiency. We have submitted an application for the virtual asset service provider (VASP) license to the Securities and Futures Commission of Hong Kong to establish a virtual asset trading platform in Hong Kong. We expect such license and platform to offer us additional options to expand our service coverage and improve the quality and safety of our services.

As of September 30, 2023, our R&D team consisted of 321 employees who have expertise in system development, infrastructure, big data, artificial intelligence, system functioning, IT management, and operation and maintenance. We established two departments within our R&D team, namely a technology center and data intelligence center. In addition to building up in-house R&D capabilities, we also collaborate with research institutions to explore the utilization of the latest technologies. In 2020, 2021, 2022 and for the nine months ended September 30, 2023, we incurred research and development expenses of RMB124.1 million, RMB174.2 million, RMB210.4 million and RMB188.6 million, respectively, representing 21.1%, 27.1%, 28.3% and 25.6% of our revenue, respectively. We have developed R&D projects with the application of the latest technologies to enhance the quality of our products and efficiency of services. The AML system we developed is built upon an in-memory feature computation engine and a real-time decision-making engine. This system utilizes big data to refine customer identity verification, manages customer risk categorization, and automatically filters, analyzes, and reports suspicious transactions. In most scenarios, the system can make real-time decisions, thereby improving the efficiency of detecting suspicious transactions and combating money laundering. We also developed the AIGC ("**AI-Generated Content**") customer service system. It utilizes technologies derived from Large Language Models, such as supervised fine-tuning techniques based on large-scale open-source models, caching technologies anchored in semantic similarity, and content filtering methods. This system can provide customers standard answers based on our customer service knowledge database, as well as personalized services based on our customer tags. It significantly enhances our problem resolution rates and service efficiency, improving our customers' experience. We have utilized two local data centers that meet business and Chinese regulatory requirements for system availability. Additionally, we utilize cloud services and have established a cloud-based data center, where the data is stored in the private cloud. We are committed to investing further in our research and development capabilities and expanding our research and development team to support our business development and maintain our technological advantages.

Technology Center

Our technology center serves as the core of our technology capabilities and focuses on enhancing our technology platform, exploring the application of the latest technologies, and developing and upgrading solutions across various industries. Our technology center comprises a product development, quality assurance, operation and maintenance, information security and other teams.

Data Intelligence Center

Our data intelligence center was established in March 2021 as part of our digitalization strategy, aiming to create a data hub and build a data-driven operational, marketing and risk management system in order to manage our data and information more effectively. Its primary focus is on managing our big data platform, including data asset accumulation and management, data application, big data analytics and artificial intelligence algorithms.

Proprietary Technology Platform

We self-developed and designed our technology platform to support our business operation. Our proprietary technology platform embeds stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, foreign exchange processing, risk management, AML assessment and transaction authenticity verification. Moreover, our technology platform is highly scalable, which allows us to quickly support new industries and new business scenarios according to business needs, enabling us to continuously innovate our solutions.

Payment and Fund Transfer Platform

Our core global and domestic payment and fund transfer service is supported by our proprietary payment and fund transfer platform. This platform employs the distributed multi-active architecture, which has the flexibility to integrate into different systems. Our payment and fund transfer platform provides us with improved payment network management capabilities and realizes payment network routing functions which help to support the back-end transaction of millions of payments every day. Combined with our risk control system, it provides customers with safe, stable and convenient payment services, and at the same time enables multi-currency settlement needs of merchants globally and provides flexible fund management capabilities.

Global Fund Distribution Technologies

The global fund distribution technologies comprise two key engines, namely transaction identifying engine and routing decision engine. The transaction identifying engine extracts the characteristics of each fund transaction and submits it to the routing engine for execution. The routing engine, based on the preset system rules and algorithms, transaction features, routing factors and payment network availabilities, complete the transaction in the most efficient and effective manner.

Our global distribution fund technology is utilized for cross-border RMB cash withdrawal, foreign currency payment, fund transfer, tax payment and pay-in and pay-out transactions for cross-border payments. It serves an important function of supporting the fund flow needs of domestic cross-border merchants and overseas merchants selling goods and services into China.

Foreign Exchange Processing Technology

Our foreign exchange service capability is supported by our proprietary foreign exchange processing technology. The proprietary foreign exchange processing technology employs the distributed multi-active architecture and serves as the backbone of our foreign exchange service. It is an automated system that functions based on preset instructions entered into the system and processes orders without human intervention. It has a built-in monitoring system to check foreign exchange liquidity requirements and reduce market risks and delays.

The foreign exchange processing technology functions through collaboration with many of our partner banks and clearing institutions to obtain the latest market rates and trends to ensure we provide favorable rates to our customers.

Risk Management System

Our risk management system plays an important role in monitoring our transaction risks. We developed the system by employing big data, real-time risk control features, risk measurement algorithms and decision engine technology that also embeds expert rules and machine learning models. Our risk management system has automated decision-making methods to achieve millisecond-level decision-making capabilities which have high accuracy and effectiveness. It is further customized to meet the different risk tolerance and management requirements of our different business segments.

In addition, our risk management system provides pre-, ongoing, and post-risk control for our payment business to ensure transaction security and fund security.

AML System

Our AML system is a key part of our overall risk management and helps ensure our compliance with important AML rules and regulations. The system design is based on multi-dimensional and multi-scenario anti-money laundering monitoring rules. Its core function includes the ability to conduct risk calculation, correlation of billions of transaction data, KYC review and customer due diligence to create a customer risk rating model and achieve millisecond-level risk identification for each real-time transaction. By utilizing big-data analysis, conducting fund flow monitoring and auditing for suspicious transactions including large-value transactions, it is capable of evaluating the compliance and security of transactions. It also provides AML risk screening and monitoring capabilities that include pre-examination, ongoing monitoring and post-act risk management services which are tailored to customer risk levels. During the Track Record Period and up to the Latest Practicable Date, we are in compliance with the relevant anti-money laundering laws and regulations in the jurisdictions we operate in all material respects.

Transaction Integrity Verifying System

Our transaction integrity verifying system helps to identify the authenticity of transactions completed online. In the context of funds collection and digital payment, it is important to verify that transactions are legitimate business dealings and are not made for unlawful purposes. Our built-in automated data collection, analysis, processing and identification control significantly improves the efficiency of transaction verification. Our proprietary technology helps to replace the traditional manual one-by-one review process and is able to undertake a vast number of transaction analyses with high efficiency and reduced errors.

PRIVACY AND DATA SECURITY

The protection of privacy and data security is one of our highest priorities. We have designed a series of strict data security policies to ensure that the collection, use, storage, transmission and dissemination of data are in compliance with all applicable laws and regulations, optimize data governance, and protect the benefits of our customers, employees and other third parties. Our policies include data management, operational and maintenance procedures, and business system access controls. See "Regulatory Overview" for additional information on privacy and data security regulations.

We carry out scenario-based management to address the threats and risks of data availability, integrity and confidentiality. We strictly limit and monitor our employee access to user data by implementing a robust internal authentication and authorization system. It aims to ensure confidential and important data can only be accessed through computers for authorized use and only authorized staff can access those computers. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorization upon every access attempt. We provide data privacy training to authorized employees and require them to report to us promptly on any potential data leakage.

Data Usage

We mainly collect and store data relating to background information of customers, primarily including merchants and enterprises identification information such as address, contact information and licenses, which we obtained through KYC/KYB procedures, as well as transaction data when providing digital payment services, primarily including payment time, location, amount, channel, type and terminal of the transaction, identity certification and transaction authorization information. Such information is collected with prior consent in accordance with applicable laws and regulations. We have adopted a standard data usage and privacy policy, which is provided on our websites. Specifically, we undertake to manage and use the user data in accordance with applicable laws and make reasonable efforts to prevent the unauthorized access, breach, tampering or loss of personal information. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any claims by users or penalties from regulatory authorities regarding unauthorized use of, or leakage of, personal information, which had caused a material and adverse effect on our business, financial condition or results of operations.

Data Sharing and Transfer

We do not share or transfer information and data collected or preserved by us to any person, unless with prior explicit consent. Without consent from our users, we are prohibited from disclosing users' data to any third party, unless such disclosure is mandated by a court or administrative order. We have adopted robust internal rules and procedures designed to prevent illegal and/or unauthorized cross-border transmission of data. We require any cross-border transferring data to go through strict assessment and approval procedures in order to ensure that only valid and legitimate requests are executed. We deploy various technologies to ensure the safety of data and monitor and record the entire process of any cross-border transmission of data. We also provide trainings for employees to prevent any improper or unauthorized cross-border transmission of data.

Data Protection

We recognize the importance of life-cycle data management, from data entry to data destruction. We employ various technologies to protect the data with which we are entrusted. For example, we store user data in encrypted format. We generally de-identify and encrypt confidential personal information and take other technological measures to ensure the secure processing, transmission and usage of data. If such personal information is relevant to our business, we will minimize our employee access to such information and closely monitor their access frequency. We also adopt a combination of full backup and incremental backup to ensure that the data we collect is well maintained. We use distributed storage of data with multiple data replicas to increase security level. In particular, we have been constantly improving our internal classification and grading system of sensitive data. All sensitive data would be protected by field-level encryption. Sensitive application programming interface parameters are adopted to prevent data leakage or loss during circulation. As of the Latest Practicable Date and during the Track Record Period, we have not experienced any incidents of data leakage.

Data Security Awareness

We also enter into confidentiality agreements with our employees. The confidentiality agreements provide that, among other things, our employees are legally obligated not to share, distribute or sell confidential information to any party, including other employees who otherwise have no access to such information. Our employees are also legally obligated to return all confidential materials in their possession upon cessation or termination of their employment and will remain obligated to maintain confidentiality of such materials thereafter. Our employees may be subject to penalty if they breach their confidentiality obligations or otherwise commit misconduct resulting in a leakage of confidential information.

Cybersecurity Risk Management

We operate robust application and infrastructure security controls, which are designed to prevent, identify and respond to information security threats. We have adopted a standard operation procedure to address any potential hacking or data leakage incidents. At the terminal security level, our system is able to identify terminal risks and provide traceability analysis for security risk mitigation with the assistance of terminal data loss prevention products. We closely monitor the flow of sensitive user data on our terminals and will create alerts in a timely manner when any abnormality is detected. We engage third-party cybersecurity companies to conduct regular penetration tests to identify weaknesses in our system and evaluate its security. If an issue is identified, we will take prompt actions to adjust or upgrade our system and mitigate any potential problems that may undermine the security of our system.

During the Track Record Period and up to the Latest Practicable Date, we are in compliance with the applicable laws and regulations relating to user data privacy and security in all material respects on the following basis that (i) we have established internal policies and procedures with designated responsible personnel in accordance with the applicable laws and regulations relating to user data privacy and security, (ii) we had not been any claims by users or penalties from regulatory authorities regarding unauthorized use of, or leakage of, personal information, which had caused a material and adverse effect on our business, financial condition or results of operations, and (iii) as of the Latest Practicable Date, pursuant to the Security Assessment Measures for Outbound Data Transfers (《數據出境安全評估辦法》), we have submitted the application materials of outbound data transfer security assessment regarding a number of matters, such as, among others, cross-border payment, foreign exchange services, anti-money laundering and compliance as well as acquiring services and such application has been approved by the Cyberspace Administration of China.

According to the Cybersecurity Review Measures, (i) any procurement of network products and services by critical information infrastructure operators, which affects or may affect national security, or (ii) any data processing activities by network platform operators, which affects or may affect national security, including that any network platform operators which has personal information of more than one million users and is going to be listed abroad, shall be subject to cybersecurity review.

As advised by the PRC Legal Advisor, the Company does not need to initiate an application for cybersecurity review as (i) the Group's main businesses are digital payment services and digital value-added services, which neither involve the operation of critical information infrastructure in important industries and fields, nor involve important network facilities and information systems that, if destroyed, malfunctioned, or leaked, could seriously endanger national security, national economy and people's livelihood, and public interests; (ii) the Company's proposed listing is not considered as listing aboard; and (iii) the PRC Legal Advisor had made a telephone consultation with the China Cybersecurity Review Technology and Certification Center who does not disagree with the view that an application of cybersecurity review is not necessary.

SALES AND MARKETING

We enhance our brand awareness through the provision of high-quality services and marketing initiatives. We utilize effective online and offline branding and marketing efforts to acquire customers directly through our platforms. We also expand our customer base through engaging third-party service providers.

We have international and domestic marketing departments to enhance brand awareness and promote our products and services through offline and online channels. In order to increase our customer base and their level of engagement, we have developed various marketing strategies, which are deployed and monitored on a regular basis. We utilize online marketing channels, such as app store advertising, search engine optimization and marketing campaigns on popular social media platforms, to reach our targeted audience base. Moreover, we also participate in various offline events, such as industry conferences, product launches and industry salons to showcase our technological advancements and develop relationships with industry participants. From time to time, we provide incentives in the form of discounts or coupons to attract more customers to our platform. In addition, we have actively participated in government initiatives to promote digital commerce and enhance cooperation of various stakeholders. For example, in association with the China Council for the Promotion of International Investment, we launched a program in 2023 to promote China's exports through online digital channels to reduce barriers and costs.

As of September 30, 2023, we had a team of 296 employees focusing on our sales and marketing efforts. By leveraging the expertise of our sales and marketing team, we enhance our market penetration and effectively promote our offerings in various sectors, establishing a strong presence and driving sustainable growth.

CUSTOMERS AND SUPPLIERS

Customers

Our customers primarily include Chinese cross-border merchants and enterprises, overseas merchants and enterprises and domestic enterprises.

For the years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023, the aggregate revenue generated from our top five customers in each year of the Track Record Period amounted to RMB61.1 million, RMB71.7 million, RMB63.1 million and RMB70.5 million, which accounted for 10.4%, 11.1%, 8.5% and 9.6% of our total revenue, respectively. For the same periods, revenue from the largest customer amounted to RMB26.0 million, RMB36.7 million, RMB17.5 million and RMB21.8 million, which accounted for 4.4%, 5.7%, 2.4% and 3.0% of our total revenue, respectively. The following tables set out details of our five largest customers in each year/period of the Track Record Period:

Rank	Customers	Type of Products and Services Purchased	Background	Approximate Years of Business Relationship as of the Latest Practicable Date	Payment Terms	Revenue[(i)(ii)]	% of Our Total Revenue
						(RMB in thousands)	
Year ended December 31, 2020							
1	Customer A	Account and e-wallet services and digital payment services	A big data technology company in the software and IT service industry, subsidiary of a listed company on the Shanghai Stock Exchange whose revenue is RMB7.62 billion in 2022, and established in Zhejiang 2020 with a registered share capital of RMB100.00 million	3 years	Due in 1 month	26,007	4.42%
2	Customer B	Digital payment services	A privately owned technology company in the software and IT service industry, established in Beijing 2016 with a registered share capital of RMB300.00 million	6 years	Instantly charged	16,328	2.77%

Rank	Customers	Type of Products and Services Purchased	Background	Approximate Years of Business Relationship as of the Latest Practicable Date	Payment Terms	Revenue[(i)(ii)]	% of Our Total Revenue
						(RMB in thousands)	
3	Customer C	Digital payment services	A privately owned information technology company in the software and IT service industry, established in Shanghai 2015 with a registered share capital of RMB26.93 million	4 years	Due in 1 month	7,830	1.33%
4	Customer D	Digital payment services	A privately owned Fund Sales company in financial industry, established in Beijing 2015 with a registered share capital of RMB100.00 million	5 years	Due in 1 month	6,573	1.12%
5	Customer E	Digital payment services	A privately owned financial information service company in the software and IT service industry, established in Shanghai 2012 with a registered share capital of RMB2 billion	5 years	Instantly charged	4,352	0.74%

Rank	Customers	Type of Products and Services Purchased	Background	Approximate Years of Business Relationship as of the Latest Practicable Date	Payment Terms	Revenue[(i)(ii)] (RMB in thousands)	% of Our Total Revenue
Year ended December 31, 2021							
1	Customer A	Account and e-wallet services and digital payment services	A big data technology company in the software and IT service industry, subsidiary of a listed company on the Shanghai Stock Exchange whose revenue is RMB7.62 billion in 2022, and established in Zhejiang 2020 with a registered share capital of RMB100.00 million	3 years	Due in 1 month	36,722	5.71%
2	Customer F	Digital payment services	A digital freight platform in the software and IT service industry, listed on the New York Stock Exchange, and established in Jiangsu 2017, with a revenue of RMB6.73 billion in 2022	6 years	Due in 1 month	11,990	1.86%
3	Customer G	Account and e-wallet services and digital payment services	An investment company in retailing industry, subsidiary of a listed company on the Euronext Paris stock exchange whose revenue is EUR28.59 billion in 2022, and established in Shanghai 2001 with a registered share capital of USD224.00 million	2 years	Due in 1 month	9,153	1.42%
4	Customer D	Digital payment services	A privately owned Fund Sales company in financial industry, established in Beijing 2015 with a registered share capital of RMB100.00 million	5 years	Due in 1 month	8,570	1.33%
5	Customer C	Digital payment services	A privately owned information technology company in the software and IT service industry, established in Shanghai 2015 with a registered share capital of RMB26.93 million	4 years	Due in 1 month	5,294	0.82%

Rank	Customers	Type of Products and Services Purchased	Background	Approximate Years of Business Relationship as of the Latest Practicable Date	Payment Terms	Revenue[(i)(ii)]	% of Our Total Revenue
						(RMB in thousands)	
Year ended December 31, 2022							
1	Customer A	Account and e-wallet services and digital payment services	A big data technology company in the software and IT service industry, subsidiary of a listed company on the Shanghai Stock Exchange whose revenue is RMB7.62 billion in 2022, and established in Zhejiang 2020 with a registered share capital of RMB100.00 million	3 years	Due in 1 month	17,486	2.35%
2	Customer H	Digital marketing services	A digital payment service provider in the payment industry, subsidiary of a listed company on the New York Stock Exchange, and established in Singapore 2007, with a revenue of USD3.29 billion in 2022	2 years	Due in 3 months	14,955	2.01%
3	Customer I	Digital marketing services and digital payment services	A privately owned supply chain management company in technical service industry, established in Jiangsu 2014 with a registered share capital of RMB28.33 million	1 year	Due in 1 month	11,291	1.52%
4	Customer G	Account and e-wallet services and digital payment services	An investment company in retailing industry, subsidiary of a listed company on the Euronext Paris stock exchange whose revenue is EUR28.59 billion in 2022, and established in Shanghai 2001 with a registered share capital of USD224.00 million	2 years	Due in 1 month	9,959	1.34%
5	Customer J	Digital payment services	A technology group operating e-commerce platform with main business in information technology service industry, established in 2017 and based in Zhejiang province	2 years	Due in 1 day	9,445	1.27%

Rank	Customers	Type of Products and Services Purchased	Background	Approximate Years of Business Relationship as of the Latest Practicable Date	Payment Terms	Revenue[(i)(ii)]	% of Our Total Revenue
						(RMB in thousands)	
For the nine months ended September 30, 2023							
1	Customer K	Digital Marketing services, and digital payment services	A commercial bank in financial industry, established in Beijing 1996 with a registered capital of RMB43.78 billion, with a revenue of RMB142.48 billion in 2022	7 years	Due in 1 month	21,799	2.96%
2	Customer L	Digital payment services	A commercial bank in financial industry, established in Shanghai 2015 with a registered capital of RMB3.00 billion, with a revenue of RMB970.16 million in 2022	2 years	Due in 1 month	15,517	2.11%
3	Customer N	Account and e-wallet services and digital payment services	A commercial bank in financial industry, established in Zhejiang 1993 with a registered capital of RMB21.27 billion, with a revenue of RMB61.15 billion in 2022	2 years	Due in 1 month	12,258	1.66%
4	Customer O	Digital marketing services and digital payment services	A private telecommunication company, established in Beijing 2015, with a registered capital of RMB31.9 billion	1 year	Due in 1 month	10,986	1.49%
5	Customer P	Digital marketing services	A private company in virtual commercial cards, foreign exchange and remittance industry, established in Hong Kong 2018.	1 year	Due in 3 months	9,955	1.35%

Notes:

(i) The revenue does not include foreign exchange commission income, mainly because foreign exchange transactions are settled collectively and are not separately allocated to individual customers on the books.

(ii) The revenue of a customer herein is recorded on a consolidated basis, if, to the best of our knowledge, two or more entities from whom we generate revenues from providing services are controlled by the same group company during the Track Record Period.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, our customers were Independent Third Parties. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Agreements with Customers

In general, we enter into a standard form agreement with each customer for our digital payment services on a non-exclusive basis. The form agreement provides our service scope and service charges. During the Track Record Period, the substantial majority of our revenue is generated from our digital payment services. In 2020, 2021, 2022 and the nine months ended September 30, 2022 and 2023, revenue from digital payment services represents 91.4%, 91.3%, 84.8%, 85.8% and 84.9% of our total revenue, respectively. The below table summarizes our key terms included in our standard form agreement for digital payment services with our customers:

Terms	Our agreements with customers for digital payment services generally do not have a definitive term and can be suspended or terminated pursuant to the terms of the agreement.
Fees and Pricing	The pricing of our digital payment services is based on the type of service utilized. Please see "– Our Solutions – Digital Payment Services" for details of our pricing by service type. We are entitled to adjust the service fees charged from time to time with prior notice on our website and principal place of business.
Record and Confidentiality	Our customers may contact the customer service to inquire about the transaction data. If our customers have any disagreements, the transaction records in the bank statements shall prevail. We record and report all transaction records periodically to our customers for inquiry and verification purposes. We will collect and store our customers' personal as well as transaction data and information for provision of our services. We will utilize our best efforts to protect the security and privacy of such data and information collected. However, we are entitled to provide such data and information to our business partners for the provision of our services.

Scope of Liability

Our customers are required to indemnify and hold us harmless for their breach of the terms of service, improper usage of our services, violations of applicable laws and regulations, and claims from third parties due to reasons not related to us.

We are not liable for service failure caused by (i) system downtime for maintenance we notified in advance, (ii) delays, interruptions, or failures in transmission due to telecommunications errors or force majeure factors, or (iii) inability to continue to perform the agreements according to laws, regulations, or government policies.

We are only responsible for liabilities specified in the agreement, such as failures of (i) the system upgrade and maintenance; (ii) fund security and timely settlement; (iii) response to transaction record inquiry; (iv) risk assessment and inspection and (v) providing service support and basic training. We will only process our customers' accounts per our customers' instructions and will not engage in any prepayments, advances, deposits, overdrafts or other financing services.

Our customers shall assume the risks associated with the underlying transaction, including but not limited to fraud, counterfeit cards, stolen cards, money laundering, embezzlement, misappropriation, misappropriation of funds.

We will not provide any form of guarantee for our services.

Suspension and Termination

We are entitled to unilaterally terminate our services, freeze customers' funds, and report to relevant regulatory authorities in the event that (i) we notice that customers conduct suspicious or illegal transactions, or commit any acts that are considered as illegal or dishonest use of accounts and personal data, (ii) we believe that customers may be engaging in fraudulent or other illegal activities, (iii) customers are placed on a regulatory blacklist, subject to investigation or penalties due to violation of applicable laws or regulations, (iv) we suspect that the identity information and related materials customers provided are incorrect, untrue, outdated, or incomplete, (v) customers fail to rectify certain material defects in their business operations, or (vi) we believe that customers have breached the agreements or otherwise damaged our interests or reputation.

Any liability arising from any illegal transactions shall be borne by the customer save where such illegal transactions are caused by us.

Notice Delivery

Notice published on our website or delivered to the address or emails of our customers on our records will constitute delivery. Notice is deemed delivered (i) within 24 hours if we publish the notice on our website or send emails to accounts in our records; (ii) within three (3) days when we send our notice through postal mail. If our customers need to change notice delivery address, they shall notify us in writing in advance.

Amendments and Modifications

We are entitled to unilaterally revise or amend the service agreement without additional notice if we publish our latest agreements on our websites or send email notifications in advance.

Our customers will be deemed to have read, understood and agreed to the amendments if they continue to use our services.

Suppliers

Our suppliers primarily include commercial banks, clearing institutions that charge the Company processing fees, and channel partners that charge the Company service charges.

For the years ended December 31, 2020, 2021, 2022 and for the nine months ended September 30, 2023, the aggregate purchases from our top five suppliers in each year of the Track Record Period amounted to RMB105.6 million, RMB114.9 million, RMB122.1 million and RMB154.2 million, which accounted for 62.8%, 68.6%, 53.0% and 56.6% of our total purchases, respectively. For the same periods, purchases from our largest supplier amounted to RMB28.8 million, RMB38.0 million, RMB44.9 million and RMB59.1 million, which accounted for 17.1%, 22.7%, 19.5% and 21.7% of our total purchases, respectively. The following tables set out details of our five largest suppliers in each year/period of the Track Record Period:

Rank	Suppliers	Type of Products and Services Provided	Principal Business	Approximate Years of Business Relationship as of the Latest Practicable Date	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Year ended December 31, 2020						
1	Supplier A	Settlement and clearing services	A commercial bank in the financial industry established in Shanghai 2007 with a registered share capital of RMB3.97 billion and a revenue of RMB5.62 billion in 2022	6 years	28,805	17.14%
2	Supplier B	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB356.41 billion and a revenue of RMB917.99 billion in 2022	6 years	24,655	14.67%

Rank	Suppliers	Type of Products and Services Provided	Principal Business	Approximate Years of Business Relationship as of the Latest Practicable Date	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
3	Supplier C	Settlement and clearing services	A state owned clearing agency in financial industry, established in Shanghai with a registered share capital of RMB2.93 billion	10 years	19,888	11.84%
4	Supplier D	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB349.98 billion and a revenue of RMB724.87 billion in 2022	10 years	16,872	10.04%
5	Supplier E	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB250.01 billion and a revenue of RMB822.47 billion in 2022	7 years	15,373	9.15%

Rank	Suppliers	Type of Products and Services Provided	Principal Business	Approximate Years of Business Relationship as of the Latest Practicable Date	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Year ended December 31, 2021						
1	Supplier A	Settlement and clearing services	A commercial bank in the financial industry established in Shanghai 2007 with a registered share capital of RMB3.97 billion and a revenue of RMB5.62 billion in 2022	6 years	37,961	22.67%
2	Supplier C	Settlement and clearing services	A state owned clearing agency in financial industry, established in Shanghai with a registered share capital of RMB2.93 billion	10 years	36,612	21.86%
3	Supplier E	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB250.01 billion and a revenue of RMB822.47 billion in 2022	7 years	18,914	11.29%
4	Supplier B	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB356.41 billion and a revenue of RMB917.99 billion in 2022	6 years	11,676	6.97%
5	Supplier D	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB349.98 billion and a revenue of RMB724.87 billion in 2022	10 years	9,696	5.79%

Rank	Suppliers	Type of Products and Services Provided	Principal Business	Approximate Years of Business Relationship as of the Latest Practicable Date	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
Year ended December 31, 2022						
1	Supplier A	Settlement and clearing services	A commercial bank in the financial industry established in Shanghai 2007 with a registered share capital of RMB3.97 billion and a revenue of RMB5.62 billion in 2022	6 years	44,912	19.49%
2	Supplier C	Settlement and clearing services	A state owned clearing agency in financial industry, established in Shanghai with a registered share capital of RMB2.93 billion	10 years	41,667	18.08%
3	Supplier E	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB250.01 billion and a revenue of RMB822.47 billion in 2022	7 years	14,996	6.51%
4	Supplier F	Channel partner with marketing services, including online promotion	A privately owned digital payment platform in software and IT service industry, established in Beijing with a registered share capital of RMB2.24 million	1 year	11,160	4.84%
5	Supplier G	Channel partner with marketing services, including online promotion	A privately owned business consulting company in commercial service industry, established in Shanghai with a registered share capital of RMB10.00 million	1 year	9,343	4.05%

Rank	Suppliers	Type of Products and Services Provided	Principal Business	Approximate Years of Business Relationship as of the Latest Practicable Date	Purchase Amount	% of Our Total Purchase
					(RMB in thousands)	
For nine months ended September 30, 2023						
1	Supplier A	Settlement and clearing services	A commercial bank in the financial industry established in Shanghai 2007 with a registered share capital of RMB3.97 billion and a revenue of RMB5.62 billion in 2022	6 years	59,089	21.67%
2	Supplier H	Channel partner with marketing services, including online promotion	A privately owned media technology company in software and IT services industry, established in Shenzhen with a registered share capital of RMB1 million	2 years	39,987	14.67%
3	Supplier C	Settlement and clearing services	A state owned clearing agency in financial industry, established in Shanghai with a registered share capital of RMB9.96 billion	10 years	27,872	10.22%
4	Supplier J	Channel partner	A privately owned company focusing on software and IT services industry, established in Shanghai 2018, with a registered capital RMB10 million	3 years	14,299	5.24%
5	Supplier E	Settlement and clearing services	A commercial bank in the financial industry, a listed company on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, established in Beijing with a registered share capital of RMB250.01 billion and a revenue of RMB822.47 billion in 2022	7 years	12,933	4.74%

During the Track Record Period, we have not experienced any significant fluctuation in prices set by our suppliers or material breach of contract on the part of our suppliers. As of the Latest Practicable Date, none of our Directors, their associates or any of our shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers.

Channel Partners

We leverage channel partners' marketing and promotion capabilities and large customer bases to reach more potential customers for our digital payment solutions. We pay service charges to channel partners for promoting our services and acquiring new customers. We enter into service agreements with channel partners on non-exclusive basis. The key terms of the service agreements generally include service scope and fees, each party's obligations and rights, and termination clauses. According to the service agreements, channel partners are mainly responsible for helping us reach and acquire customers in designated geographic areas or industries, including promoting and advertising our services, expanding our market and industry coverage, and recommending their platform customers to use our services. We pay our channel partners commissions primarily based on the TPV generated through their services. We utilize channel partners' services to help our customers access traffic data and other marketing resources. For instance, as part of our digital marketing solutions provided to commercial banks, channel partners referred various fund and trading companies to us. Leveraging our industry insights in digital payment services, we help our commercial banks explore diversified and innovative ways to address the need of fund and trading companies. If such fund and trading companies ultimately become new clients of commercial banks, the commercial banks will pay us service fees based on a percentage of TPV transacted of such new clients. We will then pay our channel partners a percentage of such TPV transacted for their referrals. We cooperate with such channel partners for their industry insights and connections. In most cases, the channel partners are participants of the respective industries with business collaboration, strategic alliance, and connections with various industry participants. For details, see "– Value-added Services – Business Services – Digital Marketing." During the Track Record Period, all of our channel partners are independent third parties. The term of the service agreements is typically one year and will not be automatically extended upon expiration. We from time to time evaluate our channel partners' performance and review their qualifications and reputations in accordance with relevant laws and regulations and industry practices. We may terminate the agreements and seek remedies against channel partners if they engage in activities, including but not limited to, (i) utilizing our platform for any illegal purpose or engaging in any transactions that violate the laws, regulations, and relevant provisions of respective countries or regions, (ii) disclosing our customers' information to any third party, and (iii) involving in any misconduct resulting in leakage, manipulation or destruction of customers' information or transaction data.

CUSTOMER SERVICES

We believe our superior customer services optimize service quality and enhance customer loyalty and brand image. Our customer service team are committed to delivering high-quality and efficient service to our customers around the world. Our broad range of support includes customer care, account and e-wallet service, customer approvals, payment review and approvals, risk management, card operations, customer implementations and configuration management. We promptly address inquiries and complaints, collaborating with other departments to provide effective solutions. We analyze the customer service needs by leveraging our wealth of industry insight, which enables us to promptly, and sometimes proactively, address their concerns. Customers can submit questions or complaints directly

through our websites, emails and social media or by calling our customer service hotlines, and we are able to respond in multiple languages across various channels. We also use customer service robots to efficiently process customers' complaints and inquiries on a 24/7 basis. Our customer complaints are generally routine complaints, mainly involving the understanding and application of service rules and procedures and the verification of transactions for deducting funds in the ordinary course of business. During the Track Record Period and up to the Latest Practicable Date, we had not received any material customer complaints. We have internal control measures to handle customer complaints, including (i) recording and assigning all customer requests, inquiries or complaints to a specific case reference, (ii) arranging customer service personnel to handle cases assigned to them and follow up until cases are closed or resolved to our customer's satisfaction, and (iii) integrating customers' feedback into our decision-making process. Through our dedicated customer services, we believe we are able to truly cover the world for our customers, ensuring no matter where they come from or where they do business, we can help make global business local for them.

We have received and resolved 1,359, 1,671, 1,509 and 1,041 customer complaints in 2020, 2021 and 2022 and the nine months ended September 30, 2023, respectively, all of which were routine complaints primarily relating to the understanding and application of service rules and procedures as well as the verification of transactions for deducting funds in the ordinary course of business. All of such complaints were handled in accordance with our internal procedures and did not result in any material adverse effect on our business operation and financial condition.

COMPETITION

The digital payment solution industry is competitive and evolving. We face intense competition in the PRC and internationally. In the PRC, we primarily compete with payment service providers and technology-focused digital solution providers who offer digitalization services. According to Frost & Sullivan, there are more than 190 third-party payment providers that have obtained payment business licenses from the PBOC, of which more than 100 third-party payment providers have payment business licenses for digital payment business and more than 30 third-party payment providers have received approval for cross-border foreign exchange payment business pilot issued by the SAFE. Meanwhile, internationally, we also compete with other parties who provide cross-border and local digital payment solutions. We believe our principal competitive advantages primarily include our global business supported by global license layout, technology capabilities and integrated solutions. Some of our competitors have a longer operating history, broader global footprint, higher market recognition and degree of acceptance, and stronger R&D capabilities than us. See "Risk Factors – Risks Relating to Our Business and Industry – Substantial and increasingly intense competition may harm our business. If we are unable to compete effectively, our business, financial condition, results of operations and prospects would be materially and adversely affected" in this Prospectus. In addition, this industry is affected by changes in government regulations and policies. If we are unable to adopt or comply with such changes, we may not be able to compete effectively. See "Industry Overview" for more details of the competitive landscape of each relevant market regarding our products and services.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

We uphold a "compliance-first" principle and strive to become a digital payment solution provider with strong risk management competencies. We are exposed to a variety of risks, including market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Our overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance. We have established robust, comprehensive and technology-driven risk management to effectively manage and mitigate risks inherent in our business to protect us, our clients and our partners, as well as to meet regulatory obligations.

We employ a comprehensive "three lines of defense" model for risk management. The first line of defense is from our operational departments, which hold primary responsibility for managing risks associated with their respective business activities. The second line of defense comprises our specialized risk management departments. These departments provide strategic guidance and support, helping related divisions to establish and execute robust risk management procedures. They also monitor the effectiveness of these procedures and contribute to critical risk-related decision-making. Our internal audit department acts as the auditor and constitutes the third line of defense. Its role involves supervising the overall risk management system, evaluating risks related to the company's governance structure and conducting regular inspections in crucial areas. Leveraging this risk management framework, we aim to ensure the effective and continual management of all types of risks across the company. Our risk management covers the entire transaction procedure:

- **Precautionary Measures** – Prior to establishing business relations with merchants and enterprises, we implement on-boarding procedures including the financial due diligence. For key merchants and enterprises, we have dedicated auditors who conduct interview or on-site visit to verify identities and ascertain the authenticity of their business operations. We employ a combination of automated verification and manual review measures to evaluate the creditworthiness, business continuity and authenticity of merchants' and enterprises' business activities. This ultimately assists us in clarifying potential risks during the on-boarding stage and helps in the elimination of abnormal merchants and enterprises. We will also require certain merchants to reserve a proportion of risk margin to prevent any bankruptcy or lack of sufficient funds scenario under the results of our financial due diligence and risk assessment. We may face potential losses due to the charge-back requests from end-buyers in the event that our merchants go bankrupt or dissolve. Therefore, in addition to the on-boarding procedures, we require clients to reserve client risk deposits to cover our potential losses from the charge-back requests from end-buyers. During the Track Record Period and up to the Latest Practicable Date, we have not received any charge-back request from end-buyers or incurred any losses as a result of charge-back requests.

- **Ongoing Monitoring** – We employ corresponding monitoring mechanisms to detect unlawful activities during the operational phase and evaluate the creditworthiness of our merchant customers. We are committed to long-term efforts in identifying common characteristics of illicit merchants in various activities such as fund transfers. Our Risk Management System and AML System leverage data-driven analytics and machine learning algorithms to establish over a thousand rule-based models (e.g., customer risk rating models) and cover over a hundred risk scenarios (e.g., large or suspicious transactions). Based on a vast amount of transaction data and risk lists, these systems perform correlational analysis and real-time evaluation on each transaction, identifying and intercepting risky transactions within milliseconds. Additionally, we offer facial recognition capabilities to verify the authenticity of merchants during the onboarding process. We accumulate and adjust models for recognizing illicit merchants and abnormal behaviors, enabling timely and accurate identification and management of related risks.

- **Post-Event Review and Improvement** – Following any identified risk events, we conduct comprehensive reviews to enhance our risk prevention strategies. This entails analyzing the incident, identifying the root causes and implementing necessary improvements to prevent similar risks in the future.

In addition, we have adopted the following specific measures to manage our risk management:

Legal and Compliance Risk Management

We have established a framework for compliance risk management, involving our Board of Directors, senior management, and legal and compliance departments, along with various other departments. The departments responsible for compliance and risk management operate independently, free from interference or influence from other departments or individuals. These departments report directly to the Board of Directors and senior management. This system facilitates the creation of comprehensive policies and processes for managing compliance, ensuring continued conformity to all relevant laws and regulations. We have dedicated legal and compliance departments with compliance officers tasked with keeping abreast of updates to laws, regulations and policies. The persons in charge of the legal and compliance departments has extensive experience in legal and regulatory compliance from working in or serving clients in banking and other financial-related industries in China. Our legal and compliance departments promptly identify any significant implications these changes may have on our business operations, and adjust our policies, procedures and compliance standards accordingly. Moreover, they implement a range of compliance and risk management activities and measures to ensure that our legal and compliance risks are kept within an acceptable limit, primarily including: (i) monitoring regulatory changes in the jurisdictions where we have business operations and staying up-to-date with the latest developments in the industry we operate and assessing the potential impact of the changes and developments on our business operations; (ii) maintaining well-defined and up-to-date policies and procedures and provide regular and specific trainings to guide employees on compliance matters; (iii) engaging in

internal risk assessment before launching new products or services or making significant changes to existing ones; (iv) establishing a system to prepare and submit reports on financial transactions, anti-money laundering measures, fraud prevention, and other regulatory requirements promptly and diligently to regulatory authorities in different jurisdictions; (v) communicating with regulatory authorities in different jurisdictions to seek practicable guidance on compliance matters; and (vi) assisting and overseeing how well each department fulfills their compliance duties to identify potential compliance risks and address risks to ensure in compliance with applicable laws and regulations.

We have comprehensive procedures to monitor our compliance with the key business rules and standards set by the clearing institutions we cooperate with. Such procedures cover every major aspect of the business collaboration between the clearing institutions and us, including clearance network admittance, KYC, ad-hoc compliance review and inquiries, and annual compliance review and information updates. With respect to ad-hoc and annual compliance review and inquiries from the clearing institutions, we will prepare the required information, primarily including corporate information, relevant financial and business information, AML and counter-terrorism financing policies, IT and business system status and other compliance and risk management policies, and respond on time to ensure no suspension of services by clearing institutions and no interruption to our business operation.

In addition, we have implemented a set of measures to ensure our operations comply with applicable anti-bribery and anti-corruption regulations in jurisdictions where we operate, primarily including: (i) establishing the Anti-Corruption and Anti-Bribery Policies, which clearly outlines our commitment to combat corruption, and defines related principles, rules, and responsibilities for all departments and employees; (ii) providing mandatory trainings about our Anti-Corruption and Anti-Bribery Policies to new joiners within three months of on-boarding, and annual anti-corruption and anti-bribery training about the updates of relevant laws and regulations; (iii) implementing anti-corruption measures relating to our third-party partners, e.g., conducting anti-corruption diligence questionnaires and incorporating anti-corruption clauses in contracts to reserve our right to terminate the partnership immediately and seek restitution for any losses caused by third-party partner who engages in bribery or corruption; (iv) requesting employees to report, if they are aware of any partner institutions or individuals making requests for benefits that may involve corruption; and (v) conducting risk assessments and audits by our internal audit to evaluate the implementation of anti-corruption and anti-bribery measures to ensure strict compliance with our policies.

Partner Financial Institutions Risk Management

We have established comprehensive systems and policies to manage risks together with our partner financial institutions such as banks. Our risk management team regularly monitors our collaboration with partner financial institutions. Prior to formal engagement, we thoroughly assess the financial institution's suitability across a range of objective metrics.

Once a formal business relationship is established, we monitor the relationship on an ongoing basis. In addition to ongoing monitoring, we conduct reviews on all of our partner financial institutions and adjust our risk management policies based on external factors and market developments.

Financial Reporting Risk Management

We have established a set of accounting policies in connection with our financial reporting risk management, which covers budget management, treasury management, financial statements preparation and staff management. We have procedures and IT systems in place to facilitate the implementation of our accounting policies and review of our management accounts. We also provide regular training to our finance department employees to ensure that they are kept up-to-date with our financial management and accounting policies.

Internal Control

To ensure strict compliance of our business operations with applicable rules and regulations, we have designed and adopted a set of comprehensive internal control policies. The implementation of such policies is overseen by our internal control team, which is also responsible for (i) performing group-level risk assessments, (ii) providing advice on risk management practice and (iii) establishing authorization and approval protocols.

Client Reserve Funds

We strictly distinguish client reserve funds from our own funds, and open client reserve fund accounts with the PBOC and other institutions recognized by regulatory agencies. All client reserve funds will be deposited directly into such reserve accounts to ensure its safety. We have developed dedicated settlement management software and systems to monitor and report the status of such reserves, established a continuous reconciliation mechanism with PBOC and other institutions, regularly reported the status of client reserve funds to regulatory agencies, and provided to our customers account movement and balance checking services to ensure the transparency, accuracy and compliance with the relevant laws and regulations. Our PRC Legal Advisor has confirmed that, during the Track Record Period and up to the Latest Practicable Date, we are compliant with the provisions of Depository Measures for Clients' Provisions of Non-bank Payment Institutions in respect of clients' provisions account opening and account management, clients' provisions storage and management, use and transfer of clients' provisions, and prevention of misappropriation, occupation and borrowing of clients' provisions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Overview

We are committed to promoting corporate social responsibility and sustainable development and integrating it into all major aspects of our business operations. Accordingly, our Board of Directors has adopted a comprehensive policy on environmental, social and corporate governance, or ESG, responsibilities (the "**ESG Policy**") in accordance with the standards of Appendix C2 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of key performance indicators ("**KPIs**") and (v) the relevant measurements and mitigating measures.

Our ESG Policy also sets out different parties' respective responsibilities and authority in managing ESG matters. Our Board has overall responsibility for overseeing and determining our environmental, social, and climate-related risks and opportunities impacting us, establishing and adopting the ESG Policy and targets of us, and reviewing our performance annually against the ESG targets and revising the ESG strategies as appropriate if significant variance from the target is identified. Our Board has established an ESG working group that comprises five members, including managements of relevant ESG departments. The ESG working group serves a supportive role to our Board in implementing the agreed ESG Policy, targets and strategies; conducting materiality assessments of environmental-related, climate-related and social-related risks and assessing how we adapt its business in light of climate change; collecting ESG data from different parties while preparing for the ESG report; and continuous monitoring of the implementation of measures to address our Group's ESG-related risks. The ESG working group has to report to our Board on a semi-annual basis on the ESG performance of us and the effectiveness of the ESG systems.

Our PRC Legal Advisors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, work safety, social and environmental protection, had not been involved in any accident or fatality and had been in compliance with the relevant PRC laws and regulations in all material aspects.

Benefits and Welfare

We strive to offer competitive salaries to attract and retain employees. Our comprehensive benefits package includes the mandatory social insurance schemes with additional commercial insurance. In addition, we provide meal allowances, communication allowances, transportation allowances, annual medical checkups and other welfare benefits, ensuring a holistic approach to employee well-being.

To further support professional development, we also engage in external training programs and procure training resources relevant to specific job roles. This includes inviting external instructors, which is considered one of the company's welfare benefits. By providing opportunities for continuous learning and growth, we aim to enhance employee skills and knowledge, promoting their professional advancement within the organization.

We will also focus on embracing diversity within our organization and equal and respectful treatment of all of our employees in their hiring, training, wellness and professional and personal development. While maximizing equal career opportunity for everyone, we will also continue to promote work-life balance and create a pleasant workplace for all of our employees.

Workplace Safety

We have adopted and maintained a series of rules, standard operating procedures, and measures to maintain our employees' healthy and safe environment. We implement safety guidelines to set out information about potential safety hazards. We require new employees to participate in safety training to familiarize themselves with the relevant safety rules and procedures. Also, we have policies in place and have adopted relevant measures to ensure the hygiene of our work environment and the health of our employees. As we do not operate any production facilities, we are not subject to significant health, work safety, social or environmental risks. To ensure compliance with applicable laws and regulations, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations.

Potential Impacts of ESG-related Risks

Our core business is digital payment services. We are not involved in any manufacturing activities or construction projects, and thus no material generation of emissions and wastes and no heavy pollutions. Nonetheless, we monitor environmental and climate-related risks that may impact on our business, strategy and financial performance and evaluate the magnitude of the resulting impact over the short-, medium- and long-term horizons.

Strategies in Addressing ESG-related Risks

Climate-related issues are among our key agenda. Supervised by our Board, we actively identify and monitor the climate-related risks and opportunities over the short, medium and long term, and we seek to incorporate such climate-related issues into our businesses, strategy and financial planning.

We have also implemented internal policies to reduce our carbon footprint, such as reducing the energy and water consumption through:

(i) Installing energy efficient lighting and ensuring lights are switched off when out of use either manually or through automatic sensors;

(ii) Switching off certain IT equipment or automatic power shutdown for certain systems and devices in off-seasons;

(iii) Controlling the use of air conditioning with measures including requirements on lowest temperature, regular maintenance of air cooling technologies and optimal timing controls; and

(iv) Posting slogans on saving water in our office, calling on employees to practice water conservation in their daily life.

We also promote a paperless office in our Group. We encourage employees to use online office tools for daily documentation and meetings. We also require double-sided printing if hard copies of documents are necessary.

Climate Risks Relating to IT Infrastructures

We have utilized two local data centers and a cloud-based data center. Server farms and data centers maintaining these IT infrastructures have significant impact on the environment due to their high energy consumption and carbon emissions. These facilities consume large amounts of electricity to power servers, cooling systems, and other equipment, leading to increased demand for energy from power plants, many of which rely on fossil fuels. The production of electricity from fossil fuels such as coal and natural gas results in the release of greenhouse gases, primarily carbon dioxide, which contribute to global warming and climate change. In addition, the cooling systems used in data centers often rely on refrigerants that can be harmful to the ozone layer and contribute to global warming.

Since our business operations rely on these IT infrastructures, we may be exposed to several climate risks, including:

- *Energy price volatility*. As the demand for energy increases, the cost of energy can become more volatile, leading to potential price increases that could impact the operating costs of server farms and data centers and ultimately, the prices charged by server custody and/or cloud services provided to us.

- *Physical risks from extreme weather events*. Server farms and data centers may be vulnerable to physical risks such as floods, hurricanes and wildfires, which can damage critical infrastructure, disrupt services, and result in downtime for customers.

- *Regulatory risks*. Governments and regulatory bodies are increasingly taking action to address climate change, which could result in new regulations and policies that impact the operations of server farms and data centers.

- *Reputation risks*. Customers and stakeholders are becoming more aware of the environmental impact of server farms and data centers and may choose to avoid companies that are perceived to have a negative impact on the environment.

To mitigate climate risks, we prioritize energy efficiency when selecting service vendors and partner with data centers and cloud service providers that implement sustainable practices and are committed to reducing their carbon footprint.

We monitor the following indicators to assess and manage our environmental and climate-related risks arising from our business operations.

- Power consumption. We regularly monitor our electricity consumption levels and implement measures to improve energy efficiency. For 2020, 2021 and 2022 and the nine months ended September 30, 2023, our electricity consumption levels were 3,454.5 MWh, 3,510.2 MWh, 3,614.8 MWh and 2,238.3 MWh, respectively;

- Water consumption. We regularly monitor our water consumption levels and implement measures to promote water conservation. For 2020, 2021 and 2022 and the nine months ended September 30, 2023, our water consumption levels were 36,552.8 tons, 47,642.1 tons, 51,953.0 tons and 30,741.1 tons, respectively; and

- Emission of greenhouse gasses. We regularly monitor the level of greenhouse gas ("**GHG**") emissions. For 2020, 2021 and 2022 and the nine months ended September 30, 2023, our greenhouse gas emissions (scope 2) were approximately 2,107.6 tonnes of CO2-e, 2,141.6 tonnes of CO2-e, 2,205.4 tonnes of CO2-e and 1,365.6 tonnes of CO2-e, respectively.

The ESG working committee of the Company sets targets for each material key performance indicator at the beginning of each financial year in accordance with the disclosure requirements under Appendix C2 of the Listing Rules and any other relevant rules and regulations after listing which outlines, among other things, (i) establishment of a green management system; (ii) strict rules on waste disposal; (iii) resources efficiency; and (iv) responses to climate change. Relevant targets of the material key performance indicators will be reviewed annually to ensure that they are still suitable for our needs.

We are committed to promoting a low-carbon office and low-carbon travel, and introducing a number of measures including (i) low-carbon use of electric lights and electrical equipment; (ii) low-carbon use of ventilation equipment and air conditioners; (iii) water saving; (iv) paperless office; (v) recycling and reuse of office supplies; (vi) improving the working environment in the office; (vii) green travel; (viii) purchasing environmentally friendly products; and (ix) cherishing food and avoiding food wastage.

As our core business is digital payment service, we will only produce the scope 2 emissions under Listing Rules. During the Track Record Period, the total amount of GHG emissions (scope 2) were 7,820.2 tonnes of CO2-e. In the future, we will continue to advocate for a low-carbon office and low-carbon travel and introduce other measures to reduce greenhouse gas emissions.

Metrics and Targets

Our Board will set targets for each material KPI at the beginning of each financial year in accordance with the disclosure requirements of Appendix C2 to the Listing Rules and other relevant rules and regulations upon listing. The relevant targets on material KPIs will be reviewed on an annual basis to ensure that they remain appropriate to the needs of our Group. In setting targets for the KPIs, we have taken into account their respective historical levels and have considered our future business expansion thoroughly and prudently with a view of balancing business growth and environmental protection to achieve sustainable development.

We consume energy and water to support our daily business operations, primarily including office facilities. We evaluate our energy and water usage level using the metric of annual power usage and annual water usage, respectively. In 2022, the annual power and water usage of our office facilities in Hangzhou headquarter was 3.6 million kWh and 51,953 m^3, respectively. We endeavor to proactively conserve energy and water through various measures as described above. We also raise energy and water conservation awareness of our employees during our trainings. We intend to continue our efforts to reduce the level of our power and water usage in the future.

Scope 3 Emissions from Third-party Server Services

We utilize an increasing amount of cloud server and data center services from service vendors and partners to operate. Energy consumption becomes a major component of the environmental footprint of a data center. Emissions from suppliers, such as our service vendors and partners, are counted as scope 3 emissions in ESG disclosures, which tends to be reported voluntarily to avoid double counting. To mitigate our indirect impact through our service vendors and partners, we plan to strengthen our ESG practices and actively research the carbon footprint of our third-party service providers and enlist environmental protection capability as one of our assessment elements when evaluating such service providers to ensure that our service vendors and partners are fully competent in carrying out sustainable operations and exerts continuous effort to minimize environmental impact. When screening server service providers in the future, low carbon will be our top priority criteria with evaluation metrics emphasizing environmental impact, energy and resource utilization, use of renewable energy and other innovative means for producing a smaller carbon footprint.

Anti-money Laundering and Counter-terrorism

In order to ensure our operations comply with applicable AML regulations in jurisdictions where we operate, we have put in place comprehensive AML policies and procedures. Our AML policies cover specific roles and responsibilities for managing risks related to AML, counter-terrorism financing, financial crimes and sanctions compliance. Based on these policies, we have set in place procedures that include "know your customer" procedures, transaction monitoring, reporting of suspicious transactions and record retention. In the course of our above due diligence procedures, we engage in a comprehensive investigation of prospective enterprise or merchant customers, coupled with ongoing surveillance of their operational status. This involves not merely a verification of basic registration particulars but may also extends to rigorous on-site evaluations at their business premises. Our inquiries are particularly focused on ascertaining the legitimacy of their funding sources, scrutinizing their supplier networks, and assessing their logistical arrangements, all with the aim of corroborating the genuineness of their trading activities. Collaboration with potential enterprise or merchant customers is conditionally approved only after they successfully navigate this multi-tiered vetting process, as determined by our dedicated compliance team. To facilitate continuous oversight, we have instituted systems that trigger immediate review protocols. Triggering factors include but are not limited to changes in a corporate status, impending expiration of license, engagement in large or suspicious transactions, and other events indicative of potential risk. We also leverage technology to improve the efficiency of the operation of AML procedures. To ensure our employees are kept up-to-date with regulatory updates and our AML policies and procedures, we provide regular training to our employees.

INTELLECTUAL PROPERTY

Intellectual property rights are critical to our business. We rely primarily on a combination of patents, copyrights, trademarks, domain names and trade secrets, as well as employee and third-party nondisclosure, confidentiality and other types of contractual arrangements to protect our intellectual property rights.

As of September 30, 2023, we owned 251 trademarks, 36 patents, 262 registered domain names and 97 software copyrights in various categories in the PRC. As of September 30, 2023, we had filed one trademark applications in the PRC and 23 trademark applications in overseas jurisdictions. We also intend to pursue additional intellectual property protections in markets where we operate, to the extent we believe it would be beneficial and cost-effective.

See "Appendix VIII – Statutory and General Information – Further Information about Our Business – Intellectual Property Rights" for details of our material intellectual property rights.

We intend to protect our technology and proprietary rights vigorously, but there can be no assurance that our efforts will be successful. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

EMPLOYEES

As of December 31, 2020, 2021, 2022 and September 30, 2023 we had a total of 697, 861, 1,007 and 896 employees, respectively. As of September 30, 2023, 92.5% of our employees were based in China and 7.5% were based overseas, primarily in Southeast Asia and the United States.

The following table sets forth a breakdown of our employees categorized by function as of September 30, 2023.

Function	Number	% of total
Research and development	321	35.8%
Sales and marketing	296	33.0%
General and administration	279	31.2%
Total	896	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 the 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 noncompetition with all of our executive officers and the vast majority of our employees. We enter into standard employment contracts and confidentiality agreements with our employees. We also enter into noncompetition 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 September 30, 2023, 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 Track Record Period and up to the Latest Practicable Date.

INSURANCE

We have obtained insurance to cover certain potential risks and liabilities, such as property damage insurance, directors and officers insurance, employer liability insurance, public liabilities for business premises, information technology professional liability insurance cyberedge insurance for network interruption, electronic data restoration, among others. During the Track Record Period, we did not make any material insurance claims in relation to our business. Our employee-related insurance consists of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by PRC laws and regulations. We also purchase supplemental commercial medical insurance and accident insurance for our employees. We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practices in our industry. However, our insurance policies are subject to standard deductibles, exclusions and limitations. As a result, our insurance policies may not be able to cover all of our losses and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See "Risk Factors – Risks Related to Our Business and Industry – We may not have sufficient insurance coverage to cover our business risks" in this Prospectus.

PROPERTIES

Owned Properties

Our headquarters are located in Lianlian Tower at No. 79 Yueda Lane, Changhe Street, Binjiang District, Hangzhou, Zhejiang Province. We hold legal title to Lianlian Tower, which is used as office space for our company and affiliates and for leasing to other tenants. Lianlian Tower has a total area of 56,394.6 square meters.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, or JLL, an independent property valuer, valued our property interests as of January 31, 2024 and is of the opinion that the aggregate value of our property interests as of such date was RMB270.8 million. The letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix IV to this Prospectus.

Leased Properties

As of the Latest Practicable Date, we leased six properties in the PRC with an aggregate GFA of 1,875 square meters and 16 properties overseas with an aggregate GFA of approximately 2,042 square meters, which are used as office space.

We believe our current facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

LICENSES AND PERMITS

We are required by relevant laws and regulations to obtain and maintain various licenses and permits in order to operate our business in the PRC and globally. As of December 31, 2023, we had built a license portfolio of 64 payment licenses and relevant qualifications that cover our seven material markets including Mainland China, Hong Kong, Singapore, the United States, the United Kingdom, Thailand and Indonesia. For more details regarding the laws and regulations to which we are subject, please see "Regulatory Overview" in this Prospectus. During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses and permits that are material to our operations from the relevant regulatory authorities in the jurisdiction in which we operate.

The following table sets out a full list of license portfolio of 64 payment licenses and relevant qualifications:

License/Permit	Entity	Country/ Region	Expiration Date	Description	Related Service Offering
Payment License (中華人民共和國支付業務許可證)	Lianlian Yintong Electronic Payment Co., Ltd.	PRC	8/28/2026	License for providing (1) internet payment and (2) mobile phone payment services in China	Pay-in, pay-out and acquiring services
E-commerce Cross-border RMB Settlement License (電子商務跨境人民幣結算業務備案)[(i)]	Lianlian Yintong Electronic Payment Co., Ltd.	PRC	N/A	License for providing cross-border RMB settlement service in China	Pay-in and pay-out services
SAFE Authorized Foreign Exchange Payment Institution (國家外匯管理局支付機構外匯業務許可)	Lianlian Yintong Electronic Payment Co., Ltd.	PRC	12/30/2024	License for providing cross-border foreign exchange service in China	Pay-in, pay-out and foreign exchange services
SAFE Pilot Program for Foreign Exchange Payment (國家外匯管理局跨境外匯支付試點)	Lianlian Yintong Electronic Payment Co., Ltd.	PRC	N/A	License for providing cross-border foreign exchange service in China	Pay-in, pay-out and foreign exchange services
CSRC Authorized Sales and Settlement of Fund Institution (中國證監會基金銷售支付結算機構備案)	Lianlian Yintong Electronic Payment Co., Ltd.	PRC	N/A	License for providing fund payment service in China	Pay-in, pay-out and acquiring services

License/Permit	Entity	Country/ Region	Expiration Date	Description	Related Service Offering
Bankcard Clearing Business License (中華人民共和國銀行卡清算業務許可證)	Express (Hangzhou) Technology Services Company Limited	PRC	N/A	License for providing bankcard clearing service in China	Bank card clearing
Licence for Operating Money Service (香港海關經營金錢服務的牌照)	LianLian International Company Limited	HK	8/15/2025	License for the operation of a money service	Pay-in, pay-out and foreign exchange services
Licence for Operating Money Service (香港海關經營金錢服務的牌照)	LITE PAY COMPANY LIMITED	HK	04/05/2025	License for the operation of a money service	Pay-in, pay-out and foreign exchange services
Money Transmitter Licenses[ii]	LL Pay U.S., LLC	U.S.	Various	License for operating as (1) a money transmitter, (2) an issuer of traveler's checks, money orders or stored value, (3) a seller or redeemer of traveler's checks, money orders or stored value and (4) a currency dealer or exchanger	Pay-in and pay-out services
Authorized Payment Institution (API)	LL Pay UK Limited	UK	N/A	License for providing remittance service in the UK	Pay-in and pay-out services
The Designated Payment Services License (Service of Receiving Electronic Payment – Payment Facilitating Service)	Lianlian Pay Electronics Payment (Thailand) LTD	Thailand	N/A	License for providing bankcard payment service in Thailand	Acquiring services[iii]
The Designated Payment Services License (Service of Receiving Electronic Payment – Receiving Payment on Behalf Service)	Lianlian Pay Electronics Payment (Thailand) LTD	Thailand	N/A	License for operating as an authorized dealer in Thailand	Acquiring services[iii]

License/Permit	Entity	Country/ Region	Expiration Date	Description	Related Service Offering
Major Payment Institution	Starlink Financial Technologies Pte. Ltd.	Singapore	N/A	License for providing (1) account issuance, (2) domestic money transfer, (3) cross-border money transfer, (4) merchant acquisition and (5) e-money issuance services in Singapore	Pay-in, pay-out and acquiring services
Fund Transfer Operator License	PT Internasional Sukses Remiten	Indonesia	Indefinite	License for providing payment and data processing service in Indonesia	Pay-in and pay-out services

Notes:

(i) We hold two E-commerce Cross-border RMB Settlement Licenses, each for a different local branch of PBOC.

(ii) We hold 50 state-level money transmitter licenses covering 49 states (all states in the U.S. except Montana) and the District of Columbia. The State of Montana does not currently require a money transmitter license. As of the Latest Practicable Date, we were in the process of renewing our money transmitter licenses in the State of Oklahoma and State of Louisiana, respectively. We submitted our renewal requests in December 2023 before the respective license expiration dates and we expect to obtain renewals in the first quarter of 2024 without any material difficulties. Furthermore, according to local laws and regulations, we are able to conduct our services in such two states during renewal periods. As a result, we may conduct our services in all 50 states in the United States and the District of Columbia.

(iii) We provide pay-in and pay-out services in Thailand based on local regulatory exemptions. As such, we are not required to obtain a particular license for our pay-in and pay-out services in Thailand.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

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

Legal Compliance

We primarily operate in China and have been expanding into several other countries and regions where our business is regulated and supervised under different regulatory environments. We are subject to various regulatory requirements and guidelines issued by the regulatory authorities in the jurisdictions in which we operate. We aim to monitor regulatory environments and adopt adequate internal procedures and guidelines to manage our operations in order to avoid potential non-compliance or misconduct. During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material non-compliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

AWARDS AND ACHIEVEMENTS

The following table sets forth some of the important accreditations and awards we had received from the relevant authorities and organizations in China as of the Latest Practicable Date:

Award/Recognition	Awarding Authority	Award Year
First Prize for Science and Technology Progress	The People's Government of Zhejiang Province	2019
Pilot Enterprise of Service Trade in Zhejiang Province	The Commerce Department of Zhejiang Province	2020
National Digital Commerce Enterprise	Ministry of Commerce of PRC	2020
Digital Financial Innovation Demonstration Enterprise	China (Zhejiang) Pilot Free Trade Zone in Hangzhou	2021
The First Batch of Technology Innovation Enterprises in the Manufacturing Industry of Zhejiang Province	The People's Government of Zhejiang Province	2021
2020 List of Key Awards for the High-Quality Development of Manufacturing Industry in Hangzhou	Hangzhou Municipal People's Government	2021
2020 Top 100 Digital Trade Enterprises in Zhejiang Province	The People's Government of Zhejiang Province; The Commerce Department of Zhejiang Province	2021

Award/Recognition	Awarding Authority	Award Year
Social Service Innovation Achievements in Digital Finance Field	National Internet Finance Association of China; Global Digital Financial Center (Hangzhou)	2022
2021 (21st) Zhejiang Electronic Information 50 Growth Enterprise	Economy and Information Technology Department of Zhejiang Province	2022
"Top Ten" Achievements in the Construction of Zhejiang Pilot Free Trade Zone	China (Zhejiang) Pilot Free Trade Zone	2022
2021 Representative Enterprises and Platforms of Using Digital Technology to Promote New Industry Models	The Development and Reform Commission and the Department of Land and Resources of Zhejiang Province	2022
2022 Top 100 Cross-Border Payment Company	FXC Intelligence	2022
Global Unicorn Index Mid-year 2022	Hurun Report; Guangzhou Municipal Commerce Bureau	2022
2022 Top 100 Enterprises in Global Digital Trade Industry	Forbes China	2022
Global Digital Trade Expo Pioneer Award Bronze Award	The Commerce Department of Zhejiang Province	2022
E-commerce Model Enterprises	Department of E-commerce and Information Technology, Ministry of Commerce of PRC	2023
2022 (22nd) Zhejiang Digital Information 50 Growth Enterprises	Economy and Information Technology Department of Zhejiang Province	2023
2022 Annual Key Project for the High-Quality Development of Digital Trade in Zhejiang Province	The Commerce Department of Zhejiang Province	2023

BOARD OF DIRECTORS

Our Board of Directors comprises eight Directors, including five executive Directors and three independent non-executive Directors.

The following table sets out information regarding the Directors.

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining Our Group	Roles and Responsibilities
Executive Directors					
Mr. Zhang Zhengyu (章徵宇)	57	Chairman of the Board and executive Director	January 2018	February 2009	Overall strategic planning, business direction and operational management of our Group
Mr. Xin Jie (辛潔)	49	Executive Director and chief executive officer	April 2021	January 2021	Overall strategic planning and daily operation of our Group
Mr. Xue Qiangjun (薛強軍)	55	Executive Director, deputy general manager and financial director	January 2018	January 2010	Overall strategic financial planning, financial management and financial reporting of our Group
Mr. Zhu Xiaosong (朱曉松)	52	Executive Director	July 2018	February 2009	Overall operational management of the global business of our Group
Mr. Wang Yu (王愚)	46	Executive Director, deputy general manager and chief technology officer	December 2020	July 2019	Overall technical management and providing technology direction of our Group

Name	Age	Position/Title	Date of Appointment as Director	Date of Joining Our Group	Roles and Responsibilities
Independent non-executive Directors					
Mr. Chun Chang	67	Independent non-executive Director	April 2021	April 2021	Participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management
Mr. Wong Chi Kin (黃志堅)	50	Independent non-executive Director	June 2023	June 2023	Participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management
Ms. Lin Lanfen (林蘭芬)	54	Independent non-executive Director	July 2023	July 2023	Participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management

Executive Directors

Mr. Zhang Zhengyu (章徵宇), aged 57, is the chairman of the Board and an executive Director of our Company. Mr. Zhang joined our Group in February 2009 and served as our chief executive officer from February 2009 to March 2023. Mr. Zhang has been serving as the chairman of the Board since January 2018. He was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall strategic planning, business direction and operational management of our Company.

Mr. Zhang founded Zhejiang Lianlian Technology Co., Ltd. (浙江連連科技有限公司) ("**Zhejiang Lianlian**") in 2004 and now serves as its chairman of the board. Mr. Zhang also served as the chairman of the board of Beijing Tianrongxin Technology Co., Ltd. (北京天融信科技有限公司) from May 2012 to January 2018, and as the chairman of the board in Beijing Tianrongxin Network Security Technology Co., Ltd (北京天融信網絡安全技術有限公司) from September 2011 to January 2018. Prior to that, Mr. Zhang served as the vice chairman of the board of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) from September 2003 to July 2004.

Mr. Zhang received his bachelor's degree in computer software in July 1989 from Zhejiang University (浙江大學) in the PRC and his master's degree in public policy and management in August 2002 from University of Southern California in the United States.

Mr. Xin Jie (辛潔), aged 49, is an executive Director and chief executive officer of our Company. Mr. Xin was appointed as our Director in April 2021, as the chief executive officer in March 2023 and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall strategic planning and daily operation of our Company.

Prior to joining our Group, Mr. Xin worked in China International Capital Corporation Limited (中國國際金融股份有限公司, a company listed both on the Shanghai Stock Exchange (stock code: 601995) and the Hong Kong Stock Exchange (stock code: 3908)) from July 2007 to January 2021. Mr. Xin served as managing director of CICC Capital Operation Co., Ltd. (中金資本運營有限公司) from March 2019 to January 2021 and in CICC Jiacheng Investment Management Co., Ltd. (中金佳成投資管理有限公司) from February 2017 to March 2019; and served as the chief financial officer and a member of the management committee of CICC from January 2014 and April 2015, respectively, to February 2017, where he was responsible for the overall financial and accounting management, major decision-making and strategic development; and as executive director of CICC from July 2007 to October 2011. Previously, Mr. Xin served as the director of Standard Chartered Private Equity from March 2005 to June 2007, as the deputy chief representative of Veolia Water Group North China from May 2003 to February 2005 and as the general manager of the Beijing office of Good Investment Co. Ltd. from July 2000 to April 2003.

Mr. Xin also served as a director of Zheshang Jinhui Trust Co., Ltd. (浙商金匯信託股份有限公司) from July 2012 to February 2022, during which he was also the chief executive officer from July 2012 to January 2014; and as a director of BrightGene Bio-Medical Technology Co., Ltd. (博瑞生物醫藥(蘇州)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688166), from December 2016 to December 2020.

Mr. Xin received his bachelor's degree in business administration in June 1996 from University of Georgia in the United States and his master's degree in world economics in June 2005 from Nankai University (南開大學) in the PRC.

Mr. Xue Qiangjun (薛強軍), aged 55, is an executive Director, deputy general manager and financial director of our company. Mr. Xue was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He has been serving as our deputy general manager and financial director since December 2020. He is primarily responsible for the overall strategic financial planning, financial management and financial reporting of our Group. Mr. Xue has been serving as chief financial officer of our Company from January 2010 to December 2020.

Besides the positions in our Group, Mr. Xue served as a director of Hangzhou Hyperchain Technology Co., Ltd. (杭州趣鏈科技有限公司) from November 2016 to October 2018. He also worked as a general manager in finance department of UnionPay Data Service Co., Ltd (銀聯數據服務有限公司) from February 2004 to December 2009.

Mr. Xue graduated from Zhejiang University (浙江大學) in the PRC and received his bachelor's degree of science in July 1991, his master's degree of economics in March 1996 and his doctoral degree of economics in March 2007.

Mr. Zhu Xiaosong (朱曉松), aged 52, is an executive Director of our Company. Mr. Zhu was appointed as our Director in January 2018 and was re-designated as our executive Director in June 2023. He also served as our deputy general manager from January 2018 to June 2023. Mr. Zhu is primarily responsible for the overall operational management of the global business of our Group.

Besides the positions in our Group, Mr. Zhu served as an executive director of Hangzhou Donghan Paifu Investment Management Co., Ltd. (杭州東翰派富投資管理有限公司, now known as Hangzhou Donghan Paifu Private Equity Fund Management Co., Ltd. (杭州東翰派富私募基金管理有限公司)) from July 2015 to January 2021. Mr. Zhu also served as the vice president in Hangzhou branch of Guangzhou Lianxin Communication Technology Co., Ltd. (廣州連欣通信科技有限公司) from February 2008 to February 2011 and as the president from November 2012 to May 2013. Previously, Mr. Zhu also served as a director and general manager of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) from January 2004 to December 2007.

Mr. Zhu received his bachelor's degree in machinery and manufacturing in July 1996 from Tsinghua University (清華大學) in the PRC and his master's degree in business administration in June 2001 from University of California, Los Angeles in the United States.

Mr. Wang Yu (王愚), aged 46, is an executive Director, deputy general manager and chief technology officer of our Company. Mr. Wang was appointed as our chief technology officer, Director and deputy general manager in November 2020, December 2020 and June 2023, respectively, and was re-designated as our executive Director in June 2023. He is primarily responsible for the overall technical management and providing technology direction of our Company.

Prior to joining our Group, Mr. Wang served as a vice president of technology of ZhongAn Online Property Insurance Co., Ltd. (眾安在線財產保險股份有限公司), a company listed on the Stock Exchange (stock code: 6060) from February 2016 to June 2019. Mr. Wang worked as a senior technology expert in Ant Group Co., Ltd. (螞蟻科技集團股份有限公司) from March 2013 to July 2015. He also worked as a technology expert at Alibaba (China) Network Technology Co., Ltd. (阿里巴巴(中國)網絡技術有限公司) from January 2012 to March 2013. He also worked at Hangzhou Yisai Communication Co., Ltd. (杭州依賽通信有限公司) from November 2009 to January 2012. Prior to that, Mr. Wang worked at UTStarcom Communication Co., Ltd. (UT斯達康通訊有限公司) (Nasdaq: UTSI) from November 2003 to October 2009.

Mr. Wang received his bachelor's degree in geochemistry in July 1999 from Nanjing University (南京大學) in the PRC and his master's degree in computer application technology in June 2003 from Graduate School of Chinese Academy of Sciences (中國科學院研究生院, now known as University of Chinese Academy of Sciences (中國科學院大學)) in the PRC. Mr. Wang also received a master's degree in business administration in June 2013 from Zhejiang University (浙江大學) in the PRC.

Independent Non-executive Directors

Mr. Chun Chang, aged 67, was appointed as our independent Director in April 2021 and was re-designated as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Chang has over 35 years of experience in management. Mr. Chang is now a professor of finance at Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University (上海交通大學上海高級金融學院) since May 2010 and he also worked as its executive dean from 2010 to 2021. Besides his academic achievements, Mr. Chang now serves as an independent Director in the following companies: in Shanghai Life Insurance Co., Ltd. (上海人壽保險股份有限公司) since March 2015; in Fubon Bank (China) Co., Ltd. (富邦華一銀行有限公司) since July 2020; and in Schroeder Bank of Communications Wealth Management Co., Ltd. (施羅德交銀理財有限公司) since February 2022. He previously served as an independent director in

CICC Fund Management Co., Ltd. (中金基金管理有限公司) from February 2014 to May 2020. He also served as an independent director in Shanghai Securities Co., Ltd. (上海證券股份有限公司) and in City Cloud International Co. Ltd. (杭州城雲國際有限公司) during the past decade.

Mr. Chang received his bachelor's degree in mathematics in January 1982 from East China Normal University (華東師範大學) in the PRC, his master's degree in science in June 1983 from University of Oregon in the United States and his PhD degree in June 1987 from Northwestern University Kellogg School of Management in the United States.

Mr. Wong Chi Kin (黃志堅), aged 50, was appointed as our independent non-executive Director in June 2023. He is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Wong has over 25 years of solid experience in accounting, banking and corporate finance with reputable commercial banks and leading investment banks (including ING Bank, UBS and Morgan Stanley) as well as various main board listed companies in Hong Kong. Mr. Wong now holds directorship in the following companies which are listed on the Stock Exchange: as an independent non-executive director of Jiu Rong Holdings Limited (久融控股有限公司) (stock code: 2358) since August 2023; as a non-executive director of Tsui Wah Holdings Limited (翠華控股有限公司) (stock code: 1314) since November 2016, where he previously served as its independent non-executive director from November 2012; as an independent non-executive director of Forgame Holdings Limited (雲遊控股有限公司) (stock code: 0484) since April 2020; and as an independent non-executive director of Modern Chinese Medicine Group Co., Ltd. (現代中藥集團有限公司) (stock code: 1643) since April 2023. During the past three years, Mr. Wong served as a non-executive director of Asiaray Media Group Limited (雅仕維傳媒集團有限公司), a company listed on the Stock Exchange (stock code: 1993), since March 2017 to June 2023, and as an independent non-executive director of Mayer Holdings Limited (美亞控股有限公司), a company listed on the Stock Exchange (stock code: 1116), from November 2021 to February 2022. From July 2018 to July 2019, Mr. Wong served as an independent non-executive director of Shenzhou Space Park Group Limited (神舟航天樂園集團有限公司), a company previously listed on the Stock Exchange (former stock code: 0692) and delisted in December 2019 under Rule 6.01A of the Listing Rules.

Besides the directorship, Mr. Wong is a deputy chief executive officer of Orient Victory Smart Urban Services Holding Limited (東勝智慧城市服務控股有限公司, previously known as Orient Victory Travel Group Company Limited (東勝旅遊集團有限公司)), a company listed on the Stock Exchange (stock code: 0265), since July 2023 and previously served as its chief financial officer from October 2014 to 2018. Prior to that, Mr. Wong held various management positions at China Qinfa Group Limited (中國秦發集團有限公司), a company listed on the Stock Exchange (stock code: 0866), including chief financial officer and company secretary from April 2011 to October 2014.

Mr. Wong is a fellow of the following institutions: CPA Australia since February 2001; the Hong Kong Institute of Certified Public Accountants since February 2005. Mr. Wong received his bachelor of science degree with honors in finance from the City University of Hong Kong in December 1996. He then obtained a certificate in consecutive interpretation of Putonghua and English from the University of Hong Kong School of Professional and Continuing Education in March 2001. Mr. Wong received his master's degree in practicing accounting in November 2001 from Monash University in Australia and a master of business administration degree (EMBA) from the Chinese University of Hong Kong in December 2010.

Ms. Lin Lanfen (林蘭芬), aged 54, was appointed as our independent non-executive Director in July 2023. She is primarily responsible for participating in the decision making for our Company's significant events, and advising on issues relating to corporate governance, audit and remuneration and assessment of our Directors, Supervisors and senior management.

Ms. Lin works for School of Computer Science and Technology at Zhejiang University (浙江大學計算機科學與技術學院) since January 1996. She is now a PhD tutor since January 2007 and is a professor and deputy president of the Institute of Artificial Intelligence (人工智能研究所) of Zhejiang University since January 2006. She also served as the assistant of dean from December 2011 to December 2016. Previously, she was an associate professor from July 1998 to December 2005, as a research assistant from January 1998 to June 1998 and as a postdoctoral fellow from January 1996 to December 1997.

Ms. Lin graduated from Northwestern Polytechnical University (西北工業大學) in the PRC and received her bachelor of engineering degree in aircraft manufacturing engineering in July 1990 and her doctor of engineering degree in aerospace manufacturing engineering in March 1996. Ms. Lin is a member of China Computer Federation (中國計算機學會會員) since May 2005 and a member of Institute of Electrical and Electronics Engineers since March 2018.

SUPERVISORY COMMITTEE

The Supervisory Committee currently consists of three Supervisors as of the date of this Prospectus. The Supervisors include two shareholders' representative Supervisors and one employee Supervisor. The shareholders' representative Supervisors and the employee Supervisor are elected at the shareholders' meetings and the staff representative assembly, respectively, for a term of three years, subject to re-election upon their retirement or resignation. The functions and duties of the Supervisory Committee include reviewing financial reports and business reports prepared by the Board and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

The following table sets out information in respect of the Supervisors.

Name	Age	Position/Title	Date of Appointment as Supervisor	Date of Joining Our Group	Roles and Responsibilities
Mr. Wu Wei (吳偉)	50	Chairman of the Supervisory Committee and Shareholders' representative Supervisor	December 2020	December 2020	Supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor
Ms. Song Jingfang (宋靜芳)	48	Shareholders' representative Supervisor	December 2020	February 2009	Supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor
Ms. Hong Xiaoxue (洪曉雪)	27	Employee Supervisor	December 2020	June 2017	Monitoring financial position of our Group, and supervising the performance of Directors and senior management as a representative of our employees

Supervisors

Mr. Wu Wei (吳偉), aged 50, is the Chairman of our Supervisory Committee and a shareholders' representative Supervisor of our Company since December 2020 and is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

Mr. Wu now serves as the supervisor of Shanghai Create Capital Co., Ltd. (上海格雷特投資管理有限公司) since May 2004. Mr. Wu founded and has been serving as the executive director and general manager of Hangzhou Duyan Equity Investment Co., Ltd. (杭州度岩股權投資有限公司, now known as Hangzhou Duyan Private Equity Fund Co., Ltd. (杭州度岩私募基金有限公司)) since June 2019. Mr. Wu was a director of Synergy Innovation Fund Management Co., Ltd. (協同創新基金管理有限公司) from November 2014 to July 2020. Before that, he served as a secretary of the board at Shahe Industrial Co., Ltd. (沙河實業股份有限公司) from March 1999 to August 1999.

Mr. Wu received his bachelor's degree in technology economy in July 1994 from Huazhong University of Science and Technology (華中理工大學) in the PRC and his master's degree in business administration in June 2004 from Peking University (北京大學) in the PRC.

Ms. Song Jingfang (宋靜芳), aged 48, has been a shareholders' representative Supervisor of our Company since December 2020. Ms. Song joined our Group in February 2009 and has been serving as our strategic development manager. She is primarily responsible for supervising the performance of our Directors and members of senior management, and performing other supervisory duties as a shareholders' representative Supervisor.

Prior to joining our Group, Ms. Song worked at Zhejiang Provincial Department of State Security Training Center (浙江省國家安全廳培訓中心) from January 1993 to October 2007.

Ms. Song received her associate degree in administration management in January 2008 from University for Provincial Organ Workers in Zhejiang Province (浙江省省級機關職工業餘大學) in the PRC.

Ms. Hong Xiaoxue (洪曉雪), aged 27, has been our employee Supervisor since December 2020. Ms. Hong joined our Group and has been serving as a human resources business partner since June 2017. She is primarily responsible for monitoring financial position of our Group, and supervising the performance of Directors and senior management as a representative of our employees.

Ms. Hong graduated in June 2017 from Hangzhou Vocational Technology College (杭州職業技術學院) in the PRC.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company.

Name	Age	Position/ Title	Date of Appointment as Senior Management	Date of Joining Our Group	Roles and Responsibilities
Mr. Xin Jie (辛潔)	49	Executive Director and chief executive officer	March 2023	January 2021	Overall strategic planning, business direction and operational management of our Group
Mr. Xue Qiangjun (薛強軍)	55	Executive Director, deputy general manager and financial director	January 2010	January 2010	Overall strategic financial planning, financial management and financial reporting of our Group
Mr. Wang Yu (王愚)	46	Executive Director deputy general manager and chief technology officer	June 2023	July 2019	Overall technical management and providing technology direction of our Group
Mr. Yan Hao (閆浩)	39	Secretary of Board	December 2020	November 2020	Overall information disclosure and investor relationship of our Group

Mr. Xin Jie (辛潔), aged 49, is an executive Director and chief executive officer of our Company. For details of his biography, please see "– Board of Directors – Executive Directors" in this section above.

Mr. Xue Qiangjun (薛強軍), aged 55, is an executive Director, deputy general manager and financial director of our Company. For details of his biography, please see "– Board of Directors – Executive Directors" in this section above.

Mr. Wang Yu (王愚), aged 46, is an executive Director, deputy general manager and chief technology officer of our Company. For details of his biography, please see "– Board of Directors – Executive Directors" in this section above.

Mr. Yan Hao (閆浩), aged 39, joined our Group and has been serving as the secretary of Board since December 2020. He was appointed as our joint company secretary in June 2023. He is primarily responsible for overall information disclosure and investor relationship of our Company.

Prior to joining our Group, Mr. Yan worked in China International Capital Corporation Limited (中國國際金融股份有限公司) from July 2007 to October 2020, where he worked in various departments including capital markets, planning and analysis, and private equity, and his last position before his departure is vice president.

Mr. Yan received his bachelor's degree in finance from Peking University (北京大學) in July 2007.

OTHER INFORMATION

Except as disclosed above, each of our Directors, Supervisors and members of senior management has not been a director of any public company whose securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

None of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Listing Rules.

None of our Directors, Supervisors and members of the senior management is related to other Directors, Supervisors and members of the senior management.

Except as disclosed above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of the Shareholders, and there was no information relating to our Directors and Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and no other matters are required to be brought to the attention of Shareholders as of the Latest Practicable Date.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in June 2023, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

JOINT COMPANY SECRETARIES

Mr. Yan Hao (閆浩), aged 39, is our secretary of Board and joint company secretary. For details of his biography, please see "– Board of Directors – Senior Management" in this section above.

Ms. Cheung Lai Ha (張麗霞), aged 44, was appointed as the joint company secretary of our Company in June 2023. Ms. Cheung is primarily responsible to perform company secretarial matters. Ms. Cheung is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Cheung has over ten years of experience in corporate governance covering various sectors such as company secretary and compliance. Ms. Cheung obtained her master's degree in corporate governance from The Open University of Hong Kong in 2011.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, Appendix C1 to the Listing Rules, our Company has formed five Board committees, namely the Audit Committee, the Remuneration and Assessment Committee, the Nomination Committee and Compliance and Risk Management Committee and Strategy Committee.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.4 and paragraph D.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Audit Committee consists of three Directors, namely Mr. Wong Chi Kin (黃志堅), Mr. Chun Chang and Ms. Lin Lanfen (林蘭芬). Mr. Wong Chi Kin (黃志堅), who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules, serves as the chairperson of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;
- guiding internal audit work;
- examining the financial information of our Company, reviewing financial reports and statements of our Company and giving comments on relevant matters;
- assessing the effectiveness of internal control;

- coordinating the communication among management, internal audit department, related departments and external audit agency; and

- dealing with other matters that are authorized by the Board or involved in relevant laws and regulations.

Remuneration and Assessment Committee

We have established a Remuneration and Assessment Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules, paragraph E.1 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Remuneration and Assessment Committee consists of three Directors, namely Mr. Chun Chang, Ms. Lin Lanfen (林蘭芬) and Mr. Zhang Zhengyu (章徵宇). Mr. Chun Chang serves as the chairperson of the Remuneration and Assessment Committee. The primary duties of the Remuneration and Assessment Committee include, but not limited to, the following:

- formulating individual remuneration plans for Directors and members of the senior management in accordance with the terms of reference of the job responsibilities, the importance of their positions as well as the remuneration benchmarks for the relevant positions in other comparable companies;

- examining the criteria of performance evaluation of Directors and the senior management of our Company, and conducting annual performance evaluation;

- supervising the implementation of the remuneration plan of the Company; and

- dealing with other matters that are authorized by the Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules, paragraph B.3 of Part 2 of the Corporate Governance Code, Appendix C1 to the Listing Rules. The Nomination Committee consists of three Directors, namely Ms. Lin Lanfen (林蘭芬), Mr. Wong Chi Kin (黃志堅) and Mr. Zhu Xiaosong (朱曉松). Ms. Lin Lanfen (林蘭芬) serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- making recommendations to our Board with regards to the size and composition of our Board based on our Company's business operation, asset scale and equity structure;

- researching and developing standards and procedures for the election of our Board members, general managers and members of the senior management, and making recommendations to our Board;

- conducting extensive search and providing to our Board suitable candidates for Directors, general managers and other members of the senior management;

- examining our Board candidates, general manager and members of the senior management and making recommendations to our Board;

- assessing and reviewing the independence of independent non-executive Directors; and

- dealing with other matters that are authorized by our Board.

Compliance and Risk Management Committee

We have established a Compliance and Risk Management Committee. The Compliance and Risk Management Committee consists of three Directors, namely Mr. Zhang Zhengyu (章徵宇), Mr. Xin Jie (辛潔) and Mr. Wong Chi Kin (黃志堅). Mr. Zhang Zhengyu (章徵宇) serves as the chairperson of the Compliance and Risk Management Committee. The primary duties of the Compliance and Risk Management Committee include, but not limited to, the following:

- reviewing general goals and fundamental policies of our compliance and risk management, internal control and risk management system of our Group;

- improving corporate governance of our Group;

- assessing the risks our operations may be exposed to and make recommendations to our Board accordingly; and

- dealing with other matters that are authorized by our Board.

Strategy Committee

We have established a Strategy Committee. The Strategy Committee consists of three Directors, namely Mr. Zhang Zhengyu (章徵宇), Mr. Xin Jie (辛潔) and Mr. Chun Chang. Mr. Zhang Zhengyu (章徵宇) serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following:

- reviewing the Company's long-term development strategies, major investment decisions and other important matters affecting the Company's development;

- providing recommendations with respect to key strategic initiatives;

- assisting the Board in establishing the strategic planning process, identifying and addressing organizational challenges and evaluating strategic alternatives; and

- dealing with other matters that are authorized by our Board.

EMPLOYMENT ARRANGEMENT OF SENIOR MANAGEMENT

We normally enter into (i) an employment contract and (ii) a confidentiality and non-competition agreement with each of our senior management members. The key terms of such contracts are set forth below.

- *Terms*: We normally enter into a three-year employment contract with our senior management members. For details of the expiration date of the employment contracts of our senior management members, please refer to the paragraph headed "– Senior Management" in this section above.

- *Non-competition*: the non-competition obligations shall subsist throughout the employee's period of employment and up to two years after termination of employment. During the non-competition period, without prior written consent from our Company, the employee shall not (i) instigate, induce, solicit or encourage any of our employees to terminate the employment relationship with us; (ii) solicit any of our customers or suppliers to terminate the business relationship with us or substantially reduce the transaction amount with us; and (iii) engage in a business (self-owned or others') of the same industry as our Company, or hold any position in any other entity which engages in similar business, develops and sells similar solutions developed or sold by our Company, or competes with our Company.

Confidentiality

- *Confidential information*: The employee shall keep confidential information, namely confidential business-related information of our Company, including but not limited to any invention, product, computer software, and technical solutions that were developed in the course of work or based on our Company's technology or business information. The employee shall also keep in confidence business secrets and related business arrangements of our business partners that he or she becomes aware in the course of work, and any confidential business information that the employee is responsible to keep for any other third parties.

- *Obligation and duration*: The employee shall not, without prior written approval from the Company, divulge, publish, transfer or otherwise disclose any confidential information to any third-party, or any of our employees who is not permitted to receive such information under the confidentiality policy. Such obligation of confidentiality shall continue to be effective for the term of his or her employment and thereafter, and until the relevant information has been publicized by our Company or otherwise known to the public.

REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Our Directors and Supervisors received their remuneration in the form of salaries, social security, housing benefits and other employee benefits, the employer's contribution to the pension plans, discretionary bonuses and share-based compensation.

For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the aggregate amount of emoluments paid or payable to our Directors amounted to approximately RMB22.7 million, RMB18.8 million, RMB17.4 million and RMB35.2 million, respectively.

For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the aggregate amount of emoluments paid or payable to our Supervisors amounted to approximately RMB1.1 million, RMB0.8 million, RMB0.8 million and RMB0.7 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2024 to be approximately RMB91.5 million. The actual remuneration of Directors and Supervisors in 2024 may be different from the expected remuneration.

For the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, there were two, three, three and four Directors among the five highest paid individuals, respectively. The total emolument for the remaining individuals among the five highest paid individuals for the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023 were RMB47.1 million, RMB12.8 million, RMB9.7 million and RMB6.0 million, respectively.

We confirmed that during the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of any subsidiary of our Company.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiary to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

For details regarding the terms of the Pre-IPO Share Option Schemes, please refer to the section headed "Statutory and General Information – Further Information about Our Directors, Supervisors, Senior Management and Substantial Shareholders – 5. Pre-IPO Share Option Schemes" in Appendix VIII to this Prospectus.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company intends to comply with Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules after the Listing.

BOARD DIVERSITY POLICY

We are committed to promoting the culture of diversity in the Company. We have strived to promote diversity to the extent practicable by taking into consideration a number of factors in our corporate governance structure.

We have adopted the board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, educational background, industry experience and professional experience. Our Directors have a balanced mix of knowledge and skills, including knowledge and experience in the overall management, accounting, corporate finance and software engineering. They obtained degrees in various areas including management, business administrations, economics, mathematics, finance and computer software. Our board diversity policy is well implemented as evidenced by the fact that there are Directors ranging from 46 years old to 67 years old with experience from different industries, sectors and genders.

We will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and the senior management levels. We will encourage our incumbent Board members to recommend female candidate directors and take other actions to help achieve greater board diversity, for example inviting some of our outstanding female staff at mid to senior level to attend and observe Board meeting. This will allow our Board to understand more about these potential female candidates before they are nominated to our Board and provide opportunities for potential female candidates to prepare themselves for director duties. We will also continue to ensure that there is gender diversity when recruiting staff at mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in due time to ensure gender diversity of our Board. Our Group will continue to emphasize training of female talent and providing long-term development opportunities for our female staff including but not limited to business operation, management, accounting and finance, legal and compliance. As such, we are of the view that our Board will be offered chances to identify competent female staff at mid to senior level to be nominated as a Director in future with a pipeline of female candidates.

We are committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

Upon Listing, our Board comprises seven male members and one female member. Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will review the board diversity policy from time to time, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives to ensure its continued effectiveness. We will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser (the "**Compliance Adviser**") pursuant to Rule 3A.19 of the Listing Rules. The Compliance Adviser will provide us with guidance and advice as to compliance with the Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will advise our Company in certain circumstances including:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, (i) Mr. Zhang, the chairman of the Board and an executive Director of our Company, was directly interested in approximately 11.57% of the total issued share capital of our Company and indirectly, interested in approximately 16.97% of the total issued share capital of our Company, through Chuanglianzhixin whose general partner is Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司) which is controlled by Mr. Zhang as to 99.9025%; (ii) Mr. Lu Zhonglin (呂鐘霖) ("**Mr. Lu**") was directly interested in approximately 9.10% of the total issued share capital of our Company; and (iii) Ms. Xiao Seqiu (肖瑟秋) ("**Ms. Xiao**") was directly interested in approximately 1.27% of the total issued share capital of our Company.

On January 1, 2021, Mr. Zhang, Mr. Lu and Ms. Xiao entered into an acting in concert agreement, pursuant to which the aforementioned parties confirmed that they had been acting in concert historically and agreed that they would vote in agreement in Shareholders' meetings by agreeing to reach a consensus beforehand. Mr. Zhang also confirmed that he would vote in agreement with Mr. Lu and Ms. Xiao at Directors' meetings by agreeing to reach a consensus beforehand. In the event that a consensus cannot be reached, Mr. Lu and Ms. Xiao shall vote in accordance with Mr. Zhang's direction in the Shareholders' meetings. Further, if Mr. Lu and Ms. Xiao fail to act in accordance with the agreed arrangement in the Acting in Concert Agreement, they will be deemed to have given up their voting rights and Mr. Zhang shall be deemed to be authorized to represent Mr. Lu and Ms. Xiao to vote on behalf of them. As advised by our PRC legal advisor, as we are a PRC incorporated-company, Mr. Zhang is considered as our ultimate controller.

As of the Latest Practicable Date, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao were collectively interested in approximately 38.91% of our total issued share capital. Therefore, Mr. Zhang, Chuanglianzhixin, Mr. Lu and Ms. Xiao form a group of controlling shareholders (as defined under the Listing Rules) of our Company before Listing. Immediately upon the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes), our Controlling Shareholders will be interested in and control approximately 36.88% of the total issued share capital of our Company and will remain as a group of controlling shareholders (as defined under the Listing Rules) of our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we are capable of carrying on our business independently from the Controlling Shareholders and their close associates after the Listing, taking into account the factors below.

Management Independence

We are able to carry on our business independently from the Controlling Shareholders from a management perspective. Our Board consists of eight Directors, including five executive Directors and three independent non-executive Directors.

(a) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors, Supervisors and Senior Management" in this Prospectus;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders which would support our independent management. For details, see "– Corporate Governance" in this section.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the Listing.

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, staffing, logistics, administration, finance, internal audit, information technology, sales and marketing, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. We do not expect to rely on the Controlling Shareholders and their close associates for financing after the Listing as we expect that our working capital will be funded by cash flows generated from operating activities, bank loans as well as the proceeds from the Global Offering.

There are no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates during the Track Record Period and as of the Listing Date.

Based on the above, our Directors are of the view that our Directors and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders after the Listing.

INTERESTS OF THE CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with a Controlling Shareholder or any of his/her/its associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) the Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Somerley Capital Limited as our Compliance Adviser to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the Listing.

We have entered into certain agreements with parties that will be considered as our connected persons (as defined under Chapter 14A of the Listing Rules). Following the Listing, the transactions contemplated under such agreements will constitute our continuing connected transactions under the Listing Rules.

SUMMARY OF OUR CONNECTED PERSONS

Upon the Listing, the following parties, which have entered into certain written agreements with our Group, will be connected persons of our Group:

Name of Connected Persons	Connected Relationships	Principal Business of the Connected Persons
Ningbo Lianhui Commercial Factoring Co., Ltd.* (寧波連惠商業保理有限公司) ("**Ningbo Lianhui**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of commercial factoring services
Zhonglian Intelligent Technology Co., Ltd.* (眾連智能科技有限公司) ("**Zhonglian Intelligent**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of software and information technology development services
Shanghai Liantongda Information Technology Co., Ltd.* (上海連通達信息技術有限公司) ("**Shanghai Liantongda**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of software and information technology development services
Hangzhou Chanliantong Technology Co., Ltd.* (杭州產連通科技有限公司) ("**Hangzhou Chanliantong**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of software and information technology development services
Hangzhou Hulian Internet Technology Co., Ltd.* (杭州互鏈互聯網技術有限公司) ("**Hangzhou Hulian**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of software and information technology development services

Name of Connected Persons	Connected Relationships	Principal Business of the Connected Persons
Zhejiang Lianliantong Technology Co., Ltd.* (浙江連連通科技有限公司) ("**Zhejiang Lianliantong**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of software and information technology development services
Hangzhou Fuyu Investment Management Co., Ltd.* (杭州福宇投資管理有限公司) ("**Hangzhou Fuyu**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of investment management
Zhejiang Zhonglian Intelligent Financial Information Service Co., Ltd.* (浙江眾連智能金融信息服務有限公司) ("**Zhejiang Zhonglian**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of computer information technology development, technology services, and R&D results transfer services
Hangzhou Yudao Investment Management Co., Ltd.* (杭州宇道投資管理有限公司) ("**Hangzhou Yudao**")	Associate of Mr. Zhang, who is one of our Controlling Shareholders within the meaning under the Listing Rules	Provision of investment management
Zhejiang Lianlian Technology Co., Ltd.* (浙江連連科技有限公司) ("**Zhejiang Lianlian**")	Associate of Ms. Xiao, who is one of our Controlling Shareholders, as a party to the Deed of Acting-in-concert, within the meaning under the Listing Rules	Provision of telecommunication services

SUMMARY OF CONTINUING CONNECTED TRANSACTIONS

No.	Transactions	Applicable Listing Rules	Waiver(s) sought	Proposed annual cap for the year ending December 31, 2024	2025	2026
				(RMB'000)		
Fully-exempt continuing connected transactions						
1.	Provision of referral services by Zhonglian Intelligent to our Group	14A.76(1)	N/A	200	200	200
2.	Provision of telecommunication services by Zhejiang Lianlian to our Group	14A.76(1)	N/A	520	650	660
3.	Lease and property management service framework agreement with Mr. Zhang and his associates (including, Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Zhejiang Lianliantong, Hangzhou Fuyu, Zhejiang Zhonglian and Hangzhou Yudao)	14A.76(1)	N/A	1,890	2,290	2,300
Partially-exempt continuing connected transactions						
4.	Framework Agreement with Mr. Zhang and his associates (including, Ningbo Lianhui, Zhonglian Intelligent, Shanghai Liantongda, Hangzhou Chanliantong and Hangzhou Hulian)	14A.76(2) and 14A.105	Waiver from strict compliance with announcement requirement	*Provision of services by our Group (RMB'000)*		
				2,800	3,400	4,800

CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which will be exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. Fully-exempt Continuing Connected Transactions

1. Provision of referral services by Zhonglian Intelligent to our Group

Zhonglian Intelligent provides certain agency services, through which Zhonglian Intelligent refers customer to us from time to time for access to our daily payment services. Such transactions were entered into in the ordinary and usual course of our business and on normal commercial terms. Our Directors currently expect the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such service provision will constitute de minimis continuing connected transactions of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

2. Provision of telecommunication services by Zhejiang Lianlian to our Group

Zhejiang Lianlian provides certain telecommunication services, such as phone billing and private number services, to us from time to time to support our business activities and daily administrative management. Such transactions were entered into in the ordinary and usual course of our business and on normal commercial terms. Our Directors currently expect the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 0.1% on an annual basis. Accordingly, such service provision will constitute de minimis continuing connected transactions of our Company that will be fully exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

3. Lease and Property Management Service Framework Agreement with Mr. Zhang and His Associates

During the Track Record Period and up to the Latest Practicable Date, our Group, as lessor, entered into property leases and property management service agreements with several of entities controlled by Mr. Zhang and/or his associates, including Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Zhejiang Lianliantong, Hangzhou Fuyu, Zhejiang Zhonglian and Hangzhou Yudao (collectively, the "**Associate Lessees**"), in respect of certain properties (the "**Leasing Properties**") located in Zhejiang province. The Leasing Properties were used as office premises for the Associate Lessees' respective daily operations and business activities, including factoring, investment management, software and information technology services.

On March 7, 2024, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement with Mr. Zhang (for himself and on behalf of the Associates Lessees), pursuant to which we agreed to provide property leases and property management service to Associate Lessees for rental and/or service fees in respect of Leasing Properties (the "**Property Leases and Management Service Framework Agreement**") for use as office premises.

The Property Leases and Management Service Framework Agreement was entered into (i) in the ordinary and usual course of business of our Group, (ii) on arm's length basis, and (iii) on normal commercial terms with the fees being determined with reference to, among others, the prevailing market rates for similar properties in the same area and the leased acreage for the property leased.

Our Directors currently expect the annual rental and service fees payable to us by Mr. Zhang and his associates under the Property Lease and Management Service Framework Agreement will less than HK$3,000,000 and the highest applicable percentage ratios for the purpose of Chapter 14A of the Listing Rules will be less than 5%. Accordingly, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

B. Partially-exempt Continuing Connected Transactions

4. Framework Agreement with Mr. Zhang and His Associates

We have historically, during our ordinary and usual course of business provided digital payment services and value-added services through our payment channels, and relevant supporting technology services (collectively, the "**Payment Solutions**"), to several entities controlled by Mr. Zhang or/and his associates, including Ningbo Lianhui, Zhonglian Intelligent, Hangzhou Chanliantong, Shanghai Liantongda and Hangzhou Hulian (collectively, the "**Payment Solutions Procurement Entities**") in order to enable the Payment Solutions Procurement Entities to conduct online transactions.

Historical transaction amounts

The historical transaction amounts of fees received for provision of Payment Solutions over the Track Record Period are set out below:

	For the year ended December 31,			For the nine months ended September 30,
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	425	1,175	2,994	1,788

Payment Solutions Framework Agreement

On March 7, 2024, our Company (for itself and on behalf of other members of our Group) entered into a framework agreement (the "**Payment Solutions Framework Agreement**") with Mr. Zhang (for himself and on behalf of the Payment Solutions Procurement Entities) to govern the terms and conditions of the transactions between our Group and Payment Solutions Procurement Entities in connection with the provision of the Payment Solutions from our Group. Pursuant to the Payment Solutions Framework Agreement, the Payment Solutions Procurement Entities agreed to procure the Payment Solutions from our Group from time to time. The Payment Solutions Framework Agreement will take effect upon the Listing and will be valid until December 31, 2026, renewable by mutual agreement of the parties, subject to compliance with all relevant requirements under the Listing Rules and applicable laws and regulations. Separate underlying agreements with precise scope of services, payment service commissions, payment channels, method of payment, assignment of responsibilities will be entered into among parties.

Annual caps

The following table sets forth the proposed maximum annual transaction amount to be paid by Payment Solutions Procurement Entities for each of the three years ending December 31, 2026 in relation to the procurement of the Payment Solutions from our Group:

For the year ended December 31,		
2024	**2025**	**2026**
RMB'000	*RMB'000*	*RMB'000*
2,800	3,400	4,800

The proposed annual caps for the three years ending December 31, 2026, being the estimated total amounts payable by our Group as set out above, are determined with reference to:

1. the historical unit price of the Payment Solutions during the Track Record Period;

2. the historical transaction amount of the Payment Solutions during the Track Record Period;

3. the fluctuation of digital payment service business volume which is heavily affected by seasonal changes, such as e-commerce peak seasons;

4. the current and estimated market rates for similar digital payment services and value-added services through third-party payment channels, and relevant supporting technology services provided by third-party service providers;

5. the expected growth in demand of the Payment Solutions by the Payment Solutions Procurement Entities, which is primarily attributed to the anticipated further expansion of their respective customer base in 2024, 2025 and 2026;

6. our expected target sales to Payment Solutions Procurement Entities of the tailor-made Payment Solutions, particularly the Value-Added Services, to be provided by our Group, given the revenue from value-added services increased (i) from RMB7.8 million in 2020 to RMB21.8 million in 2021; (ii) from RMB21.8 million in 2021 to RMB91.1 million in 2022, (iii) from RMB59.1 million for the nine months ended September 30, 2022 to RMB96.8 million for the nine months ended September 30, 2023, representing an increase of 179.7%, 317.5%, and 63.8% in respective year/period; and

7. the potential increase in the service prices of the Payment Solutions in the next three years.

Consideration

Before entering into any separate service agreement pursuant to the Payment Solutions Framework Agreement, the relevant parties will consider (i) the efficiency and prevalence of payment channels operated by different online payment service providers; (ii) customers' preference of different online payment service providers; and (iii) the fee rates proposed by our Group with the rates offered by other comparable service providers, which are Independent Third Parties. We will only enter into such service agreement with Payment Solutions Procurement Entities (i) when the fee rates chargeable are in line with (a) those chargeable by independent third-party service providers and/or (b) those payable to us by independent third party customers and (ii) the agreement is in the best interests of our Company and our Shareholders as a whole. The fees that we receive from Payment Solutions Procurement Entities are based on payment service fee rates and actual payment volumes processed on our platform and research and development cost of relevant value-added services. The fee rates reflect, among other things, our bank-processing costs and operating costs allocable to the services provided by us, and accordingly are subject to adjustment on an annual basis to the extent that these costs may increase or decline.

Reasons for and benefits of the transactions

It is mutually beneficial to both our Group and the Payment Solutions Procurement Entities from the Payment Solutions Procurement Entities to procure the Payment Solutions provided by our Group.

The payment channels within our Group's network are among the preferred payment channels of customers, by virtue of our expertise and professional capabilities in providing the Payment Solutions, our leading position in the digital payment service industry, and our global digital payment service user base. The Payment Solutions provided by our Group, on one hand, allow the Payment Solutions Procurement Entities to provide more convenient payment

methods when providing their respective services, including factoring, software and information technology services, to their customers. The steady demand for our services from the Payment Solutions Procurement Entities, on the other hand, contribute to our stable income stream. Furthermore, as we establish a stable relationship with the Payment Solutions Procurement Entities, we gain access to a steady and reliable source of high quality customers, who are users of services provided by such Payment Solutions Procurement Entities.

To ensure that our continuing connected transactions will be entered into in accordance with the relevant agreements with terms that are fair and reasonable and on normal commercial terms or better, we have adopted certain internal control measures. For details, see "– Internal Control Measures" below.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed aggregated annual caps in respect of the purchase of the payment service from our Group pursuant to the Payment Solutions Framework Agreement exceeds 0.1% but all applicable percentage ratios (other than the profits ratio) are less than 5% on an annual basis, the transactions contemplated under the Payment Solutions Framework Agreement will be subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTERNAL CONTROL MEASURES

In order to ensure the terms under relevant agreements for the partially-exempt continuing connected transaction is fair and reasonable and are carried out on normal commercial terms, the Company has adopted the following internal control procedures:

(1) The Company has adopted and implemented a comprehensive management system on connected transactions. Under such system, the shareholders' general meetings, the Board meetings and the secretary of the Board are responsible for supervision, management and approval of the Company's connected transactions in accordance with relevant requirement of the Listing Rules and the Articles of Association. In addition, the finance department and the legal department of the Company are jointly responsible for the daily management of the connected transactions.

(2) The independent non-executive Directors will review the agreements for partially-exempt continuing connected transactions to ensure that the agreements have been entered into on normal commercial terms that are fair and reasonable and carried out in accordance with the terms of such agreements. The auditor of the Company will also review annually the pricing policies and annual caps of such agreements.

(3) As mentioned above, in order to ensure that the pricing policies under relevant agreements for the partially-exempt continuing connected transactions are fair and reasonable, the general office of the Board, the finance department and the legal department of the Company shall review the prices proposed through the following review procedures:

- if market prices are available, the proposed price will be compared with market prices to ensure that the proposed price is equivalent to or no less favorable to the Company than prices offered by independent third parties providing similar services. The Company will make inquiries to various independent third-party service providers for their prices for further internal assessments;

- if no market prices are available, various factors will be considered in determining whether the price is fair and reasonable, such as regulatory requirements, actual needs of the Company, the nature of service, and the financial position and creditworthiness of the service provider; and

- the proposed price will be reviewed to ensure it is consistent with the pricing terms under the relevant agreements for the partially-exempt continuing connected transactions, and that the terms offered to the Company are no less favorable to the Company than those offered by independent third parties.

APPLICATION FOR WAIVER

The transactions described under "– Partially-exempt Continuing Connected Transactions" above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. As such transactions are expected to be carried out on a continuing basis and to extend over a period of time, our Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group.

In respect of such continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement of the Listing Rules, subject to the aggregate values of the continuing connected transactions for each financial year not exceeding the relevant amounts set forth in the respective annual caps (as stated above). We will comply with the applicable requirements under the Listing Rules, and will immediately inform the Stock Exchange if there are any changes to such continuing connected transactions.

DIRECTORS' VIEWS

Our Directors (including our independent non-executive Directors) consider that the continuing connected transactions described under "– Partially-exempt Continuing Connected Transactions" above have been entered into, and will be carried out, (i) in the ordinary and usual course of our business, (ii) on normal commercial terms and in accordance with the respective agreements governing them; and (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the annual caps of the continuing connected transactions under "– Partially-exempt Continuing Connected Transactions" above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

JOINT SPONSORS' VIEW

Based on the due diligence findings and the representations and confirmations from our Group, the Joint Sponsors are of the view that the continuing connected transactions described under "– Partially-Exempt Continuing Connected Transactions" above have been entered into, and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole. The Joint Sponsors are also of the view that the proposed annual caps for the partially-exempt continuing connected transactions under "– Partially-exempt Continuing Connected Transactions" above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and assuming the Over-allotment Option and the Offer Size Adjustment Option are is not exercised, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO:

		As of the Latest Practicable Date		Immediately following the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)	
Name of Shareholder	**Nature of Interest**	**Number and Class of Shares**	**Approximate percentage of shareholding in Unlisted Shares/ H Shares (to be converted)[1]**	**Approximate percentage of shareholding in Unlisted/H Shares[8]**	**Approximate percentage of shareholding in the total share capital of our Company[8]**
Mr. Zhang Zhengyu (章徵宇)[2][3] ("**Mr. Zhang**")	Beneficial interest	117,428,375 Unlisted Shares	17.78%	17.78%	10.97%
	Interest in controlled corporation	172,217,799 Unlisted Shares	26.08%	26.08%	16.08%
Mr. Lu Zhonglin (呂鐘霖)	Beneficial interest	92,316,555 Unlisted Shares	13.98%	13.98%	8.62%
Hangzhou Chuanglianzhixin Investment L.P. (杭州創連致新投資合夥企業(有限合夥))[3] (" **Chuanglianzhixin**")	Beneficial interest	172,217,799 Unlisted Shares	26.08%	26.08%	16.08%
Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司)[3]	Interest in controlled corporation	172,217,799 Unlisted Shares	26.08%	26.08%	16.08%
Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司)[3]	Interest in controlled corporation	172,217,799 Unlisted Shares	26.08%	26.08%	16.08%
Tianjin Everbright Innovation Technology Investment Center L.P. (天津光大創新科技投資中心(有限合夥))[4] ("**Everbright Investment**")	Beneficial interest	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司)[4]	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥))[4]	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%

		As of the Latest Practicable Date		Immediately following the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)	
Name of Shareholder	Nature of Interest	Number and Class of Shares	Approximate percentage of shareholding in Unlisted Shares/ H Shares (to be converted)[1]	Approximate percentage of shareholding in Unlisted/H Shares[8]	Approximate percentage of shareholding in the total share capital of our Company[8]
China Everbright Industrial (Group) Co., Ltd. (中國光大實業(集團)有限責任公司)[4] ("**Everbright Industrial**")	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
China Everbright Group Co., Ltd. (中國光大集團股份公司)[4] ("**Everbright Group**")	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司)[4]	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
China Investment Corporation (中國投資有限責任公司)[4]	Interest in controlled corporation	39,964,800 Unlisted Shares	6.05%	6.05%	3.73%
		39,964,800 H Shares	11.28%	9.74%	3.73%
Boyu Jingtai (Shanghai) Equity Investment Partnership (Limited Partnership) (博裕景泰(上海)股權投資合夥企業(有限合夥))[5] ("**Boyu Jingtai**")	Beneficial interest	30,432,270 Unlisted Shares	4.61%	4.61%	2.84%
		30,432,271 H Shares	8.59%	7.42%	2.84%
Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司)[5]	Interest in controlled corporation	30,432,270 Unlisted Shares	4.61%	4.61%	2.84%
		30,432,271 H Shares	8.59%	7.42%	2.84%
Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司)[5]	Interest in controlled corporation	30,432,270 Unlisted Shares	4.61%	4.61%	2.84%
		30,432,271 H Shares	8.59%	7.42%	2.84%
Ms. Tao Rong (陶融)[5]	Interest in controlled corporation	30,432,270 Unlisted Shares	4.61%	4.61%	2.84%
		30,432,271 H Shares	8.59%	7.42%	2.84%
Ms. Huang Ailian (黃愛蓮)[5]	Interest in controlled corporation	30,432,270 Unlisted Shares	4.61%	4.61%	2.84%
		30,432,271 H Shares	8.59%	7.42%	2.84%

		As of the Latest Practicable Date		Immediately following the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised)	
Name of Shareholder	Nature of Interest	Number and Class of Shares	Approximate percentage of shareholding in Unlisted Shares/ H Shares (to be converted)[1]	Approximate percentage of shareholding in Unlisted/H Shares[8]	Approximate percentage of shareholding in the total share capital of our Company[8]
Zhejiang Saizhibole Equity Investment Management Co., Ltd. (浙江賽智伯樂股權投資管理有限公司)[6] ("**Saizhibole**")	Interest in controlled corporation	60,818,971 Unlisted Shares	9.21%	9.21%	5.68%
		91,228,456 H Shares	25.74%	22.24%	8.52%
Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司)[6]	Interest in controlled corporation	60,818,971 Unlisted Shares	9.21%	9.21%	5.68%
		91,228,456 H Shares	25.74%	22.24%	8.52%
Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司)[6]	Interest in controlled corporation	60,818,971 Unlisted Shares	9.21%	9.21%	5.68%
		91,228,456 H Shares	25.74%	22.24%	8.52%
Mr. Chen Bin (陳斌)[6][7]	Interest in controlled corporation	60,818,971 Unlisted Shares	9.21%	9.21%	5.68%
		115,903,863 H Shares	32.71%	28.25%	10.83%
Mr. Huang Xin (黃昕)[6][7]	Interest in controlled corporation	60,818,971 Unlisted Shares	9.21%	9.21%	5.68%
		115,903,863 H Shares	32.71%	28.25%	10.83%

(1) The calculation is based on the total number of Shares in issue as of the Latest Practicable Date, which consist of 1,014,760,000 Unlisted Shares among which, 354,368,764 of the Unlisted Shares will be converted into H Shares upon completion of the Global Offering.

(2) As of the Latest Practicable Date, Mr. Zhang directly holds 11.57% interest of our Company. By virtue of SFO, Mr. Zhang is deemed to be interested in the Shares held by Chuanglianzhixin which represents 16.97% interest of our Company as of the Latest Practicable Date. Therefore, Mr. Zhang is deemed to be interested in a total of 28.54% interest of our Company under SFO as of the Latest Practicable Date.

(3) The general partner of Chuanglianzhixin is Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), which is owned as to 99.9025% by Mr. Zhang and 0.0975% by Mr. Zhu Xiaosong (朱曉松). The limited partner which holds more than one third of partnership interests of Chuanglianzhixin is Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司), which is wholly owned by Mr. Zhang and holds as to 82.67% of the partnership interests of Chuanglianzhixin. Therefore, by virtue of SFO, each of Hangzhou Yudao Investment Management Co., Ltd. (杭州宇道投資管理有限公司), Hangzhou Fuyu Investment Management Co., Ltd. (杭州福宇投資管理有限公司) and Mr. Zhang is deemed to be interested in the Shares held by Chuanglianzhixin.

(4) The general partner of Everbright Investment is Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司), which is wholly owned by Everbright Industrial. The limited partner which holds more than one third of partnership interests of Everbright Investment is Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥)) which holds as to 53.16% of the partnership interests of Everbright Investment. Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥)) is owned as to 70.59% by Everbright Industrial which is wholly owned by Everbright Group.

Everbright Group is owned as to 63.16% by Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司), 33.43% by the MOF and 3.4% by National Council for Social Security Fund (全國社會保障基金理事會). Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司) is in turn wholly owned by China Investment Corporation (中國投資有限責任公司) and the State Council.

Therefore, by virtue of SFO, each of Everbright Industrial Capital Management Co., Ltd. (光大實業資本管理有限公司), Everbright No. 2 Venture Capital (Shenzhen) L.P. (光大二號創業投資(深圳)合夥企業(有限合夥)), Everbright Industrial, Everbright Group, Central Huijin Investment Co., Ltd. (中央匯金投資有限責任公司) and China Investment Corporation (中國投資有限責任公司) is deemed to be interested in the Shares held by Everbright Investment.

(5) The general partner of Boyu Jingtai is Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司), which is wholly owned by Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司) and owned each as to 50% by Ms. Tao Rong (陶融) and Ms. Huang Ailian (黃愛蓮). The limited partner which holds more than one third of partnership interests of Boyu Jingtai is National Council for Social Security Fund (全國社會保障基金理事會). Therefore, by virtue of SFO, each of Boyu Jingtai (Shanghai) Enterprise Management Co., Ltd. (博裕景泰(上海)企業管理有限公司), Boyu Jingtai (Ningbo) Investment Management Co., Ltd. (博裕景泰(寧波)投資管理有限公司), Ms. Tao Rong (陶融) and Ms. Huang Ailian (黃愛蓮) is deemed to be interested in the Shares held by Boyu Jingtai.

(6) Saizhibole is the general partner of each of Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合夥)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合夥)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合夥)), which directly holds 4.48%, 3.65%, 3.65% and 3.21% interests of our Company respectively. Saizhibole is wholly owned by Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司) which is held by Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司) as to 42.08%, Mr. Chen Bin (陳斌) as to 40.54% and Mr. Huang Xin (黃昕) as to 17.37%. Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司) is controlled by Mr. Chen Bin (陳斌) as to 70% and Mr. Huang Xin (黃昕) as to 30% respectively.

Therefore, by virtue of SFO, each of Saizhibole, Hangzhou Saizhi Investment Co., Ltd. (杭州賽智投資有限公司), Hangzhou Saishenggu Equity Investment Management Co., Ltd. (杭州賽聖谷股權投資管理有限公司), Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) is deemed to be interested in the Shares held by Hangzhou Hangshi Sailian Investment L.P. (杭州杭實賽連投資合夥企業(有限合夥)), Hangzhou Sailian Phase II Investment L. P. (杭州賽連貳期投資合夥企業(有限合夥)), Hangzhou Saizhi Yunsheng Investment L.P. (杭州賽智雲昇投資合夥企業(有限合夥)) and Hangzhou Sailian Phase I Investment L. P. (杭州賽連壹期投資合夥企業(有限合夥)) together.

(7) Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) controls Hangzhou Saide Investment Management Co., Ltd. (杭州賽德投資管理有限公司) as to 70% and 30% respectively. Hangzhou Saide Investment Management Co., Ltd. (杭州賽德投資管理有限公司) controls Hangzhou Saide Zhiyun Investment L.P. (杭州賽德智雲投資合夥企業(有限合夥)) as to 63.95%, which controls Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合夥)) as to 42.48%, which directly owns 2.45% interests in our Company. Therefore, by virtue of SFO, Mr. Chen Bin (陳斌) and Mr. Huang Xin (黃昕) are deemed to be interested in the shares held by Jinhua Puhua Jishi Equity Investment L.P. (金華市普華濟時股權投資合夥企業(有限合夥)).

(8) The calculation is based on the total number of 660,391,236 Unlisted Shares and 410,288,764 H Shares in issue immediately after completion of the Global Offering since 354,368,764 Unlisted Shares will be converted into H Shares and 55,920,000 H Shares will be issued pursuant to the Global Offering, assuming that the Over-allotment Option and the Offer Size Adjustment Option are not exercised, and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes.

Save as disclosed above and in "Appendix VIII – Statutory and General Information – Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders – 1. Disclosure of Interests" to this Prospectus, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised), have interests and/or short positions in Shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**", and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities (including qualified domestic institutional investor as approved by the relevant PRC authorities ("**QDII**"), to subscribe, at the Offer Price, for a certain number of Offer Shares (rounded down to the nearest whole board lot of 500 Shares) that may be purchased for an aggregate amount of HK$364.8 million (approximately US$46.6 million, exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee) (the "**Cornerstone Placing**"). The calculations in this section, which are based on the exchange rate of US$1.00 to HK$7.8202, are only for illustration purpose. The final number of H Shares to be subscribed by the Cornerstone Investors are subject to the exchange rate to be determined in accordance with the relevant Cornerstone Investment Agreements and will be set out in the allotment results announcement in respect of the Global Offering to be issued by the Company.

Assuming an Offer Price of HK$10.21, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 35,728,000 Offer Shares, representing approximately (i) 63.89% of the H Shares offered pursuant to the Global offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised), (ii) 3.34% of our total issued share capital immediately upon completion of the Global Offering (assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); (iii) 3.31% of our total issued share capital immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); and (iv) 3.28% of our total issued share capital immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option (without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes).

Assuming an Offer Price of HK$10.58, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 34,478,000 Offer Shares, representing approximately (i) 61.66% of the H Shares offered pursuant to the Global offering (assuming that the Over-allotment Option is not exercised), (ii) 3.22% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); (iii) 3.20% of our total issued share capital immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); and (iv) 3.17% of our total issued share capital

immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option (without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes).

Assuming an Offer Price of HK$10.95, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 33,313,000 Offer Shares, representing approximately (i) 59.57% of the H Shares offered pursuant to the Global offering (assuming that the Over-allotment Option is not exercised), (ii) 3.11% of our total issued share capital immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); (iii) 3.09% of our total issued share capital immediately upon completion of the Global Offering (assuming the Offer Size Adjustment Option is exercised in full and the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes); and (iv) 3.06% of our total issued share capital immediately upon completion of the Global Offering and the full exercise of the Offer Size Adjustment Option and the Over-allotment Option (without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes).

The Company is of the view that the Cornerstone Placing will help to raise the profile of the Company and to signify that such investors have confidence in the business and prospect of the Group. Our Company became acquainted with each of the Cornerstone Investors through the Company's ordinary business operation.

To the best knowledge of our Company, (i) each of the Cornerstone Investors (and for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, such QDII) is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) is independent of the other Cornerstone Investors; (iii) none of the Cornerstone Investors (and for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, such QDII) is accustomed to take instructions from our Company, the Directors, the Supervisors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iv) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors (and for Cornerstone Investors who will subscribe for our Offer Shares through a QDII, such QDII) directly or indirectly is financed by our Company, the Directors, chief executive, our Controlling Shareholders, substantial shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; and (v) each Cornerstone Investor will be utilizing either (a) their proprietary funding or (b) the proprietary funding of the funds under their management, as appropriate, as their source of funding for the subscription of the Offer Shares.

To the extent that any Cornerstone Investor has engaged a QDII to subscribe for the relevant Offer Shares on its behalf, such Cornerstone Investor will procure the QDII to comply with the terms of its Cornerstone Investment Agreement in order to ensure the compliance of such Cornerstone Investor with its obligations under the Cornerstone Investment Agreement.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respect with the fully paid Shares in issue and will be counted towards the public float of the Company under Rule 8.08 of the Listing Rules. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder of the Company, and the Cornerstone Investors will not have any Board representation in the Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders. As confirmed by each of the Cornerstone Investors, their subscription under the Cornerstone Placing would be financed by their own internal resources or the funds under its management, and that they have sufficient funds to settle their respective investments under the Cornerstone Placing.

There are no side agreements or arrangements between the Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering – Reallocation" in this Prospectus. The number of Offer Shares to be acquired by each Cornerstone Investor may be reduced on a pro rata basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix F1 to the Listing Rules as well as the discretion of the Overall Coordinators (for themselves and on behalf of the International Underwriters) to exercise the Over-allotment Option.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on March 27, 2024. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares on or before 8 a.m. on the Listing Date. If there is no over-allocation in the International Offering, delayed delivery will not take place. As such, there will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements. For details of the Over-allotment Option, please refer to the paragraph headed "Structure of the Global Offering – Over-allotment Option" in this Prospectus.

OUR CORNERSTONE INVESTORS

Set out below in the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing:

Based on the Offer Price of HK$10.21 (being the low-end of the Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	17,864,000	31.95%	27.78%	4.35%	4.27%	1.67%	1.66%
Hangzhou High-tech	US$23.32	17,864,000	31.95%	27.78%	4.35%	4.27%	1.67%	1.66%
Total	US$46.65	35,728,000	63.89%	55.56%	8.71%	8.53%	3.34%	3.31%

Based on the Offer Price of HK$10.21 (being the low-end of the Offer Price range) and assuming the Offer Size Adjustment Option is exercised in full

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	17,864,000	27.78%	24.16%	4.27%	4.17%	1.66%	1.64%
Hangzhou High-tech	US$23.32	17,864,000	27.78%	24.16%	4.27%	4.17%	1.66%	1.64%
Total	US$46.65	35,728,000	55.56%	48.32%	8.53%	8.34%	3.31%	3.28%

Based on the Offer Price of HK$10.58 (being the mid-point of the Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	17,239,000	30.83%	26.81%	4.20%	4.12%	1.61%	1.60%
Hangzhou High-tech	US$23.32	17,239,000	30.83%	26.81%	4.20%	4.12%	1.61%	1.60%
Total	US$46.65	34,478,000	61.66%	53.62%	8.40%	8.24%	3.22%	3.20%

Based on the Offer Price of HK$10.58 (being the mid-point of the Offer Price range) and assuming the Offer Size Adjustment Option is exercised in full

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	17,239,000	26.81%	23.31%	4.12%	4.02%	1.60%	1.58%
Hangzhou High-tech	US$23.32	17,239,000	26.81%	23.31%	4.12%	4.02%	1.60%	1.58%
Total	US$46.65	34,478,000	53.62%	46.63%	8.24%	8.05%	3.20%	3.17%

Based on the Offer Price of HK$10.95 (being the high-end of the Offer Price range) and assuming the Offer Size Adjustment Option is not exercised

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	16,656,500	29.79%	25.90%	4.06%	3.98%	1.56%	1.54%
Hangzhou High-tech	US$23.32	16,656,500	29.79%	25.90%	4.06%	3.98%	1.56%	1.54%
Total	US$46.65	33,313,000	59.57%	51.81%	8.12%	7.96%	3.11%	3.09%

Based on the Offer Price of HK$10.95 (being the high-end of the Offer Price range) and assuming the Offer Size Adjustment Option is exercised in full

			Approximately % of total number of Offer Shares		Approximate % of H Shares in issue immediately following the completion of Global Offering		Approximately % of total Shares in issue immediately following the completion of Global Offering	
	Investment Amount[1]	Number of Offer Shares (rounded down to nearest whole board lot of 500 H shares)	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is fully exercised
	(in million)		*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*	*(approximate)*
Hangzhou Urban Investment	US$23.32	16,656,500	25.90%	22.53%	3.98%	3.89%	1.54%	1.53%
Hangzhou High-tech	US$23.32	16,656,500	25.90%	22.53%	3.98%	3.89%	1.54%	1.53%
Total	US$46.65	33,313,000	51.81%	45.05%	7.96%	7.78%	3.09%	3.06%

Note: (1) The investment amount is exclusive of brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee.

The following information about the Cornerstone Investors was provided to our Company by the Cornerstone Investors in relation to the Cornerstone Placing.

1. Hangzhou Urban Investment

Hangzhou Urban Investment Industrial Development Investment Partnership (LP) (杭州城投產業發展投資合夥企業(有限合夥)) ("**Hangzhou Urban Investment**") is a limited partnership established in the PRC on June 30, 2023. It is principally engaged in capital market services with RMB10 billion assets under management. Hangzhou Urban Investment is held as to 0.02% by its sole general partner, Hangzhou Chengchuang Investment Management Co., Ltd. (杭州城創投資管理有限公司), which is wholly owned by Hangzhou Urban Investment Capital Group Co., Ltd. (杭州城投資本集團有限公司) and in turn wholly owned by Hangzhou Urban Construction Investment Group Co., Ltd. (杭州市城市建設投資集團有限公司) ("**Hangzhou Urban Construction**"). Hangzhou Urban Construction is also the sole limited partner of Hangzhou Urban Investment, holding as to 99.98% partnership interests therein. Hangzhou Urban Construction is controlled by Hangzhou Municipal People's Government (杭州市人民政府).

For the purpose of the cornerstone investment, Hangzhou Urban Investment has engaged Changsheng Fund Management Co., Ltd. (長盛基金管理有限公司), an asset manager which is a qualified QDII manager, to subscribe for and hold such Offer Shares on its behalf.

2. Hangzhou High-tech

Hangzhou High-tech Venture Capital Co., Ltd. (杭州高新創業投資有限公司) ("**Hangzhou High-tech**") is a limited liability company established in the PRC on December 29, 2005. It is principally engaged in venture capital investment with a registered capital of RMB80 million. Hangzhou High-tech is a wholly-owned subsidiary of Hangzhou Hi Tech Financial Investment Holding Group Co., Ltd. (杭州高新金投控股集團有限公司) and is then wholly owned by the Finance Bureau of Hangzhou High-tech Industrial Development Zone (杭州高新技術產業開發區財政局) and the Finance Bureau of Binjiang District of Hangzhou (杭州市濱江區財政局).

For the purpose of the cornerstone investment, Hangzhou High-tech has engaged Changsheng Fund Management Co., Ltd. (長盛基金管理有限公司), an asset manager which is a qualified QDII manager, to subscribe for and hold such Offer Shares on its behalf.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed according to the Underwriting Agreements and price determination agreement to be signed among the parties thereto in connection with the Global Offering;

(iii) the Listing Committee having granted the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investors) (as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, undertakings and confirmations of the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement are (as of the date of the respective Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from and including the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares they have subscribed for pursuant to the relevant Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the registered capital of our Company was RMB1,014,760,000, comprising 1,014,760,000 Unlisted Shares of nominal value RMB1.0 each.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised, and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
Unlisted Shares in issue	660,391,236	61.08
H Share converted from Unlisted Shares	354,368,764	33.10
H Shares to be issued under the Global Offering	55,920,000	5.22
Total	**1,070,680,000**	**100.00**

Immediately following completion of the Global Offering, assuming the Offer Size Adjustment Option is fully exercised but the Over-allotment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
Unlisted Shares in issue	660,391,236	61.20
H Share converted from Unlisted Shares	354,368,764	32.84
H Shares to be issued under the Global Offering	64,300,000	5.96
Total	**1,079,060,000**	**100.00**

Immediately following completion of the Global Offering, assuming the Over-allotment Option is fully exercised but the Offer Size Adjustment Option is not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
Unlisted Shares in issue	660,391,236	61.20
H Share converted from Unlisted Shares	354,368,764	32.84
H Shares to be issued under the Global Offering	64,300,000	5.96
Total	**1,079,060,000**	**100.00**

Immediately following completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are fully exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
		(%)
Unlisted Shares in issue	660,391,236	60.66
H Share converted from Unlisted Shares	354,368,764	32.55
H Shares to be issued under the Global Offering	73,945,000	6.79
Total	**1,088,705,000**	**100.00**

RANKING

Upon completion of the Global Offering, the Shares will consist of H Shares and Unlisted Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai – Hong Kong Stock Connect or the Shenzhen – Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC.

Unlisted Shares and H Shares will rank *pari passu* with each other in all respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this Prospectus. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars or in the form of H Shares.

CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

Upon completion of the Global Offering, all our Unlisted Shares (other than those converting to H Shares) are not listed or traded on any stock exchange. The holders of our Unlisted Shares may convert their Shares into H Shares provided such conversion shall have gone through any requisite internal approval process and complied with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the overseas stock exchange(s) and complete the filing process procedure with CSRC. The listing of such converted Shares on the Hong Kong Stock Exchange will also require the approval of the Hong Kong Stock Exchange.

In accordance with the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) ("**Full Circulation Guidelines**") published and implemented by the CSRC on November 14, 2019 and amended on August 10, 2023 and the Trial Measures, domestic unlisted shares of H-share companies (including domestic unlisted shares held by domestic shareholders prior to the overseas listing, domestic unlisted shares further issued in the PRC after the overseas listing and unlisted shares held by foreign shareholders) could be listed and traded on the Hong Kong Stock Exchange after application to file with the CSRC. The Full Circulation Guidelines are applicable to domestic companies listed on the Hong Kong Stock Exchange only and not applicable to companies dual listed in the PRC and on the Hong Kong Stock Exchange.

Upon completion of the Global Offering, 354,368,764 Unlisted Shares held by Everbright Investment, Boyu Jingtai, Sequoia Zhensheng, Hangshi Sailian, Lulian Investment, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I, CICC Jiatai, Puhua Jishi, Qilu Investment, Lianli Investment, Guohe Investment, Jinpu Investment, Caitong Innovation Investment, Kefa Weilian, QING HUANG, CICC Pucheng, Hongfu Investment, Zhejiang Venture Capital, Youchuang Tianchen, Zhihuai Consulting, will be converted into H Shares on a one-for-one

basis. The conversion of these Unlisted Shares into H Shares have been filed with CSRC and the CSRC issued notice of filing on February 7, 2024 and an application has been made to the Listing Committee for such H Shares to be listed on the Stock Exchange.

Based on the procedures for the conversion of our Unlisted Shares into H Shares as disclosed in this section, we can apply for the listing of all or any portion of our Unlisted Shares on the Hong Kong Stock Exchange as H Shares in advance of any proposed conversion to ensure that the conversion process can be completed promptly upon notice to the Hong Kong Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our initial listing on the Hong Kong Stock Exchange is ordinarily considered by the Hong Kong Stock Exchange to be a purely administrative matter, it will not require such prior application for listing at the time of our initial listing in Hong Kong.

No class Shareholder voting is required for the listing and trading of the converted Shares on the Hong Kong Stock Exchange. Any application for listing of the converted Shares on the Hong Kong Stock Exchange after our initial listing is subject to prior notification by way of announcement to inform Shareholders and the public of such proposed conversion.

After all the requisite approvals have been obtained, the following procedures will need to be completed: the relevant Unlisted Shares will be withdrawn from the Share register and we will re-register such Shares on our H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on our H Share register will be on the condition that (a) our H Share Registrar lodges with the Hong Kong Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register of members and the due dispatch of H Share certificates and (b) the admission of the H Shares to trade on the Hong Kong Stock Exchange will comply with the Listing Rules and the General Rules of HKSCC and HKSCC Operational Procedures in force from time to time. Until the converted Shares are re-registered on our H Share register, such Shares would not be listed as H Shares.

For further details, please refer to "Risk Factors – Risks Related to the Global Offering – Substantial future sales or the expectation of substantial sales of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares."

So far as we are aware, upon completion of the Global Offering, none of our Shareholders currently proposes to convert any of their Unlisted Shares into H Shares.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within 12 months from the Listing Date.

Shares transferred by our Directors, Supervisors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors, Supervisors and members of the senior management in our Company.

For details of the lock-up undertaking given by the Controlling Shareholders pursuant to Rule 10.07 of the Listing Rules see "Underwriting – Underwriting Arrangements and Expenses – Undertakings to the Stock Exchange pursuant to the Listing Rules – (B) Undertakings by the Controlling Shareholders."

SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our general Shareholders' meeting is required, see "Appendix VI – Summary of Principal Legal and Regulatory Provisions" and "Appendix VII – Summary of Articles of Association".

PRE-IPO SHARE OPTION SCHEMES

We have adopted the Pre-IPO Share Option Schemes, consisting of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme. For the details of the Pre-IPO Share Option Scheme, see "Appendix VIII – Statutory and General Information – Further Information about Our Directors, Supervisors, Senior Management and Substantial Shareholders – 5. Pre-IPO Share Option Schemes."

GENERAL MANDATES TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted general unconditional mandates to issue our Shares. See "Appendix VIII – Statutory and General Information – Further Information about our Company – Shareholders' Resolutions" for further details.

You should read the following discussion and analysis in conjunction with our combined financial statements included in "Appendix I – Accountant's Report" to this Prospectus, together with the accompanying notes. Our combined financial information has been prepared in accordance with IFRS Accounting Standards, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and should not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, please refer to "Forward-looking Statements" and "Risk Factors" in this Prospectus. For the purpose of this section, unless the context otherwise requires, references to 2020, 2021 and 2022 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

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

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

As one of the key pillars of global e-commerce, digitalization of flow of funds plays a critical role in the modernization of business activities to reduce to-account time, increase transparency and cut cost of the payment process. Since receiving our first payment license in 2011, Lianlian has been committed to building a global payment network to bring global

markets to local businesses around the world through digital transformation by enhancing transactional and operational efficiencies. Our proprietary technological capabilities have ensured that we have the foundation to build our payment capabilities in China and around the world.

We have developed a proprietary technology platform embedding stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, FX processing, risk management and other functions, providing a one-stop service for customers that address their core needs. Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem and have gained deep insights into global commerce across different industries.

Among all the China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of December 31, 2023, our global license layout consists of 64 payment licenses and relevant qualifications. With these licenses and in collaboration with business partners, we are able to serve customers to conduct their trading activities on global and regional e-commerce platforms that encompass over 100 countries and regions and support transactions in over 130 currencies.

We have achieved resilient growth during the Track Record Period:

- ***Expanded global customer base***. As of September 30, 2023, we have served, in the aggregate, approximately 3.2 million merchants and enterprises, from various industries, including e-commerce, service industries and manufacturing, among others.

- ***Rapid global and domestic payment volume growth***. Our TPV of digital payment services increased by 14.3% from RMB849.4 billion in 2020 to RMB971.2 billion in 2021, and increased by 18.7% to RMB1,153.0 billion in 2022. Our TPV of digital payment services was RMB1,312.0 billion for the nine months ended September 30, 2023.

- ***Continued revenue growth***. Our total revenue increased from RMB588.5 million in 2020 to RMB643.6 million in 2021 and further to RMB742.7 million in 2022, with a CAGR of 12.3%. Our total revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023.

BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the Historical Financial Information throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and derivative liabilities 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 to the Accountant's Report included in Appendix I to this Prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been, and are expected to continue to be, affected by a number of factors, some of which may be beyond our control. A discussion of the key factors is set out below.

General Factors

Prospect of Global Commerce, China's Import and Export Activities and Other Macroeconomic Conditions

The development of our digital payment services and value-added services is largely affected by the growth of global commerce and China's import and export activities. The vitality of global commerce and China's import and exports is dependent on the macroeconomic conditions, including GDP growth, foreign exchange and interest rate and other multiple factors. General macroeconomic conditions in China also affect our cross-border and domestic activities. These factors affect, directly and indirectly, our TPV, number of customers using our digital payment services, and their demand and willingness to pay for our value-added services. A significant part of our business relates to the e-commerce industry and is heavily reliant on its continued growth and utilization globally. Geopolitical events and resulting government policies may also affect the commerce activities within certain regions, our access to local customers and our ability to deliver service offerings.

Development of Digital Payment Solutions Market Globally and in China

We believe that payment is the foundation for all business activities and is critical to the digitalization of business activities. During the Track Record Period, our digital payment solutions have enabled the business digitalization of a large number of merchants and enterprises globally and in China, and contributed a substantial majority of our revenue. In other words, the growth of our business is driven by the development of digital payment services globally and in China. Our customer base and TPV are affected by the trend of digitalization, technology development, industry landscape and outlook of various industries in which our customers operate.

Global Regulatory Environment and Governmental Policies

Our global payment network is built upon global license layout, which provides us legitimate and direct market access and the foundation for sustainable business development. Changing regulatory environment and governmental policies may lead to disruptions or discontinuation of the solutions we offer and may lead to incremental costs associated with compliance and administration.

Company-Specific Factors

Ability to Retain and Expand Our Customer Base and Increase the TPV

Our revenue consists of revenues from digital payment services and value-added services, which in turn are primarily driven by our customer base and TPV. Our revenue is driven by the number of customers we serve and the scope and volume of digital payment and value-added services our customers utilize. We will continue to enhance our integrated digital payment solutions to grow the engagement level and volumes with existing customers, and to attract new customers to our services. Our revenue is also driven by our TPV, which is affected by (i) the industries in which our customers operate, including their size and macro environment, (ii) the competitive landscape and our market share in the industries in which we operate and (iii) our ability to diversify, expand and penetrate into additional industries and regions. For the 12 months ended December 31, 2020, 2021, 2022 and September 30, 2023, we had 0.43 million, 0.69 million, 0.85 million and 1.11 million active customers, respectively, with a CAGR of 41.6% from 2020 to 2022.

Ability to Develop and Cross-sell Innovative Service Offerings, and Our Service Mix

Our ability to develop new service offerings, cross-sell innovative services to existing and new customers, and replenish our offering pipeline with additional solutions that our customers need has a significant impact on our results of operations and business prospects.

We leverage our domain knowledge, technology capabilities and customer insights to develop differentiated and innovative service offerings. The pricing and gross margin of our different services vary significantly. We expect that our service mix will continue to affect our overall financial performance. We have made and will continue to make investments in developing technology-driven digital solutions to serve our customers, enhance their experience and enrich the all-in-one capability of our platform.

Pricing for our products and services is also essential to operating results. The fee rate we charge is largely driven by the extent of transaction scope, competitive landscape, market prevailing rates, and business competency, and may also be affected by regulatory guidance and requirements. Leveraging our solutions, technologies and market position, we believe we are in an advantageous position to price most of our services.

Expansion of Global Payment Network and Relationship with Global Partners

Our ability to maintain and expand the global payment network and to support the service offering and market entry initiatives under the regulatory framework plays an important role in our results of operations.

Maintaining a healthy collaborative relationship with diverse global business partners is critical for us to offer differentiated services and to improve our operating results. During the Track Record Period, our business partners primarily include e-commerce platforms, commercial banks, clearing institutions and third-party service providers.

Our Ability to Manage Cost and Improve Operating Efficiency

Cost structure and operating efficiency are crucial to our results of operations and financial condition. Our ability to leverage our technology and to strengthen our relationship and bargaining power with financial institutions and channel partners will affect our costs of sales, gross profit and operating results in general. Our costs in collaboration with such institutions and channel partners primarily include (i) processing fees to commercial banks, clearing institutions and certain third-party service providers who provided virtual card issuing services or payment related services to help us connect with domestic or global payment network and (ii) service charges to channel partners for expanding our service offerings and obtaining new customers. Channel partners leverage their marketing and promotion capabilities to help us reach and obtain customers in designated geographic areas or industries, including promoting and advertising our services, expanding our market and industry coverage, and recommending their customers to use our services. We pay our channel partners commissions primarily based on the revenues generated through their services.

We also incur various operating expenses, primarily including (i) research and development expenses for enhancing our innovation and technology capabilities to support our business development and maintain our technological advantages, (ii) selling and marketing expenses associated with customer acquisition and engagement to fuel our growth and (iii) general and administrative expenses.

Ability to Identify Strategic Partnership, Investment and Acquisition Opportunities

Running business globally requires us to maintain and explore various strategic collaborations. We may evaluate and consider a wide array of potential transactions, including partnership, investment and acquisition opportunities, as part of overall business strategy, to generate operation synergies and expand our business. Such partnerships, investments and acquisitions may require additional funding and bring profits or incur losses in the future.

MATERIAL ACCOUNTING POLICY INFORMATION

Some of our accounting policies require us to apply estimates as well as complex judgments related to accounting items. The estimates we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments 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. There has not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, estimates and judgments, which are important for understanding our financial condition and results of operations, are set forth in further detail in Note 4 to the Accountant's Report included in Appendix I to this Prospectus.

Revenue Recognition

We recognize revenues when or as the control of the promised goods or services is transferred to the customers, netting of value-added taxes 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.

Digital Payment Services

Our digital payment services mainly include pay-in, pay-out, acquiring, foreign exchange, virtual card and payment aggregation. See "Business – Digital Payment Services."

The fee of digital payment services is mainly calculated based on a certain percentage of the transaction amount or number of transactions agreed in the contracts with customers. Revenue under such arrangement is recognized, at a point in time, upon completion of the payment service. We may also collect a fixed annual, quarterly or monthly fee from customers, and revenue under such fixed fee arrangement is recognized within a period of time. A contract liability is recognized when customers pay the service fee in advance.

In addition, we provide global foreign exchange service to customers who receive or pay money globally. Foreign exchange commission income is recognized at a point in time when the foreign exchange transaction is completed.

Value-Added Services

Our value-added services mainly include (i) business services, which primarily include digital marketing and referral service, and (ii) technology services, which primarily include account and e-wallet as well as software development. Revenues for the value-added services are recognized at the point of service completion or during a period of time.

Revenue from Other Sources

We derive a small portion of our revenue from property rental, micro-loan and factoring services. We discontinued our micro-loan and factoring services in 2021. Rental income is recognized on a time proportion basis over the lease terms. According to International Financial Reporting Standards 15, revenue is defined as income arising in the course of an entity's ordinary activities. Zhejiang Lianlian Information Technology Co., Ltd. rented out part of Lianlian Tower to other tenants and continued generating revenue in the amount of RMB20.2 million, RMB21.5 million, RMB21.2 million and RMB13.8 million in 2020, 2021, 2022 and nine months ended September 30, 2023, respectively. Since Zhejiang Lianlian Information Technology Co., Ltd.'s ordinary activities are investment properties leasing and property management, rental income from Zhejiang Lianlian Information Technology Co., Ltd. resulting from renting of properties to tenants shall be presented as revenue from other sources rather than other income. 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.

Associates

Associates are all entities over which we have significant influence but not control or joint control. This is generally the case where we hold 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.

We determine at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, we calculate the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognize 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 are changed where necessary to ensure consistency with the policies adopted by us.

We performed impairment assessment when an associate resulted in a loss. We compared the recoverable amount of the associate with the carrying amount of our investment in the associate. We assessed the market value of LianTong by referencing with enterprise value to sales ratio of market comparables and considered the lack of marketability discount. During the assessment, we also made adjustments of Liantong's excess cash and interest bearing debt to get the market value of LianTong.

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

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
Key assumptions				
Enterprise value to sales ratio of market comparables	8.2	6.9	5.0	5.9
Discount for lack of marketability (DLOM)	25.6%	24.1%	25.2%	25.1%

Based on the impairment assessment performed by us, the recoverable amount of investment in LianTong as of December 31, 2020, 2021, 2022 and September 30, 2023 was higher than the respective carrying amount of the investment, and our Directors considered that there was no impairment in the carrying values of our investments in LianTong.

Equity Method

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

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

Unrealized gains on transactions between us and our associates and joint ventures are eliminated to the extent of our interest in these entities. Unrealized 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 us.

Financial Assets

We classify and measure our financial assets at fair value (either through other comprehensive income ("**OCI**"), or through profit or loss), or at amortized 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, the classification will depend on whether we have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. We reclassify financial assets when and only when the entity's business model for managing those assets changes.

We recognize regular way purchases and sales of financial assets on trade-date, the date on which we commit to purchase or sell the asset. Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and either (i) we have transferred substantially all the risks and rewards of ownership or (ii) we neither transfer nor retain substantially all the risks and rewards of ownership nor have we retained control.

We initially measure 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.

Share-Based Payments

Share-based compensation benefits are provided to employees via shares granted by us and the employee option plan: (i) for shares granted by us to employees which vest immediately, on the grant date, the difference of the fair value of such shares and the exercise price is recognized as share-based compensation expense with a corresponding increase in equity, and (ii) the fair value of options granted under the employee option plan is recognized as an employee share-based compensation 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, such as our share price, excluding the impact of any service and non-market performance vesting conditions, such as profitability, sales growth targets and remaining an employee of us over a specified time period, and including the impact of any non-vesting conditions, such as the requirement for employees to save or hold shares for a specific period of time.

The total expense is recognized 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, we revise our estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. We recognize 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 canceled 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 canceled equity awards are reversed from the accounts effective as at the date of forfeiture.

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. We assess the liquidity discount rates by referencing with expected terms, risk free rate and expected volatility. With the combined effect of these factors, the liquidity discounts kept at 30% throughout the Track Record Period, and the applied liquidity discount rates in impairment testing are in the average range of other financial industry and information technology industry throughout the Track Record Period. Impairment review on the goodwill has been conducted as of December 31, 2020, 2021, 2022 and September 30, 2023 according to IAS 36 "Impairment of assets". For the purpose of the impairment review, the recoverable amount of goodwill is determined based on fair value less costs of disposal. Based on the results of the impairment assessments, no impairment loss on the goodwill relating to Lianlian Yintong was recognized during the Track Record Period. As of December 31, 2020, 2021, 2022 and September 30, 2023, based on our assessment on the recoverable amounts, the headroom of Lianlian Yintong were as follows:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Lianlian Yintong	377,679	212,066	249,592	404,099

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

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Comparable company multiples	2.73	1.94	1.55	1.76
Liquidity discount	30%	30%	30%	28%

As of December 31, 2020, 2021, 2022 and September 30, 2023, 20% decrease in comparable company multiples will decrease the headroom of Lianlian Yintiong by approximately RMB89.4 million, RMB60.7 million, RMB65.0 million and RMB83.5 million, respectively. A reasonably possible change in key parameters would not cause the carrying amount of the cash generating units (CGU) to exceed its recoverable amount.

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 recognized 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. A reasonably possible change in key parameters would not cause the carrying amount of the CGU to exceed its recoverable amount in accordance with IAS 36.134(f). 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. For instance, license acquired in a business combination are recognized at fair value at the acquisition date. The Fund Transfer Operator License (No. 19/208/Ptk/6) issued by the Bank Indonesia for providing payment and data processing service in Indonesia has an indefinite life and are subsequently carried at cost without amortization, but is tested for impairment annually. For details on impairment testing for intangible assets, including an analysis on cash flow projection period, key parameters, sensitive analysis and headroom, see Note 16 to the Accountant's Report included in Appendix I to this Prospectus.

RESULTS OF OPERATIONS

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Revenue	588,502	643,644	742,748	532,350	736,690
Cost of sales	(210,251)	(204,400)	(276,779)	(190,974)	(310,308)
Gross profit	**378,251**	**439,244**	**465,969**	**341,376**	**426,382**
Selling and marketing expenses	(69,013)	(89,872)	(138,976)	(94,607)	(132,040)
General and administrative expenses	(289,990)	(263,138)	(258,314)	(188,208)	(310,541)
Research and development expenses	(124,053)	(174,235)	(210,401)	(153,220)	(188,575)
Other income	25,127	18,219	27,169	15,912	59,585
Other gains – net	57,604	4,260	15,440	6,748	21,283
Reversal of/(provision for) impairment on financial assets	2,468	(99)	(747)	(387)	(3,464)
Operating loss	**(19,606)**	**(65,621)**	**(99,860)**	**(72,386)**	**(127,370)**
Finance income/(cost) – net	9,180	22,442	4,238	5,492	(7,033)
Finance income	16,039	23,419	8,419	6,770	1,730
Finance costs	(6,859)	(977)	(4,181)	(1,278)	(8,763)
Share of net loss of associates accounted for using the equity method	(328,455)	(687,271)	(805,016)	(569,677)	(470,728)
Loss before income tax	**(338,881)**	**(730,450)**	**(900,638)**	**(636,571)**	**(605,131)**
Income tax expenses	(29,868)	(16,386)	(16,228)	(11,904)	(1,588)
Loss for the year/period	**(368,749)**	**(746,836)**	**(916,866)**	**(648,475)**	**(606,719)**
Owners of the Company	(368,159)	(746,586)	(916,540)	(648,108)	(608,056)
Non-controlling interests	(590)	(250)	(326)	(367)	1,337

NON-IFRS MEASURES

To supplement our consolidated financial statements presented in accordance with IFRS Accounting Standards, we use EBITDA and adjusted EBITDA ("**Non-IFRS measures**") for the years/periods as additional measures, which is not required by, nor presented in accordance with, IFRS Accounting Standards. We define EBITDA (Non-IFRS measure) as loss for the years/periods adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature. We define adjusted EBITDA (Non-IFRS measure) as EBITDA (Non-IFRS measure) adjusted by adding back (i) 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 complying with Chapter 3.11 of the Guide for New Listing Applicants issued by the Stock Exchange. We believe that Non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company, and provide useful information to 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/periods may not be comparable to similarly titled measures presented by other companies. The use of Non-IFRS measures has limitations as an analytical tool, and 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 years/periods presented in accordance with IFRS Accounting Standards:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)				
				(unaudited)	
Reconciliation					
Loss for the year/period	(368,749)	(746,836)	(916,866)	(648,475)	(606,719)
Add:					
Income tax expense	29,868	16,386	16,228	11,904	1,588
Finance (income)/cost – net	(9,180)	(22,442)	(4,238)	(5,492)	7,033
Depreciation of property, plant and equipment	18,834	12,057	13,909	10,195	10,265
Depreciation of right-of-use assets	9,447	7,620	8,726	6,220	6,512
Depreciation of investment properties	4,416	4,231	4,025	3,099	3,008

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Amortization of intangible assets	1,646	2,501	3,510	2,603	2,816
EBITDA[(i)] (Non-IFRS measure)	**(313,718)**	**(726,483)**	**(874,706)**	**(619,946)**	**(575,497)**
Add:					
Share-based compensation expenses[(ii)]	110,972	69,802	52,278	39,209	112,813
Listing expense	–	–	–	–	39,476
Adjusted EBITDA[(iii)] (Non-IFRS measure)	**(202,746)**	**(656,681)**	**(822,428)**	**(580,737)**	**(423,208)**

Notes:

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

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

(iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

PATH TO PROFITABILITY

During the Track Record Period, we witnessed resilient growth in our business operations but were loss-making. We set forth our plans to profitability with discussions of key industry background and our historical performance in this section.

Industry Background

According to Frost & Sullivan, the digitalization trend in global commerce and development of digital infrastructure continue to shift traditional trade from offline to online and accelerate the digital penetration of cross-border payments between enterprises. In

addition, benefiting from the positive industry trend, both the digital payment service market and value-added service market are expected to see great potential for future growth in the overall digital payment solution market according to Frost & Sullivan.

TPV is one of the key driving factors for digital payment services revenue. TPV of both the cross-border digital payment market and domestic digital payment market in China are expected to grow significantly. According to Frost & Sullivan, the TPV of the cross-border digital payment services market in China is expected to increase from RMB4.6 trillion in 2022 to RMB14.1 trillion in 2027, representing a CAGR of 25.2% from 2022 to 2027. The TPV for domestic digital payment services market in China is expected to increase from RMB176.6 trillion in 2022 to RMB339.5 trillion in 2027, representing a CAGR of 14.0% from 2022 to 2027. We ranked the first among the independent digital payment solution providers in China in terms of the TPV in 2022, with a market share of 9.1%. With our service portfolio and global layout, we are poised to take the opportunities to grow our business.

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

Our Historical Performance

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

During the Track Record Period, we witnessed resilient growth in our business operations. Our TPV increased from RMB849.4 billion in 2020 to RMB1,153.0 billion in 2022, with a CAGR of 16.5% from 2020 to 2022, and further increased to RMB1,312.0 billion for the nine months ended September 30, 2023. Our total revenue increased from RMB588.5 million in 2020 to RMB742.7 million in 2022, with a CAGR of 12.3% from 2020 to 2022. Our total revenue increased at an accelerated growth rate of 38.4% period to period from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023. While experiencing rapid business growth, we have maintained gross profit margin of approximately 60% during the Track Record Period, demonstrating a healthy business model and the driving role of strategic investments in the company's medium and long-term growth.

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

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

We achieved economies of scale and benefit from the accumulated product capabilities and industry insights evidenced by our improved operating efficiency this year. For the nine months ended September 30, 2022 and 2023, our research and development expenses as a percentage of revenue decreased from 28.8% to 25.6%, while our revenue increased by 38.4% for the same period;

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

For the nine months ended September 30, 2023, our revenue from overseas merchants and enterprises increased significantly with rapid expansion in Southeast Asia countries and across other parts of the world. Our operating expenses including selling and marketing, research and development, and general and administrative expenses had moderate growth, with combined operating expenses as a percentage of revenue increased from 81.9% for the nine months ended September 30, 2022 to 85.7% for the same periods in 2023; and

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

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

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

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

Our Path to Profitability

We plan to achieve profitability through the following ways:

(i) Increasing revenue scale through strategic positioning and creating value for our customers;

(ii) Maintaining a stable high gross profit margin through effective cost control and healthy business model;

(iii) Synergizing our products, technology, and license layout to continuously reduce marginal costs of new product development and business expansion; and

(iv) Assessing the operations of LianTong and improving economic benefits of our shareholders.

Increasing revenue scale through strategic positioning and creating value for our customers

According to Frost & Sullivan, a digital payment solution provider will be able to continuously grow its business scale, accumulate industry advantages, and drive value-added revenue following its initial strategic investments, which could provide it with stable income and profit growth. In the future, we plan to increase our revenue scale with below specific plans:

(i) Benefiting from our expertise in developing comprehensive digital payment solutions in the complex global business environment, further enhancing our market leadership and core competitiveness, and helping more Chinese cross-border merchants and enterprises reach the global market;

(ii) Leveraging synergies between our services and products to provide customers with more differentiated and comprehensive services, and to transform our customers of single product to customers of multiple products; and

(iii) Strengthening the depth and differentiation of our value-added services to enhance the breadth, depth, and frequency of customer usage, and to increase its proportion in our total revenue.

In particular, we have the following plans to increase our revenue by business segment:

- *Global payment*. We expect our global payment TPV to grow, driven by (i) expansion of our acquiring services and notably in Southeast Asia, the Middle East and South America from a relatively smaller scale, (ii) increase of our customer base in cross-border digital payment for enterprises, and (iii) growth of our cross-border digital payment for merchants. In addition, we expect TPV growth from: (i) further market penetration with increasing merchants and enterprises coverage, by collaborating with local governments and other partners on multiple cross-border e-commerce initiatives, and (ii) a slight increase in implied blended take rate (calculated as revenue divided by TPV) of global payments primarily due to (1) our differentiated cross-border digital payment offerings, and (2) expansion of high take rate services, such as acquiring. We believe we are able to improve our take rates with the continuous growth of China cross-border activities, our established positioning in the industry, and our product capabilities.

- *Domestic payment*. We expect our domestic payment TPV to expand with China's economic development and additional growth drivers from our pay-out services with focus on key accounts and new customer acquisition. We expect the implied blended take rate to hold under a more tightened competition environment.

- *Value-added services*. Our revenues from value-added services increased rapidly during the Track Record Period. We plan to launch additional customized solutions under account and e-wallet services and our digital marketing services, to further penetrate our customer base and continue to fuel the revenue growth, which is in turn driven by our differentiated product portfolio and accumulated industry insights. Despite a relatively lower gross profit margin compared to our digital payment solutions, value-added services are closely related to cross-border e-commerce and can boost the revenue increase of our overall business. Well-designed value-added services enhance the utility of our overall digital payment solutions, enabling us to attract new customers and increasing the stickiness of existing customers. Therefore, profitability of value-added services itself is only a secondary consideration. Nonetheless, we expect the profitability of our value-added services to increase in the future by (i) improving pricing strategies through a tiered pricing mechanism tailored for different scenarios and different customers, (ii) optimizing our own cost structure through better supply chain management and sourcing more value-for-money supplier options, and (iii) enhancing utility of our value-added services to attract more customers while, at the same time, charging a premium for our services.

Maintaining a stable high gross profit margin through effective cost control and healthy business model

Our ability to manage costs plays an important role in our business success and profitability. Our cost structure is affected by our service mix, and as our business scales up, our cost of sales as a percentage of revenue may vary in the short term. However, in the long term, we believe we will be able to maintain stable high gross margin, primarily due to the following reasons:

(i) Benefiting from our healthy business model, comprehensive product offerings, and global business partnership, we expect our digital payment services to maintain a consistently high gross profit and gross profit margin;

(ii) Our unique insights accumulated over the long term in different industries and customer categories as well as healthy relationships we have established with global business partners will position us advantageously in pricing most of our services, when we expand our value-added services. We believe such pricing advantages will enable us to manage our overall cost; and

(iii) Through prudent headcount management, we expect to optimize our operational efficiency. We started to streamline our middle-to-back-office teams based on their performance, and our total number of employees decreased from 1,007 as of December 31, 2022 to 896 as of September 30, 2023. We will regularly monitor the size of our middle-to-back-office teams, primarily consisting of teams that are not customer-facing, such as, among others, finance, customer support, general administrative and human resources, to maintain an adequate number of employees that is sufficient to support our overall business operations.

Synergizing our products, technology, and license layout to continuously reduce marginal costs of new product development and business expansion

Through our strategic investments and business development in the past, we have achieved an integrated product portfolio, strong technology capability, and a global license layout. Going forward, we would be able to reduce our marginal investment when we develop new products, acquire new customers, and enter into new markets:

(i) In terms of new product development, we have established a comprehensive product portfolio in digital payment services and value-added services. Our new product development can leverage an existing modular approach for rapid iteration and combination, significantly improving the efficiency in new product development and launch, without substantial incremental cost in R&D. For example, we have been focusing on customized payment solutions for vertical industries and have gained deep insights in sectors such as international trade, service industries and manufacturing. We expect to further penetrate and iterate products in these industry verticals at lower R&D and administrative expenses, entering the phase of reaping benefits from products and services. For the nine months ended September 30, 2023, our R&D expenses as a percentage of revenue decreased from 28.8% to 25.6% as compared to the nine months ended September 30, 2022, and our revenue increased by 38.4% during the same period. Going forward, we expect more scale effects to kick in with lower marginal cost for future product development and upgrades;

(ii) In terms of new customer expansion, based on our customer base and leadership, we can effectively cross sell and thus reduce the cost in acquiring new customers. Our strategic positioning has laid a solid foundation for our customer base. The number of our active cross-border merchants in China has increased from 421,885 in the 12 months ended December 31, 2020 to 1,102,604 for the 12 months ended September 30, 2023. The number of our active cross-border enterprises in China has increased from 11 for the 12 months ended December 31, 2020 to 4,249 for the 12 months ended September 30, 2023. The number of our active overseas merchants and enterprises has increased from 82 in the 12 months ended December 31, 2020 to 3,560 for the 12 months ended September 30, 2023. In particular, we witnessed a substantial growth in the number of active customers in 2023, primarily due to our partnership with new e-commerce platforms that enabled us to acquire new customers. As a result of the foregoing, the number of active Chinese cross-border merchants substantially increased from 826,466 for the 12 months ended September 30, 2022 to 1,102,604 for the 12 months ended September 30, 2023. Moreover, the number of new customers substantially increased from 532,662 for the nine months ended September 30, 2022 to 1,347,751 for the nine months ended September 30, 2023. For details, see "Summary – Key Operating and Financial Metrics."

Although that our selling and marketing expenses as a percentage of revenue increased from 11.7% in 2020 to 18.7% in 2022 and remained stable at 17.8% and 17.9% for the nine months ended September 30, 2022 and 2023, implying a relatively slower revenue growth compared to the growth of our selling and marketing expenses, these were primarily due to:

- A substantial increase in the number of sales and marketing personnel from 165 in 2020 to 350 in 2022, which contributed to a 4.6% increase in related employee benefits as a percentage of revenue. The expansion of sales and marketing personnel was under the strategic planning for product launches, promotion and overall branding, and was in line with our significant growth of digital payment and business services during the ramp-up period. With the current scale of digital payment and value-added services, the sales and marketing personnel was streamlined and lowered to 296 employees for higher operation efficiency as of September 30, 2023. Our selling and marketing expenses as a percentage of revenue remained relatively stable at 17.8% and 17.9% for the nine months ended September 30, 2022 and 2023, respectively; and

- Our revenue growth, on the other hand, was adversely affected by the pandemic and a corresponding slowdown of cross-border commerce activities during the Track Record Period. With the revival of cross-border commerce, we expect that the increase in active merchants and enterprises can better translate into faster pace of revenue growth. For instance, our revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022, to RMB736.7 million for the nine months ended September 30, 2023, outpacing a CAGR of 12.3% for revenue from RMB588.5 million in 2020 to RMB742.7 million in 2022.

In addition, we are of the view that our customer acquisition effort is effective. Our average cost in acquiring new customers, as measured by total selling and marketing expenses per newly acquired customer decreased from RMB207 in 2020 to RMB188 in 2022, and further decreased to RMB98 for the nine months ended September 30, 2023. The significant decrease to RMB98 for the nine months ended September 30, 2023 was also driven by a significant increase in the number of acquired new customer post COVID-19 pandemic as the global commerce resumes. We believe the trend reflects our effective selling and marketing strategy built on our accumulated market influences. As we continue to expand customer reach and influence, and enjoy the economies of scale in global and domestic digital payment businesses, we expect to see improved efficiency in selling and marketing expenses in relation to industry penetration and product expansion, effectively saving our costs and expenses; and

(iii) In terms of new market expansion, our global license layout has enabled us to accumulate compliance and operational experience in different jurisdictions and cultivate an international management and operational team. The experience and track record in operating these licenses offered us a competitive edge in localized experience and enhanced compliance levels and process efficiency when expanding into new markets and applying for new licenses.

For the nine months ended September 30, 2023, the operating expenses, including selling and marketing, research and development and general and administrative expenses but excluding share-based compensation expenses, as a percentage of corresponding revenue decreased from 74.5 % to 70.4% as compared to the nine months ended September 30, 2022, while our TPV of digital payments services in relation to overseas merchants and enterprises increased from RMB 398.3 million to RMB 2,545.1 million during the same period, mainly driven by enhanced know-hows and experience in digital payment services as well as economies of scale. Given the overseas operation and capital investment made and the leverage accumulated, we expect to generate accelerated revenue growth from overseas markets especially in Southeast Asian countries at decreasing marginal operating costs.

While our operating expenses may continue to increase in absolute amount as our business scales up, they generally do not increase proportionally with our revenue due to economies of scale and improved operation efficiency. As evidenced by the decreasing general and administrative expenses as a percentage of revenue during the Track Record Period, the decreasing selling and marketing expenses per newly acquired customer during the Track Record Period, and the decreasing research and development expenses as a percentage of revenue from the nine months ended September 30, 2023, we believe the economics of scale has started to reflect in the improved operation efficiency and will have a long-term positive impact to our profitability.

Assessing the operations of LianTong and improving shareholder economic benefits of our Shareholders

As of the Latest Practicable Date, the Company and American Express hold 45.2% and 54.8% of the equity interest of LianTong, respectively. We will continue to monitor LianTong's business operations and assess our investments in this associate from time to time, including but not limited to exercising our information, voting and other shareholder rights. We aim to enhance our economic benefits as a shareholder of LianTong, while preserving business synergies and long-term upside from the investment. For example, the Company is committed to rigorously assessing liquidity, profitability, and financial resources before making any substantial capital injection to LianTong.

In terms of our consolidated financial results, we record the equity loss related to LianTong capped at the sum of net book value at the beginning of a financial period and the capital injection during the same period. In December 2023, the Company and American Express provided additional capital of RMB74.6 million and RMB625.4 million, respectively,

to LianTong to support its operations. Following such capital contribution, we expect the net book value of LianTong to increase by the amount of such capital injection and we will record a dilution gain of approximately RMB244.5 million from the subsequent change in shareholding. For 2024, we expect to continue recording share of net loss from LianTong.

DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generate our revenue primarily through two main sources, namely (i) digital payment services consisting of (a) global payment for Chinese cross-border merchants and enterprises, and overseas merchants and enterprises, and (b) domestic payment for domestic enterprises in China; and (ii) value-added services.

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

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

Notes:

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

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

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

Our reportable segments include (i) global payment, (ii) domestic payment, (iii) value-added services and (iv) others, which represent a small amount of revenue from other sources including rental income, interest income and factoring income. For more details of segment information, see Note 5(b) to the Accountant's Report included in Appendix I to this Prospectus.

Digital Payment Services

The substantial majority of our revenue is generated from our digital payment services, including global payment and domestic payment. Revenue generated from our digital payment services increased from RMB537.9 million in 2020 to RMB588.0 million in 2021, and to RMB630.1 million in 2022, representing 91.4%, 91.3% and 84.8% of our total revenue in 2020, 2021 and 2022, respectively. Revenue generated from our digital payment services increased from RMB456.5 million for nine months ended September 30, 2022 to RMB625.7 million for nine months ended September 30, 2023, representing 85.8% and 84.9% of our total revenue in the same period, respectively. See "Business – Digital Payment Services."

Global Payment

Our revenue from global payment grew from RMB378.1 million in 2020 to RMB440.5 million in 2021, and to RMB478.6 million in 2022, with a CAGR of 12.5%, representing 64.2%, 68.4% and 64.4% of our total revenue in 2020, 2021 and 2022, respectively. Our revenue from global payment grew from RMB341.3 million for the nine months ended September 30, 2022 to RMB484.1 million for the nine months ended September 30, 2023, representing 64.1% and 65.7% of our total revenue for the same period, respectively.

We provide global payment services mainly including pay-in, pay-out and acquiring. We also provide fast multi-currency exchange service. A substantial majority of our global payment revenue comes from our customers based on a percentage of total payment volume from their transactions. To a lesser extent, we collect a fixed fee from our customers for the period stipulated under the customer agreement or charge customers a fixed fee on a per transaction basis.

Domestic Payment

Our domestic payment primarily include payment aggregation, acquiring, and pay-out. For payment aggregation, we provide the customized software solution that can be built into the base payment services provided by third-party payment companies. In some less common circumstances, we also provide pay-in services for domestic payment business. Our revenue from domestic payment were RMB159.8 million, RMB147.5 million and RMB151.5 million in 2020, 2021 and 2022, respectively, representing 27.2%, 22.9% and 20.4% of our total revenue in 2020, 2021 and 2022, respectively. Our revenue from domestic payment increased from RMB115.2 million to RMB141.5 million for the nine months ended September 30, 2022 and 2023, representing 21.6% and 19.2% of our total revenue for the same periods, respectively.

Value-Added Services

Our revenue from value-added services increased from RMB7.8 million in 2020 to RMB21.8 million in 2021, and to RMB91.1 million in 2022, with a CAGR of 241.7%, representing 1.3%, 3.4% and 12.3% of our total revenue in 2020, 2021 and 2022, respectively. Our revenue from valued-added services increased from RMB59.1 million for the nine months ended September 30, 2022 to RMB96.8 million for nine months ended September 30, 2023, representing 11.1% and 13.1% of our total revenue for same periods, respectively.

The following table sets forth a breakdown of our revenue generated from value-added services for the periods indicated:

	Year ended December 31			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands, except percentages)				
				(unaudited)	
Business Services					
Digital marketing	–	3,760	53,580	30,152	79,081
Referral services and others	571	1,902	5,639	3,734	6,668
Technology Services					
Account and e-wallet	3,384	7,286	17,733	14,647	6,030
Software development	3,844	8,862	14,100	10,552	4,989
Total	**7,798**	**21,810**	**91,052**	**59,085**	**96,768**

We generate value-added services revenue from two main sources: (i) business services, primarily including digital marketing and referral service, and (ii) technology services, primarily including account and e-wallet and software development. Our digital marketing revenue includes fees that we charge our customers for our marketing solutions. Our referral service revenue mainly represents fees that we charge financial institutions for our referral services. We charge technology service fees for our technology services, see "Business – Technology Services." We recognize service fees for value-added services at a point or during a period of time.

Other Revenue

We also generate a small amount of revenue from other sources including (i) rental income from providing property rental services with respect to our self-owned properties, and (ii) interest and factoring income from providing micro-loan and factoring services which have been discontinued since May 2021. Our revenue from other sources amounted to RMB42.8

million, RMB33.8 million and RMB21.6 million in 2020, 2021 and 2022, respectively, representing 7.3%, 5.3% and 2.9% of our total revenue in 2020, 2021 and 2022, respectively. Our revenue from other source were RMB16.7 million and RMB14.2 million for the nine months ended September 30, 2022 and 2023, respectively, representing 3.1% and 1.9% of our total revenue for the same periods, respectively. Our revenue generated from micro-loan and factoring services amounted to RMB14.3 million and RMB7.4 million in 2020 and 2021. We discontinued such service line in May 2021 as the Interim Measures for the Administration of Online Micro-loan Business (Draft for Comment) (《網絡小額貸款業務管理暫行辦法(徵求意見稿)》) jointly issued by the PBOC and the CBIRC in November 2020 proposed to set a RMB5 billion registered capital threshold for micro-lenders that offer online across different regions. The Company made the commercial decision of not devoting such substantial amount of funds in micro-loan and factoring services, considering they are not the Company's core businesses.

Cost of Sales

The following table sets forth a breakdown of our cost of sales in absolute amounts and percentages of total revenue by business segment for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cost of sales by segment										
Digital payment services	185,795	31.6%	181,854	28.3%	210,395	28.3%	150,262	28.2%	233,561	31.7%
Global payment	63,835	10.8%	79,249	12.3%	102,904	13.9%	66,118	12.4%	130,037	17.7%
Domestic payment	121,960	20.7%	102,605	15.9%	107,491	14.5%	84,144	15.8%	103,524	14.1%
Value-added services	819	0.1%	4,065	0.6%	54,108	7.3%	30,880	5.8%	67,779	9.2%
Others	23,637	4.0%	18,481	2.9%	12,276	1.7%	9,832	1.9%	8,968	1.2%
Total	**210,251**	**35.7%**	**204,400**	**31.8%**	**276,779**	**37.3%**	**190,974**	**35.9%**	**310,308**	**42.1%**

In terms of segment, our cost of sales primarily consists of (i) global payment, (ii) domestic payment, (iii) value-added services and (iv) others. In 2020, 2021 and 2022, our cost of sales were RMB210.3 million, RMB204.4 million and RMB276.8 million, respectively. For the nine months ended September 30, 2022 and 2023, our cost of sales were RMB191.0 million and RMB310.3 million, respectively.

Our cost of sales for global payment were RMB63.8 million, RMB79.2 million and RMB102.9 million in 2020, 2021 and 2022, respectively. Our cost of sales for global payment were RMB66.1 million and RMB130.0 million for the nine months ended September 30, 2022 and 2023, respectively. Our cost of sales for domestic payment were RMB122.0 million, RMB102.6 million and RMB107.5 million in 2020, 2021 and 2022, respectively. Our cost of sales for domestic payment were RMB84.1 million and RMB103.5 million for the nine months ended September 30, 2022 and 2023, respectively.

The fluctuations of our cost of sales have been generally in line with change in our revenue during the Track Record Period.

The following table sets forth a breakdown of our cost of sales in absolute amounts and percentages of total revenue by nature for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cost of sales by nature										
Processing fees	163,540	27.8%	155,628	24.2%	162,821	21.9%	113,325	21.3%	173,372	23.5%
Service charges	4,492	0.8%	11,854	1.8%	67,637	9.1%	43,609	8.2%	99,263	13.5%
Employee benefits	15,201	2.6%	14,883	2.3%	13,193	1.8%	8,645	1.6%	9,796	1.3%
Rental-related costs	8,719	1.5%	8,738	1.4%	9,182	1.2%	7,027	1.3%	6,351	0.9%
Taxes and surcharges	3,626	0.6%	4,982	0.8%	5,566	0.7%	4,145	0.8%	4,709	0.6%
Depreciation and amortization	3,495	0.6%	2,175	0.3%	3,759	0.5%	2,607	0.5%	2,656	0.4%
Others	11,178	1.9%	6,140	1.0%	14,621	2.0%	11,616	2.2%	14,161	1.9%
Total	**210,251**	**35.7%**	**204,400**	**31.8%**	**276,779**	**37.3%**	**190,974**	**35.9%**	**310,308**	**42.1%**

In terms of cost of sales by nature, processing fees was our largest cost component, which remained stable and accounted for 21.3% to 27.8% of our total revenue during the Track Record Period. Our service charges increased from RMB11.9 million, or 1.8% of revenue, in 2021 to RMB67.6 million, or 9.1% of revenue, in 2022, and further increased to RMB99.3 million or 13.5% of revenue for the nine months ended September 30, 2023, mainly attributable to the significant growth of our digital marketing for the same periods.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit in absolute amounts and gross profit margins by business segments for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)									
							(unaudited)			
Digital payment services	352,135	65.5%	406,149	69.1%	419,702	66.6%	306,271	67.1%	392,114	62.7%
Global payment	314,276	83.1%	361,294	82.0%	375,718	78.5%	275,196	80.6%	354,090	73.1%
Domestic payment	37,859	23.7%	44,855	30.4%	43,984	29.0%	31,075	27.0%	38,024	26.9%
Value-added services	6,979	89.5%	17,745	81.4%	36,944	40.6%	28,205	47.7%	28,989	30.0%
Others	19,137	44.7%	15,350	45.4%	9,323	43.2%	6,900	41.2%	5,279	37.1%
Total	**378,251**	**64.3%**	**439,244**	**68.2%**	**465,969**	**62.7%**	**341,376**	**64.1%**	**426,382**	**57.9%**

Gross profit represents our revenue less our cost of sales. In 2020, 2021 and 2022, our gross profit were RMB378.3 million, RMB439.2 million and RMB466.0 million, respectively. Our gross profit were RMB341.4 million and RMB426.4 million for the nine months ended September 30, 2022 and 2023, respectively. The increase in gross profit in these periods was primarily driven by the growth of our overall business scale as well as the drivers set forth in "– Revenue."

Gross profit margin represents our gross profit as a percentage of our revenue. In 2020, 2021 and 2022, our gross profit margin were 64.3%, 68.2% and 62.7%, respectively. For the nine months ended September 30, 2022 and 2023, our gross profit margin were 64.1% and 57.9%, respectively. Gross profit margin for our global payment were 83.1%, 82.0% and 78.5% in 2020, 2021 and 2022, respectively, and gross profit margin for our domestic payment were 23.7%, 30.4% and 29.0% in 2020, 2021 and 2022, respectively. Gross profit margin for our global payment were 80.6% and 73.1% for the nine months ended September 30, 2022 and 2023, respectively, and gross profit margin for our domestic payment were 27.0% and 26.9% for the nine months ended September 30, 2022 and 2023, respectively. The difference in gross profit margin was mainly due to (i) the fact that we provide a more extensive service scope for global payment that includes services embedded with higher margins, such as commission from foreign exchange in overseas markets, and (ii) the structural difference of global payment and domestic payment by products as a result of market standards, business nature, and level of competition where service charge as a percentage of TPV is generally higher for domestic payment than global payment. See "– Period-to-Period Comparison of Results of Operation – Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022 – Gross Profit and Gross Profit Margin" for details on decreasing gross profit margin. We incurred RMB50.3 million, RMB64.2 million, RMB83.1 million, RMB52.5 million and

RMB110.5 million processing fees from global payment in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively; and RMB113.2 million, RMB91.4 million, RMB79.7 million, RMB60.8 million and RMB62.9 million from domestic payment in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. The domestic processing fees as a percentage of domestic payment revenue were significantly higher than the global processing fees as a percentage of global payment revenue. In addition, we incurred RMB1.3 million, RMB3.9 million, RMB3.5 million, RMB2.3 million and RMB5.2 million for service charges from global payment in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively; and RMB3.2 million, RMB5.3 million, RMB19.7 million, RMB17.6 million and RMB34.8 million from domestic payment in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. The relatively higher cost contribution from processing fees for domestic payment was primarily attributable to significantly higher total payment volume (TPV) processed from domestic payment. The relatively higher cost contribution from service charge for domestic payment was primarily attributable to the emerging sectors coverage for acquiring services and fees to channel partners for customer acquisition and referrals under pay-out services.

During the Track Record Period, gross profit contributed by our value-added services increased in absolute amount due to the rapid expansion of business services, including digital marketing. The gross profit margin decreased during the Track Record Period primarily due to the changes in service mix as business services with lower gross profit margin contributed a higher percentage of gross profit, compared to our technology services.

Selling and Marketing Expenses

The following table sets forth a breakdown of our selling and marketing expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefits	49,668	8.4%	61,046	9.5%	96,519	13.0%	67,925	12.8%	95,081	12.9%
Marketing and promotion expenses	12,041	2.0%	19,828	3.1%	29,611	4.0%	16,941	3.2%	21,891	3.0%
Others	7,304	1.2%	8,998	1.4%	12,846	1.7%	9,741	1.8%	15,068	2.0%
Total	**69,013**	**11.7%**	**89,872**	**14.0%**	**138,976**	**18.7%**	**94,607**	**17.8%**	**132,040**	**17.9%**

In 2020, 2021 and 2022, we incurred selling and marketing expenses of RMB69.0 million, RMB89.9 million and RMB139.0 million, representing 11.7%, 14.0% and 18.7% of our revenue, respectively. For the nine months ended September 30, 2022 and 2023, our selling and marketing expenses amounted to RMB94.6 million and RMB132.0 million, respectively. Our selling and marketing expenses primarily include employee benefits, marketing and promotion expenses and other expenses. Employee benefits remained the largest component of our selling and marketing expenses during the Track Record Period, accounting for 8.4%, 9.5%, 13.0%, 12.8% and 12.9% of our revenue, respectively. The increase in our employee benefits from RMB49.7 million in 2020 to RMB61.0 million in 2021, and to RMB96.5 million in 2022, and from RMB67.9 million for the nine months ended September 30, 2022 to RMB95.1 million for the nine months ended September 30, 2023 was the result of (i) the increase in average salaries and performance bonuses of our sales team and (ii) share-based compensation for key talents retention. Meanwhile, the change in selling and marketing expenses is also evidenced by changes in the number of employees performing sales and marketing functions, which amounted to 165, 202, 350 and 296 as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. The increase in our marketing and promotion expenses from RMB12.0 million in 2020 to RMB19.8 million in 2021, and to RMB29.6 million in 2022, and from RMB16.9 million for the nine months ended September 30, 2022 to RMB21.9 million for the nine months ended September 30, 2023 mainly reflected our increased efforts in the expansion of our digital payment solutions, and the growth is in line with our increasing TPV.

General and Administrative Expenses

The following table sets forth a breakdown of our general and administrative expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefits	223,626	38.0%	191,630	29.8%	170,727	23.0%	123,241	23.2%	195,142	26.5%
Professional service expenses	22,340	3.8%	24,858	3.9%	31,372	4.2%	24,209	4.5%	31,049	4.2%
Depreciations	15,449	2.6%	11,730	1.8%	12,626	1.7%	8,972	1.7%	9,402	1.3%
Others	28,575	4.9%	34,920	5.4%	43,589	5.9%	31,786	6.0%	74,948	10.2%
Total	**289,990**	**49.3%**	**263,138**	**40.9%**	**258,314**	**34.8%**	**188,208**	**35.4%**	**310,541**	**42.2%**

In 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, we incurred general and administrative expenses of RMB290.0 million, RMB263.1 million, RMB258.3 million, RMB188.2 million and RMB310.5 million, respectively, representing 49.3%, 40.9%, 34.8%, 35.4% and 42.2%, respectively, of our revenue. Our general and administrative expenses mainly included (i) employee benefits, (ii) professional service expenses, (iii) depreciation of property, plant and equipment and right-of-use assets, as well as (iv) others including office and telecommunication expenses. Employee benefits remained the largest component of our general and administrative expenses during the Track Record Period, accounting for 38.0%, 29.8%, 23.0%, 23.2% and 26.5% of our revenue, respectively. The decrease of our employee benefits from RMB223.6 million in 2020 to RMB191.6 million in 2021, and to RMB170.7 million in 2022, was the result of a decrease in share-based compensation for our employees during the Track Record Period. The increase of our professional service expenses from RMB22.3 million in 2020 to RMB24.9 million in 2021, and to RMB31.4 million in 2022, reflected our increased professional service needs in technology collaborations, legal, audit and overseas business expansion. The increase in general and administrative expenses from RMB188.2 million for the nine months ended September 30, 2022 to RMB310.5 million for the nine months ended September 30, 2023, was primarily resulted from an increase in share-based compensation and listing expenses.

Research and Development Expenses

The following table sets forth a breakdown of our R&D expenses by nature, in absolute amounts and as percentages of total revenue, for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee benefits	100,171	17.0%	148,451	23.1%	178,273	24.0%	131,699	24.7%	162,476	22.1%
Depreciations	9,665	1.6%	6,125	1.0%	7,338	1.0%	5,644	1.1%	5,531	0.8%
Professional service expenses	5,174	0.9%	4,406	0.7%	3,234	0.4%	2,063	0.4%	2,385	0.3%
Others	9,043	1.5%	15,253	2.4%	21,556	2.9%	13,814	2.6%	18,183	2.5%
Total	**124,053**	**21.1%**	**174,235**	**27.1%**	**210,401**	**28.3%**	**153,220**	**28.8%**	**188,575**	**25.6%**

In 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, we incurred R&D expenses of RMB124.1 million, RMB174.2 million, RMB210.4 million, RMB153.2 million and RMB188.6 million, respectively, representing 21.1%, 27.1%, 28.3%, 28.8% and 25.6% of our revenue, respectively. Our R&D expenses primarily include employee

benefits and depreciations of property, plant and equipment and right-of-use assets. Employee benefits remained the largest component of our R&D expenses during the Track Record Period, accounting for 17.0%, 23.1%, 24.0%, 24.7% and 22.1% of our revenue in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. The increase of our employee benefits for R&D personnel from RMB100.2 million in 2020 to RMB148.5 million in 2021, and to RMB178.3 million in 2022 and from RMB131.7 million for the nine months ended September 30, 2022 to RMB162.5 million for the nine months ended September 30, 2023, was mainly driven by (i) the expansion of our R&D team from 2020 to 2022 reflecting our increased efforts and determination in R&D for enhanced technology capabilities and services upgrades and (ii) the increase in average employee benefits for R&D personnel.

Other Income and Other Gains – Net

The following table sets forth a breakdown of our other income and gains – net for the periods indicated, both in absolute amounts:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)				
				(unaudited)	
Other Income					
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
Others	1,172	935	1,274	848	1,248
Subtotal	**25,127**	**18,219**	**27,169**	**15,912**	**59,585**
Other Gains/(losses) – net					
Foreign exchange (losses)/gains, net	(2,915)	(5,001)	22,869	24,548	18,215
Interest income on borrowing to related parties	2,437	3,363	4,538	609	6,247
Fair value gains/(losses) of financial assets at FVPL	54,641	754	(11,879)	(18,411)	(3,155)
Others	3,441	5,144	(88)	2	(24)
Subtotal	**57,604**	**4,260**	**15,440**	**6,748**	**21,283**
Total	**82,731**	**22,479**	**42,609**	**22,660**	**80,868**

Note:

(i) The amounts represent government grants-related income from local governments. These grants are recognized in the statement of comprehensive income upon receipt. There were no unfulfilled conditions or contingencies relating to such government grants.

In 2020, 2021 and 2022, we had other income and other gains – net of RMB82.7 million, RMB22.5 million and RMB42.6 million, respectively. For the nine months ended September 30, 2022 and 2023, we had other income and other gains – net of RMB22.7 million and RMB80.9 million, respectively.

Our other income and other gains – net primarily include interest income on customer accounts, and foreign exchange (losses)/gains, and fair value gains/(losses) of financial assets at FVPL. Our interest income on customer accounts decreased from RMB12.3 million in 2020 to RMB10.5 million in 2021, and increased to RMB21.8 million in 2022 due to the fluctuation of both customer accounts and interest rates. Our interest income on customer accounts further increased from RMB12.2 million for the nine months ended September 30, 2022 to RMB56.8 million for the nine months ended September 30, 2023. Foreign exchange (losses)/gains mainly resulted from fluctuation of exchange rate of Renminbi/US dollar. The facts that we had foreign exchange loss of RMB5.0 million in 2021 and foreign exchange gains of RMB22.9 million in 2022 primarily resulted from the transactions denominated in foreign currencies other than RMB, and the functional currency of certain subsidiaries of us at the dates of the transactions are US dollars. Fair value gains/(losses) of financial assets at FVPL is associated with our investments in two unlisted companies, namely Hangzhou Hyperchain Technology Co., Ltd. ("**Hyperchain Technology**") and Queen Bee Capital Co., Ltd. ("**QBC**"). We have no significant influence over both companies, and the investments are accounted for as financial assets at fair value through profit or loss.

During the Track Record Period, we also have other income and gains from interest income on borrowing to related parties and government grants, among others.

Finance Income/(Cost) – Net

Our finance income includes interest income on cash and cash equivalents. Our finance costs primarily include interest expenses on loans from related parties and interest expenses on lease liabilities. In 2020, 2021 and 2022, we had net finance income of RMB9.2 million, RMB22.4 million and RMB4.2 million, respectively. For the nine months ended September 30, 2022 and 2023, we had net finance income of RMB5.5 million and net finance cost of RMB7.0 million, respectively.

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

We recorded RMB328.5 million, RMB687.3 million and RMB805.0 million of share of net loss of associates using the equity method in 2020, 2021 and 2022, respectively. We recorded RMB569.7 million and RMB470.7 million of share of net loss of associates using the equity method for the nine months ended September 30, 2022 and 2023, respectively. We had such share of net loss as we recognize the loss of LianTong for the Track Record Period and Zhong Pu Lian Technology from February 2023 in our consolidated statements of comprehensive loss.

The following table sets forth the amount of investments accounted for using the equity method recognized in our consolidated balance sheets, as of the dates indicated:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
LianTong	97,907	390,636	205,620	165,227
Zhong Pu Lian Technology	–	–	–	2,665
	97,907	390,636	205,620	167,892

The following table sets forth the share of loss of associates accounted for using equity method during the Track Record Period, as recognized in the consolidated statements of comprehensive loss:

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
LianTong	(328,455)	(687,271)	(805,016)	(569,677)	(470,393)
Zhong Pu Lian Technology	–	–	–	–	(335)
	(328,455)	(687,271)	(805,016)	(569,677)	(470,728)

The following table sets forth the carrying amount movement of LianTong in 2020, 2021, 2022 and the nine months ended 30 September 2022 and 2023, respectively.

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

We entered into a joint venture agreement with American Express 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. As of the Latest Practicable Date, we and American Express hold 45.2% and 54.8% of the equity interest of LianTong, respectively. Pursuant to the agreement between affiliates of American Express and us, we do not have control over LianTong's operation. Accordingly, LianTong was accounted for as an associate of us using the equity method during the Track Record Period. We perform impairment assessment when the associate resulted in a loss and such result indicates the investment might be impaired. We will compare the recoverable amount of the associate with the carrying amount of our investment in the associate. As in the case of LianTong, we assessed the market value of LianTong by referencing to the enterprise value of its market comparable and applying liquidity discount. During our impairment assessment of LianTong, we've also made adjustments of LianTong's excess cash and interest bearing debt to evaluate its market value. After performing the impairment assessment on LianTong, we did not incur any impairment loss.

We entered into a joint venture agreement to establish Zhong Pu Lian Technology in February 2023. We hold 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 from February 2023. For further details on fluctuations of share of net losses of associates accounted for using the equity method, see Note 17 to the Accountant's Report in Appendix I to this Prospectus.

Income Tax Expenses

In 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, we had income tax expenses of RMB29.9 million, RMB16.4 million, RMB16.2 million, RMB11.9 million and RMB1.6 million, respectively.

Loss for the Year/Period

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

The following table sets forth our loss for the year/period indicated:

	Year ended December 31,			Nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
	(RMB in thousands)				
				(unaudited)	
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
Total	**(368,749)**	**(746,836)**	**(916,866)**	**(648,475)**	**(606,719)**

TAXATION

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which we are domiciled and operate.

PRC

Our 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 (the "**EIT Law**"). Pursuant to the EIT Law, our 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. Lianlian Yintong is entitled to a preferential EIT rate of 15% during the Track Record Period.

Lianlian (Hangzhou) Information Technology Co., Ltd. ("**Lianlian Hangzhou**") obtained its HNTE status in 2021. Lianlian Hangzhou is entitled to a preferential EIT of 15% in 2021, 2022 and for the nine months ended September 30, 2023.

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

Hong Kong

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of our qualifying subsidiaries are taxed at a rate of 8.25%, and profits above HK$2 million are taxed at a rate of 16.5%. The profits of our subsidiaries that are not adopted for the two-tiered profits tax rates regime are taxed at a flat rate of 16.5%.

Cayman Islands and British Virgin Islands Corporate Income Tax

Under the current laws of the Cayman Islands and 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

Income tax on profit arising from other jurisdictions, including the United States, European countries, Japan and Southeast Asian countries, among others, 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%.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Revenue

Our revenue increased by 38.4% from RMB532.4 million for the nine months ended September 30, 2022 to RMB736.7 million for the nine months ended September 30, 2023, primarily attributable to (i) an increase of 41.8% in our global payment revenue from RMB341.3 million for the nine months ended September 30, 2022 to RMB484.1 million for the

nine months ended September 30, 2023, driven by an expansion of customers for global payment services, especially cross-border enterprises, (ii) an increase of 22.9% in our domestic payment revenue from RMB115.2 million for the nine months ended September 30, 2022 to RMB141.5 million for the nine months ended September 30, 2023, driven by an expansion of TPV from domestic pay-out services, and (iii) an increase of 63.8% in our revenue from value-added services from RMB59.1 million for the nine months ended September 30, 2022 to RMB96.8 million for the nine months ended September 30, 2023, primarily driven by rapid expansion of business services, including digital marketing services.

Cost of Sales

Our cost of sales increased by 62.5% from RMB191.0 million for the nine months ended September 30, 2022 to RMB310.3 million for the nine months ended September 30, 2023, primarily attributable to (i) an increase of 96.7% in costs of sales for global payment from RMB66.1 million to RMB130.0 million due to the expansion of acquiring services and increased fees associated with card issuing institutions in virtual card services, and (ii) a significant increase of 119.5% in costs of sales for value-added services from RMB30.9 million to RMB67.8 million due to the rapid expansion of digital marketing with higher service charges to channel partners for customer acquisition and referrals. The processing fees increased by 53.0% from RMB113.3 million to RMB173.4 million, which was in line with our business growth.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 24.9% from RMB341.4 million for the nine months ended September 30, 2022 to RMB426.4 million for the nine months ended September 30, 2023, primarily attributable to (i) an increase of 28.7% in gross profit from global payment from RMB275.2 million for the nine months ended September 30, 2022 to RMB354.1 million for the nine months ended September 30, 2023, and (ii) an increase of 22.4% in gross profit from domestic payment from RMB31.1 million for the nine months ended September 30, 2022 to RMB38.0 million for the nine months ended September 30, 2023.

Our gross profit margin decreased from 64.1% for the nine months ended September 30, 2022 to 57.9% for the nine months ended September 30, 2023, primarily due to (i) a decrease in global payment margin from 80.6% for the nine months ended September 30, 2022 to 73.1% for the nine months ended September 30, 2023, primarily reflecting the expansion of acquiring services with lower gross profit margin, and (ii) a decrease in value-added services margin from 47.7% for the nine months ended September 30, 2022 to 30.0% for the nine months ended September 30, 2023, reflecting the change in service mix, as a result of (1) significant growth of digital marketing with lower margin, and (2) a decrease in revenue from higher-margin technology services due to our strategic focus on business services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 39.6% from RMB94.6 million for the nine months ended September 30, 2022 to RMB132.0 million for the nine months ended September 30, 2023, primarily due to increased share-based compensation under the Pre-IPO Share Option Schemes and enhanced promotion campaigns for customer acquisition and sector coverage to expand our businesses.

General and Administrative Expenses

Our general and administrative expenses increased by 65.0% from RMB188.2 million for the nine months ended September 30, 2022 to RMB310.5 million for the nine months ended September 30, 2023, primarily due to increased employee benefits under the Pre-IPO Share Option Schemes and listing expenses.

Research and Development Expenses

Our R&D expenses increased by 23.1% from RMB153.2 million for the nine months ended September 30, 2022 to RMB188.6 million for the nine months ended September 30, 2023, in line with continued efforts in innovation and technology developments.

Other Income and Gains/(Losses) – Net

Our other income and gains/(losses) – net significantly increased by 256.9% from RMB22.7 million for the nine months ended September 30, 2022 to RMB80.9 million for the nine months ended September 30, 2023, primarily due to (i) a significant increase in interest income on customer accounts driven by our TPV growth and the interest rate hikes on multiple foreign currencies, and (ii) a decrease by 82.9% in fair value loss of financial assets at FVPL from RMB18.4 million for the nine months ended September 30, 2022 to RMB3.2 million for the nine months ended September 30, 2023; partially offset by a decrease in foreign exchange gain driven by the accounting of foreign exchange rate fluctuations.

Reversal of/(Provision for) Impairment on Financial Assets

Our impairment losses on financial assets refers to the credit loss assessment and movement in allowance for the impairment of (i) trade receivables, and (ii) other receivables. Our impairment losses on financial assets were RMB0.4 million for the nine months ended September 30, 2022 and RMB3.5 million for the nine months ended September 30, 2023, respectively, which was in line with the increase of our trade receivables.

Finance Income/(Cost) – Net

We recorded finance income – net of RMB5.5 million for the nine months ended September 30, 2022 and finance cost – net of RMB7.0 million for the nine months ended September 30, 2023, primarily due to increases in bank borrowings to support our business operations.

Share of Net Loss of Associates Using the Equity Method

Our share of net loss of associates using the equity method decreased from RMB569.7 million for the nine months ended September 30, 2022 to RMB470.7 million in the nine months ended September 30, 2023, primarily due to the narrowed loss of LianTong, which is in turn mainly due to an increase in LianTong's revenue reflecting its business growth in card issuance and transaction related services, and decreases in employee benefits and other fixed expenses.

Income Tax Expenses

Our income tax expenses significantly decreased by 86.7% from RMB11.9 million for the nine months ended September 30, 2022 to RMB1.6 million for the nine months ended September 30, 2023, primarily due to increased recognition of deferred income tax assets for EIT computation and the subsequent decrease in taxable income of profit-making subsidiaries.

Loss for the Period

As a result of the foregoing, the recorded loss of the year narrowed by 6.4% from RMB648.5 million for the nine months ended September 30, 2022 to RMB606.7 million for the nine months ended September 30, 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 15.4% from RMB643.6 million in 2021 to RMB742.7 million in 2022, primarily attributable to (i) an increase by 8.6% in our global payment revenue from RMB440.5 million to RMB478.6 million across Chinese cross-border merchants and enterprises, and overseas merchants and enterprises, (ii) an increase by 2.7% in domestic payment revenue from RMB147.5 million to RMB151.5 million reflecting our business growth in domestic pay-out and (iii) an increase by 317.5% in our revenue from value-added services from RMB21.8 million to RMB91.1 million during the same period, primarily due to growth contribution of digital marketing and account and e-wallet services.

Cost of Sales

Our cost of sales increased by 35.4% from RMB204.4 million in 2021 to RMB276.8 million in 2022, primarily attributable to (i) an increase by 29.8% in the cost of sales from our global payment from RMB79.2 million to RMB102.9 million, (ii) an increase by 4.8% in the cost of sales from our domestic payment from RMB102.6 million to RMB107.5 million, and such increases in both global and domestic payment are in line with our business growth, and (iii) a significant increase in the cost of sales from value-added services from RMB4.1 million to RMB54.1 million due to increase in service charges from customer base expansion of digital marketing and account and e-wallet services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 6.1% from RMB439.2 million in 2021 to RMB466.0 million in 2022, primarily attributable to (i) an increase by 4.0% in the gross profit from global payment from RMB361.3 million to RMB375.7 million and (ii) an increase by 108.2% in the gross profit from value-added services from RMB17.7 million to RMB36.9 million. Our gross profit margin decreased from 68.2% in 2021 to 62.7% in 2022, primarily due to (i) a slight decrease in global payment margin from 82.0% in 2021 to 78.5% in 2022 as a result of our explorations of integrated solutions and significant growth of acquiring business, which had much lower profit margin, (ii) our domestic payment margin remained stable, which was 30.4% in 2021 and 29.0% in 2022, and (iii) a significant decrease in value-added services margin from 81.4% in 2021 to 40.6% in 2022 as a result of (1) the change of our service mix, due to the growth of our digital marketing and (2) an increase in service charges from enhanced customer acquisition.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 54.6% from RMB89.9 million in 2021 to RMB139.0 million in 2022, primarily due to an increased number of selling and marketing personnel and average employee benefit and performance bonus, which were in line with our business growth.

General and Administrative Expenses

Our general and administrative expenses decreased by 1.8% from RMB263.1 million in 2021 to RMB258.3 million in 2022, primarily due to a decrease in our employee benefits, reflecting a decrease in share-based compensation, partially offset by an increase in professional service expenses in line with our business growth.

Research and Development Expenses

Our R&D expenses increased by 20.8% from RMB174.2 million in 2021 to RMB210.4 million in 2022, primarily due to (i) an increased number of research and development personnel and increased average employee benefit and (ii) our efforts in innovative and new technology developments.

Other Income and Gains – Net

Our other income and gains – net increased by 89.6% from RMB22.5 million in 2021 to RMB42.6 million in 2022, primarily due to (i) an increase by 106.7% in the income from our interest income on customer accounts from RMB10.5 million to RMB21.8 million, reflecting an increase in our cash at customer accounts due to business growth and overall interest rate hikes of foreign currencies, and (ii) the fact that we had foreign exchange loss of RMB5.0 million in 2021 and foreign exchange gains of RMB22.9 million in 2022 from the accounting of the fluctuation of the Renminbi/US dollar exchange rate.

Reversal of/(Provision for) Impairment on Financial Assets

Our impairment losses on financial assets refers to the credit loss assessment and movement in allowance for the impairment of (i) trade receivables, (ii) other receivables and (iii) loan and factoring receivables. Our impairment losses on financial assets were RMB0.1 million in 2021 and RMB0.7 million in 2022, respectively, which was in line with the increase of our trade receivables.

Finance Income – Net

Our finance income – net decreased by 81.1% from RMB22.4 million in 2021 to RMB4.2 million in 2022, primarily due to a decrease by 64.1% in the financial income from our interests on decreased cash and cash equivalents.

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

Our share of net loss of associates using the equity method increased from RMB687.3 million in 2021 to RMB805.0 million in 2022, primarily due to the increased loss of LianTong during the same periods. LianTong's loss for the year increased from RMB1,374.5 million in 2021 to RMB1,610.0 million in 2022, primarily due to (i) a 15% to 25% increase in selling and marketing expenses, primarily as a result of increased (a) expenses in customer acquisition and channel collaboration, reflecting LianTong's efforts in acquiring additional customers by providing incentives to its issuers and acquirers, and (b) employee benefits of sales and marketing personnel, and (ii) a 20% to 25% increase in general and administrative expenses, primarily as a result of increased expenses in employee benefits of risk compliance, human resource, legal and finance departments, among others, reflecting LianTong's increased number of employees due to business expansion.

Income Tax Expenses

Our income tax expenses decreased by 1.0% from RMB16.4 million in 2021 to RMB16.2 million in 2022, primarily due to a decrease in taxable income of our profit-making subsidiaries.

Loss for the Year

As a result of the foregoing, the recorded loss of the year increased by 22.8% from RMB746.8 million in 2021 to RMB916.9 million in 2022.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Our revenue increased by 9.4% from RMB588.5 million in 2020 to RMB643.6 million in 2021, primarily attributable to (i) a 16.5% increase in global payment revenue from RMB378.1 million to RMB440.5 million, primarily due to an increase in global payment revenue from Chinese cross-border merchants and enterprises and overseas merchants and enterprises, and partially offset by a 7.7% decrease in domestic payment revenue from RMB159.8 million to RMB147.5 million, the decrease of which reflected our comprehensive adjustment of strategic focus with changes in product structure, and (ii) a 179.7% increase in our revenue from value-added services from RMB7.8 million to RMB21.8 million, primarily due to increased customer base of account and e-wallets and newly launched digital marketing services.

Cost of Sales

Our cost of sales decreased by 2.8% from RMB210.3 million in 2020 to RMB204.4 million in 2021, primarily due to a decrease by 15.9% in the cost of sales of our domestic payment from RMB122.0 million to RMB102.6 million, reflecting a decrease in processing fee rate due to our expansion of payment channel partners. Such decrease in cost of sales is partially offset by an increase by 24.1% in the cost of sales of our global payment from RMB63.8 million in 2020 to RMB79.2 million in 2021, which is in line with our increased TPV.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 16.1% from RMB378.3 million in 2020 to RMB439.2 million in 2021, primarily attributable to an increase by 15.0% in the gross profit from our global payment from RMB314.3 million to RMB361.3 million. Our gross profit margin increased from 64.3% in 2020 to 68.2% in 2021, primarily due to the increase in domestic payment margin from 23.7% in 2020 to 30.4% in 2021, reflecting our expanded partnership with payment channel partners to lower processing fees.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 30.2% from RMB69.0 million in 2020 to RMB89.9 million in 2021, primarily due to (i) increased average employee benefit and performance bonuses and (ii) an increase in marketing and promotion expenses, reflecting our enhanced marketing efforts.

General and Administrative Expenses

Our general and administrative expenses decreased by 9.3% from RMB290.0 million in 2020 to RMB263.1 million in 2021, primarily due to a decrease in employee benefits of RMB32.0 million, reflecting the decrease in our share-based compensation, partially offset by a mild increase in professional service expenses in line with our business growth.

Research and Development Expenses

Our research and development expenses increased by 40.5% from RMB124.1 million in 2020 to RMB174.2 million in 2021, primarily due to (i) an increased number of R&D personnel and increased average employment benefit and (ii) our efforts in innovative and new technology developments.

Other Income and Gains – Net

Our other income and gains – net decreased by 72.8% from RMB82.7 million in 2020 to RMB22.5 million in 2021, primarily due to a one-off gain in 2020 from the change in fair value of financial assets at FVPL of RMB54.6 million related to Hyperchain Technology. See Note 9 of the Accountant's Report included in Appendix I to this Prospectus.

Reversal of/(Provision for) Impairment on Financial Assets

Our reversal of impairment losses on financial assets of RMB2.5 million in 2020 and impairment losses on financial assets of RMB0.1 million in 2021 were mainly related to our micro-loan and factoring services.

Finance Income – Net

Our finance income – net increased by 144.5% from RMB9.2 million in 2020 to RMB22.4 million in 2021, primarily due to an increase by 46.0% in the interest income on cash and cash equivalents from RMB16.0 million to RMB23.4 million.

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

Our share of net loss of associates using the equity method increased from RMB328.5 million in 2020 to RMB687.3 million in 2021, primarily due to the increased loss of LianTong during the same periods. LianTong's loss for the year increased from RMB656.9 million in

2020 to RMB1,374.5 million in 2021, primarily due to LianTong started its business operations officially from August 2020 and there were only four months of operational results in 2020, comparing to full year operations in 2021 and LianTong accumulated losses at the early stage of its operations.

Income Tax Expenses

Our income tax expenses decreased by 45.1% from RMB29.9 million in 2020 to RMB16.4 million in 2021, primarily due to a decrease in taxable income of our profit-making subsidiaries.

Loss for the Year

As a result of the foregoing, our loss for the year increased from RMB368.7 million in 2020 to RMB746.8 million in 2021.

CERTAIN KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

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

	As of December 31,			As of September 30,	As of January 31,
	2020	2021	2022	2023	2024
	(RMB in thousands)				
					(Unaudited)
Current asset					
Prepayments, other receivables and other assets	181,215	33,813	340,230	59,017	85,567
Trade receivables	16,060	32,976	40,623	79,245	76,320
Financial assets at fair value through profit or loss	352,707	187,669	188,567	191,390	192,321
Loan and factoring receivables	156,997	–	–	–	–
Inventories	786	518	687	672	666
Customer accounts and restricted cash	6,634,490	6,470,610	8,757,259	9,108,472	9,314,572
Cash and cash equivalents	1,300,476	871,460	145,504	142,222	201,865
Total current asset	**8,642,731**	**7,597,046**	**9,472,870**	**9,581,018**	**9,871,311**
Current liabilities					
Trade payables	20,093	25,382	38,946	72,715	82,941
Contract liabilities	5,141	7,444	9,601	25,211	12,190
Income tax payables	11,703	2,812	4,611	5,980	7,354
Borrowings	–	–	105,279	205,521	329,808
Lease liabilities	6,225	10,130	9,071	7,500	10,336
Accruals and other payables	6,589,540	6,496,204	8,742,296	9,159,535	9,408,767
Total current liabilities	**6,632,702**	**6,541,972**	**8,909,804**	**9,476,462**	**9,851,396**
Net current asset	**2,010,029**	**1,055,074**	**563,066**	**104,556**	**19,915**

ANALYSIS OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Assets

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily include prepayments to suppliers, prepaid listing expenses, receivables for digital marketing services, loans to and receivables from related parties, and deposits for payment channels and rentals. We had prepayments, other receivables and other assets of RMB181.2 million, RMB33.8 million, RMB340.2 million and RMB59.0 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

The following table sets forth a breakdown of our prepayments, other receivables and other assets as of the dates indicated:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Prepayments				
Prepayments to suppliers	11,925	13,727	12,598	15,508
Others	1,878	2,378	3,829	5,258
Subtotal	**13,803**	**16,105**	**16,427**	**20,766**
Other current assets				
Prepaid listing expenses	–	–	–	9,298
Prepaid income tax	–	3,289	2,396	–
Value-added tax recoverable	3,674	5,743	5,492	3,620
Subtotal	**3,674**	**9,032**	**7,888**	**12,918**
Other receivables				
Advance paid on behalf of customers	–	–	–	8,711
Loans to and receivables from related parties	150,222	150	304,960	150
Deposits for payment channels and rentals	6,751	6,398	8,363	13,706
Interest receivable	3,132	372	1,388	1,052
Others	4,001	1,992	1,540	1,907

	As of December 31,			As of September 30,
	2020	2021	2022	2023
		(RMB in thousands)		
Less: loss allowance	(368)	(236)	(336)	(193)
Subtotal	**163,738**	**8,676**	**315,915**	**25,333**
Total	**181,215**	**33,813**	**340,230**	**59,017**

As of January 31, 2024, RMB27.7 million of prepayments, other receivables and other assets, representing 46.9% of prepayments, other receivables and other assets as of September 30, 2023, were subsequently settled.

Trade Receivables

Our trade receivables primarily represent amounts due from customers for services performed in the ordinary course of business. As of December 31, 2020, 2021, 2022 and September 30, 2023, we had trade receivables of RMB16.1 million, RMB33.0 million, RMB40.6 million and RMB79.2 million, representing 0.2%, 0.4%, 0.4% and 0.8% of our total assets, respectively. We could deduct our fees directly from the transaction fund flows for most of our services. Our settlement period for other trade receivables generally ranges from one to three months. Therefore, trade receivables did not account for a material portion of our assets. Our trade receivables turnover days were 11.6 days, 13.9 days, 18.1 days, 26.0 days and 22.2 days in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. The increase in trade receivables turnover days was mainly due to a change in our customer mix by engaging more commercial banks, which generally have a settlement period of one to three months. Adequate provisions were made with respect to such commercial banks after considering their overall business reputation and credit rating. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

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

The following table sets forth an aging analysis of trade receivables:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Aging				
0 to 90 days	15,100	32,105	30,694	69,288
91 to 180 days	1,213	2,368	5,885	9,509
181 days to 1 year	788	315	4,906	3,420
Over 1 years	111	717	2,201	3,698
	17,212	35,505	43,686	85,915
Less: loss allowance	(1,152)	(2,529)	(3,063)	(6,670)
Total	16,060	32,976	40,623	79,245

As of January 31, 2024, RMB65.3 million of trade receivables, representing 76.0% of trade receivables as of September 30, 2023, were subsequently settled. We could deduct the fees directly from the transaction fund flows for most of our services and our trade receivables are generally settled within one to three months. Nonetheless, provisions were also made for the trade receivables.

Financial Assets at Fair Value through Profit or Loss

As of December 31, 2020, 2021, 2022 and September 30, 2023, our financial assets at fair value through profit or loss was RMB451.9 million, RMB275.4 million, RMB271.1 million and RMB270.9 million, respectively. Our financial assets at fair value through profit or loss included current portion of RMB352.7 million, RMB187.7 million, RMB188.6 million and RMB191.4 million, and non-current portion of RMB99.2 million, RMB87.7 million and RMB82.6 million and RMB79.5 million, respectively, as of December 31, 2020, 2021, 2022 and September 30, 2023. Our financial assets at fair value through profit or loss during the Track Record Period represented our investments in (i) three unlisted companies, namely Hyperchain Technology, QBC and ContentBot, Inc., and (ii) wealth management products. As of September 30, 2023, all of our financial assets at fair value through profit or loss represented our investments in these three unlisted companies.

Our investments in wealth management products are denominated in RMB with expected returns of less than 5% per annum during the Track Record Period. The returns of these wealth management products were not guaranteed. Going forward, we may continue to invest in wealth management products and structured deposits. We plan to make investment decisions related to the purchase of such products on a case-by-case basis.

To monitor and control the investment risks associated with our investments in wealth management products and structured deposits, we have adopted a comprehensive set of internal policies and guidelines to manage our investments. Supervised by Mr. Xue Qiangjun, Executive Director, deputy general manager and financial director, who has been involving in financial management and investment activities for more than 20 years, our finance department proposes, analyzes and evaluates potential investments in financial assets based on recommendations of our relationship and account managers at reputable banks in China. Prior to making any material investments in wealth management products or modifying our existing investment portfolio, the proposal shall be approved by our financial director. Our investment strategy related to wealth management products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns for the benefits of our Shareholders.

We primarily invest in wealth management products issued by state-owned or reputable national commercial banks in China with low risks and high liquidity. We make investment decisions related to wealth management products and structured deposits on a case-by-case basis after thoroughly considering a number of factors, including but not limited to macro-economic environment, general market conditions, risk control and credit of issuing banks, our own working capital conditions, and the expected profit or potential loss of the investment. After the Listing, our investments in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules.

In relation to the valuation of the financial assets at fair value through profit or loss, we have performed the following procedures:

(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 a 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, the Directors are of the view that the valuation analysis performed by us is fair and reasonable, and the fair value measurements of level 3 instruments are properly prepared.

Details of the fair value measurement of financial instruments, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, the relationship of unobservable inputs to fair value are disclosed in Note 3.3 of the Accountant's Report in Appendix I to this Prospectus which was issued by the Reporting Accountant in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board. The Reporting Accountant's opinion on the historical financial information, as a whole, of us for the Track Record Period is set out in Appendix I to this Prospectus.

Treasury Management Policy

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, wealth management product, short or long-term loans, investments in subsidiaries, joint ventures, and other equity investments.

Our Directors and senior management monitor our investments with caution. Our investments are strategically aligned with our development strategy and/or enhance our competitive strength. Our internal approval process depends on the type of investments. All investments are required to strictly follow the relevant laws and regulations. For short-term investments, which primarily include deposits, notes, stocks, bonds, and other investments with a term of generally less than one year, we will examine the viability of such short-term investment with a strict tiered approval process; at each period end, a comprehensive analysis on short-term investment needs to be conducted based on prudent financial and accounting policies in order to make adequate impairment provisions for any potential loss. Investment review will be conducted by the end of each investment. Long-term investments, which primarily include bonds, equities, and other investments with a term exceeding one year, we will access the necessity, feasibility, and benefit analysis by a strict tiered approval process. And after making each respective investment, we shall account for the underlying long-term investment based on applicable accounting policies and make adequate impairment provisions if necessary.

Our Shareholder meeting, Board and general manager are responsible for our treasury and investment management. Within their respective responsibilities, each of them can make or veto investment decisions. The general manager is responsible for overseeing investment analysis, research and execution. Our finance department manages funds and financial planning of the investments. Once an investment decision is made, our finance department will run the budget, fundraising, accounting, allocation and settlement procedures. Our plans of investments, detailing the time, amount, method, and responsible personnel are required to be reviewed and approved by the general manager, the Board, or Shareholders' meeting. Our investments are also audited by our internal audit department which reported to the Board in the annual internal audit report.

Cash

Cash and Cash Equivalents

The following table sets forth a breakdown of our cash and cash equivalents as of the dates indicated:

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

We had cash and cash equivalents of RMB1,300.5 million, RMB871.5 million, RMB145.5 million and RMB142.2 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Cash and cash equivalents represent the total of cash at bank and cash on hand, after deduction of customer accounts and restricted cash, which is separately discussed in "– Customer Accounts and Restricted Cash."

Customer Accounts and Restricted Cash

The following table sets forth a breakdown of our customer accounts and restricted cash as of the dates indicated:

	Year ended December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Customer accounts	6,613,202	6,457,315	8,739,240	9,100,686
Others	21,288	13,295	18,019	7,786
Total	**6,634,490**	**6,470,610**	**8,757,259**	**9,108,472**

We had customer accounts and restricted cash of RMB6,634.5 million, RMB6,470.6 million, RMB8,757.3 million and RMB9,108.5 million, respectively, as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Customer accounts and restricted cash constitute a substantial majority of our assets during the Track Record Period, representing 71.9%, 76.3%, 86.3% and 89.2% of our total assets as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

Customer accounts mainly represent customer funds collected and awaiting disbursement at request. Customer accounts are segregated from and not reported as part of our cash and cash equivalents as they represent other assets held by us on behalf of customers, and therefore are not available for our general use. We hold customer accounts as other assets; payables to merchants and other customers mainly represent the funds in customer deposit accounts which has not been transferred to customers due to the settlement cycle or the preferences of customers for periodic collection of funds. We hold payables to merchants as other payables. The difference between customer accounts and payables to merchants and other customers mainly represents service fees earned by us arising from digital payment services which has not been withdrawn by us. It also includes, to a lesser extent, deposits made by us to meet requests from customers seeking expedited settlements. Customer accounts slightly decreased from RMB6,613.2 million as of December 31, 2020 to RMB6,457.3 million as of December 31, 2021, increased to RMB8,739.2 million as of December 31, 2022 and further increased to RMB9,100.7 million as of September 30, 2023, primarily due to our revenue expansion and TPV growth during the Track Record Period. For instance, the TPV of digital payment services increased by 35.7% from RMB849.4 billion in 2020 to RMB1,153.0 billion in 2022 and further increased by 45.5% from RMB901.9 billion for the nine months ended September 30, 2022 to RMB1,312.0 billion for the nine months ended September 30, 2023. On top of the growth of TPV, customer accounts balance is also subject to the amount of disbursement requested by the merchants and enterprises, which may vary substantially based on the customers' operation needs and business environment.

Other restricted cash mainly includes performance guarantees for payment business. Performance guarantees for payment business mainly represent the amounts pledged to banks as collateral for issuance of letters of guarantee and other purpose relating to the global and domestic payment business.

Currency Distribution

A substantial portion of our cash and bank balances are held in Renminbi during the Track Record Period. We held multiple currencies for our businesses, primarily US dollar, Renminbi and Euro. During the Track Record Period, we generally held a growing number of foreign currencies, in particular US dollar and Euro, due to the growth of our business.

The following table sets forth our currency distribution for cash and bank balances and customer accounts, respectively, as of the dates indicated:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Cash and bank balances				
RMB	1,282,462	831,304	50,516	48,868
USD	26,019	33,344	88,260	70,638
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
Total	**1,321,764**	**884,755**	**163,523**	**150,008**
Customer accounts				
USD	2,624,169	3,160,101	4,173,489	2,890,032
RMB	2,471,728	1,412,770	1,927,044	3,919,210
EUR	602,458	970,516	1,185,024	870,946
GBP	480,200	429,869	517,785	364,537
JPY	185,439	190,741	267,748	371,913
CAD	117,335	133,461	198,932	147,765
Others	131,873	159,857	469,218	536,283
Total	**6,613,202**	**6,457,315**	**8,739,240**	**9,100,686**

Investments Accounted for Using the Equity Method

Our investments accounted for using the equity method primarily represent our investment in LianTong.

Our investments accounted for using the equity method were RMB97.9 million, RMB390.6 million, RMB205.6 million and RMB167.9 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

Investment Properties

Our investment properties primarily consist of opening net book amount, transfer from/(to) right-of-use assets and property, plant and equipment, and depreciation of investment properties. We had investment properties of RMB194.3 million, RMB181.0 million, RMB169.1 million and RMB166.0 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

The following table sets forth a breakdown of our investment properties as of the dates indicated:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Opening net book amount	176,827	194,270	181,008	169,053
Transfer from/(to) right-of-use assets	608	(407)	(280)	–
Transfer from/(to) property, plant and equipment	21,251	(8,624)	(7,650)	–
Depreciation of investment properties	(4,416)	(4,231)	(4,025)	(3,008)
Closing net book value	**194,270**	**181,008**	**169,053**	**166,045**

Property, Plant and Equipment

The following table sets forth a breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Buildings	107,515	110,101	112,064	107,489
Vehicles	601	1,082	1,549	1,258
Electronic equipment	9,807	16,424	16,015	11,791
Furniture and office equipment	1,444	693	2,952	2,536
Leasehold improvement	624	429	387	220
Total	**119,991**	**128,729**	**132,967**	**123,294**

Property, plant and equipment were RMB120.0 million, RMB128.7 million, RMB133.0 million and RMB123.3 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Our property, plant and equipment primarily consists of buildings, vehicles, electronic equipment, furniture and office equipment, and leasehold improvement. Changes during the Track Record Period were mainly due to a portion of our buildings changed from investment properties for rental services to self-used properties, as well as an increase in equipment driven by our business growth.

Equity and Liabilities

Trade Payables

The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Service charge 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
Total	**20,093**	**25,382**	**38,946**	**72,715**

Our trade payables increased by 26.3% from RMB20.1 million as of December 31, 2020 to RMB25.4 million as of December 31, 2021, and further increased by 53.4% to RMB38.9 million as of December 31, 2022. Our trade payables increased by 86.7% from RMB38.9 million as of December 31, 2022 to RMB72.7 million as of September 30, 2023. Such increase was primarily due to our business growth, especially value-added services, that leads to increased service charge payables for support of operations. Our trade payables primarily consist of service charge payables and payables for processing fees to financial institutions and payment networks.

Our trade payables turnover days were 39.8 days, 40.6 days, 42.4 days, 57.4 days and 49.1 days in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023, respectively. The increase in trade payables turnover days was mainly due to engagement of third-party service providers to assist us in performing value-added services, with whom we generally have a longer settlement period for payment.

The following table sets forth an aging analysis of trade payables based on invoice date:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Aging				
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 years	6,687	5,938	6,620	6,257
Total	20,093	25,382	38,946	72,715

As of January 31, 2024, RMB50.6 million of trade payables, representing 69.6% of trade payables as of September 30, 2023, were subsequently settled.

Contract Liabilities

Our contract liabilities amounted to RMB5.1 million, RMB7.4 million, RMB9.6 million and RMB25.2 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Our contract liabilities 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.

As of January 31, 2024, approximately RMB16.5 million of contract liabilities, representing 65.3% of contract liabilities as of September 30, 2023, were subsequently recognized as revenue.

Borrowings

As of September 30, 2023, we had bank borrowings of RMB353.4 million, among which RMB147.9 million were non-current and pledged by our investment properties, buildings and land use rights. As of September 30, 2023, the interest rate on such long-term borrowings was 4.1%, and such borrowings should be repaid semi-annually before September 20, 2037. As of September 30, 2023, we had short-term borrowings of RMB205.5 million. These borrowings are for general business operation purposes.

Accruals and Other Payables

The following table sets forth a breakdown of our accruals and other payables as of the dates indicated:

	As of December 31,			As of September 30,
	2020	**2021**	**2022**	**2023**
	(RMB in thousands)			
Payables to merchants and other customers	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 listing expenses	–	–	–	14,910
VAT payables and other tax payables	3,226	5,297	5,030	3,596
Payables for acquisition of long-term assets	2,780	5,924	1,854	360
Amounts due to related parties	82	542	263	468
Others	39,183	42,024	52,862	49,050
Total	**6,589,540**	**6,496,204**	**8,742,296**	**9,159,535**

We had accruals and other payables of RMB6,589.5 million, RMB6,496.2 million, RMB8,742.3 million and RMB9,159.5 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. Our accruals and other payables primarily include payables to merchants and other customers, and staff costs and welfare accruals. Our accruals and other payables constitute a substantial majority of our total equity and liabilities during the Track Record Period, representing 71.4%, 76.7%, 86.2% and 89.7% of our total assets as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. A substantial majority of our accruals and other payables were payables to merchants and other customers, which represent the funds in customer deposit accounts not been transferred to customers due to the settlement cycle or the preferences of customers for periodic collection of funds. A substantial majority of our contracts with merchants and other customers do not have settlement clearance period requirements. The rest generally have a settlement clearance period within two weeks. The fluctuations in our payables to merchants and other customers from RMB6,496.1 million in 2020 to RMB6,374.1 million in 2021, to RMB8,637.9 million in 2022 and to RMB9,016.1 million in September 30, 2023, was generally in line with our TPV growth. The turnover days of payables to merchants and other customers, calculated as the average of the opening and closing balances of payables to merchants and other customers divided by TPV for the same period and multiplied by 365 days or 273 days as applicable were 2.4 days, 2.4 days, 2.2 days and 1.8 days in 2021, 2022 and the nine month ended September 30, 2022 and 2023,

respectively. The increase in other accruals and other payments from RMB39.2 million as of December 31, 2020 to RMB52.8 million as of December 31, 2022 was primarily attributable to increases in (i) payments of digital marketing due to an increase in marketing activities to support business expansion, (ii) accrued professional service fees due to IT infrastructure related accrued expenses and (iii) accrued office expenses due to normal course of our operations. Our amounts due to related parties are trade in nature and arise during the ordinary course of our business.

As of January 31, 2024, RMB38.0 million of accruals and other payables (except for payables to merchants and other customers), representing 26.5% of accruals and other payables as of September 30, 2023, were subsequently settled.

Other Reserves

We had other reserves of RMB1,926.7 million, RMB2,009.9 million, RMB2,067.3 million and RMB2,182.4 million as of December 31, 2020, 2021 and 2022 and September 30, 2023, respectively. Our other reserves primarily include capital contribution by shareholders and share-based compensation. A substantial portion of our other reserves was capital contribution by shareholders of RMB1,359.3 million, representing cash contributions by the Pre-IPO Investors and by our employee stock ownership plan in 2020.

We had share-based compensation of RMB111.0 million, RMB69.8 million, RMB52.3 million and RMB112.8 million in 2020, 2021, 2022 and the nine months ended September 30, 2023, respectively. We provided share-based incentives to qualified employees and recorded a one-time share-based expense in 2020. We also granted stock options to talented employees under the Pre-IPO Share Option Schemes and recognized expenses in 2021 and 2022.

LIQUIDITY AND CAPITAL RESOURCES

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

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Net cash (used in)/generated from operating activities	(59,187)	105,791	(33,337)	(42,437)	45,739
Net cash (used in)/generated from investing activities	(367,912)	(528,246)	(941,069)	(515,523)	(125,015)
Net cash generated from/(used in) financing activities	1,299,478	(6,258)	242,594	193,648	73,555

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Net increase/(decrease) in cash and cash equivalents	872,379	(428,713)	(731,812)	(364,312)	(5,721)
Cash and cash equivalents at beginning of the year	429,883	1,300,476	871,460	871,460	145,504
Effects of exchange rate changes on cash and cash equivalents	(1,786)	(303)	5,856	4,077	2,439
Cash and cash equivalents at end of the year/period	**1,300,476**	**871,460**	**145,504**	**511,225**	**142,222**

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash received from pre-IPO investors, cash generated from operating activities, and bank borrowings. Our primary uses of cash relate to investments into an associate.

Net Cash Flows (Used in)/Generated from Operating Activities

For the nine months ended September 30, 2023, our net cash generated from operating activities was RMB45.7 million, which was primarily attributable to our loss before income tax of RMB605.1 million, a majority of which are comprised of non-cash items, including (i) share of loss of investments accounted for using the equity method of RMB470.7 million, which resulted from our investment in LianTong and (ii) share-based compensation of RMB112.8 million; partially offset by changes in working capital of RMB43.0 million primarily reflecting the account movements of trade payables, other payables and accruals, and contract liabilities.

In 2022, our net cash used in operating activities was RMB33.3 million, which was primarily attributable to our loss before income tax of RMB900.6 million, as adjusted by noncash items, which primarily comprised (i) share of loss of investments accounted for using the equity method of RMB805.0 million, which resulted from our investment in LianTong and (ii) share compensation benefits of RMB52.3 million; partially offset by changes in working capital of RMB23.7 million, primarily reflecting the addition of trade payables, other payables and accruals, and contract liabilities and the deduction of cash in customer accounts.

In 2021, our net cash generated from operating activities was RMB105.8 million, which was primarily attributable to our loss before income tax of RMB730.5 million, adjusted for (i) share of loss of investments accounted for using the equity method of RMB687.3 million, which resulted from our investment in LianTong, (ii) share-based compensation expenses of RMB69.8 million and (iii) interests received of RMB35.8 million.

In 2020, our net cash used in operating activities was RMB59.2 million, which was primarily attributable to our loss before income tax of RMB338.9 million, adjusted for (i) share of loss of investments accounted for using the equity method of RMB328.5 million, which resulted from our investment in LianTong, (ii) share compensation benefits of RMB111.0 million and (iii) increased occupancy changes in working capital of RMB130.5 million, primarily due to our micro-loan and factoring services issued loan to our customers of RMB120.4 million.

Net Cash Flows (Used in)/Generated from Investing Activities

For the nine months ended September 30, 2023, our net cash used in investing activities was RMB125.0 million, primarily attributable to capital injection for LianTong of RMB433.0 million; partially offset by proceeds from repayment of loans from LianTong of RMB300.0 million.

In 2022, our net cash used in investing activities was RMB941.1 million, primarily attributable to (i) capital injection for LianTong of RMB620.0 million and (ii) loans to LianTong of RMB300.0 million.

In 2021, our net cash used in investing activities was RMB528.2 million, primarily attributable to (i) capital injection for LianTong of RMB980.0 million, (ii) proceeds from disposal of financial assets at fair value through profit and loss ("**FVPL**") of RMB879.4 million; partially offset by payments for financial assets at FVPL of RMB700.0 million, (iii) proceeds from repayment of loans to LianTong of RMB150.0 million and (iv) proceeds from disposal of two affiliate entities of RMB140.5 million.

In 2020, our net cash used in investing activities was RMB367.9 million, primarily attributable to (i) proceeds from disposal of financial assets at FVPL of RMB299.3 million, (ii) payment for acquisition of a subsidiary of RMB279.5 million in relation to our acquisition of two entities engaging in micro-loan and factoring services and (iii) loans to related parties of RMB152.7 million, primarily including loans to LianTong of RMB150.0 million.

Net Cash Generated from/(Used in) Financing Activities

For the nine months ended September 30, 2023, our net cash generated from financing activities was RMB73.6 million, primarily from proceeds from borrowings of RMB365.6 million; partially offset by repayment of borrowings of RMB275.3 million.

In 2022, our net cash generated from financing activities was RMB242.6 million, primarily from proceeds from borrowings of RMB259.4 million; partially offset by principal and interests of lease payments of RMB10.4 million.

In 2021, our net cash used in financing activities was RMB6.3 million, primarily due to principal and interests of lease payments of RMB6.6 million.

In 2020, our net cash generated from financing activities was RMB1,299.5 million, primarily from proceeds from capital contribution of RMB1,467.2 million; partially offset by repayment of loans to related parties of RMB143.1 million.

WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net proceeds from the Global Offering, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Prospectus. After making reasonable inquiries of our management about our working capital, the Joint Sponsors concur with the views of our Directors.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net proceeds we will receive from the Global Offering.

INDEBTEDNESS

The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2020	**2021**	**2022**	**2023**	**2024**
	(RMB in thousands)				
					(Unaudited)
Borrowings – current	–	–	105,279	205,521	329,808
Borrowings – non-current	–	–	158,950	147,900	147,900
Lease liabilities – current	6,225	10,130	9,071	7,500	10,336
Lease liabilities – non-current	9,356	11,811	4,896	3,080	10,351
Total	15,581	21,941	278,196	364,001	498,395

Our borrowings amounted to nil, nil, RMB264.2 million and RMB353.4 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 29 to the Accountant's Report in Appendix I to this Prospectus. As of December 31, 2022 and September 30, 2023, RMB223.2 million and RMB159.1 million of our borrowings were secured by our investment properties, buildings, land use rights and a financial guarantee issued by a domestic commercial bank, respectively. We had unsecured borrowings of RMB41.1 million and RMB194.3 million as of December 31, 2022 and September 30, 2023, respectively.

As of January 31, 2024, we had bank facilities of RMB642.0 million which remained unutilized.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

Our lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease. Our lease liabilities amounted to RMB15.6 million, RMB21.9 million, RMB14.0 million and RMB10.6 million as of December 31, 2020, 2021, 2022 and September 30, 2023, respectively.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of January 31, 2024 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since January 31, 2024 and up to the Latest Practicable Date.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated.

	Year ended December 31,			Nine months ended September 30,	
	2020	2021	2022	2022	2023
	(RMB in thousands)				
				(unaudited)	
Property, plant and equipment	6,939	18,022	11,986	11,616	669
Intangible assets	1,242	4,180	9,450	9,273	1,969
Total	**8,181**	**22,202**	**21,436**	**20,889**	**2,638**

Our capital expenditures in 2020, 2021, 2022 and for the nine months ended September 30, 2022 and 2023 were RMB8.2 million, RMB22.2 million, RMB21.4 million and RMB20.9 million and RMB2.6 million, respectively, primarily attributable to capital expenditures on (i) property, plant and equipment and (ii) intangible assets, primarily including computer software. We intend to fund our future capital expenditures and long-term investments with our existing cash balance, bank and other borrowings and proceeds from the Global Offering. We may reallocate the funds to be utilized on capital expenditures and long-term investments based on our ongoing business needs.

CONTRACTUAL OBLIGATIONS

Capital Commitments

The following table sets forth our significant capital commitments contracted for at the end of the Track Record Period but not recognized as liabilities:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
LianTong	1,544	370,000	430,000	–

In addition, we lease office buildings under non-cancellable operating leases. As of December 31, 2020, 2021, 2022 and September 30, 2023, our lease commitments for leases not yet commenced or short-term leases are as follows:

	As of December 31,			As of September 30,
	2020	2021	2022	2023
	(RMB in thousands)			
Within 1 year	1,544	285	691	1,185

Details of our capital commitments have been sets forth in Note 34 to the Accountant's Report in Appendix I of this Prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet commitments or arrangements.

CONTINGENT LIABILITIES

As of December 31, 2020, 2021, 2022 and September 30, 2023, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

In 2020, we provided the loan of RMB150.0 million to LianTong with a term of one year and an annual interest rate of 4.41%. Principal and interests of the loan were repaid in 2021. In June 2022, we provided the loan of RMB300.0 million to LianTong with a term of one year, and the annual interest rate is determined on the basis of the national interbank offered rate plus 1.83%. LianTong has repaid the principal and interest of the loan in May 2023, and therefore there is no recoverability issue for us.

As of December 31, 2020, 2021, 2022 and September 30, 2023, our outstanding balances with related parties of trade nature mainly include rendering of services and rent of properties. As of the same dates, our outstanding balances with related parties of non-trade nature mainly include amounts to be received from related parties, amounts to be paid to related parties, loans to related parties and borrowings from related parties. Our loans to related parties are non-trade in nature and were settled as of September 30, 2023, excepting for a clearance network guarantee deposit of RMB140 thousand with LianTong. As our subsidiary Lianlian Yintong plans to continue to operate under LianTong's clearing network, it will be required to deposit such amount with LianTong until the completion of such operations. Such non-trade balance does not affect our financial independence because the foregoing clearance network deposit was furnished to LianTong in order for us to provide certain services and will not be settled so long as we continue to provide such services. We categorize all of our other receivables, including the clearance network deposit to LianTong, as non-trade in nature. According to our PRC Legal Advisor, PRC laws and regulations do not prohibit us from providing loans to LianTong, and the interest rates of such loans are not incompliant. For details of our historical related party transactions, see Note 36 to the Accountant's Report included in Appendix I to this Prospectus. Other than the above, we did not have any related party transactions during the Track Record Period.

KEY FINANCIAL RATIO

The following tables set forth our key financial ratios as of the dates or for the year/period indicated:

	As of December 31,			As of September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
				(unaudited)	
Current ratio[(i)]	1.3	1.2	1.1	1.1	1.0

Note:

(i) Current ratio refers to total current assets divided by total current liabilities.

	For the year ended December 31,			For the nine months ended September 30,	
	2020	**2021**	**2022**	**2022**	**2023**
				(unaudited)	
Payable days[(i)]	39.8	40.6	42.4	57.4	49.1
Receivable days[(ii)]	11.6	13.9	18.1	26.0	22.2

Notes:

(i) Payable days refer to the average of trade payables divided by cost of sales and multiplied by 365 days or 273 days as applicable.

(ii) Receivable days refer to the average of trade receivables divided by total revenue and multiplied by 365 days or 273 days as applicable.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, or JLL, an independent property valuer, valued our investment property interests as of January 31, 2024 and is of the opinion that the aggregate value of our investment property interests as of such date was RMB270.8 million. The letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix IV to this Prospectus.

A reconciliation of the net book value of our investment properties as of December 31, 2022, as set out in the Accountant's Report in Appendix I to this Prospectus, to their fair value as of January 31, 2024 as stated in the property valuation report set out in Appendix IV to this Prospectus is set out below:

	(RMB in thousands)
Net book value of the investment properties as of December 31, 2022	**169,053**
Less: Depreciation	(4,652)
Net book value of the investment properties as of January 31, 2024 *(unaudited)*	164,401
Net valuation surplus	106,399
Market value of investment properties as of January 31, 2024 as set out in the property valuation report in Appendix IV to this Prospectus	**270,800**

RISK DISCLOSURES

We are exposed to a variety of financial risks, including market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. Our overall risk management programs focus on the unpredictability of financial markets and seek to minimize potential adverse effects on our Group's financial performance.

Market Risk

Foreign Exchange Risk

Our subsidiaries outside the PRC are exposed to foreign exchange risk arising 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. As of December 31, 2020, 2021, 2022 and September 30, 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 RMB7.6 million higher/lower, RMB7.8 million higher/lower, RMB12.4 million

higher/lower and RMB15.8 million 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 RMB29.0 thousand higher/lower, RMB36.0 thousand higher/lower, RMB94.0 thousand higher/lower and RMB1.3 million higher/lower, respectively.

For the foreign exchange risk derived from the future settlement of customer accounts from our global payment, which are reflected on the balance sheet as customer accounts and other payables at the end of the reporting period, we consider that the businesses in the PRC or overseas are not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of these subsidiaries denominated in the currencies other than the respective functional currency. For further details, see Note 3.1(a) to the Accountant's Report in Appendix I to this Prospectus.

In addition, we may face foreign exchange risk arising from fluctuations in exchange rates within the interval between 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.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Our interest rate risk mainly arises from borrowings. Borrowings obtained at fixed rates expose us to fair value interest rate risk whereas those carried at floating rates expose us to cash flow interest rate risk. As of September 30, 2023, our borrowings were carried at fixed rates and floating rates, which exposed us 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 resulting from the changes in interest rates. For further details, see Note 3 to the Accountant's Report in Appendix I to this Prospectus.

Credit Risk

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

We expect that there is no significant credit risk associated with cash and cash equivalents as well as customer accounts and restricted cash as they are deposited at state-owned banks or reputable commercial banks.

For further details, see Note 3.1(b) to the Accountant's Report in Appendix I to this Prospectus.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents for our business development and expansion. Due to the dynamic nature of our businesses, our policy is to regularly monitor our liquidity risk and to maintain adequate cash and cash equivalents to meet our liquidity requirements. For further details, see Note 3.1(c) to the Accountant's Report in Appendix I to this Prospectus.

DIVIDEND

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

DISTRIBUTABLE RESERVES

As of September 30, 2023, we did not have any distributable reserves.

LISTING-RELATED EXPENSES INCURRED AND TO BE INCURRED

The total listing expenses payable by our Company are estimated to be approximately HK$106.6 million (or approximately RMB96.8 million) assuming the Over-allotment Option and the Offer Size Adjustment Option are not exercised and based on an Offer Price of HK$10.58 (being the mid-point of our Offer Price range of HK$10.21 to HK$10.95 per Offer Share), accounting for approximately 18.0% of gross IPO proceeds. Among such estimated total listing expenses, (i) underwriting-related expenses, including underwriting commission, are expected to be approximately RMB13.4 million, and (ii) non-underwriting-related expenses of approximately RMB83.4 million, comprising (a) fees and expenses of legal advisors and Reporting Accountant of approximately RMB59.3 million and (b) other fees and expenses of approximately RMB24.1 million.

Among the total listing expenses payable of RMB96.8 million, RMB74.4 million is expected to be expensed through the statement of profit or loss and the remaining amount of RMB22.4 million is directly attributable to the issue of shares and deducted from equity. As of September 30, 2023, we have incurred listing expenses of RMB39.5 million expensed through the statement of comprehensive loss and prepaid listing expenses of RMB9.3 million directly attributable to the issue of shares and deducted from equity.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of our adjusted consolidated net tangible assets as of September 30, 2023, which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on September 30, 2023, and is based on our consolidated tangible assets less liabilities as of September 30, 2023, as set out in Appendix II to this Prospectus.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of September 30, 2023 or any future date. It is prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at September 30, 2023 as derived from the Accountant's Report, set out in Appendix I to this Prospectus and adjusted as described below.

	Audited Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company as at September 30, 2023[1]	Estimated Net Proceeds from the Global Offering[2]	Unaudited Pro Forma Adjusted Net Tangible Assets Attributable to Owners of the Company as at September 30, 2023	Unaudited Pro Forma Adjusted Net Tangible Assets per Share[3, 4]	
		(RMB in thousands)		*RMB*	*HK$*
Based on an Offer Price of HK$10.21 per Share	547,494	461,558	1,009,052	0.94	1.04
Based on an Offer Price of HK$10.95 per Share	547,494	497,681	1,045,175	0.98	1.08

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at September 30, 2023 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this Prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at September 30, 2023 of approximately RMB565,440,000 with an adjustment for the intangible assets attributable to owners of the Company as at September 30, 2023 of approximately RMB17,946,000.

2. The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$10.21 per Share and HK$10.95 per Share, respectively after deduction of the underwriting fees and other related expenses (excluding those listing expenses of approximately RMB39,476,000 which have been accounted for in the consolidated statements of comprehensive loss prior to September 30, 2023) paid/payable by the Company. It does not take account of any Shares which may be issued upon the exercise of the Over-allotment Option and the Offer Size Adjustment Option, any Shares which may be issued under the Pre-IPO Share Option Schemes or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this Prospectus.

3. The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,070,680,000 Shares were in issue assuming that the Global Offering had been completed on September 30, 2023 without taking into account of any Shares which may be issued upon the exercise of the Over-Allotment Option and the Offer Size Adjustment Option, any Shares which may be issued under the Pre-IPO Share Option Schemes or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this Prospectus.

4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.9075 to HK$1.00, as set out in "Information about this Prospectus and the Global Offering" to this Prospectus. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. The Company considered the subsequent events as documented in Note 39 of the Accountants' Report set forth in Appendix I to this Prospectus, and there was no impact to the adjusted pro forma net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, the end of the period reported on the Accountant's Report included in Appendix I to this Prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

Please see "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$485.0 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, assuming Over-allotment Option and the Offer Size Adjustment Option are not exercised or HK$668.4 million if the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, assuming an Offer Price of HK$10.58 per Offer Share, being the midpoint of the indicative Offer Price range stated in this Prospectus.

We intend to use the net proceeds for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately 60.0%, or approximately HK$291.0 million, will be allocated over the next five years to enhance our technological capabilities:
  - Approximately 30.0%, or HK$145.5 million, will be used 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. We intend to:
    - Construct an advanced modular distributed payment platform based on Business Process as a Service (BPaaS) solutions. BPaaS solutions can help businesses quickly build operational and processing capabilities tailored to different scenarios and market compliance environments.
    - Enhance our risk management platform based on generative AI. We plan to further strengthen the real-time decision-making capability of our decision-making engine and improve the early warning, identification and control system for high-risk transactions, such as fraud and money laundering.
    - Develop a highly scalable distributed cloud-based data center utilizing cloud-native technology. Once completed, such center will enable rapid deployment and centralized management of business systems across countries and regions through the cloud, which enables us to maintain a stable, efficient and secure technology infrastructure, thereby improving the resilience and scalability of our operational systems.
    - Build a digital operational platform by utilizing technologies in big data and AI. The operational platform will further enhance our efficiency in making commercial decisions as we aggregate internal and external data to improve our customer tagging system and business analytical model.

- Improve the efficiency of funds settlement and shorten processing time by exploring the application of blockchain technology, which helps us to reduce settlement risks, and save the costs of fund flows in the process of the global funds payment settlement.

○ Approximately 20.0% or HK$97.0 million will be used 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. For example, we plan to launch additional customized account and e-wallet services based on a modular approach and offer our customers the options to combine and adjust services they need in a flexible manner. As another example, we plan to upgrade our SaaS platform by further integrating digital and blockchain technologies, which may improve our local resource consolidations and flows of goods, commerce, information and funds.

○ Approximately 10.0%, or HK$48.5 million, will be used for maintenance and improvement of our existing technology infrastructure to ensure reliability and security.

For further details on our plans to enhance our technological capabilities, see "Business – Our Strategies – Explore the application of the latest technologies in digital payment" and "Business – Our Strategies – Continue to upgrade and develop innovative solutions."

- Approximately 30.0%, or approximately HK$145.5 million, will be allocated over the next five years to expand our business operations globally:

  ○ Approximately 20.0%-25.0%, or approximately HK$97.0 million to HK$121.3 million, will be used 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. We plan to improve our brand awareness by conducting marketing activities, and increase our influence in digital payment solution markets worldwide through cooperation with local partners. The following table sets forth details of the location, timeframe for the implementation of our expansion plan in each key overseas market and the planned allocation of net proceeds:

Location	Timeframe	Allocation of Net Proceeds*
Southeast Asia	By 2026	Approximately 10.0% or HK$48.5 million
Middle East	By 2026	Approximately 10.0% or HK$48.5 million
South America	By 2026	Approximately 5.0% or HK$24.3 million
Total		**Approximately 25.0% or HK$121.3 million**

Note:

* Assuming 25.0% of the net proceeds will be applied to enhance our market presence in overseas markets.

- Approximately 5.0%-10.0%, or approximately HK$24.3 million to HK$48.5 million, will be used to apply and obtain additional licenses globally. We will continue to expand the coverage of countries and regions we are licensed to serve, through applications and acquisitions, to capture the growth of global e-commerce. The following table sets forth details of the locations, timeframe, cost breakdown and planned allocation of net proceeds for obtaining additional licenses:

Location	Timeframe	Allocation of Net Proceeds[1]	Cost Breakdown
Middle East	By 2027	Approximately 2.0% or HK$9.7 million	Company establishment, office, local team recruitment (especially compliance and risk control staff) expenses, technical system construction and business promotion expenses
Hong Kong VASP[2]	By 2026	Approximately 2.0% or HK$9.7 million	
Other VASP[2][3]	Pending	Approximately 1.0% or HK$4.9 million	
Total		**Approximately 5.0% or HK$24.3 million**	

Notes:

(1) Assuming 5.0% of the net proceeds will be applied to obtain licenses globally.

(2) VASP refers to virtual asset service provider, which is defined by the Financial Action Task Force as a business that conducts one or more of the following actions on behalf of its clients: exchange between virtual assets and fiat currencies.

(3) Potential markets including but not limited to Singapore and the United Kingdom. The actual plans will be based on future commercial decisions and are subject to regulatory developments.

We plan to acquire additional customers with the following strategies: (i) establishing or acquiring local entities for the procurement or maintenance of local licenses, which lays the foundation of our services; (ii) recruiting or utilizing local sales and marketing personnel to cover sizable potential clients; (iii) promoting our services through advertisement on major local platforms with traffic; and (iv) forming localized product teams to launch tailored local products, by leveraging and interacting with our domestic resources and capabilities, to cater local customer needs.

For further details on our plans to expand our business operations globally, see "Business – Our Strategies – Further expand our global business."

- Approximately 5.0%, or approximately HK$24.3 million, will be allocated over the next five years for future strategic investment and acquisitions to enrich our service and product offerings, enhance our technology capabilities and strengthen our international operations, including but not limited to (i) acquisitions of suitable targets along the global industry value chain, which allow us to quickly expand our business operation globally; and (ii) investments in companies that we believe will complement our product capabilities, technology capabilities and global competitiveness to obtain the resources and support for our business growth. In particular, we will be interested in the following targets: (i) companies with local licenses in countries that prohibit direct foreign applications or require local collaborations; (ii) strategic partners that could bring value-add for our cross-border services, including areas of product selection, enterprise resource planning (ERP), marketing, supply chain finance and logistics; (iii) technology companies that can bring synergies with our payment solution offerings, such as blockchain and privacy computing; and (iv) companies with access to overseas customer resources and differentiated licenses that may bolster our capabilities along the industrial chain, such as clearing companies. According to Frost & Sullivan, suitable targets are available in the market. As of the Latest Practicable Date, we had not identified or pursued any strategic investment or acquisition targets or engaged any negotiation with any targets, and we had not set any definitive investment or acquisition time frame.

- Approximately 5.0%, or approximately HK$24.3 million, is expected to be used for general corporate purposes and working capital needs.

If the Offer Price is set at HK$10.95 per Offer Share, being the high end of the indicative Offer Price range, the net proceeds from the Global Offering will increase by approximately HK$19.9 million. If the Offer Price is set at HK$10.21 per Offer Share, being the low end of the indicative Offer Price range, the net proceeds from the Global Offering will decrease by approximately HK$19.9 million. Offer Price may be fixed at a higher or lower level compared to the midpoint of the indicative Offer Price range stated in this Prospectus.

If the Over-allotment Option and the Offer Size Adjustment Option are exercised in full, the net proceeds that we will receive will be approximately HK$668.4 million, assuming an Offer Price of HK$10.58 per Offer Share (being the midpoint of the indicative Offer Price range). In the event that the Over-allotment Option and the Offer Size Adjustment Option are exercised in full, we intend to apply the additional net proceeds to the aforementioned purposes in the proportions stated above.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds in short-term deposits in licensed banks or authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws in the PRC). We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

J.P. Morgan Securities (Asia Pacific) Limited

BNP Paribas Securities (Asia) Limited

Deutsche Bank AG, Hong Kong Branch

ABCI Securities Company Limited

Caitong International Securities Company Limited

China Galaxy International Securities (Hong Kong) Co., Limited

Futu Securities International (Hong Kong) Limited

GF Securities (Hong Kong) Brokerage Limited

Guotai Junan Securities (Hong Kong) Limited

ICBC International Securities Limited

Tiger Brokers (HK) Global Limited

Zhongtai International Securities Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 5,592,000 Hong Kong Offer Shares and the International Offering of initially 50,328,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this Prospectus as well as to the Offer Size Adjustment Option and the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be offered pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Hong Kong Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Hong Kong Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this Prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the day that trading in the H Shares commences on the Stock Exchange:

(a) there develops, occurs, exists or comes into force:

(i) any event or series of events or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks of diseases or its escalation, mutation or aggravation (including, without limitation, COVID-19, SARS, swine or avian flu, H5N1, H1N1, H1N7, H7N9, Ebola virus, Middle East respiratory syndrome (MERS) and such related/mutated forms), accidents or prolonged interruption or delay in transportation, economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, riots, civil commotion, public disorder,

acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed), economic sanctions, paralysis in government operations, interruptions or delay in transportation) in or affecting Hong Kong, the PRC, and the United States, Japan, Singapore, Thailand, Brazil, Indonesia, Malaysia, Vietnam, the United Kingdom, Ireland, Luxemburg, the European Union (or any member thereof), the British Virgin Islands and the Cayman Islands or any other jurisdiction relevant to any member of the Group (collectively, the "**Relevant Jurisdictions**"); or

(ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets) in or affecting any Relevant Jurisdictions; or

(iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the SEHK, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or

(iv) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), the PRC, New York (imposed at Federal or New York State level or other competent Authority), London, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any Relevant Jurisdiction; or

(v) any new Law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent Authority of) existing laws, in each case, in or affecting any of the Relevant Jurisdictions; or

(vi) the imposition of sanctions, in whatever form, or the withdrawal of trading privileges, directly or indirectly, under any sanction laws, or regulations in, Hong Kong, the PRC or any other Relevant Jurisdiction; or

(vii) a change or development involving a prospective change in or affecting taxes or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar, United States dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares; or

(viii) any order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(ix) any litigation, dispute, proceeding, legal action or claim of any third party or any regulatory investigation or action being threatened, instigated or announced against any member of the Group or any Director or Supervisor; or

(x) a contravention by any member of the Group or any Director or Supervisor of the Listing Rules or applicable Laws, or there being the commencement by any Authority, or an announcement by such Authority of its intention to commence, any investigation or other action against any member of the Group; or

(xi) a prohibition by an Authority on the Company for whatever reason from offering, allotting, issuing or selling any of the H Shares (including the Option Shares) pursuant to the terms of the Global Offering; or

(xii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Offer Shares), the CSRC filings or any aspect of the Global Offering with the Listing Rules, the CSRC rules or any other applicable Laws; or

(xiii) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents issued or used in connection with the contemplated offer and sale of the H Shares) pursuant to the Companies Ordinance or the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules, the CSRC Rules or any requirement or request of the SEHK, the CSRC and/or the SFC; or

(xiv) any change or prospective change or development, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity or any loss or damage is sustained by that member of the Group (howsoever caused and whether or not it is the subject of any insurance or claim against any person),

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will or may have a material adverse effect, or any development involving a prospective material adverse effect, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company or the Group as a whole; or

(2) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering; or

(3) make, will or may make it impracticable, inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined in the Hong Kong Underwriting Agreement); or

(4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of any of the Joint Sponsors and the Overall Coordinators:

(i) that any statement contained in any of the Offer Related Documents (as defined in the Hong Kong Underwriting Agreement) (including any supplement or amendment thereto) was, when it was issued, or has become untrue, inaccurate, incorrect or incomplete in any material respects or misleading or deceptive in any respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Offer Related Documents (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from or misstatement in any of the Offer Related Documents (including any supplement or amendment thereto); or

(iii) any breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or

(v) any material adverse effect, or any development involving a prospective material adverse effect, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Company and the other members of the Group, taken as a whole; or

(vi) any breach of, or any event or circumstance rendering untrue, incorrect or misleading in any respect, any of the warranties given by the Company and the Controlling Shareholders in the Hong Kong Underwriting Agreement; or

(vii) the chairman, the chief executive officer or the chief financial officer of the Company or any of the Directors and Supervisors vacating his/her or her office; or

(viii) an authority or a political body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director or Supervisor; or

(ix) that approval by the Listing Committee of the SEHK of the listing of, and permission to deal in, the H Shares to be issued or sold (including any additional H Shares that may be issued or sold pursuant to the exercise of the Offer Size Adjustment Option and the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(x) the Company withdraws any of the Offering Documents or the Global Offering; or

(xi) any person (other than the Joint Sponsors) has withdrawn its consent to being named in this prospectus or to the issue of any of the Hong Kong Public Offering documents; or

(xii) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) any Director or Supervisor is being charged with an indictable offence or is prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company or there is the commencement by any governmental, political or regulatory body of any investigation or other action against any Director, Supervisor or member of senior management of the Company in his or her capacity as such or any member of the Group or an announcement by any governmental, political or regulatory body that it intends to commence any such investigation or take any such action; or

(xiv) there is any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xv) that a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled; or

(xvi) a Money Settlement Failure (as defined in the Hong Kong Underwriting Agreement),

then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their absolute discretion and upon giving notice through electronic means or in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that it will not issue any further Shares, or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares

or securities will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering including pursuant to the Offer Size Adjustment Option and the Over-allotment Option or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, except in compliance with the requirements of the Listing Rules, he/she/it will not and will procure that the relevant registered holder(s) will not, either directly or indirectly:

(i) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities of our Company in respect of which he/she/it is shown in this Prospectus to be the beneficial owner(s); and

(ii) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or a member of the group of Controlling Shareholders of our Company or would together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has irrevocably and unconditionally undertaken to the Stock Exchange and our Company that, within the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this Prospectus and ending on the date which is twelve months from the Listing Date, he/she/it will and will procure that the relevant registered holder(s) will:

(i) when he/she/it pledges or charges any securities of our Company beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge/charge together with the number of the securities so pledged or charged; and

(ii) when he/she/it receives any indication, either verbal or written, from the pledgee or chargee that any of the pledged/charged securities will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraph (a) and (b) above (if any) by any of the Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company and the Controlling Shareholders in respect of our Company

Pursuant to the Hong Kong Underwriting Agreement, except for the offer and sale of the Offer Shares pursuant to the Global Offering including pursuant to the Offer Size Adjustment Option and the Over-allotment Option and otherwise pursuant to the Listing Rules, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), our Company has undertaken to each of the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries and the Joint Sponsors not to, without the prior written consent of the Joint Sponsors and Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters, which shall not be unreasonably withheld or delayed) and unless in compliance with the requirements of the Listing Rules (particularly, Rule 10.08 of the Listing Rules):

(i) allot, issue, sell, accept subscription for, offer to allot, issue, repurchase, sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, claim, defect, right, interest or preference granted to any third-party, or any other encumbrance or security interest of any kind (an "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities of our Company, as applicable), or deposit any share capital or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or other securities of our Company, or any shares or other securities of such other member of the Group, as applicable, or any interest in any of the foregoing (including, without limitation, any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the foregoing transactions in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other equity securities in cash or otherwise (whether or not the issue of such share capital or other equity securities will be completed within the First Six-Month Period). Our Company further agreed that, in the event our Company is allowed to enter into any of the transactions described in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company. Each of the Controlling Shareholders has undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries to procure our Company to comply with the above undertakings.

Our Company has agreed and undertaken to each of the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that it will and each of the Controlling Shareholders has further undertaken to procure that our Company will, comply with the minimum public float requirements as allowed by the Stock Exchange (the "**Minimum Public Float Requirement**"), and it will not effect any purchase of the Shares, or agree to do so, which may reduce the holdings of the H Shares held by the public (as defined in Rule 8.24of the Listing Rules) to below the Minimum Public Float Requirement prior to the expiration of the Second Six-Month Period without first having obtained the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters).

(B) Undertakings by the Controlling Shareholders in respect of themselves

Each of the Warranting Shareholders (as defined in the Hong Kong Underwriting Agreement) has jointly and severally undertaken to each of our Company, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, the Capital Market Intermediaries and the Joint Sponsors that, except pursuant to the Global Offering (including pursuant to the Offer Size Adjustment Option and the Over-allotment Option), without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) he, she or it will not, and will procure that each of the Controlling Shareholders and the relevant registered holder(s), any nominee or trustee holding on trust for it and the companies controlled by it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise (whether or not the transactions will be completed within the First Six-Month Period or the Second Six-Month Period);

(b) he, she or it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he, she or it will cease to be a "**controlling shareholder**" (as the term is defined in the Listing Rules) of our Company;

(c) until the expiry of the Second Six-Month Period, in the event that he, she or it enters into any of the transactions specified in (a)(i), (a)(ii) or (a)(iii) above, offers to or agrees to or announces any intention to effect any such transaction, he, she or it will take all reasonable steps to ensure that he, she or it will not create a disorderly or false market in the securities of our Company; and

(d) at any time during the First Six-Month Period and the Second Six-Month Period, he, she or it will (i) if and when he, she or it or the relevant registered holder(s) pledges or charges any Shares or other securities of the Company beneficially owned by him, her or it, immediately inform our Company and the Overall Coordinators in writing of such pledge or charge together with the number of Shares or other securities of our Company so pledged or charged; and (ii) if and when it or the relevant registered holder(s) receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or other securities of our Company will be disposed of, immediately inform our Company and the Overall Coordinators in writing of such indications, provided that nothing in the above shall prevent the Controlling Shareholders from (i) purchasing additional Shares or other securities of our Company and disposing of such additional Shares or securities of our Company in accordance with the Listing Rules, (ii) using the Shares or other securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan and provided further that such purchase does not contravene the lock-up arrangements with the Controlling Shareholders above or the compliance by the Company with the requirement of Rule 8.08 of the Listing Rules to maintain an open market in the securities and a sufficient public float in the Shares.

Our Company has undertaken to the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that upon receiving such information in writing from any Controlling Shareholder, he/she/it will, as soon as practicable and if required pursuant to the Listing Rules, the SFO and/or any other applicable Law, notify the Stock Exchange and/or other relevant Authorities, and make a public disclosure in relation to such information by way of an announcement.

Hong Kong Underwriters' Interests in our Company

As of the Latest Practicable Date, CICC Jiatai, Qilu Investment and CICC Pucheng, all of which are affiliates of China International Capital Corporation Hong Kong Securities Limited, were interested in 29,832,718 Shares, 13,327,767 Shares and 3,331,941 Shares, respectively.

Save as disclosed above and save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Shares or any

securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, our Company expects to enter into the International Underwriting Agreement with, among others, the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Offer Size Adjustment Option and the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or is terminated, the Global Offering will not proceed. See the section headed "Structure of the Global Offering – The International Offering" in this Prospectus.

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering pursuant to which our Company may be required to issue up to an additional 8,380,000 H Shares (representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering assuming the Offer Size Adjustment Option is not exercised at all) or up to an additional 9,645,000 H Shares (representing not more than 15% of the number of Offer Shares being offered under the Global Offering assuming the Offer Size Adjustment Option is exercised in full), at the Offer Price, to cover over-allocations (if any) in the International Offering. See the section headed "Structure of the Global Offering – Over-allotment Option" in this Prospectus.

Commissions and Expenses

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.8% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option), if any, (the "**Fixed Fees**") out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters and the Capital Market Intermediaries may receive a discretionary incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or the Over-allotment Option), if any (the "**Discretionary Fees**").

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The amount and respective entitlement among the Underwriters and the Capital Market Intermediaries of which is expected to be determined before the Listing Date in compliance with the Listing Rules. Assuming the Discretionary Fees are paid in full, the ratio of the Fixed Fees and the Discretionary Fees paid or payable to all Underwriters and all Capital Market Intermediaries is 73.68:26.32.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$113.9 million (assuming an Offer Price of HK$10.58 per Offer Share (being the mid-point of the Offer Price range), the full payment of the discretionary incentive fee and the exercise of the Offer Size Adjustment Option and the Over-allotment Option in full), which will be made by our Company.

Indemnity

Each of our Company and the Controlling Shareholders has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Controlling Shareholders of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities,

derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering" in this Prospectus. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited and J.P. Morgan Securities (Asia Pacific) Limited are the Overall Coordinators of the Global Offering.

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares in issue and to be issued as mentioned in this Prospectus.

55,920,000 Offer Shares will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 5,592,000 H Shares (subject to reallocation and the Offer Size Adjustment Option) in Hong Kong as described in the sub-section "The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 50,328,000 H Shares (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option) (i) in the United States solely to QIBs in reliance on Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in the sub-section headed "The International Offering" this section below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent approximately 5.22% of the total Shares in issue immediately following the completion of the Global Offering, assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the Offer Shares (including H Shares issued pursuant to the full exercise of the Offer Size Adjustment Option and the Over-allotment Option) will represent approximately 6.79% of the total Shares in issue immediately following the completion of the Global Offering and the issue of Offer Shares pursuant to the Over-allotment Option.

References in this Prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 5,592,000 H Shares (subject to reallocation and the Offer Size Adjustment Option) for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.52% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the sub-section headed "– Conditions of the Global Offering" in this section.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 50% of the 5,592,000 Offer Shares initially comprised in the Hong Kong Public Offering (that is 2,796,000 Offer Shares) is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached. 5,592,000 Offer Shares are initially available in the Hong Kong Public Offering, representing 10.0% of the Offer Shares initially available for subscription under the Global Offering; and in the event of full subscription or over-subscription of the International Offer Shares, the Overall Coordinators shall apply a clawback mechanism following the closing of the application lists on the following basis, subject to the allocation basis as stated in Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024:

- If the Hong Kong Public Offering is not fully subscribed for, the Overall Coordinators (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Overall Coordinators deem appropriate, and the Allocation Cap as defined in and stated under Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024 will not be triggered;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 16,776,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 22,368,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering;

- if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 27,960,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules. Subject to the foregoing paragraph, the Overall Coordinators may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange effective from January 1, 2024, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of H Shares initially available for subscription under the Hong Kong Public Offering, the Overall Coordinators have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 11,184,000 Offer Shares (representing twice of the total number of Offer Shares initially available under the Hong Kong Public Offering), and the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e., HK$10.21 per Offer Share) stated in this Prospectus.

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Global Offering, which is expected to be published on Wednesday, March 27, 2024.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she/it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price of HK$10.95 per Offer Share in addition to the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$5,530.22 for one board lot of 500 H Shares. If the Offer Price, as finally determined in the manner described in the sub-section headed "– Pricing and Allocation" in this section below, is less than the maximum Offer Price of HK$10.95 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this Prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an offering of initially 50,328,000 H Shares, representing 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation, the Offer Size Adjustment Option and the Over-allotment Option). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 4.70% of the total Shares in issue immediately following the completion of the Global Offering (assuming the Offer Size Adjustment Option and the Over-allotment Option are not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States in accordance with Rule 144A as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in sub-section headed "– Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Overall Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Overall Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection "– The Hong Kong Public Offering – Reallocation" in this section above, the exercise of the Offer Size Adjustment Option and/or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OFFER SIZE ADJUSTMENT OPTION

In connection with the Global Offering, the Company has the Offer Size Adjustment Option under the Hong Kong Underwriting Agreement. The Offer Size Adjustment Option provides flexibility to increase the number of Offer Shares available for purchase under the Global Offering to cover additional market demand, if any. The Offer Size Adjustment Option may be exercised by the Company after consultation with the Overall Coordinators and the Joint Sponsors on or before the Price Determination Date and will expire upon execution of the International Underwriting Agreement and the Price Determination Agreement.

Under the Offer Size Adjustment Option, the Company may issue any number of H Shares up to an aggregate of 8,380,000 additional Offer Shares at the Offer Price. These Offer Size Adjustment Option Shares, if any, will be allocated in such manner as closely as practicable to maintain the proportionality between the Hong Kong Public Offering and the International Offering following the application of the clawback arrangement described in "– Reallocation" in this section and the Overall Coordinators shall allocate additional new H Shares to be offered by the Company pursuant to the International Offering to the Hong Kong Public Offering in order to maintain such proportionality and the relevant number of Offer Size Adjustment Option Shares shall be allocated to the International Offering to maintain such proportionality.

If the Offer Size Adjustment Option is exercised in full, the Offer Size Adjustment Option Shares to be issued pursuant thereto will represent approximately 0.78% of our issued share capital immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and the exercise of the Offer Size Adjustment Option.

The dilution effect of the Offer Size Adjustment Option (assuming the Over-allotment Option is not exercised) is set out below:

Number of H Shares issued under the Global Offering before the exercise of the Offer Size Adjustment Option ("Original Subscribers")	**Approximate percentage of total issued share capital held by the Original Subscribers before the exercise of the Offer Size Adjustment Option**	**Number of H Shares issued under the Global Offering after the exercise of the Offer Size Adjustment Option**	**Approximate percentage of total issued share capital held by the Original Subscribers after the exercise of the Offer Size Adjustment Option**
55,920,000	5.22	64,300,000	5.18

The Offer Size Adjustment Option will not be used for price stabilization purposes and will not be subject to the provisions of the Securities and Futures (Price Stabilization) Rules (Chapter 571W of the Laws of Hong Kong). The Offer Size Adjustment Option will be in addition to the Over-allotment Option.

The Company will disclose in its allotment results announcement if and to what extent the Offer Size Adjustment Option has been exercised, or will confirm that if the Offer Size Adjustment Option has not been exercised by the Price Determination Date, it will lapse and cannot be exercised at any future date.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Overall Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, being Wednesday, April 24, 2024, to require our Company to issue up to an aggregate of 8,380,000 additional H Shares (assuming the Offer Size Adjustment Option is not exercised) or 9,645,000 additional H Shares (assuming the Offer Size Adjustment Option is fully exercised), representing not more than 15.0% of the total number of Offer Shares under the Global Offering, at the Offer Price under the International Offering to, cover over-allocations (if any) in the International Offering.

If the Offer Size Adjustment Option is not exercised and the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 0.78% of our issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. If the Offer Size Adjustment Option and the Over-allotment Option are exercised in full, the additional Offer Shares to be issued pursuant to the Over-allotment Option will represent approximately 0.89% of our issued share capital immediately following the completion of the Global Offering and the Over-allotment Option. If the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or its affiliates or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or its affiliates or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of our Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering, being Wednesday, April 24, 2024.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilizing Manager (or its affiliates or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or its affiliates or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilizing Manager (or its affiliates or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

(d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date and is expected to expire on the 30th day after the last day for lodging applications under the Hong Kong Public Offering, being Wednesday, April 24, 2024. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

(e) the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

(f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

OFFER SIZE

The allocation and the total number of Offer Shares under the Global Offering will be determined in the following manner:

The allocation of Offer Shares between the International Offering and the Hong Kong Public Offering will be subject to a reallocation adjustment depending on the number of Offer Shares validly applied for under the Hong Kong Public Offering. See "– The Hong Kong Public Offering – Reallocation" above for details.

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares made available as a result, representing approximately 15% of the number of Offer Shares initially being offered under the Global Offering, will be allocated so as to maintain the proportionality between the Hong Kong Public Offering and the International Offering on a post-clawback basis. The Offer Size Adjustment Option will lapse if it is not exercised by the Price Determination Date. See "– The International Offering – Offer Size Adjustment Option" above for details.

The number of Offer Shares to be made available under the International Offering may be further increased if the Over-allotment Option is exercised. The maximum number of additional International Offer Shares to be offered pursuant to the exercise of the Over-allotment Option will represent approximately 15% of the number of Offer Shares being offered under the Global Offering (including the shares offered pursuant to the exercise of the Offer Size Adjustment Option, if any). See "– The International Offering – Over-allotment Option" above for details.

The table below sets out a summary of the total number of Hong Kong Offer Shares and International Offer Shares being offered in the Global Offering under different scenarios, depending on (a) whether a reallocation pursuant to the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation" above occurs and (b) whether either of the Offer Size Adjustment Option and the Over-allotment Option is exercised at all or exercised in full, or both are exercised in full.

	No clawback reallocation	**30% clawback reallocation**	**40% clawback reallocation**	**50% clawback reallocation**
Total number of Offer Shares before the exercise of the Offer Size Adjustment Option and the Overallotment Option	5,592,000 Hong Kong Offer Shares 50,328,000 International Offer Shares	16,776,000 Hong Kong Offer Shares 39,144,000 International Offer Shares	22,368,000 Hong Kong Offer Shares 33,552,000 International Offer Shares	27,960,000 Hong Kong Offer Shares 27,960,000 International Offer Shares
Total number of Offer Shares following the exercise in full of the Offer Size Adjustment Option only (the Over-allotment Option is not exercised)	6,430,000 Hong Kong Offer Shares 57,870,000 International Offer Shares	19,290,000 Hong Kong Offer Shares 45,010,000 International Offer Shares	25,720,000 Hong Kong Offer Shares 38,580,000 International Offer Shares	32,150,000 Hong Kong Offer Shares 32,150,000 International Offer Shares
Total number of Offer Shares following the exercise in full of the Over-allotment Option only (the Offer Size Adjustment Option is not exercised)	5,592,000 Hong Kong Offer Shares 58,708,000 International Offer Shares	16,776,000 Hong Kong Offer Shares 47,524,000 International Offer Shares	22,368,000 Hong Kong Offer Shares 41,932,000 International Offer Shares	27,960,000 Hong Kong Offer Shares 36,340,000 International Offer Shares

	No clawback reallocation	30% clawback reallocation	40% clawback reallocation	50% clawback reallocation
Total number of Offer Shares following the full exercise of the Offer Size Adjustment Option and the Overallotment Option	6,430,000 Hong Kong Offer Shares	19,290,000 Hong Kong Offer Shares	25,720,000 Hong Kong Offer Shares	32,150,000 Hong Kong Offer Shares
	67,515,000 International Offer Shares	54,655,000 International Offer Shares	48,225,000 International Offer Shares	41,795,000 International Offer Shares

Over-allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, by using H Shares purchased by the Stabilizing Manager (or its affiliates or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or by a combination of these methods.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Tuesday, March 26, 2024 and, in any event, not later than 12:00 noon on Tuesday, March 26, 2024, by agreement between the Overall Coordinators (on behalf of the Underwriters) and our Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$10.95 per Offer Share and is expected to be not less than HK$10.21 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the maximum Offer Price of HK$10.95 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$5,530.22 for one board lot of 500 H Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the minimum Offer Price stated in this Prospectus.**

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Overall Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of our Company, reduce the number of Offer Shares offered and/or the Offer Price Range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **www.lianlian.com** and **www.hkexnews.hk**, respectively, an announcement, cancel the offer and relaunch the offer at the revised number of Offer Shares and/or the revised Offer Price range and the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental prospectus or a new prospectus (as appropriate)). Upon issue of such announcement or supplemental prospectus (as appropriate), the number of the Offer Shares offered in the Global Offering and/or the revised Offer Price range will be final and conclusive, and the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price Range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such announcement or cancellation and relaunch of offer, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price Range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares, the Overall Coordinators (for themselves and on behalf of the other Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange and paragraph 4.2 of Practice Note 18 of the Listing Rules, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. Subject to the foregoing paragraph, the Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Overall Coordinators (for themselves and on behalf of the other Underwriters).

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares – B. Publication of Results" in this Prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Overall Coordinators (on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in the section headed "Underwriting" in this Prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including any additional H Shares that may be issued pursuant to the exercise of the Offer Size Adjustment Option and the Over-allotment Option) on the Main Board of the Stock Exchange and such approval and permission not subsequently having been withdrawn or revoked prior to the Listing Date;

(b) the Offer Price having been agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this Prospectus.

If, for any reason, the Offer Price is not agreed between the Overall Coordinators (on behalf of the Underwriters) and our Company by 12:00 noon on Tuesday, March 26, 2024, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of our Company and the Stock Exchange at **www.lianlian.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares – D. Dispatch/Collection of Share Certificates and Refund of Application Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Thursday, March 28, 2024, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, March 28, 2024, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, March 28, 2024.

The H Shares will be traded in board lots of 500 H Shares each and the stock code of the H Shares will be 2598.

IMPORTANT NOTICE TO APPLICANTS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "HKEXnews > New Listings > New Listing Information" section and our website at **www.lianlian.com**.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address (for the **White Form eIPO** service only); and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying:

- are an existing Shareholder or its/his/her close associates;
- are a Director, Supervisor or any of his/her close associates;
- are a core connected person (as defined in the Listing Rules) of the Company or will become a core connected person of the Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participated in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Wednesday, March 20, 2024 and end at 12:00 noon on Monday, March 25, 2024 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	www.eipo.com.hk	Applicants who would like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Wednesday, March 20, 2024 to 11:30 a.m. on Monday, March 25, 2024 (Hong Kong time). The latest time for completing full payment of application monies will be 12:00 noon on Monday, March 25, 2024 (Hong Kong time).
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit an EIPO application on your behalf through HKSCC's FINI system in accordance with your instructions.	Applicants who would not like to receive a physical Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, March 26, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, March 26, 2024 (Hong Kong time) on a 24-hour basis, and should report any discrepancies on allotments to HKSCC as soon as practicable.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions, and you are advised not to wait until the last day for applications to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the application instructions are given, you shall be deemed to have declared that only one set of application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instruction given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Hong Kong identity card ("**HKID**"); or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s)[2] as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. Legal Entity Identifier ("**LEI**") registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

(1) If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID.

(2) The applicant's full name as shown on their identity document must be used. If an applicant's identity document contains both English and Chinese names, both English and Chinese names must be used. Otherwise, either English or Chinese name will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID, the HKID number must be used when making an application for Hong Kong Offer Shares. Similarly, for corporate applicants, a LEI number must be used if an entity has a LEI certificate.

(3) If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

(4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

(5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each of the joint beneficial owners. If you do not include this information, the application will be treated as being made for your benefit.

(6) If an application is made by an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the **HKSCC EIPO** channel and making an application under a power of attorney, the Overall Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size	:	500 H Shares
Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment	:	Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below. The maximum Offer Price is HK$10.95 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%. If you are applying through the **HKSCC EIPO** channel, you are required to pre-fund your application based on the amount specified by your broker or custodian, as determined based on the applicable laws and regulations in Hong Kong.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application *HK$*
500	5,530.22	6,000	66,362.58	40,000	442,417.24	450,000	4,977,193.83
1,000	11,060.44	7,000	77,423.01	45,000	497,719.38	500,000	5,530,215.38
1,500	16,590.64	8,000	88,483.45	50,000	553,021.53	600,000	6,636,258.46
2,000	22,120.86	9,000	99,543.88	100,000	1,106,043.08	700,000	7,742,301.53
2,500	27,651.08	10,000	110,604.31	150,000	1,659,064.61	800,000	8,848,344.60
3,000	33,181.30	15,000	165,906.46	200,000	2,212,086.16	900,000	9,954,387.68
3,500	38,711.51	20,000	221,208.61	250,000	2,765,107.69	1,000,000	11,060,430.76
4,000	44,241.72	25,000	276,510.77	300,000	3,318,129.23	1,500,000	16,590,646.13
4,500	49,771.93	30,000	331,812.92	350,000	3,871,150.77	2,000,000	22,120,861.50
5,000	55,302.15	35,000	387,115.07	400,000	4,424,172.30	2,796,000[1]	30,924,964.38

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "– A. Application for Hong Kong Offer Shares – 3. Information Required to Apply" in this section. If you are suspected of submitting or causing to be submitted more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) the **HKSCC EIPO** channel or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or the **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or the **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators (or their agents or nominees), as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understood the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on the Hong Kong Public Offering set out in this prospectus and they do not apply to you or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it, and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made), and will not rely on any other information or representations;

(vi) agree that we, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our and their respective directors, officers, employees, partners, agents, advisors and other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar, the **White Form eIPO** Service Provider and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares nor participated in the International Offering;

(viii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes specified under the paragraph headed "– G. Personal Data" in this section;

(ix) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(x) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "– B. Publication of Results" in this section;

(xi) confirm that you are aware of the situations specified in the paragraph headed "– C. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares" in this section;

(xii) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xiii) agree and warrant that you have complied with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Articles of Association, and laws of any place outside Hong Kong that apply to your application, and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiv) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and the person(s) for whose benefit you have made the application are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xv) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Shares registered in your name or otherwise held by you;

(xvi) warrant that the information you have provided is true and accurate;

(xvii) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you, and that you may be prosecuted for making a false declaration;

(xviii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xix) authorize us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as may be required under the Memorandum and Articles of Association, and we and/or our agents to send any Share certificate(s) and/or any White Form e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application to the address specified in your application instructions by ordinary post at your own risk, unless you are eligible to collect the Share certificate(s) and/or refund check(s) in person;

(xx) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xxi) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving application instructions to HKSCC directly or indirectly or through the **White Form eIPO** service or by you or by anyone as your agent or by any other person; and

(xxii) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving application instructions to HKSCC and (b) you have due authority to give application instructions on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through White Form eIPO service or HKSCC EIPO channel:		
Website	The designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Wednesday, March 27, 2024 to 12:00 midnight on Tuesday, April 2, 2024 (Hong Kong time).
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lianlian.com**, which will provide links to the above-mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Wednesday, March 27, 2024 (Hong Kong time).
Telephone	+852 2862 8555	Between 9:00 a.m. and 6:00 p.m., on Thursday, March 28, 2024, Tuesday, April 2, 2024, Wednesday, April 3, 2024 and Friday, April 5, 2024 (Hong Kong time).

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Tuesday, March 26, 2024 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Tuesday, March 26, 2024 (Hong Kong time) on a 24-hour basis, and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lianlian.com** by no later than 11:00 p.m. on **Wednesday, March 27, 2024** (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. IF:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "– A. Application for Hong Kong Offer Shares – 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- the Company or the Overall Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving bank will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application.

Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be **Thursday, March 28, 2024** (Hong Kong time), provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or prior to the Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of Share certificate		
For physical share certificates of equal or over 1,000,000 Offer Shares issued under your own name	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. **Time:** from 9:00 a.m. to 1:00 p.m. on **Thursday, March 28, 2024** (Hong Kong time) If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. **Note:** If you do not collect your Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account. No action by you is required.

	White Form eIPO service	HKSCC EIPO channel
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk. **Time: Wednesday, March 27, 2024**	
Refund mechanism for surplus application monies paid by you		
Date	**Thursday, March 28, 2024**	Subject to the arrangement between you and your broker or custodian.
Responsible party	H Share Registrar	Your broker or custodian.
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address specified in your application instructions by ordinary post at your own risk.	

Except in the event of any Severe Weather Signals (as defined below) in force in Hong Kong on **Wednesday, March 27, 2024** rendering it impossible for the relevant Share certificates to be dispatched to HKSCC in a timely manner, we shall procure the H Share Registrar to arrange for delivery of the supporting documents and Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "– E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The application lists will not open or close on **Monday, March 25, 2024** if there is:

- a tropical cyclone warning signal number 8 or above;
- a "black" rainstorm warning; and/or
- Extreme Conditions

(collectively, "**Severe Weather Signals**")

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on **Monday, March 25, 2024** (Hong Kong time).

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Severe** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon (Hong Kong time).

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **www.lianlian.com** of the revised timetable.

If a Severe Weather Signal is hoisted on Wednesday, March 27, 2024, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository's service counter so that they would be available for trading on Thursday, March 28, 2024, and for physical share certificates of less than 1,000,000 Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, March 27, 2024 or on Thursday, March 28, 2024.

If a Severe Weather Signal is hoisted on Thursday, March 28, 2024, for physical share certificates of equal or over 1,000,000 Offer Shares issued under your own name, you may collect your share certificates from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Thursday, March 28, 2024 or on Tuesday, April 2, 2024.

Prospective investors should be aware that if they choose to receive physical Share certificates issued in their own name, there may be a delay in receiving the Share certificates.

F. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisors for details of those settlement arrangements as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving bank and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. Such personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and White Form e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the Shares including, where applicable, HKSCC Nominees;
- maintaining or updating the Company's register of members;
- verifying identities of applicants for and holders of the Shares and identifying any duplicate applications for the Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants for and holders of the Shares and/or regulators and/or any other purposes to which applicants for and holders of the Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving bank and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operations;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purposes of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

The Company and the H Share Registrar will keep the personal data of the applicants for and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company, at the Company's registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. 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.

pwc 羅兵咸永道

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-4 to I-113, 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-4 to I-113 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 March 2024 (the "**Prospectus**") in connection with the initial listing 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.

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-4 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, 20 March 2024

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year ended 31 December			Nine months ended 30 September	
	Note	**2020**	**2021**	**2022**	**2022**	**2023**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue	*5*	588,502	643,644	742,748	532,350	736,690
Cost of sales	*6*	(210,251)	(204,400)	(276,779)	(190,974)	(310,308)
Gross profit		378,251	439,244	465,969	341,376	426,382
Selling and marketing expenses	*6*	(69,013)	(89,872)	(138,976)	(94,607)	(132,040)
General and administrative expenses	*6*	(289,990)	(263,138)	(258,314)	(188,208)	(310,541)
Research and development expenses	*6*	(124,053)	(174,235)	(210,401)	(153,220)	(188,575)
Other income	*8*	25,127	18,219	27,169	15,912	59,585
Other gains/(losses) – net	*9*	57,604	4,260	15,440	6,748	21,283
Reversal of/(provision for) impairment on financial assets	*3.1(b)*	2,468	(99)	(747)	(387)	(3,464)
Operating loss		(19,606)	(65,621)	(99,860)	(72,386)	(127,370)
Finance income	*10*	16,039	23,419	8,419	6,770	1,730
Finance costs	*10*	(6,859)	(977)	(4,181)	(1,278)	(8,763)
Finance income/(cost) – net		9,180	22,442	4,238	5,492	(7,033)
Share of net loss of associates accounted for using the equity method	*17*	(328,455)	(687,271)	(805,016)	(569,677)	(470,728)
Loss before income tax		(338,881)	(730,450)	(900,638)	(636,571)	(605,131)
Income tax expenses	*11*	(29,868)	(16,386)	(16,228)	(11,904)	(1,588)
Loss for the year/period		(368,749)	(746,836)	(916,866)	(648,475)	(606,719)
Loss for the year/period attributable to:						
– Owners of the Company		(368,159)	(746,586)	(916,540)	(648,108)	(608,056)
– Non-controlling interests		(590)	(250)	(326)	(367)	1,337
		(368,749)	(746,836)	(916,866)	(648,475)	(606,719)
Loss per share attributable to the owners of the Company						
Basic loss per share (in RMB)	*12(a)*	(0.40)	(0.74)	(0.90)	(0.64)	(0.60)
Diluted loss per share (in RMB)	*12(b)*	(0.40)	(0.74)	(0.90)	(0.64)	(0.60)
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss						
Exchange differences on translation of foreign operations		4,554	(1,239)	66	(961)	(1,525)
Items that will not be reclassified to profit or loss						
Changes in the fair value of equity investment at fair value through other comprehensive income		3,175	14,656	5,026	3,734	3,825
Other comprehensive income for the year/period, net of income tax		7,729	13,417	5,092	2,773	2,300
Total comprehensive loss for the year/period		(361,020)	(733,419)	(911,774)	(645,702)	(604,419)
Total comprehensive loss for the year/period attributable to:						
– Owners of the Company		(360,356)	(733,153)	(911,376)	(645,622)	(605,764)
– Non-controlling interests		(664)	(266)	(398)	(80)	1,345
		(361,020)	(733,419)	(911,774)	(645,702)	(604,419)

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2020	2021	2022	As at 30 September 2023
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets					
Non-current assets					
Property, plant and equipment	*13*	119,991	128,729	132,967	123,294
Right-of-use assets	*14(a)*	17,583	22,439	15,531	12,248
Investment properties	*15*	194,270	181,008	169,053	166,045
Intangible assets	*16*	14,468	17,768	19,019	17,946
Deferred income tax assets	*31*	17,599	11,974	4,687	13,847
Investments accounted for using the equity method	*17*	97,907	390,636	205,620	167,892
Financial assets at fair value through other comprehensive income	*23*	20,535	37,779	43,689	48,190
Financial assets at fair value through profit or loss	*21(a)*	99,159	87,702	82,578	79,488
Total non-current assets		581,512	878,035	673,144	628,950
Current assets					
Prepayments, other receivables and other assets	*19*	181,215	33,813	340,230	59,017
Trade receivables	*20*	16,060	32,976	40,623	79,245
Financial assets at fair value through profit or loss	*21(a)*	352,707	187,669	188,567	191,390
Loan and factoring receivables	*22*	156,997	–	–	–
Inventories		786	518	687	672
Customer accounts and restricted cash	*24*	6,634,490	6,470,610	8,757,259	9,108,472
Cash and cash equivalents	*24*	1,300,476	871,460	145,504	142,222
Total current assets		8,642,731	7,597,046	9,472,870	9,581,018
Total assets		9,224,243	8,475,081	10,146,014	10,209,968
Liabilities					
Non-current liabilities					
Borrowings	*29*	–	–	158,950	147,900
Lease liabilities	*14(b)*	9,356	11,811	4,896	3,080
Deferred income tax liabilities	*31*	238	499	89	–
Deferred income	*30*	150	2,490	11,820	13,172
Total non-current liabilities		9,744	14,800	175,755	164,152
Current liabilities					
Trade payables	*27*	20,093	25,382	38,946	72,715
Contract liabilities	*5(d)*	5,141	7,444	9,601	25,211
Income tax payables		11,703	2,812	4,611	5,980
Borrowings	*29*	–	–	105,279	205,521
Lease liabilities	*14(b)*	6,225	10,130	9,071	7,500
Accruals and other payables	*28*	6,589,540	6,496,204	8,742,296	9,159,535
Total current liabilities		6,632,702	6,541,972	8,909,804	9,476,462
Total liabilities		6,642,446	6,556,772	9,085,559	9,640,614
Equity					
Share capital	*25*	1,014,760	1,014,760	1,014,760	1,014,760
Other reserves	*26*	1,926,680	2,009,899	2,067,341	2,183,791
Accumulated losses		(360,584)	(1,107,170)	(2,023,710)	(2,633,111)
Equity attributable to owners of the Company		2,580,856	1,917,489	1,058,391	565,440
Non-controlling interests		941	820	2,064	3,914
Total equity		2,581,797	1,918,309	1,060,455	569,354
Total equity and liabilities		9,224,243	8,475,081	10,146,014	10,209,968

BALANCE SHEETS OF THE COMPANY

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	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
Cash flows from operating activities						
Cash (used in)/generated from operations	33(a)	(81,276)	94,994	(55,121)	(60,658)	(5,687)
Interests received		26,889	35,765	29,164	19,424	58,842
Income tax paid		(4,800)	(24,968)	(7,380)	(1,203)	(7,416)
Net cash (used in)/generated from operating activities		(59,187)	105,791	(33,337)	(42,437)	45,739
Cash flows from investing activities						
Proceeds from repayment of loans to related parties	36(b)(vi)	2,650	150,000	–	–	300,000
Loans to related parties	36(b)(vi)	(152,650)	–	(300,000)	(125,000)	–
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)	–	–	–	–
Net cash (used in)/generated from investing activities		(367,912)	(528,246)	(941,069)	(515,523)	(125,015)
Cash flows from financing activities						
Proceeds from capital contribution 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
Pledged deposits for borrowings	24(a)	–	–	(5,100)	(1,800)	–
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 listing expenses		–	–	–	–	(6,394)
Net cash generated from/(used in) financing activities		1,299,478	(6,258)	242,594	193,648	73,555
Net increase/(decrease) in cash and cash equivalents		872,379	(428,713)	(731,812)	(364,312)	(5,721)
Cash and cash equivalents at beginning of the year/period		429,883	1,300,476	871,460	871,460	145,504
Effects of exchange rate changes on cash and cash equivalents		(1,786)	(303)	5,856	4,077	2,439
Cash and cash equivalents at end of the year/period	24	1,300,476	871,460	145,504	511,225	142,222

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION AND GROUP STRUCTURE OF THE GROUP

1.1 General information

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

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in provision of digital payment services and value-added services in China (the "**Listing 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					Principal activities
				31 December 2020	31 December 2021	31 December 2022	30 September 2023	Date of this report	
Subsidiaries directly held:									
Lianlian Yintong Electronic Payment Co., Ltd.	*(ii)*	The PRC, 7 August 2003, limited liability company	RMB325,000,000	100%	100%	100%	100%	100%	Internet payment
Lianlian Yinjia Information Technology Co., Ltd.	*(ii)*	The PRC, 8 July 2016, limited liability company	RMB100,000,000	100%	100%	100%	100%	100%	Information technology service
Hangzhou Lianke Investment Co., Ltd.	*(ii)*	The PRC, 22 July 2011, limited liability company	RMB283,000,000	100%	100%	100%	100%	100%	Investment holding
Lianlian Hong Kong Company Limited	*(ii)*	Hong Kong, 17 April 2018, limited liability company	USD4,500,000	100%	100%	100%	100%	100%	Investment holding
Lianlian (Hangzhou) Information Technology Co., Ltd.	*(ii)*	The PRC, 20 October 2005, limited liability company	RMB80,198,000	100%	100%	100%	100%	100%	Information technology service
Shanghai Lianlian Micro Loan Co., Ltd.	*(iii)*	The PRC, 3 July 2015, limited liability company	RMB300,000,000	100%	NA	NA	NA	NA	Micro-Loan
Shanghai Lianlian Digitech Co., Ltd.	*(iii)*	The PRC, 9 August 2018, limited liability company	RMB100,000,000/ RMB55,600,000	100%	NA	NA	NA	NA	Investment holding
Subsidiaries indirectly held:									
Lianlian Pay Global Limited	*(i)*	Cayman, 23 September 2019, limited liability company	USD50,000/ USD1,541	100%	100%	100%	100%	100%	Investment holding
Zhejiang Lianlian Information Technology Co., Ltd.	*(ii)*	The PRC, 2 August 2011, limited liability company	RMB318,000,000	100%	100%	100%	100%	100%	Investment properties leasing and property management
Lianlianbao (Hangzhou) Information Technology Co., Ltd.	*(ii)*	The PRC, 15 August 2019, limited liability company	RMB100,000,000/ RMB75,000,000	100%	100%	100%	100%	100%	Information technology service

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The statutory financial statement of Lianlian StarFX Company Limited for the year ended 31 December 2022 was audited by Righteous CPA & Company.

(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)).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

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

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

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

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

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

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

(b) Changes in accounting policy and disclosures

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

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

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

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

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

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

2.2.2 Associates

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

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

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

2.2.3 Equity method

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

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

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

2.2.4 Changes in ownership interests

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

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

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

2.2.5 Business combinations

(a) Business combinations under common control

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

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

(b) Business combination not under common control

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

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

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

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

2.2.6 Separate financial statements

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

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

2.3 Segment reporting

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

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

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

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

2.4.2 Transactions and balances

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

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

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

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

2.4.3 Group companies

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

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

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

2.5 Property, plant and equipment

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

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

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

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

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

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

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

2.6 Investment properties

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

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

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

2.7 Intangible assets

(a) Software

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

(b) Trademarks and patents

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

(c) Licence

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

(d) Goodwill

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

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

(e) Research and development expenditures

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

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

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

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

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

2.8 Impairment of non-financial assets

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

2.9 Financial assets and liabilities

2.9.1 Financial assets

(a) Classification

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

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

(ii) Those to be measured at amortised cost

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

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

(b) Recognition

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

(c) Measurement

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

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

Debt instruments

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

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

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

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

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

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

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

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

Business model: the business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g., financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the Group in

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

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

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

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.

(f) Write-off

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

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

2.9.2 Financial liabilities

(a) Classification and subsequent measurement

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

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

(b) Derecognition

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

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

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

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

2.10 Offsetting financial instruments

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

2.11 Trade receivables

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

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

2.12 Cash and cash equivalents and customer account

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

2.13 Share capital

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

2.14 Trade and other payables

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

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

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

2.15 Borrowings and borrowing costs

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

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

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

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

2.16 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

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

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

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

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

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

2.17 Employee benefits

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

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

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

(b) Short-term obligations

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

(c) Share-based payments

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

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

Employee options

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

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g., profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g., the requirement for employees to save or hold shares for a specific period of time).

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

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

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

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

(d) Profit-sharing and bonus plans

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

(e) Termination benefits

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

2.18 Revenue recognition

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

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

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

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

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

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

(a) Digital payment services

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

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

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

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

(b) Value-added services

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

(c) Revenue from other sources

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

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

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

2.19 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

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

(ii) Diluted loss per share

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

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

2.20 Leases

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

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

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

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

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

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

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

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

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

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

(i) Modification of lease

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

(b) The Group as a lessor

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

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

2.21 Interest income

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

(ii) Cash flow and fair value interest rate risk

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

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

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

(b) Credit risk

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

(i) Risk management

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

For trade receivables, the Group has policies in place to ensure that transactions with credit terms are made to counterparties with an appropriate credit history. Management performs ongoing credit evaluations of its counterparties, of which the credit quality is assessed by taking into account their financial position, past experience and other factors (Note 3.1b(ii)).

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 (Note 3.1b(ii)).

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

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

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

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

(ii) Impairment of financial assets

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

Trade receivables

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

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

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

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

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

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

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

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

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

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

Other financial assets at amortised cost

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

Other receivables

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

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

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparty;
- significant changes in the expected performance and behaviour of the counterparty, including changes in the payment status of the counterparty.

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

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

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

Loan and factoring receivables

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

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

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

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

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

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

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

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

(c) Liquidity risk

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

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

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

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

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

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

3.2 Capital risk management

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

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

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

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

3.3 Fair value estimation

(a) Fair value hierarchy

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

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

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

	Investment in wealth management products ("WMPs")	**Unlisted equity investments**
	RMB'000	*RMB'000*
Opening balance 1 January 2020	–	245,698
Acquisition of subsidiaries	240,747	–
Additions *(Note 21)*	232,200	–
Disposals	(299,252)	–
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)*	1,397	54,641
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)*	–	3,735
Foreign currency translation	–	(6,765)
Closing balance 31 December 2020	175,092	297,309
Additions *(Note 21)*	700,000	–
Disposals	(879,353)	–
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)*	4,261	754
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)*	–	17,244
Foreign currency translation	–	(2,157)
Closing balance 31 December 2021	–	313,150
Opening balance 1 January 2022	–	313,150
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)*	–	(11,879)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)*	–	5,910
Foreign currency translation	–	7,653
Closing balance 31 December 2022	–	314,834

	Investment in wealth management products ("WMPs")	Unlisted equity investments
	RMB'000	*RMB'000*
Opening balance 1 January 2022	–	313,150
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)*	–	(18,411)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)*	–	4,393
Foreign currency translation	–	8,610
Closing balance 30 September 2022 (unaudited)	–	307,742
Opening balance 1 January 2023	–	314,834
Additions *(Note 21)*	–	470
Fair value change recognised in consolidated statements of comprehensive loss under "Other gains/(losses) – net" *(Note 9)*	–	(3,155)
Fair value change recognised in consolidated statements of comprehensive loss under other comprehensive income *(Note 23)*	–	4,501
Foreign currency translation	–	2,418
Closing balance 30 September 2023	–	319,068

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

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

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

Description	Fair value				Significant unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
	As at 31 December			As at 30 September			
	2020	2021	2022	2023			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
Non-current:							
– financial assets at FVOCI	20,535	37,779	43,689	48,190	Comparable company multiples	2.30-11.36	If the comparable company multiples had increased/decreased by 10% with all other variables held constant, the fair value at the 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.

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

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

(d) Current and deferred income taxes

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

(e) Impairment of other non-financial assets

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

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

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

Breakdown of revenue by business lines is as follows:

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

(b) Segment information

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

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

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

(i) Segment results, assets and liabilities

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

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

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

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

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

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

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

(Unaudited)

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

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

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

(c) Information about major customers

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

(d) Contract liabilities

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

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

(i) Changes in contract liabilities

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

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

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

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

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

6 EXPENSES BY NATURE

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Employee benefits *(Note 7)*	388,666	416,010	458,712	331,510	462,495
Processing fees to financial institutions and payment networks	163,540	155,628	162,821	113,325	173,372
Service charges	4,492	11,854	67,637	43,609	99,263
Listing expenses	–	–	–	–	39,476
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)*	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

	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 *(Note 16)*	1,646	2,501	3,510	2,603	2,816
Expense relating to short-term leases *(Note 14(b))*	963	1,619	1,603	1,217	1,826
Auditors' remuneration	1,106	1,548	1,407	1,041	512
Others	24,386	27,789	39,895	27,757	37,301
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	693,307	731,645	884,470	627,009	941,464

7 EMPLOYEE BENEFITS EXPENSES

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

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

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

(b) Five highest paid individuals

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

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

The remaining highest paid individuals fell within the following bands:

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

(c) Benefits and interests of directors

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

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

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

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

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

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

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

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

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

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

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

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

(d) Directors' retirement benefits

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

(e) Directors' termination benefits

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

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

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

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

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

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

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

8 OTHER INCOME

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

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

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

9 OTHER GAINS/(LOSSES) – NET

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

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

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, 2020 and 2023. The applicable EIT rate of Lianlian Yintong was 15% during the Track Record Period.

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

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

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

Hong Kong profits tax

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

Cayman Islands and British Virgin Islands corporate income tax

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

Other countries

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

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

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

(i) Expenses not deductible for tax purpose

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

(ii) Tax losses

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

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

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

(iii) Global minimum top-up tax

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

12 LOSS PER SHARE

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

(a) Basic loss per share

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

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

(b) Diluted loss per share

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

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

13 PROPERTY, PLANT AND EQUIPMENT

	Buildings	**Vehicles**	**Electronic equipment**	**Furniture and office equipment**	**Leasehold improvement**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020						
Cost	169,516	2,263	63,546	5,777	504	241,606
Accumulated depreciation	(31,340)	(1,700)	(48,189)	(2,769)	(77)	(84,075)
Net book value	138,176	563	15,357	3,008	427	157,531
Year ended 31 December 2020						
Opening net book value	138,176	563	15,357	3,008	427	157,531
Additions	1,465	308	1,996	575	987	5,331
Acquisition of subsidiaries *(Note 32)*	–	524	65	263	–	852
Transfer to investment properties *(Note 15)*	(21,251)	–	–	–	–	(21,251)
Disposals	(2,625)	–	(873)	(140)	–	(3,638)
Depreciation charge *(Note 6)*	(8,250)	(794)	(6,738)	(2,262)	(790)	(18,834)
Closing net book value	107,515	601	9,807	1,444	624	119,991

	Buildings	Vehicles	Electronic equipment	Furniture and office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020						
Cost	145,640	3,096	62,696	6,416	1,491	219,339
Accumulated depreciation	(38,125)	(2,495)	(52,889)	(4,972)	(867)	(99,348)
Net book value	107,515	601	9,807	1,444	624	119,991
Year ended 31 December 2021						
Opening net book value	107,515	601	9,807	1,444	624	119,991
Additions	136	1,224	11,490	184	364	13,398
Transfer from investment properties *(Note 15)*	8,624	–	–	–	–	8,624
Disposals	(172)	(43)	(94)	(13)	–	(322)
Disposal of a subsidiary	–	(439)	(259)	(207)	–	(905)
Depreciation charge *(Note 6)*	(6,002)	(261)	(4,520)	(715)	(559)	(12,057)
Closing net book value	110,101	1,082	16,424	693	429	128,729
As at 31 December 2021						
Cost	154,202	2,549	73,010	6,337	1,855	237,953
Accumulated depreciation	(44,101)	(1,467)	(56,586)	(5,644)	(1,426)	(109,224)
Net book value	110,101	1,082	16,424	693	429	128,729
Year ended 31 December 2022						
Opening net book value	110,101	1,082	16,424	693	429	128,729
Additions	343	825	6,307	3,051	178	10,704
Transfer from investment properties *(Note 15)*	7,650	–	–	–	–	7,650
Disposals	(161)	(25)	(21)	–	–	(207)
Depreciation charge *(Note 6)*	(5,869)	(333)	(6,695)	(792)	(220)	(13,909)
Closing net book value	112,064	1,549	16,015	2,952	387	132,967
As at 31 December 2022						
Cost	161,945	2,872	78,882	9,387	460	253,546
Accumulated depreciation	(49,881)	(1,323)	(62,867)	(6,435)	(73)	(120,579)
Net book value	112,064	1,549	16,015	2,952	387	132,967

	Buildings	Vehicles	Electronic equipment	Furniture and office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022						
Cost	154,202	2,549	73,010	6,337	1,855	237,953
Accumulated depreciation	(44,101)	(1,467)	(56,586)	(5,644)	(1,426)	(109,224)
Net book value	110,101	1,082	16,424	693	429	128,729
Nine months ended 30 September 2022 (unaudited)						
Opening net book value	110,101	1,082	16,424	693	429	128,729
Additions	342	825	5,917	3,018	178	10,280
Transfer from investment properties *(Note 15)*	2,708	–	–	–	–	2,708
Disposals	(161)	(25)	(21)	–	–	(207)
Depreciation charge *(Note 6)*	(4,246)	(235)	(4,994)	(556)	(164)	(10,195)
Closing net book value	108,744	1,647	17,326	3,155	443	131,315
As at 30 September 2022 (unaudited)						
Cost	157,377	2,873	78,491	9,355	665	248,761
Accumulated depreciation	(48,633)	(1,226)	(61,165)	(6,200)	(222)	(117,446)
Net book value	108,744	1,647	17,326	3,155	443	131,315
As at 1 January 2023						
Cost	161,945	2,872	78,882	9,387	460	253,546
Accumulated depreciation	(49,881)	(1,323)	(62,867)	(6,435)	(73)	(120,579)
Net book value	112,064	1,549	16,015	2,952	387	132,967
Nine months ended 30 September 2023						
Opening net book value	112,064	1,549	16,015	2,952	387	132,967
Additions	–	–	435	157	–	592
Depreciation charge *(Note 6)*	(4,575)	(291)	(4,659)	(573)	(167)	(10,265)
Closing net book value	107,489	1,258	11,791	2,536	220	123,294
As at 30 September 2023						
Cost	161,945	2,872	79,317	9,544	460	254,138
Accumulated depreciation	(54,456)	(1,614)	(67,526)	(7,008)	(240)	(130,844)
Net book value	107,489	1,258	11,791	2,536	220	123,294

(i) Pledged of assets

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

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

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

14 LEASES

(a) Right-of-use assets

	Offices	Land use rights	Data Centre	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020				
Cost	9,714	3,786	14,088	27,588
Accumulated depreciation	(1,816)	(513)	(3,251)	(5,580)
Net book value	7,898	3,273	10,837	22,008
Year ended 31 December 2020				
Opening net book value	7,898	3,273	10,837	22,008
Additions	–	–	13,487	13,487
Depreciation charge *(Note 6)*	(3,529)	(240)	(5,678)	(9,447)
Early termination	–	–	(7,857)	(7,857)
Transfer to investment properties *(Note 15)*	–	(608)	–	(608)
Closing net book value	4,369	2,425	10,789	17,583
As at 31 December 2020				
Cost	9,714	3,178	13,486	26,378
Accumulated depreciation	(5,345)	(753)	(2,697)	(8,795)
Net book value	4,369	2,425	10,789	17,583

	Offices	Land use rights	Data Centre	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2021				
Opening net book value	4,369	2,425	10,789	17,583
Additions	8,518	–	3,551	12,069
Depreciation charge *(Note 6)*	(3,572)	(134)	(3,914)	(7,620)
Transfer from investment properties *(Note 15)*	–	407	–	407
Closing net book value	9,315	2,698	10,426	22,439
As at 31 December 2021				
Cost	11,993	3,585	17,039	32,617
Accumulated depreciation	(2,678)	(887)	(6,613)	(10,178)
Net book value	9,315	2,698	10,426	22,439
Year ended 31 December 2022				
Opening net book value	9,315	2,698	10,426	22,439
Additions	1,538	–	–	1,538
Depreciation charge *(Note 6)*	(4,744)	(67)	(3,915)	(8,726)
Transfer from investment properties *(Note 15)*	–	280	–	280
Closing net book value	6,109	2,911	6,511	15,531
As at 31 December 2022				
Cost	11,630	3,865	17,039	32,534
Accumulated depreciation	(5,521)	(954)	(10,528)	(17,003)
Net book value	6,109	2,911	6,511	15,531
As at 1 January 2022				
Cost	11,993	3,585	17,039	32,617
Accumulated depreciation	(2,678)	(887)	(6,613)	(10,178)
Net book value	9,315	2,698	10,426	22,439
Nine months ended 30 September 2022 (unaudited)				
Opening net book value	9,315	2,698	10,426	22,439
Additions	1,538	–	–	1,538
Depreciation charge *(Note 6)*	(3,396)	(55)	(2,769)	(6,220)
Transfer from investment properties *(Note 15)*	–	93	–	93
Closing net book value	7,457	2,736	7,657	17,850

	Offices	Land use rights	Data Centre	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 30 September 2022 (unaudited)				
Cost	11,630	3,673	17,039	32,342
Accumulated depreciation	(4,173)	(937)	(9,382)	(14,492)
Net book value	7,457	2,736	7,657	17,850
As at 1 January 2023				
Cost	11,630	3,865	17,039	32,534
Accumulated depreciation	(5,521)	(954)	(10,528)	(17,003)
Net book value	6,109	2,911	6,511	15,531
Nine months ended 30 September 2023				
Opening net book value	6,109	2,911	6,511	15,531
Additions	3,229	–	–	3,229
Depreciation charge *(Note 6)*	(3,485)	(72)	(2,955)	(6,512)
Closing net book value	5,853	2,839	3,556	12,248
As at 30 September 2023				
Cost	14,213	3,930	17,039	35,182
Accumulated depreciation	(8,360)	(1,091)	(13,483)	(22,934)
Net book value	5,853	2,839	3,556	12,248

(i) Pledged of assets

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

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

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

(b) Lease liabilities

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

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

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

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

Minimum lease payments due

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

Present value of lease liabilities

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

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

15 INVESTMENT PROPERTIES

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Opening net book amount	176,827	194,270	181,008	181,008	169,053
Transfer from/(to) right-of-use assets *(Note 14)*	608	(407)	(280)	(93)	–
Transfer from/(to) property, plant and equipment *(Note 13)*	21,251	(8,624)	(7,650)	(2,708)	–
Depreciation of investment properties *(Note 6)*	(4,416)	(4,231)	(4,025)	(3,099)	(3,008)
Closing net book value	194,270	181,008	169,053	175,108	166,045

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
At end of the year/period					
Cost	214,984	204,876	195,819	201,678	195,819
Accumulated depreciation	(20,714)	(23,868)	(26,766)	(26,570)	(29,774)
Net book value	194,270	181,008	169,053	175,108	166,045
Fair value	295,000	283,000	275,600	275,600	270,400

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

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

(ii) Non-current assets pledged as security

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

(iii) Valuations for investment properties

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

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

16 INTANGIBLE ASSETS

	Trademarks and Patent	Software	Licenses	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2020					
Cost	1,368	14,330	–	17,414	33,112
Accumulated amortization	(278)	(6,557)	–	–	(6,835)
Impairment *(i)*	(601)	–	–	(13,764)	(14,365)
Net book value	489	7,773	–	3,650	11,912
Year ended 31 December 2020					
Opening net book value	489	7,773	–	3,650	11,912
Acquisition of subsidiaries *(Note 32)*	32	–	11,071	–	11,103
Additions	–	3,559	–	–	3,559
Disposals	–	(40)	–	–	(40)
Amortization charge *(Note 6)*	(51)	(1,595)	–	–	(1,646)
Impairment charge *(Note 9)*	(29)	–	(10,391)	–	(10,420)
Closing net book value	441	9,697	680	3,650	14,468
As at 31 December 2020					
Cost	700	17,721	11,071	3,650	33,142
Accumulated amortization	(230)	(8,024)	–	–	(8,254)
Impairment	(29)	–	(10,391)	–	(10,420)
Net book value	441	9,697	680	3,650	14,468
Year ended 31 December 2021					
Opening net book value	441	9,697	680	3,650	14,468
Disposal of subsidiaries *(Note 32)*	–	–	(680)	–	(680)
Additions	–	6,481	–	–	6,481
Amortization charge *(Note 6)*	(48)	(2,453)	–	–	(2,501)
Closing net book value	393	13,725	–	3,650	17,768
As at 31 December 2021					
Cost	668	24,201	–	3,650	28,519
Accumulated amortization	(275)	(10,476)	–	–	(10,751)
Net book value	393	13,725	–	3,650	17,768
Year ended 31 December 2022					
Opening net book value	393	13,725	–	3,650	17,768
Acquisition of a subsidiary *(ii)*	–	–	2,892	–	2,892
Additions	–	1,869	–	–	1,869
Amortization charge *(Note 6)*	(46)	(3,464)	–	–	(3,510)
Closing net book value	347	12,130	2,892	3,650	19,019

	Trademarks and Patent	Software	Licenses	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2022					
Cost	668	26,071	2,892	3,650	33,281
Accumulated amortization	(321)	(13,941)	–	–	(14,262)
Net book value	347	12,130	2,892	3,650	19,019
As at 1 January 2022					
Cost	668	24,201	–	3,650	28,519
Accumulated amortization	(275)	(10,476)	–	–	(10,751)
Net book value	393	13,725	–	3,650	17,768
Nine months ended 30 September 2022 (unaudited)					
Opening net book value	393	13,725	–	3,650	17,768
Acquisition of a subsidiary *(ii)*	–	–	2,892	–	2,892
Additions	–	1,865	–	–	1,865
Amortization charge *(Note 6)*	(35)	(2,568)	–	–	(2,603)
Closing net book value	358	13,022	2,892	3,650	19,922
As at 30 September 2022 (unaudited)					
Cost	668	26,071	2,892	3,650	33,281
Accumulated amortization	(310)	(13,049)	–	–	(13,359)
Net book value	358	13,022	2,892	3,650	19,922
As at 1 January 2023					
Cost	668	26,071	2,892	3,650	33,281
Accumulated amortization	(321)	(13,941)	–	–	(14,262)
Net book value	347	12,130	2,892	3,650	19,019
Nine months ended 30 September 2023					
Opening net book value	347	12,130	2,892	3,650	19,019
Additions	–	1,743	–	–	1,743
Amortization charge *(Note 6)*	(26)	(2,790)	–	–	(2,816)
Closing net book value	321	11,083	2,892	3,650	17,946
As at 30 September 2023					
Cost	668	27,814	2,892	3,650	35,024
Accumulated amortization	(347)	(16,731)	–	–	(17,078)
Net book value	321	11,083	2,892	3,650	17,946

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

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

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

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

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

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

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

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

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

As at 31 December 2020, 2021, 2022 and 30 September 2023, 20% decrease in comparable company multiples will decrease the headroom of Lianlian Yintiong 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%-49.4%
Terminal value growth rate	2.00%
Pre-tax discount rate	15.86%-15.96%

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

The Group and the Company

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

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

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

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

(a) Investment in LianTong

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

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

Set out below are the movement of 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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Carrying amounts at the beginning of the year/period	426,362	97,907	390,636	390,636	205,620
Additions	–	980,000	620,000	370,000	430,000
Share of net loss accounted for using the equity method	(328,455)	(687,271)	(805,016)	(569,677)	(470,393)
Carrying amounts at the end of the year/period	97,907	390,636	205,620	190,959	165,227

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

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

(ii) The Group performed impairment assessment when the associate made a loss which indicated 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.

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

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

Summarised balance sheets of LianTong

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

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

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

Summarised income statements of LianTong

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

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

The Company

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

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

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

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

(c) Investments in subsidiaries

The Company

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

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

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

18 FINANCIAL INSTRUMENTS BY CATEGORY

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

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER CURRENT ASSETS

The Group

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in current assets				
Prepayments:				
Prepayments to suppliers	11,925	13,727	12,598	15,508
Others	1,878	2,378	3,829	5,258
	13,803	16,105	16,427	20,766
Other current assets:				
Prepaid listing expenses	–	–	–	9,298
Value-added tax recoverable	3,674	5,743	5,492	3,620
Prepaid income tax	–	3,289	2,396	–
	3,674	9,032	7,888	12,918
Other receivables:				
Deposits for payment channels and rentals	6,751	6,398	8,363	13,654
Advance paid on behalf of customers *(i)*	–	–	–	9,486
Interest receivable	3,132	372	1,388	1,052
Loans to and receivables from related parties *(Note 36(c)(iv))*	150,222	150	304,960	150
Others	4,001	1,992	1,540	1,184
	164,106	8,912	316,251	25,526
Less: loss allowance	(368)	(236)	(336)	(193)
	163,738	8,676	315,915	25,333
Total	181,215	33,813	340,230	59,017

(i) Advance paid on behalf of customers

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

The Company

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in current assets				
Prepayments:				
Prepayments for insurance costs	338	722	734	625
Prepayments to suppliers	4,767	4,668	9	379
	5,105	5,390	743	1,004
Other current assets:				
Prepaid listing expenses	–	–	–	9,298
Value-added tax recoverable	815	1,073	1,133	1,849
	815	1,073	1,133	11,147
Other receivables:				
Loans to a related party *(Note 36(c)(iv))*	150,202	–	304,810	–
Interest receivable	3,078	331	2	20
Others	138	5	–	–
	153,418	336	304,812	20
Less: loss allowance	(107)	(1)	(145)	–
	153,311	335	304,667	20
Total	159,231	6,798	306,543	12,171

20 TRADE RECEIVABLES

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

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

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

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

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

Financial assets measured at FVPL include the following:

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

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

(i) The Group held 4.99% of the equity interest of Hangzhou Hyperchain Technology Co., Ltd. ("**Hyperchain Technology**") as at 31 December 2020, and due to capital injection by other investors of Hyperchain Technology in 2021, the percentage of the equity interest held by the Group 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 and, consequently, the Group has no significant influence over Hyperchain Technology.

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

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

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

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

(b) Amounts recognised in profit or loss

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

Financial assets measured at FVPL include the following:

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

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

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

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

The Company

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

Financial assets measured at FVPL include the following:

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

22 LOAN AND FACTORING RECEIVABLES

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

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

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

(a) Movement of gross carrying amount

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

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

(b) Movement of ECL allowance

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

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

Financial assets measured at FVOCI include the following:

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

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

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

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

(b) Amounts recognised in other comprehensive income

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

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

(c) Risk exposure and fair value measurements

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

24 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

The Group

Cash and cash equivalents:

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

(a) Customer accounts and restricted cash

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

(i) Customer accounts

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

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

(ii) Performance guarantees for payment business

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

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

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

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash 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
	1,321,764	884,755	163,523	150,008
Customer accounts:				
USD	2,624,169	3,160,101	4,173,489	2,890,032
RMB	2,471,728	1,412,770	1,927,044	3,919,210
EUR	602,458	970,516	1,185,024	870,946
JPY	185,439	190,741	267,748	371,913
GBP	480,200	429,869	517,785	364,537
CAD	117,335	133,461	198,932	147,765
Others	131,873	159,857	469,218	536,283
	6,613,202	6,457,315	8,739,240	9,100,686

The Company

Cash and cash equivalents:

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

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

25 PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

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

Movement on the share capital are as follows:

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

(a) On 31 August 2020, two pre-IPO 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 pre-IPO investors acquired 7.22% of the equity interests in the Company at an aggregate cash consideration of RMB1,090,000,000 in total. The Company's paid-in capital and share premium increased by RMB72,628,000 and RMB1,017,372,000, respectively.

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

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

26 OTHER RESERVES

The Group

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

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

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

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

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

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

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

The Company

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

27 TRADE PAYABLES

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

28 ACCRUALS AND OTHER PAYABLES

The Group

	As at 31 December			As at 30 September
	2020	2021	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables to merchants and other customers *(i)*	6,496,092	6,374,118	8,637,922	9,016,084
Staff costs and welfare accruals	48,177	68,299	44,365	75,067
Payables for listing expenses	–	–	–	14,910
VAT payables and other tax payables	3,226	5,297	5,030	3,596
Amounts due to related parties	82	542	263	468
Payables for acquisition of long-term assets	2,780	5,924	1,854	360
Others	39,183	42,024	52,862	49,050
	6,589,540	6,496,204	8,742,296	9,159,535

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

The Company

	As at 31 December			As at 30 September
	2020	**2021**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payables for listing expenses	–	–	–	14,910
Payables for staff costs and welfares	6,820	8,000	3,294	4,949
Others	4,013	2,261	2,405	2,481
	10,833	10,261	5,699	22,340

29 BORROWINGS

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

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

As at 31 December 2022 and 30 September 2023, the interest rate on long-term borrowings was 4.1% and 4.0%, respectively. The interest should be paid quarterly and the principal should be repaid semi-annually before 20 September 2037.

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

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

30 DEFERRED INCOME

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

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

31 DEFERRED INCOME TAXES

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

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

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

The movement in deferred income tax assets are as follows:

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

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

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

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

32 CHANGES IN THE SCOPE OF CONSOLIDATION

(a) Business combination under common control

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

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

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

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

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

(b) Business combination

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

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

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

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

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

Revenue and loss contribution

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

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

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

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

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

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

Revenue and loss contribution

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

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

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

(c) Acquisition of subsidiaries

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

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

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

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

(ii) Acquisition of Starlink Financial Technologies Joint Stock Company

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

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

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

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

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

(d) Disposal of subsidiaries

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

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

33 CASH (USED IN)/GENERATED FROM OPERATIONS

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

	Year ended 31 December			Nine months ended 30 September	
	2020	2021	2022	2022	2023
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Loss before income tax	(338,881)	(730,450)	(900,638)	(636,571)	(605,131)
Adjustments for:					
– Depreciation of property and equipment *(Note 6)*	18,834	12,057	13,909	10,195	10,265
– Depreciation of investment properties *(Note 6)*	4,416	4,231	4,025	3,099	3,008
– Impairment 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	–	–	–	–

(b) Net cash/(debt) reconciliation

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

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

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

34 COMMITMENTS

(a) Capital commitments

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

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

(b) Non-cancellable operating lease

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

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

35 ASSETS PLEDGED AS SECURITY

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

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

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

36 RELATED PARTY TRANSACTIONS

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

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

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

(a) Name and relationship with related parties

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

(b) Transactions with related parties

Trade nature

(i) Provision of services

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

(ii) Purchase of telecommunication services

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

(iii) Rental income

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

Non-trade nature

(iv) Amounts received from related parties

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

(v) Amounts paid to related parties

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

(vi) Loans to related parties

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*unaudited*)	*RMB'000*
Loans to related parties					
– LianTong	150,000	–	300,000	125,000	–
– Zhonglian Intelligent Technology Co., Ltd.	2,650	–	–	–	–
	152,650	–	300,000	125,000	–

	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*
Repayments of loans from related parties					
– LianTong	–	150,000	–	–	300,000
– Zhonglian Intelligent Technology Co., Ltd.	2,650	–	–	–	–
	2,650	150,000	–	–	300,000
Interest income related to loans to related parties					
– LianTong	2,427	3,363	4,538	609	6,247
– Zhonglian Intelligent Technology Co., Ltd.	10	–	–	–	–
	2,437	3,363	4,538	609	6,247
Interest received from related parties					
– LianTong	2,370	3,767	–	–	10,785
– Zhejiang Lianlian Investment Co., Ltd.	21	–	–	–	–
– Zhonglian Intelligent Technology Co., Ltd.	10	–	–	–	–
	2,401	3,767	–	–	10,785

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

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

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

(vii) Borrowings from related parties

	Year ended 31 December			Nine months ended 30 September	
	2020	**2021**	**2022**	**2022**	**2023**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Borrowings received from related parties					
– Zhonglian Tech Holdings Ltd	107,586	–	–	–	–
– Zhonglian Service Ltd	12,743	–	–	–	–
	120,329	–	–	–	–
Repayments of borrowings to related parties					
– Zhonglian Tech Holdings Ltd	107,586	–	–	–	–
– Zhonglian Intelligent Technology Co., Ltd.	22,800	–	–	–	–
– Zhonglian Service Ltd	12,743	–	–	–	–
	143,129	–	–	–	–
Interest expense charged and paid to related parties					
– Zhonglian Tech Holdings Ltd	1,309	–	–	–	–
– Zhonglian Service Ltd	139	–	–	–	–
– Zhonglian Intelligent Technology Co., Ltd.	70	–	–	–	–
	1,518	–	–	–	–

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

(c) Receivables from and payables to related parties

Trade nature

(i) Accounts receivables

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

(ii) Advances from customers

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

(iii) Payables to merchants and customers

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

Non-trade nature

(iv) Other receivables

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

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

(d) Key management personnel compensation

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

The Company

(a) Amounts due to subsidiaries of the Company

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

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

37 SHARE-BASED PAYMENTS

(a) Share awards

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

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

(b) Share option scheme

On 1 February 2021, the general meeting of the Company approved the share option scheme to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group (the "2021 Pre-IPO Share Option Scheme"). The Company granted 40,339,000 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 trading day after the Company's IPO. In addition, exercisable conditions also include company performance indicators. The 2021 Pre-IPO 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 IPO.

On 8 June 2023, the general meeting of the Company approved another share option scheme to grant 56,125,000 units of stock option to the incentive recipients at an exercise price of RMB5.00 (the "2023 Pre-IPO Share Option Scheme"). The share options granted to eligible employees are not exercisable until 18 months after the Company's IPO. The 2023 Pre-IPO Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant.

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

	Weighted average exercise price in RMB per share option	Number of options
	RMB	
As at 31 December 2020	–	–
Granted	2.96	40,339,000
Forfeited *(i)*	2.96	(21,737,500)
As at 31 December 2021	2.96	18,601,500
Forfeited	2.96	(561,000)
As at 31 December 2022	2.96	18,040,500
As at 31 December 2021 (Unaudited)	2.96	18,601,500
Forfeited	2.96	(501,000)

	Weighted average exercise price in RMB per share option	Number of options
	RMB	
As at 30 September 2022 (unaudited)	2.96	18,100,500
As at 31 December 2022	2.96	18,040,500
Granted	5.00	56,125,300
Forfeited	2.96	(4,014,000)
As at 30 September 2023	4.93	70,151,800

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

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

Grant date	Expiry date	Exercise price	Number of share options as at 31 December 2021	Number of share options as at 31 December 2022	Number of share options as at 30 September 2023
February 2021	3 February 2027	RMB2.96	18,601,500	18,040,500	14,493,000
June 2023	11 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 share-based compensation expenses of 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 13.10%, respectively.

38 DIVIDENDS

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

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

39 SUBSEQUENT EVENTS

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

After the completion of the additional capital injection, the Company's interest in LianTong decreased from 50.0% to 45.2% while American Express Company's interest increased from 50.0% to 54.8%. The total board seats of LianTong were reduced to five, of which the Company holds two and continues to have significant influence over LianTong. Such change of equity holding structure resulted in a deemed disposal of the Company's partial interest in LianTong and, consequently, a dilution gain of approximately RMB244.5 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.

The information set out in this Appendix II does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, as set out in Appendix I to this Prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this Prospectus and the Accountant's Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2023 as if the Global Offering had taken place on 30 September 2023.

The unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group had the Global Offering been completed as of 30 September 2023 or any future date. It is prepared based on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2023 as derived from the Accountant's Report, set out in Appendix I to this Prospectus and adjusted as described below.

	Audited Consolidated Net Tangible Assets of the Group Attributable to Owners of the Company as at 30 September 2023	Estimated Net Proceeds from the Global Offering	Unaudited Pro Forma Adjusted Net Tangible Assets Attributable to Owners of the Company as at 30 September 2023	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	Note 1	*Note 2*		*Note 3*	*Note 4*
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$10.21 per Share	547,494	461,558	1,009,052	0.94	1.04
Based on an Offer Price of HK$10.95 per Share	547,494	497,681	1,045,175	0.98	1.08

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 30 September 2023 is extracted from the historical financial information contained in the Accountant's Report set forth in Appendix I to this Prospectus, which is based on the audited consolidated net assets of the Group attributable to the owners of the Company as at 30 September 2023 of approximately RMB565,440,000 with an adjustment for the intangible assets attributable to owners of the Company as at 30 September 2023 of approximately RMB17,946,000.

2. The estimated net proceeds from the Global Offering are based on the Offer Price range of HK$10.21 per Share and HK$10.95 per Share, respectively after deduction of the underwriting fees and other related expenses (excluding those listing expenses of approximately RMB39,476,000 which have been accounted for in the consolidated statements of comprehensive loss prior to 30 September 2023) paid/payable by the Company. It does not take account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option, any Shares which may be issued under the Pre-IPO Share Option Schemes or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this Prospectus.

3. The unaudited pro forma adjusted net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 1,070,680,000 Shares were in issue assuming that the Global Offering had been completed on 30 September 2023 without taking into account of any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and the Over-allotment Option, any Shares which may be issued under the Pre-IPO Share Option Schemes or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described in the section headed "Share Capital" in this Prospectus.

4. For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Renminbi are converted into Hong Kong dollars at a rate of RMB0.9075 to HK$1.00, as set out in "Information about this Prospectus and the Global Offering" to this Prospectus. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. The Company considered the subsequent events as disclosed in Note 39 of the Accountant's Report set forth in Appendix I to this Prospectus, and there was no impact to the adjusted pro forma net tangible assets.

B. REPORT FROM THE REPORTING ACCOUNTANT OF THE COMPANY ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Lianlian DigiTech Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Lianlian DigiTech Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 30 September 2023 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages II-1 to II-2 of the Company's prospectus dated 20 March 2024, in connection with the proposed initial public offering of H shares of the Company (the "**Prospectus**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 September 2023 as if the proposed initial public offering had taken place at 30 September 2023. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for the nine months ended 30 September 2023, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong SAR, China
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 September 2023 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) or standards and practices of any professional body in any other overseas jurisdiction and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 20 March 2024

*The following is the preliminary financial information of our Group as of and for the year ended December 31, 2023 (the "**2023 Preliminary Financial Information**"), together with comparative financial information as of and for the year ended December 31, 2022 and a discussion of changes in our financial condition and results of operations between the two periods. The 2023 Preliminary Financial Information has been prepared based on the unaudited consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards. The 2023 Preliminary Financial Information does not constitute the audited consolidated financial statements of the Group for the year ended December 31, 2023. The 2023 Preliminary Financial Information was not audited. Investors should bear in mind that the 2023 Preliminary Financial Information in this appendix may be subject to adjustments.*

BUSINESS REVIEW AND OUTLOOK

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

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

We have developed a proprietary technology platform embedding stable, secure and flexible systems that cover payment, fund transfer, global fund distribution, intelligent FX processing, intelligent risk management and other functions, providing a one-stop service for customers that address their core needs. Through developing and providing comprehensive solutions to merchants and enterprises in China and around the world, we are dedicated to building a close partnership with the essential players in the e-commerce ecosystem and have gained deep insights into global commerce across different industries.

Among all the China-based digital payment solution providers, we have the broadest global business outreach and license coverage, and we are the only one holding all state-level money transmitter licenses in the United States, according to Frost & Sullivan. As of December 31, 2023, our global license layout consists of 64 payment licenses and relevant qualifications. With these licenses and in collaboration with business partners, we are able to serve customers to conduct their trading activities on global and regional e-commerce platforms that encompass over 100 countries and regions and support transactions in over 130 currencies.

Going forward, we plan to implement the following strategies, which we believe, will strengthen our core competitive strengths and enable us to capture rising business opportunities:

- Expanded global customer base;
- Rapid global and domestic payment volume growth;
- Continued revenue growth; and
- Further enhance our management and operating efficiency.

Since December 31, 2023 and up to the date of this Prospectus, our business generally experienced continued growth and, to the best of our knowledge, (i) there has been no material adverse change in our financial or trading position; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 38.4% from RMB742.7 million in 2022 to RMB1,028.3 million in 2023, primarily attributable to (i) an increase of 37.1% in our global payment revenue from RMB478.6 million in 2022 to RMB656.0 million in 2023, driven by an expansion of customers for global payment services, especially cross-border enterprises, (ii) an increase of 44.1% in our domestic payment revenue from RMB151.5 million in 2022 to RMB218.3 million in 2023, driven by an expansion of TPV from domestic pay-out services, and (iii) an increase of 46.7% in our revenue from value-added services from RMB91.1 million in 2022 to RMB133.5 million in 2023, primarily driven by rapid expansion of business services, including digital marketing services.

Cost of Sales

Our cost of sales increased by 62.9% from RMB276.8 million in 2022 to RMB450.9 million in 2023, primarily attributable to (i) an increase of 79.7% in costs of sales for global payment from RMB102.9 million in 2022 to RMB184.9 million in 2023 due to the expansion of acquiring services and increased fees associated with card issuing institutions in virtual card services, (ii) an increase of 51.0% in cost of sales for domestic payment from RMB107.5 million in 2022 to RMB162.4 million in 2023 mainly due to the increase in processing fees and service charges from domestic TPV growth, and (iii) an increase of 65.7% in costs of sales for value-added services from RMB54.1 million in 2022 to RMB89.6 million in 2023 due to the rapid expansion of digital marketing with higher service charge to channel partners for customer acquisition and referrals.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 23.9% from RMB466.0 million in 2022 to RMB577.4 million in 2023, primarily attributable to (i) an increase of 25.4% in gross profit from global payment from RMB375.7 million in 2022 to RMB471.1 million in 2023, (ii) an increase of 27.1% in gross profit from domestic payment from RMB44.0 million in 2022 to RMB55.9 million in 2023, and (iii) an increase of 18.9% in gross profit from value-added services from RMB36.9 million in 2022 to RMB43.9 million in 2023.

Our gross profit margin decreased from 62.7% in 2022 to 56.1% in 2023, primarily due to (i) a decrease in global payment margin from 78.5% in 2022 to 71.8% in 2023, primarily reflecting the expansion of acquiring services with lower gross profit margin, and (ii) a decrease in value-added services margin from 40.6% in 2022 to 32.9% in 2023, reflecting the change in service mix, as a result of (1) significant growth of digital marketing with lower margin, and (2) a decrease in revenue from higher-margin technology services due to our strategic focus on business services.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 38.0% from RMB139.0 million in 2022 to RMB191.8 million in 2023, primarily due to increased share-based compensation under the Pre-IPO Share Option Schemes and enhanced promotion campaigns for customer acquisition and sector coverage to expand our businesses.

General and Administrative Expenses

Our general and administrative expenses increased by 86.0% from RMB258.3 million in 2022 to RMB480.5 million in 2023, primarily due to increased employee benefits under the Pre-IPO Share Option Schemes and listing expenses.

Research and Development Expenses

Our R&D expenses increased by 27.5% from RMB210.4 million in 2022 to RMB268.2 million in 2023, in line with continued efforts in innovation and technology developments.

Other Income and Gains/(Losses) – Net

Our other income increased by 299.2% from RMB27.2 million in 2022 to RMB108.5 million in 2023 primarily due to a significant increase in interest income on customer accounts driven by our TPV growth and the interest rate hikes on multiple foreign currencies.

Other Gain

Our other gain significantly increased by 1,712.5% from RMB15.4 million in 2022 to RMB279.8 million in 2023, primarily due to a non-recuring dilution gain of approximately RMB244.5 million due to the decrease of shareholding in LianTong after the capital injection provided by us and American Express.

Provision for Impairment on Financial Assets

Our impairment losses on financial assets refers to the credit loss assessment and movement in allowance for the impairment of (i) trade receivables, and (ii) other receivables. Our impairment losses on financial assets were RMB0.7 million in 2022 and RMB1.8 million in 2023, respectively, which was in line with the increase of our trade receivables.

Finance Income/(Cost) – Net

We recorded finance income – net of RMB4.2 million in 2022 and finance cost – net of RMB10.0 million in 2023, primarily due to increases in bank borrowings to support our business operations.

Share of Net Loss of Associates Using the Equity Method

Our share of net loss of associates using the equity method decreased from RMB805.0 million in 2022 to RMB665.2 million in 2023, primarily due to the narrowed share of loss in LianTong, which is mainly due to an increase in LianTong's revenue reflecting its business growth in card transaction volume, and increased revenue generated from transaction related services, and decreases in employee benefits and other fixed expenses with improved operating efficiency, partially offset by an increase in share of loss in Zhong Pu Lian Technology.

Income Tax Expenses

Our income tax expenses significantly decreased from RMB16.2 million in 2022 to RMB2.5 million in 2023, primarily due to increased recognition of deferred income tax assets for EIT computation.

Loss for the Year

As a result of the foregoing, the recorded loss of the year narrowed by 28.6% from RMB916.9 million in 2022 to RMB654.2 million in 2023.

NON-IFRS FINANCIAL MEASURES

We define EBITDA (Non-IFRS measure) as loss for the years/periods adjusted by adding back (i) income tax expenses, (ii) finance income/(cost) – net, and (iii) depreciation and amortization, which are non-cash in nature. We define adjusted EBITDA (Non-IFRS measure) as EBITDA (Non-IFRS measure) adjusted by adding back (i) 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 complying with Chapter 3.11 of the Guide for New Listing Applicants issued by the Stock Exchange. We believe that Non-IFRS measures facilitate the comparisons of operating performance from period to period and company to company and provide useful information to 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.

	Year ended December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Reconciliation		
Loss for the year/period	(654,215)	(916,866)
Add:		
Income tax expense	2,459	16,228
Finance (income)/cost – net	10,030	(4,238)
Depreciation of property, plant and equipment	13,673	13,909
Depreciation of right-of use assets	9,213	8,726
Depreciation of investment properties	4,014	4,025
Amortization of intangible assets	4,670	3,510
EBITDA[(i)] (Non-IFRS measure)	**(610,156)**	**(874,706)**
Add:		
Share-based compensation expenses[(ii)]	191,495	52,278
Listing expense	59,473	–
Adjusted EBITDA[(iii)] (Non-IFRS measure)	**(359,188)**	**(822,428)**

Notes:

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

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

(iii) Adjusted EBITDA (Non-IFRS measure) refers to EBITDA (Non-IFRS measure) adjusted by adding back (i) listing expenses, which relate to the Global Offering, and (ii) share-based compensation expenses, which are non-cash in nature.

DISCUSSION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Current Assets/Liabilities

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Current assets		
Prepayments, other receivables and other assets	79,049	340,230
Trade receivables	67,552	40,623
Financial assets at fair value through profit or loss	192,321	188,567
Inventories	667	687
Customer accounts and restricted cash	9,183,911	8,757,259
Cash and cash equivalents	189,840	145,504
Total current assets	**9,713,340**	**9,472,870**
Current liabilities		
Trade payables	76,006	38,946
Contract liabilities	12,645	9,601
Income tax payables	8,614	4,611
Borrowings	289,645	105,279
Lease liabilities	9,874	9,071
Accruals and other payables	9,311,927	8,742,296
Total current liabilities	**9,708,711**	**8,909,804**
Net current asset	**4,629**	**563,066**

Our net current assets decreased from RMB563.1 million as of December 31, 2022 to RMB4.6 million as of December 31, 2023 primarily due to our capital injection to LianTong.

ANALYSIS OF SELECTED ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Prepayments, Other Receivables and Other Assets

Our prepayments, other receivables and other assets primarily include prepayments to suppliers, prepaid listing expenses, receivables for digital marketing services, loans to and receivables from related parties, and deposits for payment channels and rentals. We had prepayments, other receivables and other assets of RMB340.2 million and RMB79.0 million as of December 31, 2022 and 2023, respectively. We recorded relatively high prepayments, other receivables and other assets as of December 31, 2022 primarily due to the loan of RMB305.0 million we provided to LianTong in 2022, which was subsequently repaid in May 2023.

Trade Receivables

Our trade receivables primarily represent amounts due from customers for services performed in the ordinary course of business. As of December 31, 2022 and 2023, we had trade receivables of RMB40.6 million and RMB67.6 million, respectively. We could deduct our fees directly from the transaction fund flows for most of our services. Our settlement period for other trade receivables generally ranges from one to three months. Therefore, trade receivables did not account for a material portion of our assets. The increase in trade receivables was primarily due to our revenue growth as well as a change in our customer mix by engaging more commercial banks, which generally have a settlement period of one to three months. Adequate provisions were made with respect to such commercial banks after considering their overall business reputation and credit rating. The following table sets forth a breakdown of our trade receivables as of the dates indicated:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Trade receivables	72,154	43,686
Less: loss allowance	(4,602)	(3,063)
Total	**67,552**	**40,623**

The following table sets forth an aging analysis of trade receivables based on invoice date:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Aging		
0 to 90 days	59,409	30,694
91 days to 180 days	8,930	5,885
181 days to 1 year	2,616	4,906
Over 1 year	1,199	2,201
Total	**72,154**	**43,686**

Investments Accounted for Using the Equity Method

Our investments accounted for using the equity method primarily represent our investment in LianTong. Our investments accounted for using the equity method were RMB205.6 million and RMB295.9 million as of December 31, 2022 and 2023, respectively.

Equity and Liabilities

Trade Payables

The following table sets forth a breakdown of our trade payables as of the dates indicated:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Trade payables		
– Service charge payables	55,754	20,371
– Payable for processing fees to financial institutions and payment networks	18,990	17,119
– Others	1,262	1,456
Total	**76,006**	**38,946**

Our trade payables primarily consist of service charge payables and payables for processing fees to financial institutions and payment networks. Our trade payables increased by 95.2% from RMB38.9 million as of December 31, 2022 to RMB76.0 million as of December 31, 2023. Such increase was primarily due to our business growth, especially value-added services, that leads to increased service charge payables for support of operations.

The following table sets forth an aging analysis of trade payables based on invoice date:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Aging		
0 to 90 days	60,995	26,643
91 days to 180 days	5,021	3,522
181 days to 1 year	2,758	2,161
Over 1 year	7,232	6,620
Total	**76,006**	**38,946**

Accruals and Other Payables

The following table sets forth a breakdown of our accruals and other payables as of the dates indicated:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Payables to merchants and other customers	9,082,463	8,637,922
Staff costs and welfare accruals	100,919	44,365
Payables for listing expenses	34,849	–
VAT payables and other tax payables	19,581	5,030
Amounts due to related parties	444	263
Payables for acquisition of long-term assets	387	1,854
Others	73,284	52,862
Total	**9,311,927**	**8,742,296**

We had accruals and other payables of RMB8,742.3 million and RMB9,311.9 million as of December 31, 2022 and 2023, respectively. Our accruals and other payables primarily include payables to merchants and other customers, and staff costs and welfare accruals. A substantial majority of our accruals and other payables were payables to merchants and other customers, which represent the funds in customer deposit accounts not been transferred to customers due to the settlement cycle or the preferences of customers for periodic collection of funds. A substantial majority of our contracts with merchants and other customers do not have settlement clearance period requirements. The rest generally have a settlement clearance period within two weeks. Except for the payables to merchants and other customers, the increase in other accruals and other payments from December 31, 2022 to December 31, 2023 was driven by an increase in staff costs and welfare accruals, payables for listing expenses and VAT payables and other tax payables.

Contract Liabilities

Our contract liabilities amounted to RMB9.6 million and RMB12.6 million as of December 31, 2022 and 2023, respectively. Our contract liabilities 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.

Borrowings

As of December 31, 2023, we had bank borrowings of RMB437.5 million, among which RMB147.9 million were non-current and pledged by our investment properties, buildings and land use rights. As of December 31, 2023, the interest rate on such long-term borrowings was 4.0%. The interest should be paid quarterly and the principal should be repaid semi-annually before September 20, 2037. These borrowings are for general business operation purposes.

Dividends

No dividend has been paid or declared by us in 2022 and 2023. No dividend or distribution has been declared, made or paid by us or any of the subsidiaries in respect of any period subsequent to December 31, 2023.

INDEBTEDNESS

The following table sets forth the components of our indebtedness as of the dates indicated:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Borrowings – current	289,645	105,279
Borrowings – non-current	147,900	158,950
Lease liabilities – current	9,874	9,071
Lease liabilities – non-current	7,599	4,896

Our borrowings amounted to RMB264.2 million and RMB437.5 million as of December 31, 2022 and 2023, respectively. As of December 31, 2022 and 2023, RMB170.2 million and RMB159.1 million of our bank borrowings were pledged by our investment properties, buildings, land use rights. As of December 31, 2022, RMB53.0 million of bank borrowings was secured by a financing guarantee issued by a domestic commercial bank. We had unsecured borrowings of RMB41.1 million and RMB11.2 million as of December 31, 2022 and 2023, respectively.

Lease Liabilities

Our lease liabilities are measured at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease. Our lease liabilities amounted to RMB14.0 million and RMB17.5 million as of December 31, 2022 and 2023, respectively.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of January 31, 2024 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since January 31, 2024 and up to the Latest Practicable Date.

KEY FINANCIAL RATIO

The following tables set forth our key financial ratios as of the dates or for the year indicated:

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Current ratio[(i)]	1.0	1.1

Note:

(i) Current ratio refers to total current assets divided by total current liabilities.

	As of December 31,	
	2023	**2022**
	(RMB in thousands)	
	(unaudited)	
Payable days[(i)]	46.5	42.4
Receivable days[(ii)]	19.2	18.1

Notes:

(i) Payable days refer to the average of trade payables divided by cost of sales and multiplied by 365 days as applicable.

(ii) Receivable days refer to the average of trade receivables divided by total revenue and multiplied by 365 days as applicable.

DISCLOSURE ABOUT MARKET RISK

See "Financial Information – Risk Disclosures" in this Prospectus for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2023, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules was not applicable to us during such period. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position as of December 31, 2023, consolidated statement of comprehensive loss and the related notes thereto for the year ended December 31, 2023 as set out in the 2023 Preliminary Financial Information above has been agreed by the Reporting Accountant to the amounts set out in the Group's unaudited consolidated financial statements for the year ended December 31, 2023 following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Reporting Accountant in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Reporting Accountant on the 2023 Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet listed on the Stock Exchange in during the year ended December 31, 2023, this disclosure requirement is not applicable to us.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

		Year ended 31 December	
	Note	**2023**	**2022**
		RMB'000	*RMB'000*
Revenue	*3*	1,028,256	742,748
Cost of sales	*4*	(450,904)	(276,779)
Gross profit		577,352	465,969
Selling and marketing expenses	*4*	(191,799)	(138,976)
General and administrative expenses	*4*	(480,473)	(258,314)
Research and development expenses	*4*	(268,165)	(210,401)
Other income	*5*	108,457	27,169
Other gains	*6*	279,848	15,440
Provision for impairment on financial assets		(1,763)	(747)
Operating profit/(loss)		23,457	(99,860)
Finance income		2,771	8,419
Finance costs		(12,801)	(4,181)
Finance (cost)/income – net		(10,030)	4,238
Share of net loss of associates accounted for using the equity method		(665,183)	(805,016)
Loss before income tax		(651,756)	(900,638)
Income tax expenses	*7*	(2,459)	(16,228)
Loss for the year		(654,215)	(916,866)
Loss for the year attributable to:			
– Owners of the Company		(656,064)	(916,540)
– Non-controlling interests		1,849	(326)
		(654,215)	(916,866)
Loss per share attributable to the owners of the Company			
Basic loss per share (in RMB)	*8(a)*	(0.65)	(0.90)
Diluted loss per share (in RMB)	*8(b)*	(0.65)	(0.90)
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(615)	66
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		(3,981)	5,026
Other comprehensive income for the year, net of income tax		(4,596)	5,092
Total comprehensive loss for the year		(658,811)	(911,774)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		(660,585)	(911,376)
– Non-controlling interests		1,774	(398)
		(658,811)	(911,774)

CONSOLIDATED BALANCE SHEETS

	Note	As at 31 December 2023	2022
		RMB'000	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		120,773	132,967
Right-of-use assets		19,381	15,531
Investment properties		165,039	169,053
Intangible assets		17,191	19,019
Deferred income tax assets		17,806	4,687
Investments accounted for using the equity method	*9*	292,518	205,620
Financial assets at fair value through other comprehensive income		39,006	43,689
Financial assets at fair value through profit or loss		82,445	82,578
Total non-current assets		754,159	673,144
Current assets			
Prepayments, other receivables and other assets		79,049	340,230
Trade receivables	*10*	67,552	40,623
Financial assets at fair value through profit or loss		192,321	188,567
Inventories		667	687
Customer accounts and restricted cash	*11*	9,183,911	8,757,259
Cash and cash equivalents	*11*	189,840	145,504
Total current assets		9,713,340	9,472,870
Total assets		10,467,499	10,146,014
Liabilities			
Non-current liabilities			
Borrowings	*14*	147,900	158,950
Lease liabilities		7,599	4,896
Deferred income tax liabilities		165	89
Deferred income		9,480	11,820
Total non-current liabilities		165,144	175,755
Current liabilities			
Trade payables	*12*	76,006	38,946
Contract liabilities	*3*	12,645	9,601
Income tax payables		8,614	4,611
Borrowings	*14*	289,645	105,279
Lease liabilities		9,874	9,071
Accruals and other payables	*13*	9,311,927	8,742,296
Total current liabilities		9,708,711	8,909,804
Total liabilities		9,873,855	9,085,559
Equity			
Share capital		1,014,760	1,014,760
Other reserves		2,255,086	2,067,341
Accumulated losses		(2,680,545)	(2,023,710)
Equity attributable to owners of the Company		589,301	1,058,391
Non-controlling interests		4,343	2,064
Total equity		593,644	1,060,455
Total equity and liabilities		10,467,499	10,146,014

NOTES TO THE 2023 PRELIMINARY FINANCIAL INFORMATION

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 "Listing Business"). The ultimate controlling party of the Group is Mr. Zhang Zhengyu.

The 2023 Preliminary Financial Information is presented in Renminbi ("RMB"), unless otherwise stated.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the 2023 Preliminary Financial Information are set out below. These policies have been consistently applied, unless otherwise stated.

2.1 Basis of preparation

The 2023 Preliminary 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 2023 Preliminary 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 2023 Preliminary 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 2023 Preliminary Financial Information are disclosed in Note 4 in "Appendix I – Accountant's Report".

All effective standards, amendments to standards and interpretations, which are mandatory for the financial years beginning on or after 1 January 2023, 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 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.

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	
	2023	**2022**
	RMB'000	*RMB'000*
Revenue from contracts with customers:		
Digital payment services	874,212	630,097
Value-added services	133,544	91,052
Others	658	413
	1,008,414	721,562
Revenue from other sources:		
Rental income	19,842	21,186
Total	1,028,256	742,748
Revenue from contracts with customers:		
At a point in time	993,246	691,624
Over time	15,168	29,938
	1,008,414	721,562

(b) Segment information

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

– Global payment

– Domestic payment

– Value-added services

– Others

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

(i) Segment results, assets and liabilities

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

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

Segment information as at and for the year ended 31 December 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	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	
	2023	**2022**
	RMB'000	*RMB'000*
Employee benefits	670,937	458,712
Processing fees to financial institutions and payment networks	246,258	162,821
Service charge	153,270	67,637
Listing expenses	59,473	–
Professional service expenses	56,706	34,279
Marketing and promotion expenses	44,078	29,611
Travelling expenses	29,916	18,463
Office and telecommunication expenses	17,412	18,246
Depreciation of property, plant and equipment	13,673	13,909
Outsourcing labour costs	11,325	10,903
Depreciation of right-of-use assets	9,213	8,726
Other taxes and surcharges	8,365	5,566
Auditors' remuneration	5,234	1,407
Amortisation of intangible assets	4,670	3,510
Property management expenses	4,450	5,157
Depreciation of investment properties	4,014	4,025
Expense relating to short-term leases	3,064	1,603
Others	49,283	39,895
Total cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses	1,391,341	884,470

5 OTHER INCOME

	Year ended 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Interest income on customer accounts	98,075	21,761
Government grants *(i)*	8,875	4,134
Additional deductible VAT input tax	1,199	939
Dividend income *(ii)*	308	335
	108,457	27,169

(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 2023, dividends were received from financial assets measured at FVOCI.

6 OTHER GAINS

	Year ended 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Dilution gains *(i)*	244,470	–
Foreign exchange gains	27,321	22,869
Interest income on borrowing to related parties	6,247	4,538
Fair value gains/(losses) of financial assets at FVPL	1,770	(11,879)
Gains/(losses) on disposal of property, plant and equipment	63	(15)
Others	(23)	(73)
	279,848	15,440

(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, 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 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, being the difference of fair value and carrying amount of the investment, was recognised upon the completion of such capital injection.

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Current income tax expense	14,800	10,238
Deferred income tax (credit)/expense	(12,341)	5,990
	2,459	16,228

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	
	2023	**2022**
	RMB'000	*RMB'000*
Net loss attributable to the owners of the Company	(656,064)	(916,540)
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	1,014,760	1,014,760
Basic loss per share (RMB per share)	(0.65)	(0.90)

(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 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 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 2022 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	
	2023	**2022**
	RMB'000	*RMB'000*
LianTong *(a)*	291,157	205,620
Zhejiang Zhong Pu Lian Technology Co., Ltd ("Zhong Pu Lian Technology")	1,361	–
	292,518	205,620

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

	Year ended 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
LianTong *(a)*	(663,544)	(805,016)
Zhong Pu Lian Technology	(1,639)	–
	(665,183)	(805,016)

(a) Investment in LianTong

Set out below are the investment in LianTong as at 31 December 2022 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	
		2023 *(Note 5)*	**2022**			**2023**	**2022**
		%	%			*RMB'000*	*RMB'000*
LianTong	The PRC	45.2	50	Associate	Equity method	291,157	205,620

Set out below are the movement of LianTong for the years ended 31 December 2022 and 2023.

	Year ended 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Carrying amounts at the beginning of the year	205,620	390,636
Additions	504,611	620,000
Share of net loss accounted for using the equity method	(663,544)	(805,016)
Dilution gains *(Note 6)*	244,470	–
Carrying amounts at the end of the year	291,157	205,620

(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% and 45.2% of the equity interests in LianTong as at 31 December 2022 and 2023, respectively. 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.

10 TRADE RECEIVABLES

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Trade receivables	72,154	43,686
Less: loss allowance	(4,602)	(3,063)
	67,552	40,623

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	
	2023	**2022**
	RMB'000	*RMB'000*
Within 3 months	59,409	30,694
3 months to 6 months	8,930	5,885
6 months to 1 year	2,616	4,906
More than 1 year	1,199	2,201
	72,154	43,686

11 CASH AND CASH EQUIVALENTS, CUSTOMER ACCOUNTS AND RESTRICTED CASH

Cash and cash equivalents:

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Cash at bank	9,373,600	8,902,651
Cash on hand	151	112
	9,373,751	8,902,763
Less: customer accounts and restricted cash *(a)*	(9,183,911)	(8,757,259)
Cash and cash equivalents	189,840	145,504

(a) Customer accounts and restricted cash

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Customer accounts *(i)*	9,175,263	8,739,240
Performance guarantees for payment business	7,764	12,909
Deposits for bank borrowing	–	5,100
Others	884	10
	9,183,911	8,757,259

(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.

12 TRADE PAYABLES

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Trade payables *(a)*		
– Service charge payables	55,754	20,371
– Payable for processing fees to financial institutions and payment networks	18,990	17,119
– Others	1,262	1,456
	76,006	38,946

(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	
	2023	**2022**
	RMB'000	*RMB'000*
0 to 90 days	60,995	26,643
91 to 180 days	5,021	3,522
181 days to 1 year	2,758	2,161
Over 1 year	7,232	6,620
	76,006	38,946

13 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Payables to merchants and other customers *(i)*	9,082,463	8,637,922
Staff costs and welfare accruals	100,919	44,365
Payables for listing expenses	34,849	–
VAT payables and other tax payables	19,581	5,030
Amounts due to related parties	444	263
Payables for acquisition of long-term assets	387	1,854
Others	73,284	52,862
	9,311,927	8,742,296

(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	
	2023	**2022**
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings, pledged *(a)*	147,900	158,950
Borrowings included in current liabilities:		
Current portion of long-term borrowings		
– Bank borrowings, secured *(b)*	278,401	52,951
– Bank borrowings, unsecured *(c)*	11,244	41,065
– Current portion of long-term bank borrowings, pledged *(a)*	–	11,263
	289,645	105,279
	437,545	264,229

(a) As at 31 December 2022 and 2023, bank borrowings of RMB170,213,000 and RMB159,144,000 were pledged by the Group's investment properties, buildings, and land use rights.

As at 31 December 2022 and 2023, the interest rate on long-term borrowings was 4.1% and 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 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 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 3.80% to 4.65% per annum as at 31 December 2022 and 2023, respectively.

15 COMMITMENTS

(a) Capital commitments

Significant investments contracted for but not recognised as liabilities is as follows:

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Investment commitments to the LianTong	–	430,000

(b) Non-cancellable operating lease

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

	As at 31 December	
	2023	**2022**
	RMB'000	*RMB'000*
Within 1 year	2,179	691

16 DIVIDENDS

No dividend has been paid or declared by the Company for the years ended 31 December 2021, 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 31 December 2023.

17 SUBSEQUENT EVENTS

There were no significant events that require additional disclosure or adjustments occurred after 31 December 2023.

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 January 2024 of the selected property interest held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

20 March 2024

The Board of Directors
Lianlian DigiTech Co., Ltd.
B3, 12/F, Building 1
79 Yueda Lane
Binjiang District
Hangzhou City
Zhejiang Province
The PRC

Dear Sirs,

In accordance with your instructions to value the selected property interest held by Lianlian DigiTech Co., Ltd. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"), in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market value of the property interest as at 31 January 2024 (the "**valuation date**").

The selected property interest forms part of property activities and has a carrying amount of 1% or more of the Group's total assets, therefore the valuation report of the property interest is required to be included in this prospectus.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interest by the income approach by taking into account the rental income of the property derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interest, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of various title documents including Real Estate Title Certificate and other official plans relating to the property interest and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisor – Zhong Lun Law Firm concerning the validity of the property interest in the PRC.

We have not carried out detailed measurement to verify the correctness of the area in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the property was carried out on 19 June 2023 by Devon Yan. He has more than 5 years' experience in valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 30 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

VALUATION CERTIFICATE

Property interest held for investment by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
			RMB
Portions of Lianlian Tower No.79 Yueda Lane Binjiang District Hangzhou City Zhejiang Province The PRC	The property comprises portions of an industrial development known as Lianlian Tower which was completed in 2016. The property is located at No. 79 Yueda Lane, Binjiang District. The locality of the property is a well-developed commercial and industrial park area with mature and sophisticated infrastructural facilities. The property comprises portions of the industrial units on first floor to eighth floor and 378 underground car parking spaces of Lianlian Tower with a total gross floor area of approximately 45,657.15 sq.m, which was held for investment by the Group as at the valuation date. The usage and gross floor area details of the property are set out in note 2. The land use rights of the property have been granted for a term expiring on 7 June 2062 for industrial use.	As at the valuation date, portions of the property were rented to several tenants mainly for research office purpose, while the remaining portion was vacant.	270,800,000 (see note 4)

Notes:

1. Pursuant to a Real Estate Title Certificate – Zhe (2016) Hang Zhou Shi Bu Dong Chan Quan No. 0061498, the industrial units of the property with a total gross floor area of approximately 56,394.52 sq.m (including the industrial units of the property) are owned by Zhejiang Lianlian Information Technology Co., Ltd. (浙江連連信息技術有限公司, "**Lianlian IT**", a wholly-owned subsidiary of the Company) and the relevant land use rights have been granted to for a term expiring on 7 June 2062 for industrial use.

2. According to the information provided by the Group, the gross floor area of the property is set out as below:

Usage	Gross Floor Area	No. of car parking space
	(sq.m.)	
Industrial	33,763.93	N/A
Car parking spaces	11,893.22	378
Total:	**45,657.15**	**378**

3. Pursuant to 26 Tenancy Agreements, the industrial units of the property with a total gross floor area of approximately 33,763.93 sq.m. were leased to several tenants with the expiry dates between 30 April 2024 and 12 December 2029, and the monthly rent receivable as at the valuation date was mainly between RMB23 and RMB59 per sq.m., exclusive of management fees, water and electricity charges.

4. In our valuation, we have attributed no commercial value to the car parking spaces of the property due to the lack of title certificates. For reference purpose, we are of the opinion that the market value of the car parking spaces as at the valuation date was RMB18,300,000, assuming that they could freely be disposed of in the prevailing market without paying additional land use rights grant premium, if demanded.

5. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also have identified and analyzed various relevant lease evidences in the locality which have similar characteristics as the subject property such as use, size, layout and accessibility of the property. The monthly unit rent of these comparables ranges from RMB53 to RMB60 per sq.m. per month for industrial units; and

   b. Based on our market research in the surrounding area of the property, the stabilized market yield ranged from 5.8% to 6.4% for the industrial units as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.2% in the valuation.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisor, which contains, inter alia, the following:

   Lianlian IT is legally and validly in possession of the land use rights and building ownership rights of the industrial units of the property mentioned in Note 1.

1. TAXATION OF SECURITY HOLDERS

The taxation of income and capital gains of holders of H Shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of H Shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, is subject to change and does not constitute legal or tax advice. The discussion does not deal with all possible tax consequences relating to an investment in the H Shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H Shares. The discussion is based upon laws and relevant interpretations in effect as of the date of this Prospectus, all of which are subject to change and may have retrospective effect.

This discussion does not address any aspects of the PRC or Hong Kong taxation other than income tax, capital tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of H Shares.

A. The PRC Taxation

Taxation on Dividends

– *Individual Investor*

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

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

– *Enterprise Investors*

In accordance with the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) issued by NPC on March 16, 2007 and latest amended on December 29, 2018 and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) issued by the State Council on December 6, 2007, came into effect on January 1, 2008 and amended on April 23, 2019, the rate of enterprise income tax

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

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

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (hereinafter referred to as the "**the Arrangement**"), which was signed on August 21, 2006, the Chinese Government may levy taxes on the dividends paid by a PRC-resident enterprise to Hong Kong residents (including resident individuals and resident entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident enterprise unless a Hong Kong resident directly holds 25% or more of the equity interest in a PRC-resident enterprise, then such tax shall not exceed 5% of the total dividends payable by the PRC-resident enterprise. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《<內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排>第五議定書》), which came into effect on December 6, 2019, adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant gains, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the requirements of PRC tax law and regulation, such as the Notice of the SAT on the Issues Concerning the Application of the Dividend Clauses of Tax Agreements (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

– *Tax Treaties*

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into Avoidance of Double Taxation Treaties or Arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Taxation on Share Transfer

– *VAT and Local Additional Tax*

According to the Interim Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》) which was promulgated by the State Council on December 13, 1993, and amended on November 10, 2008, February 6, 2016 and November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, all enterprises and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, sales of service, intangible assets and real estate and the importation of goods within the territory of the PRC shall pay value-added tax at the rate of 0%, 6%, 11% and 17% for the different goods it sells and different services it provides, except when specified otherwise.

Pursuant to the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value added Tax to Replace Business Tax (《關於全面推開營業稅改徵增值稅試點的通知》), which was promulgated by the MOF and the SAT on March 23, 2016 and last amended on April 1, 2019, entities and individuals engaged in the services sale in the PRC are subject to VAT and "engaged in the services sale in the PRC" means that the seller or buyer of the taxable services is located in the PRC. It also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the third appendix of the Notice of the MOF and the SAT on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner, namely Provisions on the Transitional Policies for the Pilot Collection of Value-added Tax in Lieu of Business Tax (《營業稅改徵增值稅試點過渡政策的規定》). According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and

the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

Income Tax

– *Individual Investors*

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

– *Enterprise Investors*

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

Stamp Duty

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

Estate Duty

According to PRC law, no estate duty is currently levied in the PRC.

B. Hong Kong Taxation

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes.

Trading gains from sales of the H Shares effected on the Hong Kong Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Hong Kong Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

2. PRINCIPAL TAXATION OF THE COMPANY IN THE PRC

Please refer to "Regulatory Overview" of the Prospectus.

3. TAXATION OF THE COMPANY IN HONG KONG

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("**IRO**") is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The IRO provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

Under the two-tiered profits tax rates regime in Hong Kong, 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%. The profits of a group entity not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

As our Group carries on certain trade and business in Hong Kong, our Group may be subject to the profits tax regime under the IRO.

4. FOREIGN EXCHANGE

Foreign Exchange

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The SAFE, with the authorization of the People's Bank of China (hereinafter referred to as "**PBOC**"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Foreign Exchange Administration Regulations (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996 and most recently amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Current account items are subject to the reasonable examination of the veracity of transaction documents and the consistency of the transaction documents and the foreign exchange receipts and payments by financial institutions engaging in conversion and sale of foreign currencies and supervision and inspection by the foreign exchange control authorities. For capital account items, overseas organizations and overseas individuals making direct investments in China shall, upon approval by the relevant authorities in charge, process registration formalities with the foreign exchange control authorities. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administrative

authorities. In the event that international revenues and expenditure occur or may occur a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard and control measures on international revenues and expenditure.

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

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to the relevant laws and regulations in the PRC, PRC enterprises (including foreign investment enterprises) which need foreign exchange for current item transactions may, without the approval of the foreign exchange administrative authorities, effect payment through foreign exchange accounts opened at the designated foreign exchange bank, on the strength of valid transaction receipts and proof. Foreign investment enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign exchange (such as our Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting on the distribution of profits, effect payment from foreign exchange accounts at the designated foreign exchange bank, or effect exchange and payment at the designated foreign exchange bank.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it decided to cancel the approval requirement of the SAFE and its branches for the remittance and settlement of the proceeds raised from the overseas listing of the foreign shares into RMB domestic accounts.

According to the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Involved in Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the document and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which took effect on June 1, 2015 and was amended on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjustment of the SAFE in due time in accordance with international revenue and expenditure situations.

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

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

THE PRC LEGAL SYSTEM

The PRC legal system is based on Constitution of the People's Republic of China (《中華人民共和國憲法》, the "**Constitution**"), which was adopted on September 20, 1954 and subsequently amended on January 17, 1975, March 5, 1978, December 4, 1982, April 12, 1988, March 29, 1993, March 15, 1999, March 14, 2004 and March 11, 2018. The PRC legal system is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is a signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

The National People's Congress (the "**NPC**") and its Standing Committee are empowered to exercise the legislative power of the State in accordance with the Constitution and the Legislation Law of the People's Republic of China (《中華人民共和國立法法》, the "**Legislation Law**"), which was adopted on March 15, 2000 and amended on March 15, 2015. The NPC has the power to formulate and amend basic laws governing state authorities, civil, criminal and other matters. The Standing Committee of the NPC formulates and amends laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws.

The people's congresses of the provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, environmental protection and historical cultural protection based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the matters concerning formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions but such local regulations shall conform with the Constitution, laws, administrative regulations, and the relevant local regulations of the relevant provinces or autonomous regions. The standing committees of the people's congresses of the provinces or autonomous regions examine the legality of local regulations submitted for approval, and such approval should be granted within four months if

they are not in conflict with the Constitution, laws, administrative regulations and local regulations of such provinces or autonomous regions. Where, during the examination for approval of local regulations of cities divided into districts by the standing committees of the people's congresses of the provinces or autonomous regions, conflicts are identified with the rules and regulations of the people's governments of the provinces or autonomous regions concerned, a handling decision should be made by the standing committees of the people's congresses of provinces or autonomous regions to resolve the issue. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned. The autonomous regulations and separate regulations of an autonomous region shall come into force after being reported to and approved by the Standing Committee of the NPC. The autonomous regulations and separate regulations of an autonomous prefecture or an autonomous county shall come into force after being reported to and approved by the standing committee of the people's congress of the province, autonomous region, or municipality directly under the Central Government.

The ministries and commissions of the State Council, the People's Bank of China, National Audit Office and the subordinate institutions with administrative functions directly under the State Council may formulate departmental rules within the jurisdiction of their respective departments based on the laws and administrative regulations, and the decisions and orders of the State Council. The people's governments of the provinces, autonomous regions, municipalities and cities or autonomous prefectures divided into districts may formulate rules and regulations based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the Standing Committee of the NPC. Pursuant to the Resolution of the Standing Committee of the NPC Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) implemented on June 10, 1981, the Supreme People's Court has the power to give interpretation on issues related to the application of laws and decrees in a court trial, and issues related to the application of laws and decrees in a prosecution process of a procuratorate should be interpreted by the Supreme People's Procuratorate. If there is any disagreement in principle between Supreme People's Court's interpretations & Supreme People's Procuratorate's interpretations, such issues shall be reported to the Standing Committee of the NPC for interpretation or judgment. The other issues related to laws and decrees other than the abovementioned should be interpreted by the State Council and the competent authorities. The State Council and its ministries and commissions are also vested with the power to give interpretations of the administrative regulations and departmental rules which they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative authorities which promulgate such laws.

THE PRC JUDICIAL SYSTEM

Under the Constitution and the Law of Organization of the People's Courts of the People's Republic of China (《中華人民共和國人民法院組織法》), which is adopted on September 21, 1954 and subsequently amended on July 5, 1979, September 2, 1983, December 2, 1986, October 31, 2006 and October 26, 2018, the PRC judicial system is made up of the Supreme People's Court, the local people's courts, the military courts and other special people's courts.

The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up civil, criminal and economic divisions, and certain people's tribunals based on the facts of the region, population and cases. The intermediate people's courts have divisions similar to those of the basic people's courts and may set up other special divisions if needed. These two levels of people's courts are subject to supervision by people's courts at higher levels. The Supreme People's Court is the highest judicial authority in the PRC. It supervises the administration of justice by the people's courts at all levels and special people's courts. The Supreme People's Procuratorate is authorized to supervise the judgment and ruling of the people's courts at all levels which have been legally effective, and the people's procuratorate at a higher level is authorized to supervise the judgment and ruling of a people's court at lower levels which have been legally effective.

Under the Civil Procedure Law of the People's Republic of China (《中華人民共和國民事訴訟法》), which is adopted on April 9, 1991 and subsequently amended on October 28, 2007, August 31, 2012, June 27, 2017, and September 1, 2023, which became effective from January 1, 2024 a people's court takes the rule of the second instance as the final rule. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's court at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's court are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court, and judgments or rulings of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds some definite errors in a legally effective judgment, ruling or conciliation statement of the people's court at any level, or if the people's court at a higher level finds such errors in a legally effective judgment, ruling or conciliation statement of the people's court at a lower level, it has the authority to review the case itself or to direct the lower-level people's court to conduct a retrial. If the chief judge of all levels of people's courts finds some definite errors in a legally effective judgment, ruling or conciliation statement, and considers a retrial is preferred, such case shall be submitted to the judicial committee of the people's court at the same level for discussion and decision.

The Civil Procedure Law of the People's Republic of China prescribes the conditions for instituting a civil action, the jurisdiction of the people's courts, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the PRC Civil Procedure Law. Generally, a civil case is initially heard by the court located in the defendant's place of domicile. The court of jurisdiction in respect of a civil action may also be chosen by explicit agreement among the parties to a contract, provided that the people's court having jurisdiction should be located at places substantially connected with the disputes, such as the plaintiff's or the defendant's place of domicile, the place where the contract is executed or signed or the place where the object of the action is located, provided that the provisions regarding the level of jurisdiction and exclusive jurisdiction shall not be violated.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a PRC court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the PRC court may apply the same limitations to the citizens and enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a PRC court. In accordance with the international treaties to which the People's Republic of China is a signatory or participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. All parties to a civil action shall perform the legally effective judgments and rulings. If any party to a civil action refuses to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years subject to application for postponed enforcement or revocation. If a party fails to satisfy within the stipulated period a judgment which the court has granted an enforcement approval, the court may, upon the application of the other party, mandatorily enforce the judgment on the party.

Where a party applies for enforcement of a judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, the applicant may directly apply to a foreign court with jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, international treaties with the relevant foreign country, which provided for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless the people's court considers that the recognition or enforcement of such judgment or ruling would violate the basic legal principles of the PRC, its sovereignty or national security, or against the social and public interests.

THE PRC SECURITIES LAWS AND REGULATIONS

The PRC has promulgated a number of regulations that relate to the issue and trading of shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee is responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC is the regulatory arm of the Securities Committee and is responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offerings of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking relevant research and analysis. In April 1998, the State Council consolidated the two departments and reformed the CSRC.

The Interim Provisional Regulations on the Administration of Share Issuance and Trading (《股票發行與交易管理暫行條例》) stipulates the public offerings of equity securities, trading in equity securities, the acquisition of listed companies, deposit, clearing and transfer of listed equity securities, the disclosure of information with respect to a listed company, investigation, penalties and dispute settlement.

On December 25, 1995, the State Council promulgated the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》). These regulations principally govern the issue, subscription, trading and declaration of dividends and other distributions of domestic listed foreign shares and disclosure of information of joint stock limited companies having domestic listed foreign shares.

The Securities Law of the People's Republic of China (《中華人民共和國證券法》, the "**PRC Securities Law**") took effect on July 1, 1999 and was revised as of August 28, 2004, October 27, 2005, June 29, 2013, August 31, 2014 and December 28, 2019, respectively. The PRC Securities Law, which was revised on December 28, 2019 and came into effect on March 1, 2020, is divided into 14 chapters and 226 articles, regulating, among other things, the issue and trading of securities, the listing of securities, and takeovers of listed companies.

Article 224 of the PRC Securities Law provides that domestic enterprises which, directly or indirectly, issue securities or list and trade their securities outside the PRC shall comply with the relevant regulations of the State Council. Currently, the issue and trading of foreign issued securities (including shares) are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

ARBITRATION AND ENFORCEMENT OF ARBITRAL AWARD

The Arbitration Law of the People's Republic of China (《中華人民共和國仲裁法》) (the "**PRC Arbitration Law**") was enacted by the Standing Committee of the NPC on August 31, 1994, which became effective on September 1, 1995 and was amended on August 27, 2009 and September 1, 2017, respectively. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to resolve disputes by arbitration before an arbitration committee constituted in accordance with the PRC Arbitration Law. The PRC Arbitration Law provides that an arbitration committee may, before the promulgation of arbitration regulations by the PRC Arbitration Association, formulate interim arbitration rules in accordance with the PRC Arbitration Law and the PRC Civil Procedure Law. Where the parties have agreed to settle disputes by means of arbitration, a people's court will refuse to handle a legal proceeding initiated by one of the parties at such people's court, unless the arbitration agreement is invalid.

Under the PRC Arbitration Law and PRC Civil Procedure Law, an arbitral award shall be final and binding on the parties involved in the arbitration. If any party fails to comply with the arbitral award, the other party to the award may apply to a people's court for its enforcement. The people's court can issue a ruling prohibiting the enforcement of an arbitral award made by an arbitration commission after verification by collegial bench formed by the people's court if there is any procedural irregularity (including but not limited to irregularity in the composition of the arbitration tribunal or arbitration proceedings, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

Any party seeking to enforce an award of a foreign affairs arbitral body of the PRC against a party who or whose property is not located within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement of the award. Likewise, an arbitral award made by a foreign arbitral body may be recognized and enforced by a PRC court in accordance with the principle of reciprocity or any international treaties concluded or acceded to by the PRC.

The PRC acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (《承認及執行外國仲裁裁決公約》, the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution passed by the Standing Committee of the NPC on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the Convention, the Standing Committee of the NPC declared that (i) the PRC will only apply the Convention to the recognition and enforcement of arbitral awards made in the territories of other parties based on the principle of reciprocity; and (ii) the New York Convention will only be applied to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for mutual enforcement of arbitral awards between Hong Kong and the Supreme People's Court of China was reached. The Supreme People's Court of China adopted the Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《關於內地與香港特別行政區相互執行仲裁裁決的安排》) on June 18, 1999, which went into effect on February 1, 2000. The arrangement reflects the spirit of the New York Convention. Under the arrangement, the awards by the Mainland arbitral bodies in accordance with the PRC Arbitration Law may be enforced in Hong Kong, and the awards by the Hong Kong arbitral bodies according to the Arbitration Ordinance of Hong Kong SAR may also be enforced in the Mainland China. If the Mainland court finds that the enforcement of awards made by the Hong Kong arbitral bodies in the Mainland will be against public interests of the Mainland, or the court of Hong Kong SAR decides that the enforcement of the arbitral awards in Hong Kong SAR will be against public policies of Hong Kong SAR, the awards may not be enforced. The Supreme People's Court of China adopted the Supplementary Arrangements on the Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) (the "**Supplementary Arrangements**") on November 9, 2020. According to the Supplementary Arrangements, before or after the acceptance of an application for enforcement of an arbitration award, the relevant court may, upon application and in accordance with the law of the place where the arbitration award is enforced, adopt preservation or enforcement measures.

JUDICIAL JUDGMENT AND ITS ENFORCEMENT

According to the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "Arrangement") promulgated by the Supreme People's Court on January 25, 2024 and implemented on January 29, 2024, the Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial matters between the courts of Hong Kong and the PRC. In respect of judgments for the award of property, reciprocal recognition and enforcement of judgments includes both monetary and non-monetary rulings. the scope of recognition and enforcement by the courts of the Mainland and of the HKSAR shall include the property awarded, the corresponding interest, costs, payment for late compliance, or interest for late compliance awarded in the judgment, but shall not include taxes and penalties.

THE PRC COMPANY LAW, THE TRIAL MEASURES AND THE GUIDELINES

The Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "**PRC Company Law**") was adopted by the 5th meeting of the SCNPC on December 29, 1993 and came into effect on July 1, 1994. It was amended on December 25, 1999, August 28, 2004, October 27, 2005, December 28, 2013, October 26, 2018, and December 29, 2023, which will become effective from July 1, 2024, respectively. The latest revised PRC Company Law was implemented on October 26, 2018.

The Trial Measures which were promulgated by the CSRC on February 17, 2023 and came into effect on March 31, 2023, and were applicable to the overseas offering and listing of PRC domestic companies' securities.

The Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) the "**Guidelines**") which were issued by the CSRC on December 16, 1997, latest revised on December 15, 2023 and came into effect on the same date, providing the guidelines for the Articles of Association. As such, the contents provided in the Guidelines are set out in the Articles of Association of the Company, the summary of which is set out in the section entitled "Appendix VII – Summary of Articles of Association" in this document.

Set out below is a summary of the major provisions of the PRC Company Law, the Trial Measures and the Guidelines applicable to the Company.

GENERAL

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

INCORPORATION

A joint stock limited company may be established by promotion or subscription. A joint stock limited company shall have a minimum of two but no more than 200 people as its promoters, and over half of the promoters must be resident within the PRC. Companies established by promotion are companies of which the registered capital is the total share capital subscribed for by all the promoters registered with the company's registration authorities. No share offering shall be made before the shares subscribed for by the promoters are fully paid up. For companies established by subscription, the registered capital is the total paid-up share capital as registered with the company's registration authorities. If laws, administrative regulations and State Council decisions provide otherwise on paid-in registered capital and the minimum registered capital, the company should follow such provisions.

For companies incorporated by way of promotion, the promoters shall subscribe in writing for the shares required to be subscribed for by them and pay up their capital contributions under the articles of association. In the case of capital contributions to be made in non-cash assets, the formalities for transfer of property rights shall be completed in accordance with the provisions of the law. Promoters who fail to pay up their capital contributions in accordance with the foregoing provisions shall assume default liabilities in accordance with the covenants set out in the promoters' agreement. After the promoters have subscribed for the capital contribution under the articles of association, a board of directors and a supervisory board shall be elected and the board of directors shall apply for registration of establishment by filing the articles of association with relevant administration for industry and commerce, and other documents as required by the law or administrative regulations.

After the subscription monies for the share issue have been paid in full, a capital verification institution established under PRC law must be engaged to conduct a capital verification and furnish a certificate thereof. The promoters of the company shall preside over and convene an inauguration meeting within 30 days from the date of the full payment of subscription monies. The inauguration meeting shall be formed by the promoters and subscribers. Where the shares issued remain undersubscribed by the cut-off date stipulated in the share offering prospectus, or where the promoter fails to convene an inauguration meeting within 30 days of the subscription monies for the shares issued being fully paid up, the subscribers may demand that the promoters refund the subscription monies so paid together with the interest at bank rates of a deposit for the same period. Within 30 days of the conclusion of the inauguration meeting, the board of directors shall apply to the company registration authority for registration of the establishment of the company. A company is formally established and has the capacity of a legal person after approval of registration has been given by the relevant administration for industry and commerce and a business license has been issued.

SHARE CAPITAL

The promoters of a company may make a capital contribution in currencies, or on-monetary assets such as in kind or intellectual property rights or land use rights which can be appraised with monetary value and transferred lawfully, except for assets which are prohibited from being contributed as capital by the laws or administrative regulations. If a capital contribution is made in non-monetary assets, a valuation and verification of the fair value of the assets contributed must be carried out.

The issuance of shares shall be conducted in a fair and equitable manner. The same class of shares must carry equal rights. For shares issued at the same time and within the same class, he conditions and price per share must be the same. The share offering price may be equal to or greater than the nominal value of the share, but may not be less than the nominal value.

A PRC domestic company must file with the CSRC to offer its shares to the overseas public. According to the Trial Measures, target investors of overseas offering and listing by domestic companies shall be overseas investors, unless prescribed in the Trial Measures or otherwise stipulated by the state.

INCREASE IN SHARE CAPITAL

Under the PRC Company Law, where a company is issuing new shares, resolutions shall be passed at shareholder's general meeting in accordance with the articles of association in respect of the class and amount of the new shares, the issue price of the new shares, the commencement and end dates for the issue of the new shares and the class and amount of the new shares proposed to be issued to existing shareholders.

After the issue of new share the company has been paid up, the change must be registered with the company registration authorities and a public announcement must be made accordingly. Where an increase in registered capital of a company is made by means of an issue of new shares, the subscription of new shares by shareholders shall be made in accordance with the relevant provisions on the payment of subscription monies for the establishment of a company.

REDUCTION OF SHARE CAPITAL

When a company needs to reduce its registered capital, it shall prepare a statement of financial position and a property list. The company shall inform its creditors within 10 days, from the date of resolution on reduction in registered capital, and publish an announcement in the newspaper within 30 days after the resolution approving the reduction of registered capital has been passed. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the company to pay its debts or provide guarantees covering the debts.

REPURCHASE OF SHARES

A company shall not purchase its own shares except under any of the following circumstances:

(1) Reducing the registered capital of the company;

(2) Merging with another company that holds its shares;

(3) Using shares for employee stock ownership plan or equity incentives;

(4) A shareholder requesting the company to purchase the shares held by him since he objects to a resolution of the shareholders' meeting on the combination or division of the company;

(5) Using shares for converting convertible corporate bonds issued by the listed company;

(6) It is necessary for a listed company to protect the corporate value and the rights and interests of shareholders.

A company purchasing its own shares under any of the circumstances set forth in items (1) and (2) of the preceding paragraph shall be subject to a resolution of the shareholders' meeting; and a company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) of the preceding paragraph may, pursuant to the articles of association or the authorization of the shareholders' meeting, be subject to a resolution of a meeting of the board of directors at which more than two-thirds of directors are present.

After purchasing its own shares pursuant to the provisions of the first paragraph of this article, a company shall, under the circumstance set forth in item (1), cancel them within 10 days after the purchase; while under the circumstance set forth in either item (2) or (4), transfer or cancel them within six months; and while under the circumstance set forth in item (3), (5) or (6), aggregately hold not more than 10% of the total shares that have been issued by the company, and transfer or cancel them within three years.

A listed company purchasing its own shares shall perform the obligation of information disclosure. A listed company purchasing its own shares under any of the circumstances set forth in items (3), (5) and (6) shall carry out trading in a public and centralized manner.

TRANSFER OF SHARES

Shares held by shareholders may be transferred legally. Under the PRC Company Law, a shareholder should effect a transfer of his shares on a stock exchange established in accordance with laws or by any other means as required by the State Council. Registered shares may be transferred after the shareholders endorse the back of the share certificates or in any other manner specified by the laws or administrative regulations. Following the transfer, the company shall enter the names and domiciles of the transferees into its share register. No changes of registration in the share register described above shall be effected during a period of 20 days prior to convening a shareholders' general meeting or 5 days prior to the record date for the purpose of determining entitlements to dividend distributions, unless otherwise stipulated by laws on the registration of changes in the share register of listed companies. The transfer of bearer share certificates shall become effective upon the delivery of the certificates to the transferee by the shareholder.

Under the PRC Company Law, shares held by promoters may not be transferred within one year of the establishment of the company. Shares of the company issued prior to the public issuance of shares may not be transferred within one year of the date of the company's listing on a stock exchange. Directors, supervisors and the senior management of a company shall declare to the company their shareholdings in it and any changes in such shareholdings. During their terms of office, they may transfer no more than 25% of the total number of shares they hold in the company every year. They shall not transfer the shares they hold within one year of the date of the company's listing on a stock exchange, nor within six months after they leave their positions in the company. The articles of association may set out other restrictive provisions in respect of the transfer of shares in the company held by its directors, supervisors and the senior management.

SHAREHOLDERS

Under the PRC Company Law and the Guidelines, the rights of holders of ordinary shares of a joint stock limited company include the right:

(1) to receive dividends and profit distributions in any other form in proportion to their shareholdings;

(2) to lawfully require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting right;

(3) to supervise, present suggestions on or make inquiries about the operations of the Company;

(4) to transfer, gift or pledge their shares in accordance with the laws, administrative regulations, departmental rules, normative documents and the listing rules of the stock exchange in the place where the stocks of the company are listed, and the articles of association;

(5) to acquire relevant information according to the provisions of the articles of association, including the duplicate of the articles of association, share register, counterfoil of company debentures, minutes of shareholders' general meetings, audited financial statements of the company, reports of directors, accounting firms and the Supervisory Committee;

(6) in the event of the termination or liquidation of the company, to participate in the distribution of the remaining property of the company in proportion to the shares held by them;

(7) to require the company to buy their shares in the event of their objection to resolutions of the general meeting concerning merger or division of the company; and

(8) any other shareholders' rights provided for in laws, administrative regulations, other regulatory documents and the articles of association.

The obligations of shareholders include the obligation to abide by the articles of association, to pay the subscription monies in respect of the shares subscribed for, to be liable for the company's debts and liabilities to the extent of the amount of his or her subscribed shares and any other shareholder obligation specified in the articles of association.

SHAREHOLDERS' GENERAL MEETINGS

The general meeting is the organ of authority of the company, which exercises its powers in accordance with the PRC Company Law. The general meeting may exercise its powers:

(1) to decide on the company's operational objectives and investment plans;

(2) to elect and remove the directors and supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of directors and supervisors;

(3) to review and approve the reports of the board of directors;

(4) to review and approve the reports of the supervisory board;

(5) to review and approve the company's annual financial budgets and final accounts;

(6) to review and approve the company's profit distribution proposals and loss recovery proposals;

(7) to decide on any increase or reduction of the company's registered capital;

(8) to decide on the issue and listing of corporate bonds and other securities;

(9) to decide on merger, division, dissolution and liquidation of the company or change of its corporate form;

(10) to amend the articles of association; and

(11) to exercise any other authority stipulated in the articles of association.

A shareholders' general meeting is required to be held once every year. An extraordinary general meeting is required to be held within two months of the occurrence of any of the following:

(1) the number of directors is less than the number stipulated by the PRC Company Law or less than two-thirds of the number specified in the articles of association;

(2) the outstanding losses of the company amounted to one-third of the company's total paid-in share capital;

(3) shareholders individually or in aggregate holding 10% or more of the company's shares request the convening of an extraordinary general meeting;

(4) the board deems necessary;

(5) the supervisory board proposes to hold; or

(6) any other circumstances as provided for in the articles of association.

A shareholders' general meeting shall be convened by the board of directors, and presided over by the chairman of the board of directors. In the event that the chairman is incapable of performing or is not performing his duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or is not performing his duties, a director nominated by half or more of the directors shall preside over the meeting. Where the board of directors is incapable of performing or is not performing its duties to convene the general meeting, the supervisory board shall convene and preside over shareholders' general meeting in a timely manner. If the supervisory board fails to convene and preside over shareholders' general meeting, shareholders individually or in aggregate holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over shareholders' general meeting.

In accordance with the PRC Company Law, a notice of the general meeting stating the date and venue of the meeting and the matters to be considered at the meeting shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting. For the issuance of bearer share certificates, the time and venue of and matters to be considered at the meeting shall be announced 30 days before the meeting. A single shareholder who holds, or several shareholders who jointly hold, three percent or more of the shares of the company may submit an interim proposal in writing to the board of directors ten days before the general meeting is held. The board of directors shall notify other shareholders within two days upon receipt of the proposal, and submit the said interim proposal to the general meeting for deliberation. The contents of the interim proposal shall fall within the scope of powers of the general meeting, and the proposal shall have a clear agenda and specific matters on which resolutions are to be made. The general meeting shall not make any resolution in respect of any matter not set out in the above-mentioned two types of notices. Holders of bearer share certificates who wish to attend a general meeting shall deposit their share certificates with the company five days before the meeting and till the conclusion of the meeting.

Under the PRC Company Law, shareholders present at a shareholders' general meeting have one vote for each share they hold, save that the company's shares held by the company are not entitled to any voting rights.

An accumulative voting system may be adopted for the election of directors and supervisors at the general meeting pursuant to the provisions of the articles of association or a resolution of the general meeting. Under the accumulative voting system, each share shall be entitled to the number of votes equivalent to the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their votes for one or more directors or supervisors when casting a vote.

Under the PRC Company Law, resolutions of the general meeting must be passed by more than half of the voting rights held by shareholders present at the meeting, with the exception of matters relating to merger, division or dissolution of the company, increase or reduction of registered share capital, change of corporate form or amendments to the articles of association,

which in each case must be passed by at least two-thirds of the voting rights held by the shareholders present at the meeting. Where the PRC Company Law and the articles of association provide that the transfer or acquisition of significant assets or the provision of external guarantees by the company and the other matters must be approved by way of resolution of the general meeting, the directors shall convene a shareholders' general meeting promptly to vote on such matters by shareholders' general meeting.

Minutes shall be prepared in respect of matters considered at the general meeting and the chairperson and directors attending the meeting shall endorse such minutes by signature. The minutes shall be kept together with the shareholders' attendance register and the proxy forms.

BOARD

A company shall have a board, which shall consist of 5 to 19 members. The term of a director shall be stipulated in the articles of association, provided that no term of office shall last for more than three years. A director may serve consecutive terms if re-elected. A director shall continue to perform his/her duties as a director in accordance with the laws, administrative regulations and the articles of association until a duly reelected director takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of directors results in the number of directors being less than the quorum.

Under the PRC Company Law, the board of directors may exercise its powers:

(1) to convene shareholders' general meetings and report on its work to the shareholders' general meetings;

(2) to implement the resolutions passed by the shareholders at the shareholders' general meetings;

(3) to decide on the company's operational plans and investment proposals;

(4) to formulate proposal for the company's annual financial budgets and final accounts;

(5) to formulate the company's profit distribution proposals and loss recovery proposals;

(6) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(7) to formulate proposals for the merger, division or dissolution of the company or change of corporate form;

(8) to decide on the setup of the company's internal management organs;

(9) to appoint or dismiss the company's manager and decide on his/her remuneration and, based on the manager's recommendation, to appoint or dismiss any deputy general manager and financial officer of the company and to decide on their remunerations;

(10) to formulate the company's basic management system; and

(11) to exercise any other authority stipulated in the articles of association.

Meetings of the board of directors shall be convened at least twice each year. Notices of meeting shall be given to all directors and supervisors 10 days before the meeting. Interim board meetings may be proposed to be convened by shareholders representing more than 10% of the voting rights, more than one-third of the directors or the supervisory board. The chairman shall convene the meeting within 10 days of receiving such proposal, and preside over the meeting. The board may otherwise determine the means and the period of notice for convening an interim board meeting. Meetings of the board of directors shall be held only if more than half of the directors are present. Resolutions of the board shall be passed by more than half of all directors. Each director shall have one vote for a resolution to be approved by the board. Directors shall attend board meetings in person. If a director is unable to attend for any reason, he/she may appoint another director to attend the meeting on his/her behalf by a written power of attorney specifying the scope of authorization.

If a resolution of the board of directors violates the laws, administrative regulations or the articles of association or resolutions of the general meeting, and as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be relieved from that liability.

Under the PRC Company Law, the following person may not serve as a director in a company: (i) a person who is unable or has limited ability to undertake any civil liabilities; (ii) a person who has been convicted of an offense of corruption, bribery, embezzlement, misappropriation of property or destruction of the socialist market economic order, or who has been deprived of his political rights due to his crimes, in each case where less than five years have elapsed since the date of completion of the sentence; (iii) a person who has been a former director, factory manager or manager of a company or an enterprise that has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise; (iv) a person who has been a legal representative of a company or an enterprise that has had its business license revoked due to violations of the law or has been ordered to close down by law and the person was personally responsible, where less than three years have elapsed since the date of such revocation; (v) a person who is liable for a relatively large amount of debts that are overdue.

Where a company elects or appoints a director to which any of the above circumstances applies, such election or appointment shall be null and void. A director to which any of the above circumstances applies during his/her term of office shall be released of his/her duties by the company.

Under the PRC Company Law, the board shall appoint a chairman and may appoint a vice chairman.

The chairman and the vice chairman shall be elected with approval of more than half of all the directors. The chairman shall convene and preside over board meetings and review the implementation of board resolutions. The vice chairman shall assist the chairman to perform his/her duties. Where the chairman is incapable of performing or is not performing his/her duties, the duties shall be performed by the vice chairman. Where the vice chairman is incapable of performing or is not performing his/her duties, a director nominated by more than half of the directors shall perform his/her duties.

SUPERVISORY BOARD

A company shall have a supervisory board composed of not less than three members. The supervisory board shall consist of representatives of the shareholders and an appropriate proportion of representatives of the company's staff, of which the proportion of representatives of the company's staff shall not be less than one-third, and the actual proportion shall be determined in the articles of association. Representatives of the company's staff at the supervisory board shall be democratically elected by the company's staff at the staff representative assembly, general staff meeting or otherwise. Directors and senior management shall not act concurrently as supervisors.

Each term of office of a supervisor is three years and he/she may serve consecutive terms if reelected. A supervisor shall continue to perform his/her duties as a supervisor in accordance with the laws, administrative regulations and the articles of association until a duly re-elected supervisor takes office, if re-election is not conducted in a timely manner upon the expiry of his/her term of office or if the resignation of supervisors results in the number of supervisors being less than the quorum.

The supervisory board may exercise its powers:

(1) to review the company's financial position;

(2) to supervise the directors and senior management in their performance of their duties and to propose the removal of directors and senior management who have violated laws, administrative regulations, the articles of association or resolutions of the shareholders' general meetings;

(3) when the acts of a director or senior management personnel are detrimental to the company's interests, to require the director and senior management to correct these acts;

(4) to propose the convening of extraordinary shareholders' general meetings and to convene and preside over shareholders' general meetings when the board fails to perform the duty of convening and presiding over shareholders' general meetings under the PRC Company Law;

(5) to submit proposals to the shareholders' general meetings;

(6) to bring actions against directors and senior management personnel pursuant to the relevant provisions of the PRC Company Law; and

(7) to exercise any other authority stipulated in the articles of association.

Supervisors may be present at board meetings and make inquiries or proposals in respect of the resolutions of the board. The supervisory board may investigate any irregularities identified in the operation of the company and, when necessary, may engage an accounting firm to assist its work at the cost of the company.

The supervisory board shall appoint a chairman and may appoint a vice chairman. The chairman and the vice chairman of the supervisory board shall be elected by more than half of the supervisors. The chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the chairman of the supervisory board is incapable of performing or is not performing his/her duties, the vice chairman of the supervisory board shall convene and preside over supervisory board meetings. Where the vice chairman of the supervisory board is incapable of performing or is not performing his/her duties, a supervisor recommended by more than half of the supervisors shall convene and preside over supervisory board meetings.

MANAGER AND SENIOR MANAGEMENT

Under the PRC Company Law, a company shall have a manager who shall be appointed or removed by the board of directors. The manager, who reports to the board of directors, may exercise his/her powers:

(1) to manage the production and operation and administration of the company and arrange for the implementation of the resolutions of the board of directors;

(2) to arrange for the implementation of the company's annual operation plans and investment proposals;

(3) to formulate proposals for the establishment of the company's internal management organs;

(4) to formulate the fundamental management system of the company;

(5) to formulate the company's specific rules and regulations;

(6) to recommend the appointment or dismissal of any deputy manager and any financial officer of the company;

(7) to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the board of directors); and

(8) to exercise any other authority granted by the board of directors or the articles of association.

Other provisions in the articles of association on the manager's powers shall also be complied with. The manager shall be present at meetings of the board of directors. However, the manager shall have no voting rights at meetings of the board of directors unless he/she concurrently serves as a director.

According to the PRC Company Law, senior management refers to the manager, deputy manager, financial officer, secretary to the board of a listed company and other personnel as stipulated in the articles of association.

DUTIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors, supervisors and senior management are required under the PRC Company Law to comply with the relevant laws, administrative regulations and the articles of association, and carry out their duties of loyalty and diligence.

Directors, supervisors and senior management are prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's property.

Directors and senior management are prohibited from:

(1) misappropriating company funds;

(2) depositing company funds into accounts under their own names or the names of other individuals to deposit;

(3) loaning company funds to others or providing guarantees in favor of others supported by company's property in violation of the articles of association or without approval of the general meeting or the board of directors;

(4) entering into contracts or transactions with the company in violation of the articles of association or without approval of the general meeting;

(5) using their position to procure business opportunities for themselves or others that should have otherwise been available to the company or operating businesses similar to that of the company for their own benefits or on behalf of others without approval of the general meeting;

(6) accepting commissions paid by a third-party for transactions conducted with the company;

(7) unauthorized divulgence of confidential information of the company; and

(8) other acts in violation of their duty of loyalty to the company.

Income generated by directors or senior management in violation of aforementioned shall be returned to the company.

A director, supervisor or senior management who contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company shall be liable to the company for compensation.

Where a director, supervisor or senior management is required to attend a shareholders' general meeting, such director, supervisor or senior management shall attend the meeting and answer the inquiries from shareholders. Directors and senior management shall furnish all true information and data to the supervisory board, without impeding the discharge of duties by the supervisory board or supervisors.

Where a director or senior management contravenes law, administrative regulation or articles of association in the performance of his/her duties resulting in any loss to the company, shareholder(s) holding individually or in aggregate no less than 1% of the company's shares consecutively for at least 180 days may request in writing that the supervisory board institute litigation at a people's court on its behalf. Where the supervisory violates the laws or administrative regulations or the articles of association in the discharge of its duties resulting in any loss to the company, such shareholder(s) may request in writing that the board of directors institute litigation at a people's court on its behalf. If the supervisory board or the board of directors refuses to institute litigation after receiving this written request from the shareholder(s), or fails to institute litigation within 30 days of the date of receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the company's interests, such shareholder(s) shall have the power to institute litigation directly at a people's court in its own name for the company's benefit. For other parties who infringe the lawful interests of the company resulting in loss to the company, such shareholder(s) may institute litigation at a people's court in accordance with the procedure described above. Where a director or senior management contravenes any laws, administrative regulations or the articles of association in infringement of shareholders' interests, a shareholder may also institute litigation at a people's court.

FINANCE AND ACCOUNTING

A company shall establish its own financial and accounting systems according to the laws, administrative regulations and the regulations of the competent financial departments of the State Council. At the end of each financial year, a company shall prepare a financial report which shall be audited by an accounting firm in accordance with the laws. The financial and accounting reports shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial departments of the State Council.

The company's financial reports shall be made available for shareholders' inspection at the company 20 days before the convening of an annual general meeting. A joint stock limited company that makes public stock offerings shall publish its financial reports.

When distributing each year's profits after taxation, the company shall set aside 10% of its profits after taxation for the company's statutory common reserve fund until the fund has reached 50% or more of the company's registered capital. When the company's statutory common reserve fund is not sufficient to make up for the company's losses for the previous years, the current year's profits shall first be used to make good the losses before any allocation is set aside for the statutory common reserve fund. After the company has made allocations to the statutory common reserve fund from its profits after taxation, it may, upon passing a resolution at a shareholders' general meeting, make further allocations from its profits after taxation to the discretionary common reserve fund. After the company has made good its losses and made allocations to its discretionary common reserve fund, the remaining profits after taxation shall be distributed in proportion to the number of shares held by the shareholders, except for those which are not distributed in a proportionate manner as provided by the articles of association.

Profits distributed to shareholders by a resolution of a shareholders' general meeting or the board of directors before losses have been made good and allocations have been made to the statutory common reserve fund in violation of the requirements described above must be returned to the company. The company shall not be entitled to any distribution of profits in respect of shares held by it.

The premium over the nominal value of the shares of the company earned from the issue of share and other income as required by CSRC to be treated as the capital reserve fund shall be accounted for as the capital reserve fund. The common reserve fund of a company shall be applied to make good the company's losses, expand its business operations or increase its capital. The capital reserve fund, however, shall not be used to make good the company's losses. Upon the transfer of the statutory common reserve fund into capital, the balance of the fund shall not be less than 25% of the registered capital of the company before such transfer.

The company shall have no accounting books other than the statutory books. The company's assets shall not be deposited in any account opened under the name of an individual.

APPOINTMENT AND RETIREMENT OF AUDITORS

Pursuant to the PRC Company Law, the engagement or dismissal of an accounting firm responsible for the company's auditing shall be determined by a shareholders' general meeting or the board of directors in accordance with the articles of association. The accounting firm should be allowed to make representations when the general meeting or the board of directors conduct a vote on the dismissal of the accounting firm. The company should provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the engaged accounting firm without any refusal or withholding or falsification of information.

PROFIT DISTRIBUTION

According to the PRC Company Law, a company shall not distribute profits before losses are covered and the statutory common reserve fund is provided.

DIVIDENDS

A company has the power in certain circumstances to withhold, and pay to the relevant tax authorities, any tax payable under PRC laws on any dividends or other distributions payable to a shareholder. Under Hong Kong laws, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is three years. A company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to PRC Company Law, the resolution of a shareholders' general meeting regarding any amendment to a company's articles of association requires affirmative votes by at least two-thirds of the votes held by shareholders attending the meeting.

DISSOLUTION AND LIQUIDATION

Under the PRC Company Law, a company shall be dissolved for any of the following reasons:

(1) the term of its operation set out in the articles of association has expired or other events of dissolution specified in the articles of association have occurred;

(2) the shareholders' general meeting has resolved to dissolve the company;

(3) the company is dissolved by reason of its merger or division;

(4) the business license of the company is revoked or the company is ordered to close down or to be dissolved in accordance with the laws;

(5) the company is dissolved by a people's court in response to the request of shareholders holding shares that represent more than 10% of the voting rights of all shareholders of the company, on the grounds that the operation and management of the company has suffered serious difficulties that cannot be resolved through other means, rendering ongoing existence of the company a cause for significant losses to the shareholders.

In the event of paragraph (1) above, the company may carry on its existence by amending its articles of association. The amendments to the articles of association in accordance with the provisions described above shall require the approval of more than two-thirds of voting rights of shareholders attending a shareholders' general meeting.

Where the company is dissolved under the circumstances set forth in paragraph (1), (2), (4) or (5) above, it should establish a liquidation committee within 15 days of the date on which the dissolution matter occurs. The liquidation committee shall be composed of directors or any other person determined by a shareholders' general meeting. If a liquidation committee is not established within the prescribed period, the company's creditors may file an application with a people's court to appoint relevant personnel to form a liquidation committee to administer the liquidation. The people's court should accept such application and form a liquidation committee to conduct liquidation in a timely manner.

The liquidation committee may exercise following powers during the liquidation:

(1) to sort out the company's assets and to prepare a statement of financial position and an inventory of assets, respectively;

(2) to notify creditors by notice or public notices;

(3) to deal with any outstanding business related to the liquidation;

(4) to pay outstanding tax together with any tax arising during the liquidation process;

(5) to settle claims and liabilities;

(6) to handle the company's remaining assets after its debts have been paid off;

(7) to represent the company in any civil procedures.

The liquidation committee shall notify the company's creditors within 10 days of its establishment, and publish an announcement in newspapers within 60 days.

A creditor shall lodge his claim with the liquidation committee within 30 days of receipt of the notification or within 45 days of the date of the announcement if he has not received any notification. A creditor shall report all matters relevant to his claimed creditor's rights and furnish relevant evidence. The liquidation committee shall register such creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

Upon disposal of the company's property and preparation of the required statement of financial position and inventory of assets, the liquidation committee shall draw up a liquidation plan and submit this plan to a shareholders' general meeting or a people's court for endorsement. The remaining part of the company's assets, after payment of liquidation expenses, employee wages, social insurance expenses and statutory compensation, outstanding taxes and the company's debts, shall be distributed to shareholders in proportion to shares held by them. The company shall continue to exist during the liquidation period, although it cannot conduct operating activities that are not related to the liquidation. The company's property shall not be distributed to shareholders before repayments are made in accordance with the requirements described above.

Upon liquidation of the company's property and preparation of the required statement of financial position and inventory of assets, if the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must apply to a people's court for a declaration of bankruptcy in accordance with the laws. Following such declaration by the people's court, the liquidation committee shall hand over the administration of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or a people's court for confirmation of its completion. Following such confirmation, the report shall be submitted to the company registration authority to cancel the company's registration, and an announcement of its termination shall be published. Members of the liquidation committee are required to discharge their duties in good faith and perform their obligation in compliance with laws. Members of the liquidation committee shall be prohibited from abusing their authority in accepting bribes or other unlawful income and from misappropriating the company's properties. Members of the liquidation committee are liable to indemnify the company and its creditors in respect of any loss arising from their willful or gross negligence.

Liquidation of a company declared bankrupt according to laws shall be processed in accordance with the laws on corporate bankruptcy.

OVERSEAS LISTING

Pursuant to the Trial Measures, where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three PRC business days after such application is submitted.

MERGER AND DIVISION

A merger agreement shall be signed by merging companies and the involved companies shall prepare respective statements of financial position and inventory of assets. The companies shall within 10 days of the date of passing the resolution approving the merger notify their respective creditors and publicly announce the merger in newspapers within 30 days. A creditor may, within 30 days of receipt of the notification, or within 45 days of the date of the announcement if he has not received the notification, request the company to settle any outstanding debts or provide relevant guarantees. In case of a merger, the credits and debts of the merging parties shall be assumed by the surviving or the new company.

In case of a division, the company's assets shall be divided and a statement of financial position and an inventory of assets shall be prepared. When a resolution regarding the company's division is approved, the company should notify all its creditors within 10 days of the date of passing such resolution and publicly announce the division in newspapers within 30 days. Unless an agreement in writing is reached with creditors before the company's division in respect of the settlement of debts, the liabilities of the company which have accrued prior to the division shall be jointly borne by the divided companies.

Changes in the business registration of the companies as a result of the merger or division shall be registered with the relevant administration authority for industry and commerce.

In accordance with the laws, cancelation of a company shall be registered when a company is dissolved and incorporation of a company shall be registered when a new company is incorporated.

This Appendix sets out summaries of the main clauses of our Articles of Association adopted on June 21, 2023 which shall become effective as at the date on which the H shares are listed on the Stock Exchange. As the main purpose of this Appendix is to provide an overview of the Articles of Association, it may not necessarily contain all information that is important for prospective investors.

DIRECTORS AND BOARD OF DIRECTORS

Power to allocate and issue Shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare suggestions for share allotment or issue, which are subject to approval by the Shareholders at the general Shareholders' meeting ("**General Meeting**") in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws, administrative regulations and supervision rules of shares listed region.

Power to dispose assets of our Company or any subsidiary

The Board of Directors shall determine the authority of external investment, acquisition and sale of assets, asset mortgage, external guarantee matters, entrusted financial management, connected transactions, external donations, and establish strict review and decision-making procedures. Major investment projects shall be reviewed by relevant experts and professionals and reported to the General Meeting for approval.

Guarantees of Loans to Directors, Supervisors or other management personnel

The external guarantee matters of the Company shall be submitted to the Board of Directors or the General Meeting for deliberation.

The following acts of external guarantee of the Company shall be submitted to the General Meeting for deliberation and approval after being reviewed and approved by the Board of Directors:

(1) any guarantee to be provided after the total amount of external guarantees provided by the Company or the subsidiaries it controls has exceeded 50% of the Company's net assets as audited in the latest period;

(2) any guarantee to be provided after the total amount of external guarantees provided by the Company has exceeded 30% of its total assets as audited in the latest period;

(3) the amount guaranteed by the Company within one year exceeds 30% of its latest audited total assets;

(4) any guarantee to be provided for a party whose ratio of liabilities to assets exceeds 70%;

(5) any single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(6) any guarantee to be provided to a shareholder, or to an ultimate controller or related party;

(7) other external guarantees that meet the requirements of the applicable laws, regulations, normative documents, securities regulatory rules for the place where the Company's shares are listed, the Articles of Association or the Company's system and approved by the General Meeting.

Provide financial assistance for acquiring the shares of the Company or shares of any subsidiary

The Company or its subsidiaries (including its subsidiaries) will not provide any financial assistance to the person who purchases or intends to purchase the Company's shares in the form of gifts, advances, guarantees, compensation or loans.

Remuneration

The appointment and removal of the members of the Board of Directors and the Board of Supervisors, as well as their remuneration and payment methods, shall be adopted by the General Meeting by ordinary resolution.

Appointment, resignation and dismissal

The Board of Directors is composed of eight directors, including three independent non-executive directors. The directors of the Company are elected by the General Meeting.

The Board of Directors has one chairman. The chairman of the Board of Directors shall be elected by more than half of all Directors. The Directors shall be elected or replaced by the General Meeting, and may be removed by the General Meeting through an ordinary resolution before the expiration of their term of office.

The chairman of the Board and other Directors serve three-year terms, and the director can be re-elected and reappointed at the end of the term. The general manager or other senior managers may concurrently serve as directors. However, the total number of directors concurrently serving as the general manager or other senior managers shall not exceed half of the total number of directors of the Company.

None of the following persons shall serve as our Director, Supervisor or senior management:

(1) a person who has no civil capacity or has limited civil capacity;

(2) a person who has been sentenced to a term of imprisonment for any of the following crimes and five years have not elapsed since the date on which execution of the sentence was completed: embezzlement, bribery, conversion of property, misappropriation of property, or sabotaging the socialist economic order; or has been deprived of his/her political rights as a result of a criminal conviction and five years have not elapsed since the date on which execution of the sentence was completed;

(3) a person who has served as a director, the factory chief, or the manager of an insolvent and liquidated company or enterprise and is held personally liable for such bankruptcy, and three years have not elapsed since the date when the bankruptcy and liquidation of the company or enterprise are completed;

(4) a person who has served as the legal representative of a company or enterprise whose business license was revoked or which is ordered to close down due to any violation of law, and is held personally liable for the revocation, and three years have not elapsed since the date when the revocation occurs;

(5) a person who has a relatively large sum of debt, which was not paid at maturity;

(6) a person who has been banned from entering the securities market by the CSRC and whose term has not expired;

(7) other contents stipulated by laws, administrative regulations, departmental rules and Hong Kong Stock Exchange.

The election, appointment or employment of the Directors, Supervisors or other senior management shall be invalid if such election, appointment or employment is against the Articles of Association. If the Directors, Supervisors or senior management falls into the situations provided in the above-mentioned situations during their term of office, they would be dismissed by our Company.

Borrowing powers

The Board of Directors shall be entitled to develop proposals for our Company to issue bonds and to list its shares, and that such bond issues must be approved by the shareholders by a special resolution at the General Meeting.

Duties

The directors shall abide by laws, administrative regulations and the Articles of Association, and shall have the following loyal duties to the Company:

(1) shall not abuse their authority by accepting bribes or other illegal income, and shall not encroach on the Company's property;

(2) shall not misappropriate company funds;

(3) shall not deposit Company's assets into accounts held in their own names or in the name of any other individual;

(4) shall not, in violation of the Articles of Association, loan Company's funds to any other person or give Company's assets as security for the debt of any other person without the approval of the General Meeting or the Board of Directors;

(5) shall not conclude any contract or engage in any transaction with the Company either in violation of the Articles of Association or without the approval of the General Meeting;

(6) shall not use the advantages provided by their own positions to pursue business opportunities that properly belong to the Company to engage in the same business as the Company either for their own account or for the account of any other person without the approval of the General Meeting;

(7) shall not accept commissions paid by others for transactions conducted with the Company as their own;

(8) shall not disclose confidential Company's information without authorization;

(9) shall not abuse their connected relationships to damage the Company's interests;

(10) other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, and the Articles of Association.

The income obtained by the director in violation of above article shall belong to the Company. If losses are caused to the Company, he/she shall be liable for compensation.

Directors shall abide by laws, administrative regulations and the Articles of Association, and have the following diligent obligations to the Company:

(1) shall prudently, earnestly and diligently exercise the powers the Company grants to them to ensure that the Company conducts its commercial activities in a manner that complies with the requirements of state laws, administrative regulations and state economic policies, and that the Company's commercial activities do not go beyond the scope of the business activities stipulated in the Company's business license;

(2) shall treat all shareholders fairly;

(3) shall maintain a timely awareness of the operation and management of the Company;

(4) shall sign written statements confirming the regular reports of the Company (subject to requirements of the Hong Kong Stock Exchange), and ensure that the information disclosed by the Company is true, accurate and complete;

(5) shall provide accurate information and materials to the Board of Supervisors and shall not obstruct the Board of Supervisors or individual supervisors from performing its or their duties;

(6) other obligations of diligence stipulated in the laws, administrative regulations, departmental rules and Articles of Association.

The duty of loyalty assumed by the directors shall not be automatically relieved within a reasonable period after the resignation report has not come into effect or has come into effect, and within a reasonable period after the end of the term of office. The duty of confidentiality of the Company's business secrets shall remain valid after the resignation report comes into effect or the end of the term of office, until the secrets become public information.

Without the provisions of the Articles of Association or the lawful authorization of the Board of Directors, no director shall act in his own name on behalf of the Company or the Board of Directors. When a director acts in his/her own name, the director shall declare his/her position and identity in advance if the third-party reasonably believes that the director is acting on behalf of the Company or the Board of Directors.

Where any director or senior officer, in the course of his company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, shareholders individually or jointly holding more than 1% of the Company's Shares for more than 180 successive days may make a written request to the Board of Supervisors to bring a lawsuit in the people's court; where the Board of Supervisors, in the course of its company duties, violates any law, administrative regulations or the Articles of Association and causes the Company to suffer a loss, the shareholders may make a written request to the Board of Directors to bring a lawsuit in the people's court.

Where the Board of Supervisors or the Board of Directors refuses to bring a lawsuit after receiving a written request from the shareholders prescribed in the preceding paragraph or fails to bring a lawsuit within 30 days of receiving such a request, or where the situation is so urgent that failure to bring a lawsuit will lead to irreparable damage to the interests of the Company, the shareholders prescribed in the preceding paragraph may bring a lawsuit directly in their own names for the benefit of the Company.

In the event of any other person infringes upon the legitimate rights and interests of our Company and causes losses thereto, the shareholder(s) specified in this Articles of Association may file an action with the competent court pursuant to the provisions of the preceding two paragraphs.

In the event of a Director or senior management person violates laws, administrative regulations or our Company's Articles of Association, thereby damaging the interests of the Shareholder(s), the Shareholder(s) may file an action with the competent court.

MODIFICATION OF THE ARTICLES OF ASSOCIATION

Our Company may amend the Articles of Association based on the provisions of the laws, administrative regulations and Articles of Association.

Where the amendments to the Articles of Association passed by the General Meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval. Where the amendment of the Articles of Association involves registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY ABSOLUTE MAJORITY VOTE

The resolutions of the General Meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution may be adopted by a simple majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the shareholders (including proxies of Shareholders) attending the General Meeting.

VOTING RIGHTS

Shareholders (including proxy) shall exercise their voting rights according to the number of voting Shares they represent, and each share shall have one vote.

The General Meeting of Shareholders shall vote by open ballot. The same voting right can only choose one of on-site, online or other voting methods (if any). In case of repeated voting with the same voting right, the first voting result shall prevail.

Shareholders attending the General Meeting shall express one of the following opinions on the proposal submitted for voting: affirmative, negative or abstention. The securities registration and clearing organization shall be the nominee holder of shares on the Interconnection Mechanism for Mainland and Hong Kong Stock Markets (if any), except where declaration is made in accordance with the actual holder's intent. Where any ballot is not completed in full, is completed incorrectly or unintelligibly, or has no vote recorded, the voter shall be deemed to have waived his voting rights and the voting result for his shares shall be deemed as an "abstention".

RULES ON GENERAL MEETINGS

The General Meetings are divided into annual general meetings and extraordinary general meetings. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

ACCOUNTING AND AUDITS

Financial and accounting policies

Our Company shall develop its financial accounting policies pursuant to laws, administrative regulations and rules developed by the competent department.

The Company shall issue a consolidated annual financial audit report for the previous year in accordance with the Chinese accounting system, and the financial audit report shall be submitted to the board of directors and the General Meeting for approval after being audited by the accounting firm engaged by the Company.

The Company shall not establish other accounting books except for the statutory accounting books. The assets of the Company shall not be deposited in any account opened in the name of any individual.

Appointment and dismissal of Accountants

The Company employs an accounting firm that complies with relevant national regulations to conduct accounting statement audit, net asset verification and other related consulting services. The employment period is one year, and can be renewed.

The employment of accounting firms by the Company must be decided by the General Meeting, and the Board of Directors shall not appoint accounting firms before the decision of the General Meeting.

The Company shall guarantee to provide the accounting firm it employs with true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials, and shall not refuse, conceal or make false statements.

The Company shall notify the accounting firm 10 days in advance when dismissing or no longer renewing the accounting firm. The accounting firm shall be allowed to state its opinions when the General Meeting votes on dismissing the accounting firm. If the accounting firm proposes to resign, it shall explain to the General Meeting whether the Company has any improper situation.

NOTICE AND AGENDA OF GENERAL SHAREHOLDERS' MEETINGS

The General Meeting is the authorized organ of our Company

Under any of the following circumstances, the Company shall convene an extraordinary General Meeting within two months:

(1) where the number of directors falls below the number prescribed in the Company Law or below two thirds of the number prescribed in the Articles of Association;

(2) where the Company's unfunded losses reach one third of total Share capital paid in;

(3) where shareholders who individually or jointly hold no less than 10% of the Company's stock request holding of such a meeting;

(4) where the Board of Directors deems it necessary;

(5) where the Board of Supervisors proposes such a meeting;

(6) in any other circumstances prescribed by laws, administrative regulations, departmental rules, other securities regulatory rules of the place where the company's shares are listed or the Articles of Association.

If the Board of Directors agree to convene an extraordinary General Meeting, the notice of convening extraordinary General Meeting shall be issued within 5 days after the Board of Directors makes a resolution. With regard to the proposal of convening an extraordinary General Meeting made by the Board of Supervisors, if the Board of Directors made a rejection or does not respond within 10 days after receiving the proposal, it shall be viewed as the Board of Directors is unable to or fails to perform its meeting duty of convening the General Meeting and the Board of Supervisors may convene and preside over the meeting by its own.

Shareholders who separately or jointly hold 10% or more of the shares may request in writing to convene an extraordinary General Meeting. If the Board of Directors does not issue a notice of convening the meeting within 10 days after receiving the above written requirement, or refused to convene, the shareholders who make the request may request the Board of Supervisors in writing to convene the meeting. If the Board of Supervisors does not issue the notice about convening the meeting within 5 days after receiving the above written requirement, the shareholders who separately or jointly hold 10% or more of the shares for more than 90 successive days could convene and preside the meeting by themselves.

If the General Meeting is convened, the Board of Directors, the Board of Supervisors and shareholders who separately or jointly hold more than 3% of the shares of our Company may submit a proposal 10 days before the meeting.

The convener shall notify shareholders by announcement 20 days before the annual general meeting, and the extraordinary general meeting shall notify shareholders by announcement 15 days before the meeting. In calculating the advance notice period, the Company shall not include the day of the meeting.

The notice of a General Meeting includes the following:

(1) the time, place and duration of the meeting;

(2) matters and proposals submitted to the meeting to review;

(3) explain in obvious words that all shareholders have the right to attend the general meeting of shareholders and may appoint a proxy in writing to attend the meeting and participate in the vote, and the shareholder proxy need not be a shareholder of the company;

(4) share registration date of the shareholders entitled to attend the general meeting;

(5) name and telephone number of the permanent contact person for conference affairs.

The notice of the General Meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals, as well as all the materials or explanations required to enable the shareholders to make a reasonable judgment on the matters to be discussed. If the matter to be discussed needs the opinion of independent non-executive directors, the opinions and reasons of independent non-executive directors will be disclosed at the same time when the notice General Meeting or supplementary notice is issued.

The resolution of the General Meeting includes ordinary resolution and special resolution. The following matters shall be approved by the General Meeting through ordinary resolutions:

(1) work report of the Board of Directors and the Board of Supervisors;

(2) plans of earnings distribution and loss make-up schemes drafted by the Board of Directors;

(3) appointment or dismissal of the members of the Board of Directors and the Board of Supervisors, and their payment and payment methods;

(4) annual budget and final account report;

(5) annual report of the Company;

(6) other matters other than those approved by special resolution stipulated in the laws, administrative regulations, other securities regulatory rules of the place where the company's shares are listed, the Articles of Association or the rules of procedure for General Meeting.

The following matters shall be approved by special resolution at the General Meeting:

(1) the increase or reduction of the registered capital;

(2) the division, spin-offs, mergers, dissolutions and liquidation of the Company;

(3) the amendment to the Articles of Association;

(4) to review and approve the purchases or sell of material assets by the Company within 12 consecutive months or the guarantee amount exceeds 30% of the latest audited total assets of the Company;

(5) to review the Company's employee equity incentive plan;

(6) other matters stipulated by laws, administrative regulations, securities regulatory rules of the place where the company's shares are listed, and the Articles of Association, as well as other matters that the general meeting determines by ordinary resolution will have a significant impact on the Company and need to be passed by special resolution.

If any resolution of the General Meeting or resolution of the Board of Directors violates laws or administrative regulations, any shareholder is entitled to request the court to deem it as invalid.

If the convening procedure or voting formula of the General Meeting or meeting of the Board of Directors violates any of laws, administrative regulations or the Articles of Association, or resolution of which violates the Articles of Association, any shareholder is entitled to ask the court to overturn within 60 days after the resolution was adopted.

SHARE TRANSFERS

The shares of our Company holding by the funders thereof shall not be transferred within one year of the date of establishment of our Company.

The Directors, Supervisors, and senior management of our Company shall declare, to our Company, information on their holdings of the shares of our Company and the changes thereto. The shares transferrable by them during each year of their term of office shall not exceed 25 percent of their total holdings of the Shares of our Company. The Shares that they hold in our Company shall not be transferred within one year of the date on which the stocks of our Company are listed and traded. The aforesaid persons shall not transfer their Shares of our Company within half a year from the date of their resignation.

Where any Director, Supervisor or senior manager of the Company who holds more than 5% of the Company Shares sells company's stock he holds within 6 months of the relevant purchase, or purchases any stock he has sold within 6 months of the relevant sale, the proceeds generated therefrom shall be incorporated into the profits of the Company, and the Board of Directors of the Company shall recover the proceeds. However, the following circumstances shall be excluded where a securities company holds more than 5% of the shares due to its purchase of any remaining Shares under best efforts underwriting or where the provisions of the CSRC are apply.

Shares or other securities with the nature of equity held by Directors, Supervisors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts. If the Board of Directors of the Company fails to comply with the above paragraph of this Article, the shareholders are entitled to request the Board of Directors to do so within 30 days. If the Board of Directors of the Company fails to comply within the aforesaid period, the shareholders are entitled to initiate litigation directly in the People's Court in their own names for the interest of the Company. And if the Board of Directors fails to implement the provisions set forth in this Article, the responsible Directors shall bear joint and several liability in accordance with law.

RIGHTS OF OUR COMPANY TO PURCHASE OUR OUTSTANDING ISSUED SHARES

The Company shall not repurchase of its Shares. However, exceptions are made in any of the following cases:

(1) to reduce the registered capital of the Company;

(2) to merge with other companies that hold shares in the Company;

(3) to use the shares for employee shareholding schemes or as share incentives;

(4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;

(5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;

(6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

The Company may purchase its own Shares through public centralized trading, or through other means recognized by the laws, administrative regulations, or the CSRC. Where the Company purchases its own Shares under any of the circumstances specified in Items 3, 5, or 6 of Article 23 of the Articles of Association, centralized trading shall be adopted publicly.

POWER FOR ANY SUBSIDIARY OF OUR COMPANY TO OWN SHARES IN ITS PARENT

There are no provisions in the Articles of Association relating to ownership by subsidiary of our Company of Shares in its parent.

DIVIDEND AND OTHER DISTRIBUTION METHODS

The Company attaches importance to the reasonable return on investment to shareholders, and the profit distribution should follow the principle of paying attention to the reasonable return on investment to shareholders and benefiting the long-term development of the Company. The Company's profit distribution policy should maintain continuity and stability, and comply with the relevant provisions of laws and regulations. The Company may distribute dividends in cash or stock. Under the condition that the Company has distributable profits, the Board of Directors of the Company may make cash dividend distribution plans or/and stock dividend distribution plans according to the Company's business and financial conditions.

After the General Meeting of our Company make a resolution on dividends distribution plan, the Board of Directors shall complete the distribution within 2 months after the convening of the General Meeting.

SHAREHOLDER PROXIES

Shareholders can attend the General Meeting in person or entrust a proxy to attend and vote on their behalf.

Any proxy statement issued by a shareholder who authorizes a proxy to attend the General Meeting on his behalf shall include the following details:

(1) the name of the proxy;

(2) whether the proxy is authorized to vote;

(3) respective instructions on affirmative, negative or abstention voting on each item for consideration listed in the General Meeting agenda;

(4) the issuance date and valid period of the proxy statement;

(5) the signature (or seal) of the shareholder.

The power of attorney shall indicate whether the shareholder's proxy can vote according to his own will if the shareholder does not give specific instructions. A shareholder's proxy needs not be a shareholder of the Company.

Where a shareholder authorizes another person to sign a proxy statement for voting, the power of attorney for signing authority or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall be lodged at the Company's domicile or any other place stipulated in the meeting notice. Where the shareholder is a legal person, its legal representative or any person authorized by a resolution of the Board of Directors or other decision-making body shall attend the General Meeting as its proxy.

If a member is a recognized clearing house (or its agent) as such term is defined in the relevant regulations from time to time in Hong Kong, it may authorize one or more persons as it thinks fit to act as its representative at any general meeting; Provided, however, that if more than one person is so authorized the powers of attorney shall set forth the number and class number of shares in respect of which each such person has so authorized. A person so authorized may attend (without production of share certificate by notarial authority and/or further evidence of due authority) and exercise all rights (including the right to speak and vote) on behalf of a recognized clearing house (or its alternate) as if that person were an individual shareholder of the Company.

REVIEW THE REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company establishes the register of shareholders according to the certificate provided by the securities registration authority. The register of Shareholders is sufficient evidence to prove that the shareholders hold the Company's Shares unless there is evidence to the contrary. Shareholders enjoy rights and assume obligations according to the types of shares they hold. Shareholders holding the same kind of Shares shall enjoy the same rights and undertake the same obligations.

When our Company convenes the General Meeting, pays dividends, goes into liquidation or is involved in other actions that require the confirmation of identities, the Board of Directors or the convener of the General Meeting shall determine the shareholders who enjoy the relevant rights and interests according to the register of shareholders.

RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDERS

The controlling shareholders and actual controllers of the Company shall not use their connected relationship to damage the legitimate interests of the Company and other shareholders; Controlling shareholders and actual controllers who violate relevant laws, regulations and Articles of Association and cause losses to the Company and other shareholders shall be liable for compensation.

Controlling shareholders and ultimate controllers of the Company shall have a duty of good faith to the Company and other shareholders. Controlling shareholders shall exercise their investors' rights in strict accordance with the law and shall not damage the lawful interests of the Company or of public shareholders in any way such as via the distribution of profits, an asset reorganization, external investments, the use of Company's funds or the provision of a loan guarantee, nor shall they abuse their controlling positions to damage the interests of the Company or of public shareholders.

PROCEDURES FOR LIQUIDATION

The Company shall be dissolved in accordance with the law under any of the following circumstances:

(1) the term of business operation expires or other circumstances as stipulated by the Articles of Association;

(2) the general meeting resolves to dissolve the Company;

(3) dissolution is necessary as a result of the merger or division of the Company;

(4) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws;

(5) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is to be dissolved pursuant to Items (1), (2), (4) or (5) of above paragraph of this Article, a liquidation committee shall be established within 15 days from the date when the event of dissolution occurs. The liquidation committee shall be composed of Directors or members determined by the General Meeting. Where the Company fails to form a liquidation committee to liquidate the Company within the prescribed period of time, its creditors may petition the people's court to appoint the relevant persons to establish a liquidation committee and liquidate the Company.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in at least one newspaper within 60 days. Creditors shall file their claims with the liquidation committee within 30 days of receiving the notice, or within 45 days of publication of the first notice if any such creditor does not receive the notice.

In filing their claims, creditors shall provide all relevant details relating thereto and provide supporting materials. The liquidation committee shall make records of such claims. The liquidation committee shall not pay out on any creditors' claims while such claims are still being filed.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation committee shall prepare a liquidation plan, which shall be submitted to the General Meeting or the people's court for ratification. After paying all liquidation expenses, staff wages and labor insurance expenses, outstanding taxes, and Company's debts, the remaining assets shall be distributed to the shareholders in proportion to their respective shareholdings.

During the liquidation, our Company shall continue to exist, but shall not carry out business activities irrelevant to the liquidation. The property of our Company shall not be distributed to any shareholder before full payments have been made out of the property according to the aforesaid provision.

Where the liquidation committee, after identifying the Company's assets and preparing the balance sheet and schedule of assets, discovers that the Company does not have sufficient assets to repay the Company's debts in full, the liquidation committee shall file a bankruptcy petition with the people's court in accordance with the law.

After our Company is declared bankrupt by ruling of the people's court, the liquidation committee shall turn over matters regarding the liquidation to the people's court.

Upon closure of liquidation of our Company, the liquidation committee shall prepare a liquidation report, which shall be submitted to our General Meeting or the people's court for confirmation. The liquidation committee shall, from the date of the confirmation of the liquidation report by the General Meeting or the people's court, submit it to the company registration authority to apply for cancellation of the Company's registration and announce the termination of the Company.

OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS

General Provisions

Our Company is a permanently existing joint stock limited company.

All the assets of the company are divided into shares of equal value. The shareholders are responsible for the Company to the extent of their subscribed Shares, and the Company is responsible for the Company's debts with all its assets.

The Articles of Association shall, from the date on which they take effect, be the legally binding document that regulates the organization and activities of the Company and the relationship of rights and obligations as between the Company and the shareholders and among the shareholders, and shall be legally binding on the Company, the shareholders, the Directors, the Supervisors and senior officers. Based on the Articles of Association, any shareholder may bring a lawsuit against another shareholder, a Director, a Supervisor, a manager or any other senior officer. Any shareholder may bring a lawsuit against the Company, and the Company may bring a lawsuit against any shareholder, Director, Supervisor, manager or any other senior management.

Share and Transfer

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to a resolution of the general meeting, by any of the following methods:

(1) a public offering of shares;

(2) a private placement of shares;

(3) allotment of bonus shares to existing shareholders;

(4) conversion of reserve funds to share capital;

(5) other methods permitted by laws, administrative regulations and the CSRC, etc.

The Company may reduce its registered capital. Any reduction of the Company's registered capital shall be subject to the procedures prescribed in the Company Law and other relevant regulations, as well as the Articles of Association.

Shareholders

Shareholders are entitled to rights and assumes obligations pursuant to the classification and ratio of their shares. Shareholders holding the same classified share have the same rights and assume the same obligations.

Shareholders of the Company shall enjoy the following rights:

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to apply for, convene, preside, attend or appoint proxies to attend general meetings and to exercise the corresponding right to speak and vote;

(3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

(4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations and the Articles of Association;

(5) the right to inspect the Articles of Association, Register of Shareholders, corporate bond stubs, minutes of general meetings, resolutions of the Board of Directors and resolutions of the Board of Supervisors and accounting reports;

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;

(7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting may request the Company to purchase shares held;

(8) other rights provided for by laws, administrative regulations, departmental rules or the Articles of Association.

Where any Shareholder demands to read the relevant information or obtain any of the aforesaid materials, he shall submit to the Company written documents proving the class(es) and number of shares he holds. The Company shall provide the relevant information or materials in accordance with the Shareholder's demand after verifying the Shareholder's identity.

Shareholders of the Company shall have the following obligations:

(1) to abide by laws, administrative regulations and the Articles of Association;

(2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;

(3) not to return shares unless prescribed otherwise in laws and administrative regulations;

(4) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to harm the interests of the Company's creditors; Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law; Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts;

(5) to assume other obligations required by laws, administrative regulations and the Articles of Association.

The Board of Directors

The Board of Directors shall exercise the following functions and powers:

(1) to convene general meetings and report to the general meetings;

(2) to implement resolutions of the general meetings;

(3) to decide on the Company's business plans and investment plans;

(4) to formulate the annual financial budgets and final accounts of the Company;

(5) to formulate the Company's profit distribution plans and plans on making up losses;

(6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;

(7) to formulate plans for the Company's major acquisition, repurchase the Shares of the Company, or merger, division, dissolution or change of corporate form of the Company;

(8) to decide on matters such as investments, purchase and sale of assets, pledge of assets, external guarantee, entrustment of financial management, connected transactions and donations of the Company within the scope of authorization by the general meeting;

(9) to decide on establishment of internal management organs of the Company;

(10) to decide on the appointment or dismissal of the Company's general manager, secretary of the board and other members of the senior management and decide on matters of their remuneration and rewards and punishments. According to the nomination of the general manager, decide to appoint or dismiss the Company's deputy general manager, financial officer and other senior management, and decide on matters of their remuneration, rewards and punishments;

(11) to formulate the basic management system of the Company;

(12) to formulate proposals to amend the Articles of Association;

(13) to manage the Company's disclosures;

(14) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;

(15) to listen to the work report of the general manager of the Company and to inspect the work of the general manager of the Company;

(16) other functions and powers provided for in laws, administrative regulations, department regulations and the Articles of Association.

Matters beyond the scope of authorization of the General Meeting shall be submitted to the General Meeting for deliberation.

Except as otherwise provided in the Articles of Association, meetings of the Board of Directors shall be held only if more than one half of the directors are present. Directors are not required to hold shares of the Company.

Independent Non-executive Director

The Board of Directors should have three independent Directors, and the total number of independent Directors should be eight.

Secretary of the Board of Directors

The Company shall appoint a secretary of the Board of Directors, who shall be responsible for preparing for General Meetings and meetings of the Board of Directors, the retention of documents, the management of Shareholder materials, etc.

Board of Supervisors

Our Company shall set up a Board of Supervisors.

The Board of Supervisors consists of three Supervisors. The chairman of the Board of Supervisors shall be elected by two third of all Supervisors.

The Board of Supervisors shall be composed of shareholder representatives and an appropriate proportion of company employee representatives. The number of employee representatives shall be no less than one third of all Supervisors. Employee representatives on the Board of Supervisors shall be democratically elected by employees through the employee representative congress, the employee congress, or any other means.

The Board of Supervisors shall exercise the following functions and powers:

(1) to review and give written opinions on the periodic reports of the Company prepared by the Board of Directors;

(2) to examine the Company's financial matters;

(3) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, the Articles of Association or the resolutions of the general meeting;

(4) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;

(5) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings in accordance with the Company Law;

(6) to submit proposals to the general meetings;

(7) to file lawsuits against directors and senior management on behalf of the Company in accordance with the Company Law;

(8) in case of any queries or any abnormal matters during the business operation of the Company, to investigate, and if necessary, to engage professionals such as accounting firms or law firms to assist its work with expenses being borne by the Company;

(9) any other power granted by laws, administrative regulations, departmental rules, the Articles of Association and other internal rules of the Company.

The Supervisors may attend the meetings of the Board of Directors, query or provide suggestions on the resolution matters of the Board meeting.

General Manager

Our Company has one general manager, appointed or dismissed by the Board of Directors.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;

(2) to organize the implementation of the Company's annual business plans and investment plans;

(3) to draft plans for the establishment of the Company's internal management organization;

(4) to draft the Company's basic management system;

(5) to formulate the specific rules and regulations of the Company;

(6) to propose to the Board of Directors appointment or dismissal of deputy general manager, chief financial officer or the other senior managers of the Company;

(7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;

(8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

Reserves

In distributing its current-year after-tax profits, the Company shall allocate 10% of its profit to its statutory reserve fund. Allocations to the Company's statutory reserve fund may be waived once the cumulative amount of funds therein exceeds 50% of the Company's registered capital.

Where the statutory reserve fund is not sufficient to cover any loss made by the Company in the previous year, the current year's profit shall be used to cover such loss before any allocation is made to the statutory reserve fund pursuant to the preceding paragraph.

After an allocation to the statutory reserve fund has been made from the after-tax profit of the Company, and subject to the adoption of a resolution by the General Meeting, an allocation may be made to the discretionary reserve fund.

After the Company has covered its losses and made allocations to the reserve funds, any remaining profit shall be distributed to the shareholders in proportion to their respective shareholdings unless otherwise stipulated in the Articles of Association.

Where the General Meeting, in violation of the preceding paragraph, distributes profits to the shareholders before covering Company's losses and making an allocation to the Company statutory reserve fund, the profits so distributed must be returned to the Company.

Profits shall not be distributed to Shares held by the Company itself.

Company reserve funds shall be used to cover Company's losses, expand production and operations, or converted to increase the Company's capital. However, the capital reserve fund must not be used to cover Company's losses.

After converting statutory reserve funds into capital, the amount remaining in the statutory reserve fund shall be no less than 25% of the Company's registered capital.

FURTHER INFORMATION ABOUT OUR COMPANY

Incorporation

Our Company was incorporated as a limited liability company in the PRC on February 2, 2009 and was converted into a joint stock limited company on December 3, 2020 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB1,014,760,000.

Our Company has established a place of business in Hong Kong at 46/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on June 27, 2023. Ms. Cheung Lai Ha, one of our joint company secretaries, has been appointed as authorized representatives in Hong Kong and our agents for the acceptance of service of process in Hong Kong whose correspondence address is the same as our place of business in Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Summary of Articles of Association" in Appendix VII to this Prospectus. A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Summary of Principal Legal and Regulatory Provisions" in Appendix VI to this Prospectus.

Changes in Share Capital of Our Company

There has been no alterations of our share capital within the two years preceding the date of this Prospectus.

Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries in Note 1 to the Accountant's Report set out in Appendix I to this Prospectus.

The following alterations in the share or registered capital of our subsidiaries have taken place within two years immediately preceding the date of this Prospectus.

LL Pay U.S., LLC. ("LL Pay")

On July 28, 2022, the registered capital of LL Pay increased from US$5,180,000 to US$5,980,000.

On October 24, 2022, the registered capital of LL Pay increased from US$5,980,000 to US$6,680,000.

On February 27, 2023, the registered capital of LL Pay increased from US$6,680,000 to US$6,880,000.

On March 27, 2023, the registered capital of LL Pay increased from US$6,880,000 to US$7,080,000.

On June 21, 2023, the registered capital of LL Pay increased from US$7,080,000 to US$7,480,000.

On September 26, 2023, the registered capital of LL Pay increased from US$7,480,000 to US$7,720,000.

On November 14, 2023, the registered capital of LL Pay increased from US$7,720,000 to US$8,020,000.

Lianlian Pay Electronic Payment (Thailand) Limited

On September 13, 2022, the registered capital of Lianlian Pay Electronic Payment (Thailand) Limited increased from THB50 million to THB60 million.

On October 30, 2023, the registered capital of Lianlian Pay Electronic Payment (Thailand) Limited increased from THB60 million to THB70 million.

Lianlian Pay Brasil Pagamentos Eletrônicos Ltda ("Lianlian Pay Brasil")

On December 28, 2022, the registered capital of Lianlian Pay Brasil increased from BRL10.5 million to BRL16 million.

Nuna Network LLC

On April 12, 2022, the registered capital of Nuna Network LLC increased from US$4,640,000 to US$5,210,000.

On February 27, 2023, the registered capital of Nuna Network LLC increased from US$5,210,000 to US$5,360,000.

On April 7, 2023, the registered capital of Nuna Network LLC increased from US$5,360,000 to US$5,610,000.

On July 26, 2023, the registered capital of Nuna Network LLC increased from US$5,610,000 to US$5,770,000.

Starlink Financial Technologies Pte. Ltd.

On March 25, 2022, the registered capital of Starlink Financial Technologies Pte. Ltd. increased from US$500,000 to US$1 million.

On May 25, 2022, the registered capital of Starlink Financial Technologies Pte. Ltd. increased from US$1 million to US$1.5 million.

On February 8, 2023, the registered capital of Starlink Financial Technologies Pte. Ltd. increased from US$1.5 million to US$1.8 million.

PT Buana Gemah Ripah

On December 28, 2022, the registered capital of PT Buana Gemah Ripah increased from IDR500,000,000 to IDR2,107,460,000.

Starlink Financial Technologies Joint Stock Company

On June 24, 2022, the share capital of Starlink Financial Technologies Joint Stock Company increased from VND2 billion to VND6 billion.

Save as disclosed above, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this Prospectus.

Resolutions of our Shareholders

Pursuant to a general meeting held on June 21, 2023, among other things, our Shareholders resolved to approve the following:

(a) the issuance by our Company of the H Shares of nominal value of RMB1.00 each and such H Shares being listed on the Hong Kong Stock Exchange;

(b) the number of H Shares to be issued pursuant to the Global Offering, and the grant to the underwriters (or their representatives) of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;

(c) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective on the Listing Date, and authorization to the Board to amend the Articles of Association in accordance with the requirements of the relevant laws and regulations and the Listing Rules;

(d) upon completion of the Listing, the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue as at the Listing Date; and

(e) authorization of the Board to handle matters relating to, among other things, the Global Offering, the issue and listing of the H Shares.

Pursuant to a general meeting held on September 20, 2023 and Board meetings held on November 29, 2023 and February 2, 2024, our Shareholders resolved that subject to the filing procedure with the CSRC, upon completion of the Global Offering, 354,368,764 Unlisted Shares held by Everbright Investment, Boyu Jingtai, Sequoia Zhensheng, Hangshi Sailian, Lulian Investment, Sailian Fund II, Saizhi Yunsheng, Sailian Fund I, CICC Jiatai, Puhua Jishi, Qilu Investment, Lianli Investment, Guohe Investment, Jinpu Investment, Caitong Innovation Investment, Kefa Weilian, QING HUANG, CICC Pucheng, Hongfu Investment, Zhejiang Venture Capital, Youchuang Tianchen, Zhihuai Consulting, will be converted into H Shares on a one-for-one basis.

FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be materials as well as contracts required to be disclosed pursuant to the Chapter 4.1 of the Guide for New Listing Applicants issued by the Stock Exchange:

1. an amendment and restatement to the loan agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia Imelda Stevany Hutapea (or abbreviated/also known as Patricia Imelda S Hutapea)("**Mrs. Patricia**"), pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to provide certain loan in the amount of US$500,000 to Mrs. Patricia in connection with the acquisition of her shareholding interest in PT Internasional Sukses Remiten (the "**ISR Loan Agreement**");

2. an amendment and restatement to the loan agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to provide certain loans in the amount of Rp 1,648,244,000 to Mrs. Patricia in connection with the acquisition of her shareholding interest in PT Buana Gemah Ripah (the "**BGR PISH Loan Agreement**");

3. an amendment and restatement to the loan agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Lili Darmawan ("**Mrs. Lili**"), pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to provide certain loans in the amount of Rp 459,216,000 to Mrs. Lili in connection with the acquisition of her shareholding interest in PT Buana Gemah Ripah (the "**BGR LDM Loan Agreement**");

4. an amendment and restatement to the pledge of shares agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia pledged all the shares held in PT Internasional Sukses Remiten in favor of Starlink Financial Technologies Pte. Ltd. to secure the due punctual and complete payment of Mrs. Patricia's obligations to Starlink Financial Technologies Pte. Ltd. under the ISR Loan Agreement;

5. an amendment and restatement to the pledge of shares agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia pledged all her shares held in PT Buana Gemah Ripah in favor of Starlink Financial Technologies Pte. Ltd. to secure the due punctual and complete payment of Mrs. Patricia's obligations to Starlink Financial Technologies Pte. Ltd. under the BGR PISH Loan Agreement;

6. a pledge of shares agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Lili, pursuant to which Mrs. Lili pledged all her shares held in PT Buana Gemah Ripah in favor of Starlink Financial Technologies Pte. Ltd. to secure the due punctual and complete payment of Mrs. Lili's obligations to Starlink Financial Technologies Pte. Ltd. under the BGR LDM Loan Agreement;

7. an irrevocable power of attorney to sell shares dated March 13, 2024 entered into, by and between Mrs. Patricia and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Patricia agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to act on behalf of and in the name of Mrs. Patricia, among others, to sell, transfer and/or otherwise deal with the shares in PT Internasional Sukses Remiten;

8. an irrevocable power of attorney to sell shares dated March 13, 2024 entered into, by and between Mrs. Patricia and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Patricia agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to act on behalf of and in the name of Mrs. Patricia, among others, to sell, transfer and/or otherwise deal with the shares in PT Buana Gemah Ripah;

9. an irrevocable power of attorney to sell shares dated March 13, 2024 entered into, by and between Mrs. Lili and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Lili agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to act on behalf of and in the name of Mrs. Lili, among others, to sell, transfer and/or otherwise deal with the shares in PT Buana Gemah Ripah;

10. an irrevocable power of attorney to exercise shareholders' rights dated March 13, 2024 entered into, by and between Mrs. Patricia and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Patricia agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to perform and exercise, for and on behalf of Mrs. Patricia and in the name of Mrs. Patricia, all acts, deeds and things which Mrs. Patricia as the owner of the shares pledged to Starlink Financial Technologies Pte. Ltd. now and in the future is entitled to perform and exercise the rights of Mrs. Patricia as the holder of her shares in PT Internasional Sukses Remiten;

11. an irrevocable power of attorney to exercise shareholders' rights dated March 13, 2024 entered into, by and between Mrs. Patricia and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Patricia agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to perform and exercise, for and on behalf of Mrs. Patricia and in the name of Mrs. Patricia, all acts, deeds and things which Mrs. Patricia as the owner of the shares pledged to Starlink Financial Technologies Pte. Ltd. now and in the future is entitled to perform and exercise the rights of Mrs. Patricia as the holder of her shares in PT Buana Gemah Ripah;

12. an irrevocable power of attorney to exercise shareholders' rights dated March 13, 2024 entered into, by and between Mrs. Lili and Starlink Financial Technologies Pte. Ltd., pursuant to which Mrs. Lili agreed to grant power of attorney to Starlink Financial Technologies Pte. Ltd. to perform and exercise, for and on behalf of Mrs. Lili and in the name of Mrs. Lili, all acts, deeds and things which Mrs. Lili as the owner of the shares pledged to Starlink Financial Technologies Pte. Ltd. now and in the future is entitled to perform and exercise the rights of Mrs. Lili as the holder of her shares in PT Buana Gemah Ripah;

13. an assignment of proceeds agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia assigned and transferred all her rights, title and interest in and to any proceeds paid or to be paid by PT Internasional Sukses Remiten, and any other accounts receivables to Starlink Financial Technologies Pte. Ltd.;

14. an amendment and restatement to the assignment of proceeds agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia assigned and transferred all her rights, title and interest in and to any proceeds paid or to be paid by PT Buana Gemah Ripah, and any other accounts receivables to Starlink Financial Technologies Pte. Ltd.;

15. an assignment of proceeds agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Lili, pursuant to which Mrs. Lili assigned and transferred all her rights, title and interest in and to any proceeds paid or to be paid by PT Buana Gemah Ripah, and any other accounts receivables to Starlink Financial Technologies Pte. Ltd.;

16. an indemnity agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to indemnify, protect and hold harmless Mrs. Patricia against all losses incurred by Mrs. Patricia resulting from or arising in connection with, among other things, any loss or damage of PT Internasional Sukses Remiten due to operational or non-operational activities;

17. an amendment and restatement to the indemnity agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to indemnify, protect and hold harmless Mrs. Patricia against all losses incurred by Mrs. Patricia resulting from or arising in connection with, among other things, any loss or damage of PT Buana Gemah Ripah due to operational or non-operational activities;

18. an indemnity agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Lili, pursuant to which Starlink Financial Technologies Pte. Ltd. agreed to indemnify, protect and hold harmless Mrs. Lili against all losses incurred by Mrs. Lili resulting from or arising in connection with, among other things, any loss or damage of PT Buana Gemah Ripah due to operational or non-operational activities;

19. a call option agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia agreed to grant Starlink Financial Technologies Pte. Ltd. the option to require Mrs. Patricia to sell her shares held in PT Internasional Sukses Remiten to Starlink Financial Technologies Pte. Ltd. at a consideration of Rp1.0;

20. an amendment and restatement to the call option agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Patricia, pursuant to which Mrs. Patricia agreed to grant Starlink Financial Technologies Pte. Ltd. the option to require Mrs. Patricia to sell her shares held in PT Buana Gemah Ripah to Starlink Financial Technologies Pte. Ltd. at a consideration of Rp1.0;

21. a call option agreement dated March 13, 2024 entered into between Starlink Financial Technologies Pte. Ltd. and Mrs. Lili, pursuant to which Mrs. Lili agreed to grant Starlink Financial Technologies Pte. Ltd. the option to require Mrs. Lili to sell her shares held in PT Buana Gemah Ripah to Starlink Financial Technologies Pte. Ltd. at a consideration of Rp1.0;

22. the cornerstone investment agreement dated March 18, 2024 entered into among our Company, Hangzhou Urban Investment Industrial Development Investment Partnership (LP) (杭州城投產業發展投資合夥企業(有限合夥)), China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Hangzhou Urban Investment Industrial Development Investment Partnership (LP) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$182,392,558.70;

23. the cornerstone investment agreement dated March 18, 2024 entered into among our Company, Hangzhou High-Tech Venture Capital Co., Ltd. (杭州高新創業投資有限公司), China International Capital Corporation Hong Kong Securities Limited, J.P. Morgan Securities (Far East) Limited, and J.P. Morgan Securities (Asia Pacific) Limited, pursuant to which Hangzhou High-Tech Venture Capital Co., Ltd. agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$182,392,558.70;

24. the Hong Kong Underwriting Agreement.

Intellectual Property Rights

Trademarks

As of the Latest Practicable Date, we have registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Registration Number	Registered Owner	Date of Registration	Place of Registration
1.	lianlian	5008754	Our Company	June 21, 2019	PRC
2.	连连通信	5008765	Our Company	June 21, 2019	PRC
3.	连连支付	5208832	Our Company	September 14, 2019	PRC
4.	连连	12070514	Our Company	July 14, 2014	PRC
5.	连连	12070596	Our Company	July 7, 2014	PRC
6.	连连	12070839	Our Company	August 21, 2015	PRC
7.	LianlianPay	18257401	Our Company	December 14, 2016	PRC
8.	LianlianPay	18257110	Our Company	December 14, 2016	PRC

No.	Trademark	Registration Number	Registered Owner	Date of Registration	Place of Registration
9.	LianlianPay	18257097	Our Company	December 14, 2016	PRC
10.	银加	20630515	Our Company	September 7, 2017	PRC
11.	惠支付	38502804	Our Company	March 21, 2020	PRC
12.	惠支付	38494351	Our Company	March 28, 2020	PRC
13.	连薪	41751908	Our Company	June 28, 2020	PRC
14.	连薪	41774971	Our Company	June 28, 2020	PRC
15.	Lianlian Global	43403851	Our Company	June 28, 2021	PRC
16.	Lianlian Global	43401971	Our Company	September 28, 2020	PRC
17.	Lianlian Global	43383431	Our Company	March 7, 2021	PRC
18.	连连星球	50858420	Our Company	July 7, 2021	PRC
19.	LianLian StarFX	50878230	Our Company	August 14, 2021	PRC
20.	越达	51655794	Our Company	August 28, 2021	PRC
21.	Lianlian Global	54995137	Our Company	December 28, 2021	PRC
22.	连连 LianLian	58777256	Our Company	March 7, 2022	PRC
23.	连连国际	62102732	Our Company	July 7, 2022	PRC
24.	Lianlian Global	43416230	Our Company	February 21, 2023	PRC
25.	连连银通	11863668	Our Company	May 21, 2014	PRC
26.	连连银通	11863563	Our Company	May 21, 2014	PRC

Patents

As of the Latest Practicable Date, we have registered the following patents which we consider to be or may be material to our business:

No.	Name of Patent	Patent Number	Owner	Expiry Date
1.	A mobile terminal network security transaction system and method based on digital certificates (一種基於數字證書的移動終端網絡安全交易系統與方法)	201210551191.1	Lianlian Yintong	December 16, 2032
2.	An electronic wallet with a foreign exchange system (一種具有外匯兑換系統的電子錢包)	201610028479.9	Lianlian Yintong	January 17, 2036
3.	A method and related device for marking a fraudulent user community (一種欺詐用戶社區的標記方法及相關裝置)	201711395240.6	Lianlian Yintong	December 20, 2037
4.	A method, device, equipment and medium for detecting e-commerce fraud based on address mapping (基於地址映射的電商欺詐檢測方法、裝置、設備及介質)	201810480124.2	Lianlian Yintong	May 17, 2038
5.	A method, system, device and computer-readable storage medium for fraud detection (一種欺詐檢測的方法、系統、設備及計算機可讀存儲介質)	201910280616.1	Lianlian Yintong	April 8, 2039
6.	A method and device for updating indicators (一種更新指標的方法及裝置)	201910837660.8	Lianlian Yintong	September 4, 2039
7.	A method, device and system for IP address switching (一種IP地址切換方法、裝置及系統)	201910837012.2	Lianlian Yintong	September 4, 2039
8.	A blockchain-based data storage method, related equipment, and storage medium (一種基於區塊鏈的數據存儲方法、相關設備及存儲介質)	201910852470.3	Lianlian Yintong	September 9, 2039

No.	Name of Patent	Patent Number	Owner	Expiry Date
9.	A blockchain shadow database construction method, device, equipment and medium (一種區塊鏈的影子數據庫構建方法、裝置、設備及介質)	201910852917.7	Lianlian Yintong	September 9, 2039
10.	Data writing, reading, encryption method and device, and data transmission system (數據寫入、讀取、加密方法和裝置，及數據傳輸系統)	201910864586.9	Lianlian Yintong	September 11, 2039
11.	A data collection method and device (一種數據搜集方法及裝置)	201910958665.6	Lianlian Yintong	October 9, 2039
12.	A switch state determination method, device, equipment and medium (一種開關狀態確定方法、裝置、設備和介質)	201911234507.2	Lianlian Yintong	December 4, 2039
13.	A method, device, equipment and medium for determining a service channel (一種業務通道的確定方法、裝置、設備和介質)	201911234813.6	Lianlian Yintong	December 4, 2039
14.	A multi-signature authentication method, device, equipment and medium (一種多重簽名認證方法、裝置、設備及介質)	202110523882.X	Zhonglian Intelligent, Lianlian Yintong	May 12, 2041
15.	A security detection method and device for smart contracts (一種智能合約的安全檢測方法及裝置)	202111497320.9	Zhonglian Intelligent, Lianlian Yintong	December 8, 2041
16.	A smart contract defense method, device and storage medium (一種智能合約的防禦方法、裝置及存儲介質)	202210232703.1	Zhonglian Intelligent, Lianlian Yintong	March 9, 2042
17.	A method, system and readable storage medium for processing requests (用於處理請求的方法、系統和可讀存儲介質)	201710067873.8	Lianlian Hangzhou	February 6, 2037
18.	A vulnerability detection method and related equipment (一種漏洞檢測方法及相關設備)	202010670713.4	Lianlian Hangzhou	July 12, 2040
19.	A form management method, device, medium and computing device (表單管理方法、裝置、介質和計算設備)	201710607339.1	Lianlian Hangzhou	July 23, 2037

No.	Name of Patent	Patent Number	Owner	Expiry Date
20.	A system monitoring method, device, equipment and storage medium (一種系統監控方法、裝置、設備及存儲介質)	202110134560.6	Lianlian Hangzhou	January 31, 2041
21.	An abnormal log analysis method, device, equipment and storage medium (一種異常日誌分析方法、裝置、設備及存儲介質)	202110150294.6	Lianlian Hangzhou	February 3, 2041
22.	A web vulnerability scanning method, device, system, equipment and storage medium (一種Web漏洞掃描方法、裝置、系統、設備及存儲介質)	202110166487.0	Lianlian Hangzhou	February 6, 2041
23.	A method, device, equipment and medium for identifying banned objects in attack events (一種攻擊事件的封禁對象識別方法、裝置、設備及介質)	202110282102.7	Lianlian Hangzhou	March 15, 2041
24.	A method and device for generating store category recognition model and store category recognition (一種店舖類目識別模型生成、店舖類目識別的方法及裝置)	202110387823.4	Lianlian Hangzhou	April 11, 2041
25.	A data determination method, device, electronic equipment and storage medium (一種數據確定方法、裝置、電子設備及存儲介質)	202111199551.1	Lianlian Hangzhou	October 13, 2041
26.	A Wi-Fi control method, device, electronic equipment, and storage medium (一種Wi-Fi管控方法、裝置、電子設備及存儲介質)	202111263967.5	Lianlian Hangzhou	October 27, 2041
27.	Call chain resource isolation method, device, storage medium and electronic equipment (調用鏈資源隔離方法、裝置、存儲介質和電子設備)	202111467369.X	Lianlian Hangzhou	December 2, 2041
28.	A method, device, electronic equipment and storage medium for determining a target label (一種目標標籤的確定方法、裝置、電子設備及存儲介質)	202111529872.3	Lianlian Hangzhou	December 14, 2041

No.	Name of Patent	Patent Number	Owner	Expiry Date
29.	A data processing method, device, electronic device and storage medium (一種數據處理方法、裝置、電子設備及存儲介質)	202210000911.9	Lianlian Hangzhou	January 3, 2042
30.	A data warehouse data processing method, device, electronic equipment and storage medium (一種數據倉庫數據處理方法、裝置、電子設備及存儲介質)	202210184591.7	Lianlian Hangzhou	February 27, 2042
31.	An application service resource control method, device, equipment and medium (一種應用服務資源控制方法、裝置、設備及介質)	202110909437.7	Hangzhou Lianlian Bao	September 6, 2041
32.	Interface pressure performance test method, device, equipment and medium (接口壓力性能測試方法、裝置、設備及介質)	202111055563.7	Hangzhou Lianlian Bao	September 8, 2041
33.	An encrypted data processing method, device, system and storage medium (一種加密數據處理方法、裝置、系統及存儲介質)	202210080211.5	Hangzhou Lianlian Bao	January 23, 2042
34.	Blockchain transaction execution method, system, electronic device and storage medium (區塊鏈交易執行方法、系統及電子設備和存儲介質)	201811437041.1	Lianlian Yinjia	November 27, 2038
35.	Blockchain data processing method, system and device, and serial number generation method (區塊鏈數據處理方法、系統及設備和序列號生成方法)	201811437039.4	Lianlian Yinjia	November 27, 2038
36.	A mobile driver's license detection method, system, electronic device, and storage medium (一種移動端駕駛證檢測方法、系統及電子設備和存儲介質)	201910734002.6	Lianlian Yinjia	August 8, 2039

Copyrights

As of the Latest Practicable Date, we have the following copyrights which we consider to be or may be material to our Group's business:

No.	Copyright Name	Copyright Number	Owner	Issue Date	Place of Registration
1.	Lianlian Yintong mobile payment client software (連連銀通手機支付客戶端軟件)	2014SR001854	Lianlian Yintong	December 31, 2012	PRC
2.	Lianlian Yintong payment platform software (連連銀通支付平台軟件)	2014SR044568	Lianlian Yintong	November 1, 2013	PRC
3.	Lianlian Yintong cross-border payment global exchange software (連連銀通跨境支付全球兌軟件)	2014SR044750	Lianlian Yintong	December 31, 2013	PRC
4.	Lianlian Yintong cross-border RMB distribution system software (連連銀通跨境人民幣分發系統軟件)	2017SR026135	Lianlian Yintong	September 30, 2016	PRC
5.	Lianlian Yintong certified payment system software (連連銀通認證支付系統軟件)	2017SR062757	Lianlian Yintong	December 31, 2016	PRC
6.	Data center active-active expansion system software (數據中心雙活擴容系統軟件)	2017SR136570	Lianlian Yintong	September 30, 2016	PRC
7.	Lianlian merchant wallet system software (連連商戶錢包系統軟件)	2018SR396514	Lianlian Yintong	December 31, 2017	PRC
8.	Lianlian big data anti-money laundering system (連連大數據反洗錢系統)	2018SR542224	Lianlian Yintong	December 31, 2017	PRC
9.	Yintong's anti-money laundering business system based on the Starter framework (銀通基於Starter框架的反洗錢業務系統)	2019SR0913459	Lianlian Yintong	December 31, 2018	PRC
10.	Lianlian risk control case management (連連風控案件管理)	2020SR0419757	Lianlian Yintong	December 31, 2019	PRC
11.	Yintong international core exchange system (銀通國際核心匯兌系統)	2020SR0419747	Lianlian Yintong	December 31, 2018	PRC
12.	Lianlian international user cross-border collection system (連連國際用戶跨境收款系統)	2020SR0419722	Lianlian Yintong	December 31, 2017	PRC

No.	Copyright Name	Copyright Number	Owner	Issue Date	Place of Registration
13.	Cross-border e-commerce comprehensive service online trading platform (跨境電商綜合服務在線交易平台)	2020SR0302398	Lianlian Yintong	December 31, 2019	PRC
14.	Anti-money laundering model computing platform based on multiple scenarios (基於多場景的反洗錢模型計算平台)	2020SR1831450	Lianlian Hangzhou	August 31, 2020	PRC
15.	Database management system (數據庫管理系統)	2020SR1831334	Lianlian Hangzhou	November 23, 2020	PRC
16.	R&D efficiency management system (研發效能管理系統)	2020SR1831110	Lianlian Hangzhou	August 15, 2020	PRC
17.	Unified identity authentication system (統一身份認證系統)	2020SR1831111	Lianlian Hangzhou	November 15, 2020	PRC
18.	SAAS anti-money laundering management platform based on hybrid cloud (基於混合雲的SAAS反洗錢管理平台)	2020SR1831066	Lianlian Hangzhou	September 30, 2020	PRC
19.	One-stop intelligent monitoring and management platform (一站式智能監控管理平台)	2020SR1831297	Lianlian Hangzhou	October 15, 2020	PRC
20.	SAAS risk control management platform based on hybrid cloud (基於混合雲的SAAS風控管理平台)	2020SR1831335	Lianlian Hangzhou	September 30, 2020	PRC
21.	Back-end technical support system (後端技術支持系統)	2020SR0555828	Zhejiang Lianlian Bao	December 31, 2019	PRC

Domain Name

As of the Latest Practicable Date, we have registered the following internet domain names which we consider to be or may be material to our business:

No.	Domain Name	Owner	Registration Date	Expiration Date
1.	lianlian.com.cn	Our Company	September 10, 2004	September 10, 2026
2.	lianlian.com	Our Company	July 22, 2001	July 22, 2026
3.	88tax.cn	Lianlian Yintong	September 8, 2022	September 8, 2024
4.	lianlianpay.com	Lianlian Yintong	April 26, 2006	April 26, 2026
5.	lianlianglobal.cn	Hangzhou Lianlian Bao	April 27, 2019	April 27, 2028
6.	yinplus.com.cn	Lianlian Yinjia	May 6, 2016	May 6, 2026

Save as the above, as of the Latest Practicable Date, there were no other intellectual property rights which were material to our business.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Offer Size Adjustment Option, the Over-allotment Option and the option granted under the Pre-IPO Share Option Schemes are not exercised), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Interests in our Company

			As of the Latest Practicable Date		Immediately following the Global Offering	
Name	Position	Nature of Interest	Number and Class of Shares (including Shares underlying the outstanding options)	Approximate percentage of shareholding in Unlisted/H Shares[1]	Approximate percentage of shareholding in Unlisted/H Shares[3]	Approximate percentage of shareholding in the total share capital of our Company[3]
Mr. Zhang[2]	Chairman of the Board and executive Director	Beneficial interest	117,428,375 Unlisted Shares	17.78%	17.78%	10.97%
		Interest in controlled corporation	172,217,799 Unlisted Shares	26.08%	26.08%	16.08%
Mr. Xin Jie (辛潔)[4]	Executive Director and chief executive officer	Beneficial interest	10,000,000 H Shares	2.82%	2.44%	0.93%
Mr. Xue Qiangjun (薛強軍)[5]	Executive Director, deputy general manager and financial director	Beneficial interest	2,700,000 H Shares	0.76%	0.66%	0.25%

			As of the Latest Practicable Date		Immediately following the Global Offering	
Name	Position	Nature of Interest	Number and Class of Shares (including Shares underlying the outstanding options)	Approximate percentage of shareholding in Unlisted/H Shares[1]	Approximate percentage of shareholding in Unlisted/H Shares[3]	Approximate percentage of shareholding in the total share capital of our Company[3]
Mr. Zhu Xiaosong (朱曉松)[6]	Executive Director	Beneficial interest	2,700,000 H Shares	0.76%	0.66%	0.25%
Mr. Wang Yu (王愚)[7]	Executive Director, deputy general manager and chief technology officer	Beneficial interest	2,200,000 H Shares	0.62%	0.54%	0.21%

Notes:

(1) The calculation is based on the total number of Shares in issue as of the Latest Practicable Date, including 1,014,760,000 Unlisted Shares among which, 354,368,764 of the Unlisted Shares which will be converted into H Shares upon completion of the Global Offering.

(2) As of the Latest Practicable Date, Mr. Zhang directly holds 11.57% interest of our Company. By virtue of SFO, Mr. Zhang is deemed to be interested in the Shares held by Chuanglianzhixin which represents 16.97% interest of our Company as of the Latest Practicable Date. Therefore, Mr. Zhang is deemed to be interested in a total of 28.54% interest of our Company under SFO as of the Latest Practicable Date.

(3) The calculation is based on the total number of 660,391,236 Unlisted Shares and 410,288,764 H Shares in issue immediately after completion of the Global Offering since 354,368,764 Unlisted Shares will be converted into H Shares and 55,920,000 H Shares will be issued pursuant to the Global Offering, assuming that the Offer Size Adjustment Option and the Over-allotment Option are not exercised and without taking into account any Shares to be issued under the Pre-IPO Share Option Schemes.

(4) As of the Latest Practicable Date, Mr. Xin Jie was granted 10,000,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(5) As of the Latest Practicable Date, Mr. Xue Qiangjun was granted 2,700,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(6) As of the Latest Practicable Date, Mr. Zhu Xiaosong was granted 2,700,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

(7) As of the Latest Practicable Date, Mr. Wang Yu was granted 2,200,000 options by our Company, upon the exercise of which the same number of H Shares will be issued to him.

2. Substantial Shareholders

For the information on the persons who will, immediately following the completion of the Global Offering, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, see "Substantial Shareholders" in this Prospectus.

So far as the Directors are aware, immediately following completion of the Global Offering, apart from our Company, the following persons (not being a Director or a chief executive) will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Member of our Group	Name of substantial shareholder	Nature of interests	Approximate percentage of interest in the member of our Group (%)
Starlink Financial Technologies Pte. Ltd.	Patricia Imelda Stevany Hutapea	Beneficial interest	32.5
PT Internasional Sukses Remiten	Patricia Imelda Stevany Hutapea	Beneficial interest	97.11
PT Buana Gemah Ripah	Patricia Imelda Stevany Hutapea	Beneficial interest	78.21
PT Buana Gemah Ripah	Lili Darmawan	Beneficial interest	21.79

So far as set out above, our Directors are not aware of any persons (other than our Directors, Supervisors or chief executive) who will, immediately following the completion of the Global Offering, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Service Contracts and Letters of Appointment

We have entered into a service contract or a letter of appointment with each of our Directors and Supervisors in respect of, among other things, compliance with the relevant laws and regulations, the Articles of Association and applicable provisions on arbitration.

Save as disclosed above, we have not entered, and do not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

4. Director's and Supervisors' Remuneration

Save as disclosed in "Directors, Supervisors and Senior Management" and "Appendix I – Accountant's Report – II. Notes to the Historical Financial Information – 7. Employee Benefits Expenses" for the three financial years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

5. Pre-IPO Share Option Schemes

Our Company adopted a Pre-IPO Share Option Scheme on February 1, 2021 which was further amended and approved on June 8, 2023 (the "**2021 Pre-IPO Share Option Scheme**"), on the same date, our Company also adopted a new Pre-IPO Share Option Scheme (the "**2023 Pre-IPO Share Option Scheme**", together with the 2021 Pre-IPO Share Option Scheme, the "**Pre-IPO Share Option Schemes**").

The following is a summary of the principal terms of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme:

Objectives

The Pre-IPO Share Option Schemes are 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.

Administrations

The Pre-IPO Share Option Schemes' approval, alteration and termination are subject to Shareholders meetings. Our Board is authorized for the implementation of the Pre-IPO Share Option Schemes.

Eligibility

The eligible participants of the Pre-IPO Share Option Schemes are the Directors, senior management, core technical personnel and core business personnel of the Company, as well as other employees who contribute to the future development and operating of the Company which the Company believes should be incentivized, excluding (i) any shareholder who holds more than 5% of the Company's issued share capital, either individually or collectively; (ii) the actual controller of the Company and his or her spouse, parents and/or children; (iii) independent Directors of the Company; or (iv) Supervisors of the Company.

Each eligible participant under the Pre-IPO Share Option Schemes should have signed an employment contract or service contract with the Company or any of the subsidiaries of the Company. The Directors and senior management under the Pre-IPO Share Option Schemes should have been elected by the Shareholders' meeting of the Company or duly appointed by the Board.

Grantees

There are total 158 grantees under the 2021 Pre-IPO Share Option Scheme, which includes three Directors, one senior management member (other than Directors), other three connected persons and 151 other employees. There are total 281 grantees under the 2023 Pre-IPO Share Option Scheme, which includes four Directors, one senior management member (other than Directors), other three connected persons and 273 other employees.

Maximum Number of Shares

The maximum number of Shares to be granted under the Pre-IPO Share Option Schemes shall not exceed 10% of the total issued share capital of the Company at the time when the scheme is considered and approved by the Shareholders' meeting. Accordingly, the maximum number of Shares to be granted under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme shall not exceed 40,339,000 Shares and 56,125,300 Shares, respectively.

Class of Shares

The underlying Shares under the Pre-IPO Share Option Schemes are the H shares to be issued to the specified participants by the Company upon Listing. The Company will not grant any share option under the Pre-IPO Share Option Schemes after Listing.

Date of grant

The date of grant of the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme is on February 4, 2021 and on June 12, 2023, respectively.

Validity

The 2021 Pre-IPO Share Option Scheme shall be valid and effective for the period of six years commencing on the date of grant. The 2023 Pre-IPO Share Option Scheme shall be valid and effective for the period of five years commencing on the date of grant.

Vesting Schedules

The vesting schedules of the options granted under the 2021 Pre-IPO Share Option Scheme are as follows: (i) 50% (wholly or partially) to be vested after six months after the Listing Date; and (ii) the remaining 50% (wholly or partially) to be vested after 18 months after the Listing Date. The options granted under the 2023 Pre-IPO Share Option Scheme will be vested (wholly or partially) after 18 months after the Listing Date. The actual amount of options to be vested under the Pre-IPO Share Option Schemes are subject to the achievement of certain performance targets of the relevant grantees as further described below.

Performance Targets and Vesting Conditions

The Remuneration and Assessment Committee of the Board will assess the performance indicators of the participants under the Pre-IPO Share Option Schemes each year, and the performance results are of four grades: (i) S, which represents outstanding performance; (ii) A, which represents good performance; (iii) B, which represents average level of performance; and (iv) C, which indicates performance should be improved. The vesting conditions of the options granted under the Pre-IPO Share Option Schemes are as follows: (a) 100% of the options granted can be vested if the performance result is S or A; (b) 80% of the options granted can be vested if the performance result is B; and (c) options granted will be cancelled by the Company if the performance result is C.

Exercise Period

The options granted under the Pre-IPO Share Option Schemes can be exercised after vesting on any trading day but no later than the 30 months after the Listing Date.

Exercise Price

The exercise price of the options under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme is RMB2.96 per Share and RMB5 per Share, respectively.

Basis of Determination of the Exercise Price

The exercise price of the options granted under the 2021 Pre-IPO Share Option Scheme shall not be lower than the net asset value per Share of the Company as of December 31, 2020. The exercise price of the options granted under the 2023 Pre-IPO Share Option Scheme shall not be lower than the net asset value per Share of the Company as of December 31, 2022. During the period from the option grant date to the option exercise date, the exercise price of the option will be adjusted accordingly if the Company has capitalization of the capital reserves, distribution of stock dividends, allotment of shares or dividends.

Lock-up Periods and Restrictions

The participants under the Pre-IPO Share Option Schemes shall comply with the lock-up period and restriction requirements under the relevant laws and regulations.

Outstanding Share Options Granted under the Pre-IPO Share Option Schemes

As of the Latest Practicable Date, (i) the number of underlying Shares pursuant to the outstanding share options granted under the 2021 Pre-IPO Share Option Scheme amounted to 14,493,000 Shares, and (ii) the number of underlying Shares pursuant to the outstanding share options granted under the 2023 Pre-IPO Share Option Scheme amounted to 55,183,800 Shares, representing approximately 1.27% and 4.84%, respectively of the issued Shares immediately following the completion of the Global Offering (assuming that (1) all options granted under the Pre-IPO Share Option Schemes are exercised; (2) the Offer Size Adjustment Option is not exercised; (3) the Over-allotment Option is not exercised; and (4) no further Shares are issued under the Pre-IPO Share Option Schemes).

Assuming full vesting and exercise of all outstanding share options granted under the Pre-IPO Share Option Schemes, the shareholding of our Shareholders immediately following completion of the Global Offering (assuming that (1) all options granted under the Pre-IPO Share Option Schemes are exercised; (2) the Offer Size Adjustment Option is not exercised; (3) the Over-allotment Option is not exercised; and (4) no further Shares are issued under the Pre-IPO Share Option Schemes), will be diluted by approximately 6.11%. The dilution effect on our earnings per Share would be approximately 6.11%.

Below is a list of the grantees who are Directors, members of senior management and connected persons of our Company or other grantee who has been granted in aggregate 1,800,000 of the outstanding share options or more under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme. No further options are expected to be granted under the Pre-IPO Share Option Schemes.

Name	Address	Date of grant	Expiry date	Vesting period	Exercise period	Exercise price per Share *(RMB)*	Number of Shares underlying the outstanding options	Approximate % of issued shares immediately after completion of the Global Offering
Directors, senior management and connected persons								
Directors								
Mr. Xin Jie (辛潔)	No. 210 Santaishan Road, Xihu District, Hangzhou, Zhejiang Province, PRC	June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	10,000,000	0.88%

Name	Address	Date of grant	Expiry date	Vesting period	Exercise period	Exercise price per Share *(RMB)*	Number of Shares underlying the outstanding options	Approximate % of issued shares immediately after completion of the Global Offering
Mr. Xue Qiangjun (薛強軍)	Room 501, Unit 1, Building 11, Kangle Hong Kong City, Xihu District, Hangzhou, Zhejiang Province, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	750,000	0.07%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,950,000	0.17%
Subtotal							2,700,000	0.24%
Mr. Zhu Xiaosong (朱曉松)	Room 202, Unit 1, Building 4, Xinlvyuan Apartment, Shangcheng District, Hangzhou Zhejiang Province, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	850,000	0.07%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,850,000	0.16%
Subtotal							2,700,000	0.24%
Mr. Wang Yu (王愚)	Room 212, No. 199 Wensan Road, Xihu District, Hangzhou, Zhejiang Province, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	750,000	0.07%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,450,000	0.13%
Subtotal							2,200,000	0.19%
Senior Management								
Mr. Yan Hao (閆浩)	No. 2316, Unit 1, 25th Floor, No. 36, Dongzhimenwai Street, Dongcheng District, Beijing, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	500,000	0.04%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,700,000	0.15%
Subtotal							2,200,000	0.19%

Name	Address	Date of grant	Expiry date	Vesting period	Exercise period	Exercise price per Share *(RMB)*	Number of Shares underlying the outstanding options	Approximate % of issued shares immediately after completion of the Global Offering
Connected Persons (other than Directors)								
Mr. Sun Dali (孫大利)	No. 38 Zheda Road, Xihu District, Hangzhou, Zhejiang Province, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	750,000	0.07%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,950,000	0.17%
Subtotal							2,700,000	0.24%
Mr. Qing Huang	Room 5C, Jinyuan, No. 198 Anfu Road, Xuhui District, Shanghai, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	750,000	0.07%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,450,000	0.13%
Subtotal							2,200,000	0.19%
Ms. Lin Yin (林銀)	Room 1013, Building 30, Zhongyu Modern City, Beigan Street, Xiaoshan District, Hangzhou, Zhejiang Province, PRC	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	315,000	0.03%
		June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,385,000	0.12%
Subtotal							1,700,000	0.15%
Total outstanding share options of the Directors, senior management and connected persons							26,400,000	2.32%

Name *Note 5*	Address	Position in our Group	Date of Grant	Expiry Date	Vesting Period	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of issued shares immediately after completion of the Global Offering
Other employees *Note 4*									
Ms. Wei Ping (魏萍)	Flat A, 25/F, Coastal Skyline Tower 5, Tung Chung Waterfront Rd, Hong Kong	Head of Capital Markets	June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	3,000,000	0.26%
Mr. Bao Kedong (包可棟)	Room 1806, Building 17, Xinhuafang, Xiacheng District, Hangzhou, Zhejiang Province, PRC	Senior vice president	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	650,000	0.06%
			June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,406,800	0.12%
Subtotal								2,056,800	0.18%
Ms. Lv Weiyan (呂蔚嬿)	Room 1402, Building 6, Qianjianghouchaofu, Shangcheng District, Hangzhou, Zhejiang Province, PRC	Co-chief executive officer of international business of the Group	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	500,000	0.04%
			June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,500,000	0.13%
Subtotal								2,000,000	0.18%
Mr. Shen Enguang (沈恩光)	Room 3502, Building 3, 888 Yuyuan Road, Changning District, Shanghai, PRC	Co-chief executive officer of international business of the Group	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	200,000	0.02%
			June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,800,000	0.16%
Subtotal								2,000,000	0.18%

Name *Note 5*	Address	Position in our Group	Date of Grant	Expiry Date	Vesting Period	Exercise Period	Exercise Price per Share	Number of Shares underlying the outstanding Options	Approximate % of issued shares immediately after completion of the Global Offering
Ms. Fu Qin (傅琴)	Room 10-401, Bamboo Court, Yijing Garden, 383 Gudun Road, Xihu District, Hangzhou, Zhejiang Province, PRC	Vice president	February 4, 2021	February 3, 2027	Note 2	Note 3	RMB2.96	500,000	0.04%
			June 12, 2023	June 11, 2028	Note 2	Note 3	RMB5	1,300,000	0.11%
Subtotal								1,800,000	0.16%

Below is a list of remaining grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Schemes:

Category by number of underlying shares	Number of grantees	Date of grant	Expiry date	Vesting period	Exercise period	Exercise price per Share *(RMB)*	Number of Shares underlying the outstanding options	Approximate % of issued shares immediately after completion of the Global Offering
100,000 – 1,799,999	91	February 4, 2021 and June 12, 2023	February 3, 2027 and June 11, 2028	Note 2	Note 3	RMB2.96 and RMB5	24,185,000	2.12%
1 – 99,999	159	February 4, 2021 and June 12, 2023	February 3, 2027 and June 11, 2028	Note 2	Note 3	RMB2.96 and RMB5	8,235,000	0.72%
Subtotal							32,420,000	2.84%
Total outstanding share options of the total grantees							69,676,800	6.11%

Notes:

1. There is no consideration paid for the acceptance of the options.

2. The options granted under the 2021 Pre-IPO Share Option Scheme and/or the 2023 Pre-IPO Share Option Scheme will be vested (wholly or partially) after 18 months after the Listing Date.

3. The options granted under the 2021 Pre-IPO Share Option Scheme and/or the 2023 Pre-IPO Share Option Scheme can be exercised after vesting on any trading day but no later than the 30 months after the Listing Date.

4. The table below shows the details of the outstanding options granted to other grantees (who are not Directors, senior management or connected persons of the Company) under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme.

5. Other employee grantees, who are not Directors, senior management or connected persons of the Company, each has been granted, in aggregate. 1,800,000 options or more under the 2021 Pre-IPO Share Option Scheme and the 2023 Pre-IPO Share Option Scheme.

An application has been made to the Stock Exchange for the listing of and permission to deal in the H Shares which may be allotted and issued upon the exercise of the outstanding options pursuant to the Pre-IPO Share Option Schemes.

6. Disclaimers

Saved as disclosed in this Prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in "Qualification of Experts" of this section is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this Prospectus, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "Qualification of Experts" of this Appendix:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers in each year of the Track Record Period; and

(d) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Hong Kong Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to be imposed on our Company or any of our subsidiaries.

Litigation

As of the Latest Practicable Date, no member of our Group was involved in any litigation, arbitration, administrative proceedings or claims of material importance, and, so far as we are aware, no litigation, arbitration, administrative proceedings or claims of material importance are pending or threatened against any member of our Group.

Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Each of the Joint Sponsors will receive a fee of US$500,000 for acting as a sponsor for the Listing.

Preliminary Expenses

Our Company did not incur any material preliminary expenses.

Qualification of Experts

The qualifications of the experts who have given opinions or advice in this Prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
J.P. Morgan Securities (Far East) Limited	Licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) of the regulated activities as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants under Professional Accountant Ordinance (Cap. 50) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Cap. 588)
Zhong Lun Law Firm	PRC legal advisor
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Hutabarat Halim & Rekan	Legal advisors to the Company as to Indonesia Law

Consents of Experts

Each of the experts referred to in "Qualification of Experts" in this Appendix has given and has not withdrawn its respective written consents to the issue of this Prospectus with the inclusion of certificates, letters, opinions or reports and the references to its names included herein in the form and context in which it is respectively included.

None of the experts named above has any of our shareholding interests or rights (whether legally enforceable or not) or any of our members to subscribe for or to nominate persons to subscribe for our securities or any of our member.

Compliance Adviser

We have appointed Somerley Capital Limited as our Compliance Adviser upon the Listing in compliance with Rule 3A.19 of the Hong Kong Listing Rules.

Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty. The current rate charged on each of the seller and purchaser is HK$1.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Appendix V – Taxation and Foreign Exchange – B. Hong Kong Taxation" to this Prospectus.

No Material Adverse Change

Our Directors confirm that, as of the Latest Practicable Date, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since December 31, 2022, the end of the period reported on the Accountant's Report included in Appendix I to this Prospectus.

Binding Effect

This Prospectus shall have the effect, if any application is made pursuant hereto, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

Miscellaneous

Save as disclosed in this Prospectus:

(a) within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules.

Restrictions on Share Repurchases

For details, see "Appendix VI – Summary of Principal Legal and Regulatory Provisions" and "Appendix VII – Summary of Articles of Association" to this Prospectus.

Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

Promoters

The promoters of our Company are all of the 31 then shareholders of our Company as at December 2, 2020 before our conversion into a joint stock limited company. Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this Prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information – Other Information – Consents of Experts" in Appendix VIII to this Prospectus; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information – Further Information about our Business – Summary of Material Contracts" in Appendix VIII to this Prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.lianlian.com** during a period of 14 days from the date of this Prospectus:

1. the Articles of Association;

2. the Accountant's Report from PricewaterhouseCoopers on the historical financial information of our Group for each of the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023, the text of which is set forth in Appendix I to this Prospectus;

3. the audited consolidated financial statements of our Company for the years ended December 31, 2020, 2021, 2022 and the nine months ended September 30, 2023;

4. the report from PricewaterhouseCoopers on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;

5. the material contracts referred to in "Statutory and General Information – Further Information about our Business – Summary of Material Contracts" in Appendix VIII to this Prospectus;

6. the written consents referred to in "Statutory and General Information – Other Information – Consents of Experts" in Appendix VIII to this Prospectus;

7. the service contracts and letters of appointment referred to in "Statutory and General Information – Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders – 3. Service Contracts and Letters of Appointment" in Appendix VIII to this Prospectus;

8. the legal opinions issued by Zhong Lun Law Firm, our PRC Legal Advisor, in respect of, among other things, the general matters and property interests of our Group under PRC law;

9. the Indonesian legal opinions issued by our Indonesian Legal Advisor on Indonesian law, in respect of certain aspects of Indonesian law referred to in "Contractual Arrangements";

10. the valuation report relating to certain property interest of our Company prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix IV to this Prospectus;

11. the industry report issued by Frost & Sullivan;

12. the terms of the Pre-IPO Share Option Schemes; and

13. a copy of the following PRC laws, together with unofficial English translations:

    (i) the PRC Company Law;

    (ii) the PRC Securities Law; and

    (iii) the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies.

DOCUMENT AVAILABLE FOR INSPECTION

A copy of a list of grantees under the Pre-IPO Share Option Schemes containing all details as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, will be available for inspection at the office of Davis Polk & Wardwell at 10/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this Prospectus.

LianLian 连连

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