

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.1 Revenue recognition (Continued)

###### (b) Transaction based service (Continued)

###### Operation support services

Operation support services mainly represent calling services and insurance loss assessment services, digital certification and related services and solutions, service management platforms to participants around auto aftermarket scenarios, asset monitoring services and consulting services provided to financial institutions.

For contracts which the Group charges its customers based on usage of the services at fixed charge rates, and invoices the fees on periodical basis, the revenue from these services is recognized at a point in time when the customers receive and consume the benefits of these services each time the Group performs, based on the amount charged for such services.

For contracts which the Group charges its customers based on the term of services and invoices the fee on periodical basis, and the performance obligation is to stand ready to provide operation support, the customers simultaneously receive and consume the benefits of these support services as the Group performs and revenue is recognized over time based on time elapsed and thus ratably over the term of the support arrangement.

When the consideration receivable is different from the revenue recognized, a "contract asset" or "contract liability" shall be recognized in the consolidated statement of financial position.

###### Risk management services

Risk management services mainly represent credit risk assessment, identity verification service, risk management services used in insurance loss assessment and anti-fraud services provided to financial institutions.

For risk management services contracts, the Group normally charges its customers based on usage of the services at fixed charge rates, and invoices the fees on periodical basis. The revenue from these services is recognized at a point in time when the customers receive and consume the benefits of these services each time the Group performs, based on the amount charged for such services.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.1 Revenue recognition (Continued)

###### (b) Transaction based service (Continued)

###### Cloud platform services

Cloud platform services mainly represent providing financial institutions with value-added services including computing, storage, database and backup services on a variety of cloud infrastructures.

For cloud platform contracts, the Group normally charges its customers based on usage of the services at fixed charge rates, and invoices the fees on periodical basis. The revenue from these services is recognized over time based on time elapsed and thus ratably over the contract terms when the customers receive and consume the benefits of these services.

###### Others

Other revenue mainly represents sales of products.

For sales of products, the Group recognizes revenue net of discounts and return allowances upon the time when the products are delivered to customers.

###### (c) Interest and commission income

For Virtual Bank Business ("virtual bank")(Note 6.1), interest income from debt instruments measured at amortized cost and debt instruments measured at fair value through other comprehensive income is recognized in revenue using the effective interest rate method. Fees and commissions are recognized on an accrual basis when the service has been provided or significant act performed.

Interest and commission income was presented within '(loss)/profit from discontinued operations' as the virtual bank was disposed of as described in Note 12.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.2 Intangible assets

The Group's intangible assets include application and platforms, purchased software, development costs in progress, goodwill, business licenses and others.

Intangible assets can be recognized only when future economic benefits expected to be obtained from the use of the item will flow into the Group and its cost can be measured reliably. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Costs associated with maintaining application and platform are recognized as an expense as incurred. Development costs that are directly attributable to the development and testing of identifiable application and platform controlled by the Group are recognized as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalized mainly include employee costs and technology service fees.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period. Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.2 Intangible assets (Continued)

The useful lives of intangible assets are assessed by the period of bringing economic benefits for the Group.

The useful lives of intangible assets excluding development cost in progress are set as follows:

	Expected useful life
• Application and platform	3 – 10 years
• Purchased software	3 – 10 years
• Business licenses	3 – 5 years

Intangible assets with finite lives are subsequently amortized on the straight-line basis over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed, and adjusted if appropriate, at least at each year end.

Intangible assets with indefinite useful lives and development costs in progress are not amortized, but are subject to annual impairment assessment.

##### 3.1.3 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset other than deferred tax assets may be impaired. If any such indication exists, or when annual impairment testing for a non-financial asset is required, the Group makes an estimate of the asset's recoverable amount. A non-financial asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where the carrying amount of a non-financial asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to disposal, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.3 Impairment of non-financial assets (Continued)

For non-financial assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such a reversal is recognized in the statement of comprehensive income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units), to which the goodwill relates. The recoverable amount is the higher of its fair value less costs of disposal and its value-in-use, determined on an individual asset (or cash-generating unit) basis, unless the individual asset (or cash-generating unit) does not generate cash flows that are largely independent from those of other assets or groups of assets (or groups of cash-generating units). Impairment losses recognized in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Intangible assets with indefinite useful lives and development costs in progress are tested for impairment annually at each year end either individually or at the cash-generating unit level, as appropriate.

##### 3.1.4 Financial assets

###### *Classification*

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.



### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.4 Financial assets (Continued)

###### *Classification (Continued)*

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held and the cash flow characteristics of the asset. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment measured at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

###### *Recognition and measurement*

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

###### (a) 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:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income, gains or losses together with foreign exchange gains and losses. Impairment losses are presented in the consolidated statements of comprehensive income.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.4 Financial assets (Continued)

###### *Recognition and measurement (Continued)*

###### (a) Debt instruments (Continued)

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other income, gains or loss. Interest income from these financial assets is included in other gain using the effective interest rate method. Foreign exchange gains and losses are presented in other income, gains or loss and impairment expenses are presented in the statement of profit or loss.
- Fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income, gains or loss in the period in which it arises.

###### (b) 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 other comprehensive income, 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 recognized in profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.4 Financial assets (Continued)

###### *Recognition and measurement (Continued)*

###### (c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit loss refers to the weighted average amount of credit loss of financial instruments based on the probability of default. Credit loss refers to the difference between all contractual cash flows receivable and all cash flows that the entity expects to receive, discounted at the original effective interest rate. The Group recognizes or reverses the impairment provision through profit or loss.

For debt instruments measured at FVOCI, impairment gains or losses are included in the net impairment losses on financial instruments and correspondingly reduce the accumulated changes in fair value included in the OCI reserves of equity.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The impairment matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.



### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.5 Share-based payments

An equity-settled share-based compensation plan was granted to the employees and non-employees, under which the entity receives services from employees and non-employees as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the options is recognized as an 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;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions

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 reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

If the terms of an equity-settled award are modified, at a minimum an expense is recognized as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

##### 3.1.6 Tax

Income tax comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income, or in other comprehensive income or in equity if it relates to items that are recognized in the same or a different period directly in other comprehensive income or in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.6 Tax (Continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Conversely, previously unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

### 3 Summary of accounting policy information (Continued)

#### 3.1 Material accounting policies (Continued)

##### 3.1.6 Tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

##### 3.1.7 Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive (loss)/income.

#### 3.2 Summary of other accounting policies

##### 3.2.1 Principles of consolidation and equity accounting

###### 3.2.1.1 Subsidiaries

Subsidiaries are all entities (including structured entities or VIEs as stated in Note 1.2 above) 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized 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 income, consolidated statement of changes in equity and consolidated balance sheet, respectively.

For the parent company's separate financial statements, investments in subsidiaries are accounted for using the equity method.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.1 Principles of consolidation and equity accounting (Continued)

###### 3.2.1.2 Investments accounted for using the equity method

(i) Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence could be demonstrated for an investment of less than 20%, for example, by representation on the board of directors or equivalent governing body of the investee. Investments in associates are accounted for using the equity method of accounting.

(ii) Joint ventures

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Investments in joint ventures are accounted for using the equity method.

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 after the date of acquisition. The Group's investment accounted for using the equity method include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate or a joint venture, any difference between the cost of the investment accounted for using the equity method and the Group's share of the net fair value of the investment's identifiable assets and liabilities is accounted for as goodwill.

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

The Group's share of post-acquisition profit or loss is recognized in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in investment accounted for using the equity method equals or exceeds its interest in the investment, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the investment.



### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.1 Principles of consolidation and equity accounting (Continued)

###### 3.2.1.2 Investments accounted for using the equity method (Continued)

###### (ii) Joint ventures (Continued)

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

Profits and losses resulting from upstream and downstream transactions between the Group and its investment accounted for using the equity method are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the investment. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in the investment accounted for using the equity method are recognized in the consolidated statement of comprehensive income.

##### 3.2.2 Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual or related arrangements.

The Group determines whether it is an agent or a principal in relation to those structured entities in which the Group acts as an asset manager on management's judgement. If an asset manager is agent, it acts primarily on behalf of others and so does not control the structured entity. It may be principal if it acts primarily for itself, and therefore controls the structured entity. The unconsolidated structured entities in which the Group acts as an asset manager is set out in Note 38.



### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.3 Business combination

Except for business combinations under common control, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

##### 3.2.4 Foreign currency translation

###### *Functional and presentation currency*

Items included in the financial statements 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 currency of the Company is the United States dollar ("US\$"). RMB is the functional currency of the subsidiaries in PRC. As the major operations of the Group are within the PRC, the directors of the Company have chosen to present the Group's financial statements in RMB (the presentation currency).

###### *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 recognized in the consolidated statements of comprehensive income.

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

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.4 Foreign currency translation (Continued)

###### *Transactions and balances (Continued)*

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 recognized 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 fair value through other comprehensive income are recognized in other comprehensive income.

###### *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 recognized 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 recognized 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.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.5 Derivative financial instruments

The Group's derivative financial instruments are initially recognized at fair value on the date of which the related derivative contracts are entered into and are subsequently measured at fair value. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The gains or losses arisen from fair value changes of derivatives are recognized in profit or loss. No derivative financial instruments are designated as hedging instrument.

##### 3.2.6 Trade receivables

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

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 20 for further information about the Group's accounting for trade receivables and Note 5.1(b) and Note 3.1.4 for a description of the Group's impairment policies.

##### 3.2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

##### 3.2.8 Share capital

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

##### 3.2.9 Leases

The Group leases various properties. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options. 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, but leased assets may not be used as security for borrowing purposes.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.9 Leases (Continued)

Leases are recognized 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 liability 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. The right-of-use asset is depreciated over the lease term on a straight-line basis.

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:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- 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 lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- 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.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.9 Leases (Continued)

Right-of-use assets related to lease of properties are recorded under property and equipment (Note 14). Lease liabilities are recorded under trade and other payables (Note 29).

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

##### 3.2.10 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attribute to the acquisition of the items.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Category	Expected useful life
Office and telecommunication equipment	3-5 years
Leasehold improvements	5 years

Leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted quarterly 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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other income, gains or loss – net' in the consolidated statements of comprehensive income.



### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.11 Financial liabilities

The Group, at initial recognition, classifies financial liabilities as either financial liabilities subsequently measured at amortised cost or financial liabilities at fair value through profit or loss.

Except for derivative financial instruments (Note 3.2.5), the Group's financial liabilities are mainly financial liabilities measured at amortised cost, including trade and other payables, short-term borrowings, customer deposits and other financial liabilities from virtual bank, etc. These financial liabilities are initially measured at the amount of their fair value after deducting transaction costs and use the effective interest rate method for subsequent measurement.

Where the present obligations of financial liabilities are discharged, cancelled or when they are expired, the Group derecognises these financial liabilities. The differences between the carrying amounts and the consideration received are recognized in profit or loss.

Financial liabilities are classified as current liabilities unless at the end of the reporting period, the Group has aright to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

##### 3.2.12 Employee benefits

###### (a) Pension obligations

The employees of the Group are mainly covered by various defined contribution pension plans. The Group makes and accrues contributions on a monthly basis to the pension plans, which are mainly sponsored by the related government authorities that are responsible for the pension liability to retired employees. Under such plans, the Group has no other significant legal or constructive obligations for retirement benefits beyond the said contributions, which are expensed as incurred. Certain employees are also provided with group life insurance but the amounts involved are insignificant.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.12 Employee benefits (Continued)

(b) *Housing benefits*

The employees of the Group are entitled to participate in various government-sponsored housing funds. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees. The Group's liability in respect of these funds is limited to the contributions payable in each period.

(c) *Medical benefits*

The Group makes monthly contributions for medical benefits to the local authorities in accordance with relevant local regulations for the employees. The Group's liability in respect of employee medical benefits is limited to the contributions payable in each period.

##### 3.2.13 Interest income

Interest income from virtual bank is included in the revenue (Note 12).

Interest income from financial assets that are held for cash management purposes is included in finance income, see finance income (Note 10) below.

Interest income from financial assets at FVPL and any other interest income is included in the net gains/(losses), see other income (Note 9) 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).

##### 3.2.14 Dividend income

Dividend income is recognized when the right to receive payment is established.

### 3 Summary of accounting policy information (Continued)

#### 3.2 Summary of other accounting policies (Continued)

##### 3.2.15 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

### 4 Critical accounting estimates and judgments

The Group makes estimates and judgments that affect the reported amounts of revenues, expenses, assets and liabilities in these financial statements. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management has made the following judgments and accounting estimation, which have the most significant effect on the amounts recognized in the financial statements.

#### (a) Impairment of financial assets measured at amortized costs

The Group applies expected credit losses model in measuring impairment of trade receivables, contract assets, other receivables, loans and advances to customers. The expected loss rates are based on the Group's past loss experiences, existing market conditions as well as forward looking estimates at the end of each reporting period.

Details of the methodology and key inputs used are disclosed in Note 5.1(b)(ii).

#### (b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Judgement is required in determining the provision for income taxes.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the deductible temporary difference can be utilised. To determine the future taxable profits, reference is made to the latest available profit forecasts.

Where the temporary difference is related to losses, relevant tax law is considered to on a jurisdictional basis determine the availability of the losses to offset against the future taxable profits.

#### 4 Critical accounting estimates and judgments (Continued)

##### (b) Income taxes (Continued)

Significant items on which the Group has exercised accounting judgment include recognition of deferred tax assets in respect of tax losses. Recognition of the deferred tax assets involves judgment regarding the future financial performance of the Group.

The deferred tax assets recognized as at December 31, 2023 and 2024 were mainly attributable to major operating companies in Mainland China, which are eligible for preferential tax policies applicable for the qualification of "High and New Technology Enterprise", and being entitled to a preferential income tax rate of 15% and the number of years that deductible tax losses can be utilised is extended to 10 years.

The carrying amount and reliability of deferred tax assets were reviewed periodically at the end of each reporting period by comparing forecasted taxable profits in prior period to actual results in the current period and comparing revenue growth rate and profit margin in the current year forecast to historical results and industry trends.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact current income tax and deferred income tax in the period in which such determination is made.

##### (c) Recognition of share-based compensation expenses

As mentioned in Note 28, equity-settled share-based compensation schemes were established for the employees. The directors have used applicable models to determine the grant date fair value of the options or restricted shares granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the underlying equity value, risk-free interest rate, expected volatility and dividend yield, is required to be made by the directors in applying the relevant models. The values of options or restricted shares are subject to subjectivity and uncertainty relating to the assumptions and limitation of the model used to estimate such values. In addition, The Group is required to estimate the percentage of grantees that will remain in employment with the Group and whether the performance conditions for vesting will be met at the end of the vesting period. The Group only recognizes an expense for those share options or restricted shares expected to vest over the vesting period.

##### (d) Impairment of intangible assets including goodwill

The Group is required to test impairment for goodwill, and intangible assets not ready for use on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Other intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. Intangible assets are tested for impairment based on the recoverable amount of the cash generating unit ("CGU") to which these assets are related. The recoverable amount is determined based on the higher of fair value less costs to sell and value in use.



#### 4 Critical accounting estimates and judgments (Continued)

##### (d) Impairment of intangible assets including goodwill (Continued)

Determination of the value in use is an area involving management judgment in order to assess whether the carrying value of intangible assets can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain areas including management's expectations of (i) revenue growth rates; (ii) long-term growth rate; (iii) pre-tax discount rate; and (iv) profit margin.

Details of the methodology and key inputs used are disclosed in Note 15.

##### (e) Consolidation of VIEs

As disclosed in Note 1.2, the Group exercises control over the VIEs and has the right to recognize and receive substantially all the economic benefits through the Contractual Arrangements. The Group considers that it controls the VIEs notwithstanding the fact that it does not hold direct equity interests in the VIEs, as it has power over the financial and operating policies of the VIEs and receive substantially all the economic benefits from the business activities of the VIEs through the Contractual Arrangements. Accordingly, all these VIEs are accounted for as controlled structured entities and their financial statements have also been consolidated by the Company.

#### 5 Management of financial risk

The Group's activities expose it to a variety of financial risks: market risk (comprising currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

##### 5.1 Financial risk factors

##### (a) Market risk

###### *Currency risk*

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect its financial position and results of operations. The foreign currency risk assumed by the Group mainly comes from movements in the USD/RMB exchange rates.

The Company and overseas intermediate holding companies' functional currency is USD. They are mainly exposed to foreign exchange risk arising from their cash and cash equivalents and loans to group companies denominated in RMB. The Group has entered into spot-forward USD/RMB derivative financial instruments to hedge certain portion of its exposure to foreign currency risk arising from loans to group companies denominated in RMB. The Group monitors the size of foreign currency position, and manages foreign currency risk by utilizing hedging strategy.



## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### Currency risk (Continued)

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the post-tax impact on profit, after considering hedging strategy.

	At December 31,	
	2023	2024
	Impact on post-tax profit	
	RMB'000	RMB'000
USD+5%	(16,596)	(14,099)
USD -5%	16,596	14,099

The subsidiaries of the Group are mainly operated in mainland China with most of the transactions settled in RMB. The Group considers that the business in mainland China is 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.

##### Interest rate risk

Interest rate risk is the risk of an adverse impact to earnings or capital due to changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

As at December 31, 2023, interest rate risk of the Group was mainly from mismatches in the interest rate profiles of assets, liabilities and capital instruments in virtual bank. The sensitivity analysis on earnings and economic value is described as follows:

RMB million	As at December 31, 2023		
	HKD	USD	RMB
Impact on earnings over the next 12 months if interest rates rise by 200 basis points	(15)	3	—
Impact on economic value if interest rates rise by 200 basis points	(43)	(3)	—

\* 2024 information not presented as the virtual bank was disposed of as described in Note 12.

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Market risk (Continued)

##### *Interest rate risk (Continued)*

As at December 31, 2024, the Group is exposed to interest rate risk primarily in relation to term deposits and short-term borrowings. The Group generally assumes borrowings to fund working capital requirements. The risk is managed by the Group by matching the terms of interest rates of term deposits and short-term borrowings. As at December 31, 2024, the Group's borrowings were mainly carried at fixed rates and mature in one year, which did not expose the Group to significant interest rate risk.

#### (b) Credit risk

##### *(i) Credit risk management*

The Group's credit risk is mainly associated with cash and cash equivalents, restricted cash and time deposits over three months, trade receivables, contract assets, other receivables, financial assets measured at amortized cost from virtual bank. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets as disclosed in Note 5.1(b)(ii).

To manage this risk arising from cash and cash equivalents and restricted cash and time deposits over three months, the Group mainly transacts with state-owned or reputable financial institutions in the PRC including related parties (Note 37(d)) and reputable international financial institution outside the PRC. The Group considers that there is no significant credit risk and the Group will not suffer any material losses due to the default of these financial institutions.

The Group's trade receivables and contract assets mainly arise from transactions undertaken with customers. The Group mitigates the credit risk by assessing the credit quality, setting a shorter credit period or arranging the instalment payment and prepayment method. The impairment loss allowance for trade receivables and contract assets are disclosed in Note 20 and Note 6(b).

For other receivables, management make periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records and forward looking information.

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (i) Credit risk management (Continued)

For financial assets measured at amortized cost from virtual bank, management developed independent and regular procedures to review the approvals of credit applications, structure levels of credit risk by setting limits on the exposure of risk, and review the ability of borrowers to meet repayment obligations, with monitoring made on a revolving basis and performing periodic reviews. The credit programmes are managed on a portfolio basis, and the limits on the level of credit risk by sectors are approved annually by the management. The exposure to credit risk is mitigated by obtaining relevant financial guarantees. For debt securities and interbank exposure under treasury portfolio, external ratings are used, which are continuously monitored and updated. Virtual bank was disposed of as described in Note 12.

##### (ii) ECL measurement

The Group applies the IFRS 9 simplified approach in measuring expected credit losses ("ECL") which uses a lifetime expected impairment loss allowance for all trade receivables and contract assets.

For financial assets, other than trade receivables and contract assets, whose impairment losses are measured using ECL model, the Group assesses whether their credit risk has increased significantly since their initial recognition, and applies a three-stage impairment model to calculate their impairment allowance and recognize their ECL, as follows:

– Stage 1: If the credit risk has not increased significantly since its initial recognition, the financial asset is included in stage 1.

– Stage 2: If the credit risk has increased significantly since its initial recognition but is not yet deemed to be credit-impaired, the financial instrument is included in stage 2. The description of how the Group determines when a significant increase in credit risk has occurred is disclosed in the following section of "judgement of significant increase in credit risk".

– Stage 3: If the financial instruments are credit-impaired, the financial instrument is included in stage 3. The definition of credit-impaired financial assets is disclosed in the following section of "the definition of credit-impaired assets".

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

According to whether the credit risk has increased significantly or whether the assets have been impaired, the Group measures the impairment loss allowance with the expected credit losses of 12-month or the lifetime due to the credit risk characteristics of different assets. The expected credit loss is the result of discounting the product of Exposure at Default, Probabilities of Default and Loss given Default.

Judgement of significant increase in credit risk ("SICR")

Under IFRS 9, when considering the impairment stages for financial assets, the Group evaluates the credit risk at initial recognition and also whether there is any significant increase in credit risk for each reporting period.

The Group set quantitative and qualitative criteria to judge whether there has been a SICR after initial recognition. The judgement criteria mainly includes the Probabilities of Default changes of the debtors, changes of credit risk categories and other indicators of SICR, etc.. In the judgement of whether there has been a SICR after initial recognition, the Group has not rebutted the 30 days past due as presumption of SICR.

The definition of credit-impaired assets

Under IFRS 9, in order to determine whether credit impairment occurs, the defined standards adopted by the Group are consistent with the internal credit risk management objectives for relevant financial assets while considering quantitative and qualitative indicators. When the Group assesses whether the debtor has credit impairment, the following factors are mainly considered:

- The debtor has overdue more than 90 days after the contract payment date
- The debtor has significant financial difficulties
- The debtor is likely to go bankrupt or other financial restructuring
- The lender gives the debtor concessions for economic or contractual reasons due to the debtor's financial difficulties, where such concessions are normally reluctant to be made by the lender

The credit impairment of financial assets may be caused by the joint effects of multiple events and may not be caused by separately identifiable event.

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

###### Forward-looking information

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors that affect the ability of the debtors to settle the receivables. The Group has developed macroeconomic forward-looking adjustment model by establishing a pool of macro-economic indicators, preparing data, filtering model factors and adjusting forward-looking elements, and the indicators include country Gross Domestic Product (GDP), Consumer Price Index (CPI), Total Retail Sales of Consumer Goods, Producer Price Index (PPI) and Investment in Fixed Assets, etc. based on the statistical analysis of historical data. The Group has identified the CPI to be the most relevant factor for evaluating expected credit losses on 31 December 2024 and accordingly adjusts the historical loss rates based on the expected changes in these factors.

###### Credit risk exposure

Without considering the impact of collateral and other credit enhancement, for on-balance sheet assets, the maximum exposures are based on net carrying amounts as reported in the consolidated financial statements.



## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

Credit risk exposure (Continued)

##### (1) Trade receivables and contract assets

As at December 31, 2023		
Trade receivables	Contract assets	Total
RMB'000	RMB'000	RMB'000

#### Gross carrying amount

Applying simplified approach	779,458	153,204	932,662
------------------------------	---------	---------	---------

#### Loss allowance

Applying simplified approach	68,789	57,379	126,168
------------------------------	--------	--------	---------

As at December 31, 2024		
Trade receivables	Contract assets	Total
RMB'000	RMB'000	RMB'000

#### Gross carrying amount

Applying simplified approach	582,068	125,842	707,910
------------------------------	---------	---------	---------

#### Loss allowance

Applying simplified approach	75,533	62,422	137,955
------------------------------	--------	--------	---------

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

##### Credit risk exposure (Continued)

##### (1) Trade receivables and contract assets (Continued)

To measure the expected credit losses, all trade receivables and contract assets have been grouped based on shared credit risk characteristics and the aging analysis. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The impairment loss allowance of trade receivables and contract assets applying simplified approach was determined as follows:

	Related parties	As at December 31, 2023				Total
		Up to 1 year	1 year to 2 year	2 year to 3 year	Above 3 years	
Expected loss rate	2.13%	4.56%	41.29%	77.39%	94.34%	13.53%
Gross carrying amount of trade receivables and contract assets applying simplified approach	306,636	476,215	72,327	29,615	47,869	932,662
Loss allowance of trade receivables and contract assets applying simplified approach	6,528	21,698	29,863	22,920	45,159	126,168

	Related parties	As at December 31, 2024				Total
		Up to 1 year	1 year to 2 year	2 year to 3 year	Above 3 years	
Expected loss rate	6.11%	8.24%	44.26%	62.58%	98.89%	19.49%
Gross carrying amount of trade receivables and contract assets applying simplified approach	190,601	384,954	49,545	25,383	57,427	707,910
Loss allowance of trade receivables and contract assets applying simplified approach	11,638	31,714	21,930	15,884	56,789	137,955

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

##### Credit risk exposure (Continued)

##### (1) Trade receivables and contract assets (Continued)

Movements in the impairment loss allowance of trade receivables and contract assets applying simplified approach are as follows:

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Beginning of the year	(116,899)	(126,168)
Additions of impairment loss, net	(42,101)	(30,214)
Write-off	33,401	18,562
Exchange difference	(569)	(135)
<b>End of the year</b>	<b>(126,168)</b>	<b>(137,955)</b>

##### (2) Other receivables

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit loss. The credit risk exposure of the other receivables was disclosed in Note 21(a). The Group did not consider the credit risk of other receivables to be significant as the other receivables are mainly deposit receivables from related parties.

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

##### Credit risk exposure (Continued)

##### (3) Loans and advances to customers

The following table presents the credit risk exposure of the loans and advances to customers from virtual bank.

	As at December 31,	
	2023	2024
	RMB'000	RMB'000
Gross carrying amount		
Financial assets measured at amortized cost	3,142	*
Financial assets measured at fair value through other comprehensive income	1,902,985	*
	1,906,127	*
<b>Expected credit loss provision</b>	61	*
<b>Expected loss rate</b>	1.94%	*

\* 2024 information not presented as the virtual bank was disposed of as described in Note 12.

## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (b) Credit risk (Continued)

##### (ii) ECL measurement (Continued)

##### Credit risk exposure (Continued)

##### (3) Loans and advances to customers (Continued)

Movements in the impairment loss allowance of loans and advances to customers applying three-stage approach are as follows:

\* 1 Financial assets measured at amortized cost

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Beginning of the year	–	(61)
(Additions)/reversals of impairment loss	(61)	15
Disposal of subsidiaries	–	46
<b>End of the year</b>	<b>(61)</b>	<b>–</b>

\* 2 Financial assets measured at fair value through other comprehensive income

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Beginning of the year	(11,528)	(12,061)
Additions of impairment loss	(13,344)	(10,863)
Write-off	12,811	2,222
Disposal of subsidiaries	–	20,702
<b>End of the year</b>	<b>(12,061)</b>	<b>–</b>



## 5 Management of financial risk (Continued)

### 5.1 Financial risk factors (Continued)

#### (c) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash and cash equivalents and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Management believe that the Group's current cash and cash equivalents and anticipated cash flows from operations, investment and financing activities will be sufficient to meet the Group's anticipated working capital requirements and capital expenditures for the next 12 months from December 31, 2024.

The liquidity risk of the foreign exchange swap is managed by aligning the critical terms of such swaps with the hedged items.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are undiscounted contractual cash flows.

	As at December 31, 2023		
	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Short-term borrowings	257,007	–	257,007
Trade and other payables	1,292,054	30,143	1,322,197
– Including: lease liabilities	24,829	30,143	54,972
Other financial liabilities from virtual bank	54,373	–	54,373
Customer deposits	2,269,261	–	2,269,261
<b>Non-derivative financial liabilities</b>	<b>3,872,695</b>	<b>30,143</b>	<b>3,902,838</b>

	As at December 31, 2024		
	Within 1 year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Short-term borrowings	19,160	–	19,160
Trade and other payables	685,112	11,351	696,463
– Including: lease liabilities	19,009	11,351	30,360
<b>Non-derivative financial liabilities</b>	<b>704,272</b>	<b>11,351</b>	<b>715,623</b>

## 5 Management of financial risk (Continued)

### 5.2 Capital 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 shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the Directors of the Company, the Group's capital risk was low as at December 31, 2024.

### 5.3 Fair value estimation

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets measured at fair value mainly include financial assets at fair value through profit or loss and financial assets measured at fair value through other comprehensive income.

#### Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchies. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (g) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (h) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (i) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

## 5 Management of financial risk (Continued)

### 5.3 Fair value estimation (Continued)

#### Determination of fair value and fair value hierarchy (Continued)

The level of fair value calculation is determined by the lowest level input that is significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyse and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities.

The fair values of the investments in wealth management products ("WMPs"), which mainly include open-ended treasury management investments, were determined based on the prices and exchange rates on the balance sheet date quoted by the respective issuers of the WMPs and derivative products, respectively. The inputs used for the fair value measurement of WMPs issued by financial intuitions only include the prices quoted by the issuers which can be observed in open markets as they are quoted to public on daily basis, but they do not meet the quoted prices within Level 1 as the WMPs are not actively traded.

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. To determine the fair value of loans and advances to customers from virtual bank, loans are segregated into portfolios of similar characteristics. Fair values are estimated using discounted cash flow methodology incorporating a range of input assumptions including expected customer prepayment rates, new business interest rate estimates for similar loans. The fair value of loans reflects expected credit losses at the balance sheet date and the fair value effect of repricing between origination and the reporting date. For credit impaired loans, fair value is estimated by discounting the future cash flows over the period they are expected to be recovered.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## 5 Management of financial risk (Continued)

### 5.3 Fair value estimation (Continued)

#### Determination of fair value and fair value hierarchy (Continued)

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at December 31, 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000

#### Assets measured at fair value

Financial assets at fair value through profit or loss (Note 23)

	—	925,204	—	925,204
--	---	---------	---	---------

Financial assets measured at fair value through other comprehensive income (Note 18)

	319,949	—	1,906,189	2,226,138
--	---------	---	-----------	-----------

Derivative financial assets (Note 33)

	—	38,008	—	38,008
--	---	--------	---	--------

	As at December 31, 2024			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000

#### Assets measured at fair value

Financial assets at fair value through profit or loss (Note 23)

	—	455,016	—	455,016
--	---	---------	---	---------

Derivative financial assets (Note 33)

	—	40,356	—	40,356
--	---	--------	---	--------

## 5 Management of financial risk (Continued)

### 5.3 Fair value estimation (Continued)

#### Determination of fair value and fair value hierarchy (Continued)

For the years ended December 31, 2023 and 2024, there were no transfers among different levels of fair values measurement.

Movements of Level 3 financial instruments measured at fair value are as follows:

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Beginning of the year	1,611,606	1,906,189
Additions, net	295,287	238,911
(Loss)/gain recognized in other comprehensive income	(789)	2,918
Gain/(loss) recognized in profit or loss	85	(10,881)
Disposal of subsidiaries (Note 12)	–	(2,137,137)
<b>End of the year</b>	<b>1,906,189</b>	<b>–</b>

#### Valuation inputs and relationships to fair value

The following table summarises main quantitative and qualitative information about the significant unobservable inputs used in level 3 fair value measurements for loans and advances to customers from virtual bank measured at fair value through other comprehensive income. The impact of changes in unobservable inputs for other level 3 fair value measurement was immaterial.

Unobservable inputs	Range of inputs	
	2023	2024
Financial assets measured at fair value through other comprehensive income		
– Loans and advances to customers from virtual bank		
Discount rate	7.09% – 10.29%	*
Prepayment ratio	0.36%	*

\* 2024 information not presented as the virtual bank was disposed of as described in Note 12.



## 5 Management of financial risk (Continued)

### 5.3 Fair value estimation (Continued)

#### Valuation inputs and relationships to fair value (Continued)

The analysis below is performed for reasonably possible movements in unobservable inputs with all other variables held constant, showing the impact on the assets and other comprehensive income.

	Unobservable inputs	Impact on the assets and other comprehensive income	
		2023	2024
– Loans and advances to customers from virtual bank			
Discount rate	+5%	(8,845)	*
	-5%	8,926	*
Prepayment ratio	+5%	(315)	*
	-5%	315	*

\* 2024 information not presented as the virtual bank was disposed of as described in Note 12.

## 6 Segment information and revenue

### 6.1 Description of segments and principal activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers ("CODM"), who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. The Group's chief operating decision makers have been identified as the executive directors of the Company, they review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

There were two reporting segments of the Group for the years ended December 31, 2022 and 2023, Technology Solutions and Virtual Bank Business. On April 2, 2024, the Virtual Bank Business segment was disposed of and reported as discontinued operations (Note 12). The below segment comparative information has been restated accordingly.

## 6 Segment information and revenue (Continued)

### 6.1 Description of segments and principal activities (Continued)

As the Group's assets and liabilities are substantially located in the PRC, substantially all revenues are earned and substantially all expenses incurred in the PRC, no geographical segments are presented.

	Year ended December 31,	
	2023	2024
	Continuing operations Technology Solutions RMB'000	Continuing operations Technology Solutions RMB'000
Revenue	3,521,591	2,248,103
Cost of revenue	(2,195,574)	(1,443,606)
<b>Gross profit</b>	<b>1,326,017</b>	<b>804,497</b>
<b>Operating loss</b>	<b>(217,285)</b>	<b>(303,533)</b>
<b>Loss before income tax</b>	<b>(210,341)</b>	<b>(249,338)</b>
<b>ASSETS</b>		
Segment Assets	4,016,149	3,496,187
Goodwill	289,161	157,260
Deferred income tax assets	768,276	313,805
<b>Total assets</b>	<b>5,073,586</b>	<b>3,967,252</b>
<b>LIABILITIES</b>		
Segment Liabilities	2,754,711	1,463,309
Deferred income tax liabilities	2,079	—
<b>Total Liabilities</b>	<b>2,756,790</b>	<b>1,463,309</b>
<b>Other segment information</b>		
Depreciation of property and equipment	68,729	51,889
Amortization of intangible assets	91,746	47,742

The above disclosures have taken into intersegment eliminations and adjustments.

The reconciliation from operating loss to profit/(loss) before income tax during the years ended December 31, 2023 and 2024 is shown in the consolidated statement of comprehensive income.

## 6 Segment information and revenue (Continued)

### 6.2 Revenue

#### (a) Disaggregation of revenue from contracts with customers

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
<b>Technology Solutions</b>		
Implementation	834,620	664,127
Transaction based and support revenue		
– Operation support services	861,056	549,273
– Business origination services	132,112	30,078
– Risk management services	320,462	247,828
– Cloud services platform (i)	1,245,952	618,088
– Post-implementation support services	52,012	69,064
– Others	75,377	69,645
	<u>3,521,591</u>	<u>2,248,103</u>

- (i) Revenue from cloud services platform decreased primarily due to the decision of the Group to gradually discontinue the operation of cloud services from July 2024 onwards given subsidiaries and associates of Ping An Insurance (Group) Company of China, Ltd. (the "Ping An Group") ceased to utilize relevant services.

## 6 Segment information and revenue (Continued)

### 6.2 Revenue (Continued)

#### (a) Disaggregation of revenue from contracts with customers (Continued)

Disaggregation of revenue by timing of transfer of services over time or at a point in time is set out below:

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<b>Year ended December 31, 2023</b>			
Implementation	37,804	796,816	834,620
Transaction based and support revenue			
– Operation support services	240,366	620,690	861,056
– Business origination services	132,112	–	132,112
– Risk management services	320,462	–	320,462
– Cloud services platform	–	1,245,952	1,245,952
– Post-implementation support services	–	52,012	52,012
– Others	75,285	92	75,377
	<u>806,029</u>	<u>2,715,562</u>	<u>3,521,591</u>

	At a point in time RMB'000	Over time RMB'000	Total RMB'000
<b>Year ended December 31, 2024</b>			
Implementation	28,450	635,677	664,127
Transaction based and support revenue			
– Operation support services	143,377	405,896	549,273
– Business origination services	30,078	–	30,078
– Risk management services	247,828	–	247,828
– Cloud services platform	–	618,088	618,088
– Post-implementation support services	–	69,064	69,064
– Others	69,645	–	69,645
	<u>519,378</u>	<u>1,728,725</u>	<u>2,248,103</u>

During the years ended December 31, 2023 and 2024, the Group mainly operated in the PRC and substantially all revenues are earned in the PRC.

## 6 Segment information and revenue (Continued)

### 6.2 Revenue (Continued)

#### (a) Disaggregation of revenue from contracts with customers (Continued)

The major customers which contributed more than 10% of the total revenue from continuing operations of the Group for the years ended December 31, 2023 and 2024 are listed as below:

	For the year ended December 31,	
	2023	2024
	% of total revenue (Note 12)	% of total revenue
Ping An Group and its subsidiaries	59.38%	52.98%
Lufax Holding Ltd ("Lufax" and its subsidiaries)	Not applicable	(i)
	<u>59.38%</u>	<u>52.98%</u>

(i) Lufax became a subsidiary of Ping An Group on July 30, 2024 and the revenue from Lufax Holding Ltd was included in the revenue from Ping An Group and its subsidiaries since then.



## 6 Segment information and revenue (Continued)

### 6.2 Revenue (Continued)

#### (b) Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	At December 31,	
	2023	2024
	RMB'000	RMB'000
<b>Contract assets</b>		
– Implementation	137,566	113,986
– Transaction based and support	15,638	11,856
– Operation support services	12,149	6,905
– Post implementation support services	3,489	4,951
	<u>153,204</u>	<u>125,842</u>
Less: Impairment loss allowance		
– Implementation	(50,712)	(57,910)
– Transaction based and support	(6,667)	(4,512)
– Operation support services	(4,750)	(2,201)
– Post implementation support services	(1,917)	(2,311)
	<u>(57,379)</u>	<u>(62,422)</u>
	<u>95,825</u>	<u>63,420</u>

## 6 Segment information and revenue (Continued)

### 6.2 Revenue (Continued)

#### (b) Contract assets and liabilities (Continued)

	At December 31,	
	2023	2024
	RMB'000	RMB'000
<b>Contract liabilities</b>		
– Implementation	37,427	30,656
– Transaction based and support	118,262	97,791
– Post implementation support services	10,609	12,030
– Risk management services	18,801	14,843
– Operation support services	69,825	49,124
– Others	19,027	21,794
	<u>155,689</u>	<u>128,447</u>
Less: Non-current contract liabilities	<u>(17,126)</u>	<u>(12,946)</u>
	<u>138,563</u>	<u>115,501</u>

Contract assets and contract liabilities decreased primarily due to decline of revenue from implementation and operation support services, respectively.

During the years ended December 31, 2023 and 2024, there were no material cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in the measure of progress, a change in an estimate of the transaction price or a contract modification, there were also no revenue recognized in the reporting year from performance obligations satisfied (or partially satisfied) in previous years.

#### (i) Revenue recognized in relation to contract liabilities

Revenue recognized in relation to contract liabilities	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the year	<u>166,650</u>	<u>138,563</u>

## 6 Segment information and revenue (Continued)

### 6.2 Revenue (Continued)

#### (b) Contract assets and liabilities (Continued)

##### (ii) Remaining performance obligations of long-term contracts

Remaining performance obligations of long-term contracts	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
<b>Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied at the end of each year</b>		
Expected to be recognized within one year	386,278	428,055
Expected to be recognized in one to two years	112,605	120,256
Expected to be recognized in two to three years	38,900	52,698
Expected to be recognized beyond three years	13,992	65,675
	<u>551,775</u>	<u>666,684</u>

The remaining performance obligations disclosed above represent implementation, post-implementation support services, risk management services and operation support services that have an original contractual term of more than one year. Moreover, the amount disclosed above does not include variable consideration which is constrained.

## 7 Expenses by nature

	For the year ended December 31,	
	2023	2024
	RMB'000 (Note 12)	RMB'000
<b>Continuing operations</b>		
Technology service fees	1,651,831	1,038,922
Employee benefit expenses (Note 8)	1,203,152	928,953
Outsourcing labor costs	402,983	102,876
Amortization of intangible assets (Note 15)	91,746	47,742
Depreciation of property and equipment (Note 14)	68,729	51,889
Purchase costs of products	60,902	63,502
Business origination fee	53,419	16,249
Travelling expenses	40,125	40,470
Marketing and advertising fees	33,319	23,219
Professional service fees	29,432	26,789
Auditor's remuneration		
– Audit related	15,847	11,650
– Non-audit	609	2,778
Impairment loss of intangible assets	5,851	2,392
Listing expenses	–	–
Others	109,570	79,468
<b>Total cost of revenue, research and development expenses, selling and marketing expenses, general and administrative expenses</b>	<b>3,767,515</b>	<b>2,436,899</b>

**7 Expenses by nature (Continued)**

	For the year ended December 31,	
	2023	2024
	RMB'000 (Note 12)	RMB'000
<b>Continuing operations</b>		
<b>Research and development costs</b>		
– Employee benefit expenses	349,458	203,127
– Technology service fees	585,741	314,413
– Amortization of intangible assets	4,438	232
– Depreciation of property and equipment	7,023	3,222
– Impairment loss of intangible assets	2,004	–
– Others	14,726	7,200
<b>Amounts incurred</b>	<u>963,390</u>	<u>528,194</u>
Less: capitalized		
– Employee benefit expenses	(1,875)	(10,740)
– Technology service fees	<u>(6,314)</u>	<u>(6,556)</u>
	<u>(8,189)</u>	<u>(17,296)</u>
	<u>955,201</u>	<u>510,898</u>

**8 Employee benefit expenses**

a) Employee benefit expenses are as follows

	For the year ended December 31,	
	2023	2024
	RMB'000 (Note 12)	RMB'000
<b>Continuing operations</b>		
Wages and salaries	875,967	646,114
Welfare and other benefits	316,231	282,349
Share-based payments (Note 28)	<u>10,954</u>	<u>490</u>
	<u>1,203,152</u>	<u>928,953</u>



## 8 Employee benefit expenses (Continued)

### b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023 and 2024 include 1 and 1 directors, whose emoluments are reflected in the analysis shown in Note 40. The emoluments payable to the remaining 4 and 4 individuals during the years ended December 31, 2023 and 2024 are as follows:

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	7,513	11,250
Pension	225	55
Bonuses	4,248	555
Share-based payments	3,573	969
	<u>15,559</u>	<u>12,829</u>

The emoluments fell within the following bands:

	For the year ended December 31,	
	2023	2024
Emolument bands (in HKD)		
HKD 3,000,001 – HKD3,500,000	–	3
HKD 3,500,001 – HKD4,000,000	1	1
HKD 4,000,001 – HKD4,500,000	2	–
HKD 4,500,001 – HKD5,000,000	1	–
	<u>4</u>	<u>4</u>

During the years ended 31 December 2023 and 2024, no director or the five highest paid individuals received any emolument from the Group as an inducement to join or leave the Group or as compensation for loss of office.

## 9 Other income, gains or loss – net

	For the year ended December 31,	
	2023	2024
	RMB'000 (Note 12)	RMB'000
<b>Continuing operations</b>		
Net foreign exchange losses	(13,832)	(8,713)
Government grants and tax rebates (Note a)	41,417	14,334
Net gain on financial assets at fair value through profit or loss	20,007	14,140
(Loss)/gain on disposal of property and equipment and intangible asset	(6,058)	3,485
Remeasurement of redemption liability (Note 29(ii))	–	–
Net gains on derivatives	30,592	25,598
Impairment of goodwill (Note 15)	–	(131,901)
Others	(2,943)	(425)
	<u>69,183</u>	<u>(83,482)</u>

## (a) Government grants and tax rebates

Government grants and tax rebates were related to income. There were no unfulfilled conditions or contingencies related to these subsidies.

	For the year ended December 31,	
	2023	2024
	RMB'000 (Note 12)	RMB'000
<b>Continuing operations</b>		
Government grants	23,885	10,860
– Technology development incentives	12,869	7,006
– Operation subsidies	11,016	3,854
Tax rebates	17,532	3,474
	<u>41,417</u>	<u>14,334</u>

**10 Finance income – net**

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
<b>Continuing operations</b>		
Finance income		
Interest income on bank deposits	29,580	67,484
Finance costs		
Interest expense on borrowings	(12,070)	(10,491)
Interest expense on lease liabilities (Note 19(b))	(3,005)	(1,930)
Interest expense on redemption liability	(4,014)	–
Bank charges	(997)	(868)
	(20,086)	(13,289)
	9,494	54,195

**11 Income tax expense**

The income tax expense of the Group for the years ended December 31, 2023 and 2024 is analyzed as follows:

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
<b>Continuing operations</b>		
Current income tax	(15,196)	(2,975)
Deferred income tax	5,434	(452,393)
<b>Income tax expense</b>	(9,762)	(455,368)

The deferred income tax for the year ended December 31, 2024 was mainly due to a reversal of deferred income tax assets (Note 35).

## 11 Income tax expense (Continued)

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to loss of the consolidated entities as follows:

	For the year ended December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
Loss before taxation from continuing operations	210,341	249,338
Loss/(profit) before income tax from discontinued operations	151,373	(209,499)
	<u>361,714</u>	<u>39,839</u>
Tax calculated at PRC statutory income tax rate of 25%	90,429	9,960
Differential of income tax rates applicable to subsidiaries	(36,590)	21,448
Expense not deductible for tax purposes	(3,863)	(3,728)
Incomes not subject to tax	191	2,910
Tax losses and temporary differences for which no deferred income tax asset was recognized	(73,942)	(50,869)
Additional deductible allowance for research and development expenses	12,474	8,883
Derecognition of deferred income tax asset	–	(454,471)
Utilization of previously unrecognized tax losses	1,539	10,499
<b>Income tax expense</b>	<u>(9,762)</u>	<u>(455,368)</u>

The unused tax losses which no deferred tax asset has been recognized for the years ended December 31, 2023 and 2024 is analyzed as follows:

	At December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
<b>Continuing operations</b>		
Unused tax losses for which no deferred tax asset has been recognized	<u>1,971,954</u>	<u>3,963,089</u>

## 11 Income tax expense (Continued)

The expiry dates of the unused tax losses not recognized as deferred tax assets for the years ended December 31, 2023 and 2024 are listed as follows (excluding unused tax losses without expiry date):

	At December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
<b>Continuing operations</b>		
Year 2024	419,866	–
Year 2025	83,576	89,886
Year 2026	208,346	217,054
Year 2027	67,745	79,241
Year 2028	113,129	607,088
Year 2029	7,149	877,938
Year 2030	8,049	460,505
Year 2031	56,495	250,170
Year 2032	122,036	267,019
Year 2033	220,273	281,583
Year 2034	–	144,707

### a) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of operations in Mainland China had been calculated at the tax rate of 25% for the years ended December 31, 2023 and 2024, unless preferential tax rates were applicable.

Certain subsidiaries of the Group in mainland China were subject to "High and New Technology Enterprise", whose preferential income tax rate is 15% for the years ended December 31, 2023 and 2024.

Moreover, certain subsidiaries of the Group were established in the Shenzhen Qianhai Shenzhen-Hong Kong Cooperation Zone and accordingly is entitled to a reduced income tax rate of 15%.

### b) Cayman Islands EIT

The Company was not subject to any taxation in the Cayman Islands for the years ended December 31, 2023 and 2024.



## 11 Income tax expense (Continued)

### c) Hong Kong Profits Tax

Hong Kong profits tax had been provided for at the rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023 and 2024.

### d) Enterprise Income Tax in Other Jurisdictions

Income tax on profit arising from other jurisdictions, including Singapore, Indonesia, Malaysia and United Arab Emirates, had been calculated on the estimated assessable profit for the years ended December 31, 2023 and 2024 at the respective rates prevailing in the relevant jurisdictions, which were not higher than 25%.

### e) PRC Withholding Tax ("WHT")

According to the EIT Law, distribution of profits earned by PRC companies since January 1, 2008 to overseas investors is subject to withholding tax of 5% or 10%, depending on the region of incorporation of the overseas investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Group plans to indefinitely reinvest undistributed earnings earned from its PRC subsidiaries in its operations in PRC. Therefore, no withholding income tax for undistributed earnings of its subsidiaries were provided as at December 31, 2023 and 2024 respectively.

## 12 Discontinued operations

On November 13, 2023, the Company entered into the Share purchase Agreement with Lufax Holding Ltd (the Purchaser, "Lufax"), pursuant to which the Company conditionally agreed to sell, and the Purchaser conditionally agreed to acquire Ping An OneConnect Bank (Hong Kong) Limited ("OneConnect Bank") through transferring the entire issued share capital of the Jin Yi Tong Limited (the "Disposal Company", a company indirectly holds 100% of the issued share capital of OneConnect Bank through its 100% owned subsidiary Jin Yi Rong Limited) at a consideration of HK\$933,000,000 in cash, subject to the terms and conditions of the Share Purchase Agreement. The transaction was approved by shareholders of the Company through an extraordinary general meeting held on January 16, 2024 and was completed on April 2, 2024. Upon closing, the Company ceased to hold any interest in the Disposal Company. Accordingly, the Disposal Company, Jin Yi Rong Limited and OneConnect Bank and any company that is directly or indirectly controlled by OneConnect Bank (the "Disposal Group") ceased to be subsidiaries of the Company and will no longer be consolidated into the consolidated financial statements of the Group. The Disposal Group was reported in the current year as a discontinued operations and the comparative information of consolidated statement of comprehensive income has been restated accordingly. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

## 12 Discontinued operations (Continued)

### (a) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period from January 1, 2024 to the date of disposal (2024 column) and the year ended December 31, 2023 (2023 column).

	2023 RMB'000	2024 RMB'000
Revenue	145,917	44,295
Cost of revenue	(122,529)	(38,404)
Expenses	(163,581)	(46,549)
Net impairment losses on financial and contract assets	(13,406)	(10,856)
Other income, gains or loss – net	2,672	956
Finance costs – net	(446)	(80)
Loss after income tax of discontinued operations	(151,373)	(50,638)
Gain on sale of subsidiaries after income tax (see note (b) below)	–	260,137
<b>(Loss)/Profit from discontinued operations</b>	<b>(151,373)</b>	<b>209,499</b>
Exchange differences on translation of discontinued operations	9,624	177
Changes in the fair value of debt instruments measured at fair value through other comprehensive income of discontinued operations	500	6,056
Disposal of subsidiaries	–	18,237
<b>Total comprehensive (loss)/income from discontinued operations</b>	<b>(141,249)</b>	<b>233,969</b>
Net cash used in operating activities	(364,532)	(3,286)
Net cash generated from/(used in) investing activities	114,633	(112,210)
Net cash used in financing activities	(5,392)	(1,417)
<b>Net decrease in cash and cash equivalents</b>	<b>(255,291)</b>	<b>(116,913)</b>

**12 Discontinued operations (Continued)****(b) Details of the sale of the Disposal Group**

	2024 RMB'000
Cash consideration received, less transaction cost paid	839,087
Less: Cash and bank balances disposed of	(115,916)
<b>Net cash inflow from disposal</b>	<b>723,171</b>
Cash consideration received, less transaction cost paid	839,087
Carrying amount of net assets sold	(560,713)
<b>Gain on sale before income tax and reclassification reserve</b>	<b>278,374</b>
Reclassification of foreign currency translation reserve	(30,180)
Reclassification of fair value change reserve	11,943
Income tax expenses on gain	—
<b>Gain on sale after income tax</b>	<b>260,137</b>

The carrying amounts of assets and liabilities as at the date of disposal were:

	2024 RMB'000
Property and equipment	7,400
Intangible assets	109,064
Financial assets measured at fair value through other comprehensive income	2,544,423
Prepayments and other receivables	11,157
Financial assets measured at amortized cost from virtual bank	3,819
Restricted cash and time deposits over three months	250,550
Cash and cash equivalents	115,916
<b>Total assets</b>	<b>3,042,329</b>
Trade and other payables	57,239
Payroll and welfare payables	13,824
Customer deposits	2,410,553
<b>Total liabilities</b>	<b>2,481,616</b>
<b>Net assets</b>	<b>560,713</b>

### 13 (Loss)/earnings per share

The calculations of basic and diluted (loss)/earnings per share are based on:

	Year ended December 31,	
	2023 RMB'000 (Note 12)	2024 RMB'000
Loss from continuing operations as presented in the statement of comprehensive income	(220,103)	(704,706)
Less: loss from continuing operations attributable to non-controlling interests	8,761	35,530
<b>Loss from continuing operations attributable to owners of the Company</b>	<b>(211,342)</b>	<b>(669,176)</b>
(Loss)/profit from discontinued operations	(151,373)	209,499
<b>Loss attributable to owners of the Company used in calculating basic and diluted loss per share</b>	<b>(362,715)</b>	<b>(459,677)</b>
Weighted average number of ordinary shares in issue (in '000 shares)	1,089,589	1,089,589
<b>Loss per share for loss from continuing operations attributable to owners of the Company</b>		
– Basic and diluted loss per share (RMB) (Note)	(0.19)	(0.61)
– Basic and diluted loss per ADS (RMB) (Note)	(5.82)	(18.42)
(Loss)/earnings per share for (loss)/profit from discontinued operations attributable to owners of the Company		
– Basic and diluted (loss)/earnings per share (RMB) (Note)	(0.14)	0.19
– Basic and diluted (loss)/earnings per ADS (RMB) (Note)	(4.17)	5.76
<b>Loss per share for loss attributable to owners of the Company</b>		
– Basic and diluted loss per share (RMB) (Note)	(0.33)	(0.42)
– Basic and diluted loss per ADS (RMB) (Note)	(9.99)	(12.66)

Note: One ADS represent thirty ordinary shares of the Company.

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended December 31, 2023 and 2024.

Shares held for share incentive scheme purpose have been treated as treasury shares. Accordingly, for purpose of calculation of basic (loss)/earnings per share, the issued and outstanding number of ordinary shares as at December 31, 2023 and 2024, taking into account the shares held for share incentive scheme purpose, were 1,089,589,125 shares, 1,089,589,125 shares, respectively.

**13 (Loss)/earnings per share (Continued)**

The effects of all outstanding share options granted under the Share Option Scheme and Restricted Share Units Scheme (Note 28) for the years ended December 31, 2023 and 2024, have been excluded from the computation of diluted (loss)/earnings per share. Accordingly, dilutive (loss)/earnings per share for the years ended December 31, 2023 and 2024 were the same as basic (loss)/earnings per share for the years.

**14 Property and equipment**

	Office and telecommunication equipment RMB'000	Right-of-use properties RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Year ended December 31, 2023</b>				
Opening net book amount	41,855	89,574	19,972	151,401
Additions	2,987	21,612	2,994	27,593
Disposals, net	(877)	(17,718)	(696)	(19,291)
Depreciation charge	(18,761)	(45,082)	(11,065)	(74,908)
Exchange difference	42	186	53	281
<b>Closing net book amount</b>	<b>25,246</b>	<b>48,572</b>	<b>11,258</b>	<b>85,076</b>
<b>As at December 31, 2023</b>				
Cost	111,470	303,092	118,384	532,946
Accumulated depreciation	(83,610)	(255,879)	(106,441)	(445,930)
Exchange difference	(2,614)	1,359	(685)	(1,940)
<b>Net book amount</b>	<b>25,246</b>	<b>48,572</b>	<b>11,258</b>	<b>85,076</b>
<b>Year ended December 31, 2024</b>				
Opening net book amount	25,246	48,572	11,258	85,076
Additions	2,146	58,238	3,967	64,351
Disposals, net	(1,438)	(43,879)	–	(45,317)
Depreciation charge	(9,542)	(33,483)	(9,876)	(52,901)
Disposal of subsidiaries (Note 12)	(1,623)	(5,777)	–	(7,400)
Exchange difference	9	35	42	86
<b>Closing net book amount</b>	<b>14,798</b>	<b>23,706</b>	<b>5,391</b>	<b>43,895</b>
<b>As at December 31, 2024</b>				
Cost	90,947	256,740	122,350	470,037
Accumulated depreciation	(73,544)	(234,428)	(116,316)	(424,288)
Exchange difference	(2,605)	1,394	(643)	(1,854)
<b>Net book amount</b>	<b>14,798</b>	<b>23,706</b>	<b>5,391</b>	<b>43,895</b>



#### 14 Property and equipment (Continued)

During the different periods, the approximate depreciation which were charged to cost of revenue, research and development expenses, selling and marketing expenses and general and administrative expenses were as follows:

Depreciation of property and equipment	Year ended December 31,	
	2023	2024
	RMB'000	RMB'000
	(Note 12)	
<b>Continuing operations</b>		
Cost of revenue	5,567	4,030
Research and development expenses	7,023	3,222
Selling and marketing expenses	2,676	1,055
General and administrative expenses	53,463	43,582
	68,729	51,889
<b>Discontinued operations</b>	6,179	1,012
	74,908	52,901

Depreciation of office and telecommunication equipment is allocated to different functional expenses based on usage of equipment by different functional divisions. Right-of-use properties and leasehold improvement are primarily related to business office buildings leased by the Group and used as corporate headquarters. For leased business office buildings which are for general and administrative use, the depreciation of the related right-of-use properties and leasehold improvement is charged to general and administrative expense.

## 15 Intangible assets

	Application and platform				Development		Business license	Others	Total
	Contributed by Ping An Group	Developed internally	Acquired	Purchased Software	costs in progress	Goodwill			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended December 31, 2023</b>									
Opening net book amount	-	176,206	-	12,821	29,179	289,161	61,026	2,043	570,436
Additions	-	-	-	9,779	21,709	-	-	-	31,488
Impairment	-	(1,400)	-	-	(4,451)	-	-	-	(5,851)
Transfer	-	30,764	-	-	(30,764)	-	-	-	-
Amortization	-	(77,975)	-	(15,509)	-	-	(30,906)	(2,043)	(126,433)
Exchange differences	-	1,265	-	138	328	-	-	-	1,731
<b>Closing net book amount</b>	<b>-</b>	<b>128,860</b>	<b>-</b>	<b>7,229</b>	<b>16,001</b>	<b>289,161</b>	<b>30,120</b>	<b>-</b>	<b>471,371</b>
<b>As at December 31, 2023</b>									
Cost	690,910	802,696	61,078	159,513	15,193	289,161	155,492	80,263	2,254,306
Accumulated amortization	(690,910)	(680,040)	(61,078)	(152,394)	-	-	(125,372)	(80,263)	(1,790,057)
Exchange differences	-	6,204	-	110	808	-	-	-	7,122
<b>Net book amount</b>	<b>-</b>	<b>128,860</b>	<b>-</b>	<b>7,229</b>	<b>16,001</b>	<b>289,161</b>	<b>30,120</b>	<b>-</b>	<b>471,371</b>
<b>Year ended December 31, 2024</b>									
Opening net book amount	-	128,860	-	7,229	16,001	289,161	30,120	-	471,371
Additions	-	-	-	602	20,708	-	-	-	21,310
Impairment	-	(2,392)	-	-	-	(131,901)	-	-	(134,293)
Transfer	-	17,608	-	-	(17,608)	-	-	-	-
Amortization	-	(26,728)	-	(3,291)	-	-	(23,978)	-	(53,997)
Disposal of subsidiaries (Note 12)	-	(94,028)	-	(1,934)	(13,102)	-	-	-	(109,064)
Exchange differences	-	437	-	7	(135)	-	-	-	309
<b>Closing net book amount</b>	<b>-</b>	<b>23,757</b>	<b>-</b>	<b>2,613</b>	<b>5,864</b>	<b>157,260</b>	<b>6,142</b>	<b>-</b>	<b>195,636</b>
<b>As at December 31, 2024</b>									
Cost	690,910	647,025	61,078	133,506	5,191	157,260	155,492	80,263	1,930,725
Accumulated amortization	(690,910)	(629,909)	(61,078)	(131,010)	-	-	(149,350)	(80,263)	(1,742,520)
Exchange differences	-	6,641	-	117	673	-	-	-	7,431
<b>Net book amount</b>	<b>-</b>	<b>23,757</b>	<b>-</b>	<b>2,613</b>	<b>5,864</b>	<b>157,260</b>	<b>6,142</b>	<b>-</b>	<b>195,636</b>