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Linklogis Inc.
聯易融科技集團

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)
(Stock Code: 9959)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

The Board of Directors is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2022 (the “**Reporting Year**”), together with the comparative figures for the year ended December 31, 2021. These annual results have been reviewed by the Company’s audit committee.

KEY FINANCIAL HIGHLIGHTS

	Year ended December 31,		Change (%)
	2022	2021	
	(RMB in thousands, except percentages)		
Revenue and income from principal activities	924,200	1,198,013	(22.9)
Supply Chain Finance Technology Solutions	866,341	1,138,645	(23.9)
Emerging Solutions	57,859	59,368	(2.5)
Gross profit	774,535	927,250	(16.5)
Gross margin (%)	83.8	77.4	6.4 ⁽¹⁾
Loss for the year attributable to equity shareholders of the Company	(13,458)	(12,991,790)	(99.9)
<i>Non-IFRS measures</i>			
Adjusted profit for the year (non-IFRS)	196,015	301,588	(35.0)
Adjusted profit margin (non-IFRS) (%)	21.2	25.2	(4.0) ⁽¹⁾

Note:

(1) Percentage points

KEY BUSINESS HIGHLIGHTS

	Year ended December 31, 2022	Year ended December 31, 2021	Change (%)
Total number of partners⁽¹⁾			
Anchor enterprise	1,110	679	63.5
Financial institution	326	291	12.0
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	401	218	83.9
Number of financial institution customers	146	132	10.6
Customer retention rate ⁽²⁾ (%)	96	97	(1) ⁽³⁾

Notes:

- (1) The number of customers for a given year refers to the total number of customers that had at least one revenue-generating contract with the Group during that year. The number of partners for a given year includes both (i) the Group's customers who enter into revenue-generating contracts with the Group; and (ii) other businesses who do not enter into revenue-generating contracts with the Group but are served through the Group's solutions during that year.
- (2) The retention rate is calculated by dividing the number of customers in the previous year who remain as the Group's customers in the current year by the total number of customers in the previous year.
- (3) Percentage points.

The following table sets forth the breakdown of the total volume of supply chain assets processed by, or for the Group's SME Credit Tech Solutions, the total amount of financing enabled by, its technology solutions for the year indicated.

	For the year ended December 31,		
	2022	2021	Change (%)
	<i>(RMB in million)</i>		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	72,295.8	79,799.7	(9.4)
Multi-tier Transfer Cloud	75,119.2	49,825.6	50.8
	<u>147,415.0</u>	<u>129,625.3</u>	<u>13.7</u>
<i>Subtotal (Anchor Cloud):</i>	147,415.0	129,625.3	13.7
(b) FI Cloud			
ABS Cloud	31,997.2	46,933.3	(31.8)
eChain Cloud	67,719.5	71,842.3	(5.7)
	<u>99,716.7</u>	<u>118,775.6</u>	<u>(16.0)</u>
<i>Subtotal (FI Cloud):</i>	99,716.7	118,775.6	(16.0)
Total (Supply Chain Finance Technology Solutions):	<u>247,131.7</u>	<u>248,400.9</u>	<u>(0.5)</u>
Emerging Solutions			
Cross-border Cloud	11,435.6	8,023.8	42.5
SME Credit Tech Solutions	732.5	1,891.7	(61.3)
	<u>12,168.1</u>	<u>9,915.5</u>	<u>22.7</u>
Total (Emerging Solutions):	<u>12,168.1</u>	<u>9,915.5</u>	<u>22.7</u>
TOTAL:	<u>259,299.8</u>	<u>258,316.4</u>	<u>0.4</u>

BUSINESS REVIEW AND OUTLOOK

In 2022, China's macroeconomy was under the triple pressure of shrinking demand, supply shocks and weakening expectations, which affected supply chains and supply chain financing activities. Despite these short-term macroeconomic challenges to our business development, we see long-term growth prospects and opportunities ahead. Confronting the increasingly complex geopolitical environment and elevated uncertainties of international supply chain security, governments at various levels in China have issued numerous policy measures to encourage support for sectors including supply chain finance, digital economy, green development and inclusive finance, aiming to shore up the industrial chain of the real economy, comprehensively strengthen supply chain security and promote high-quality development. On the back of this strong policy support, a growing number of financial institutions, anchor enterprises and local governments are actively embracing the digital transformation and upgrading at the intersection of industry and finance, creating new growth opportunities in the supply chain management and finance technology market.

2022 Annual Results Summary

As a leading supply chain finance technology solutions provider in China, we remain committed to redefining and transforming supply chain finance through technology and innovation. We maintained our industry-leading position in 2022 in spite of the complex market environment. According to the Supply Chain Fintech Industry Report 2023 published by China Insights Consultancy, we held a 20.6% market share, making us the largest third-party supply chain finance technology solution provider in China for the third consecutive year.

In 2022, the total transaction volume processed by, or the total amount of financing enabled by, our technology solutions reached RMB259.3 billion, up 0.4% year-over-year compared with RMB258.3 billion in 2021. The growth in our transaction volume slowed down, mainly due to the pressure on the macroeconomy and the recurrent outbreaks of Covid-19, which curbed supply chain financing activities and affected our launch and promotion of new projects. Our revenue and income from principal activities reached RMB924.2 million, down 22.9% year-over-year compared with RMB1,198.0 million in 2021, mainly due to the changes in customer and product structure, which reduced the average price of products measured by transaction volume. On the other hand, with the changes in product structure, our gross profit margin continued to improve, reaching 83.8% in 2022, an increase of 6.4 percentage points from 2021. In 2022, we maintained a solid level of profitability. Our adjusted profit was RMB196.0 million and adjusted profit margin reached 21.2%.

We made significant strides in customer acquisition in 2022. We obtained 197 new customers spanning both anchor enterprises and financial institutions for our Supply Chain Finance Technology Solutions, growing our total to 547, an increase of 56% compared to 2021. During the year, we served 1,110 anchor enterprise customers and partners, including 42 of the Top 100 Companies in China, and 326 financial institution customers and partners, covering all of the top 20 commercial banks in China. We maintained a high customer retention rate of 96% in 2022. We successfully entered the supply chain ecosystems in additional sectors, covering all of the 31 industries listed in the SWS Industry Classification. Centering on supply chain finance, we created innovative solutions for a wider range of business scenarios, rolling out supply chain finance technology products such as purchase order financing, distributor financing and supply chain bills on the basis of our core products of supply chain asset-backed securitization and digital accounts receivable certificates. Green Link Digital Bank (“GLDB”), a Singapore-based innovative digital wholesale bank in which we invested, commenced operations. Olea, our joint venture with Standard Chartered, achieved breakthroughs in the cross-border trade financing business in several overseas jurisdictions. We also opened our international headquarters in Singapore. We believe that our rapidly growing customer base, product innovation and expanding international presence have generated strong growth momentum to propel our business into the future.

In 2022, we were consistently recognized by the market for our technological innovation, customer satisfaction and brand reputation. We were selected as one of the Top 100 Fintech Companies in the World by the FinTech Magazine, won the Best Blockchain or Distributed Ledger Technology in China award from the Asian Banker, and broke into the top 10 on China Internet Weekly’s Top 100 SaaS Companies List in 2022. We were also selected by the Shenzhen Data Exchange as the first batch of data merchants and certified as MNC Regional Headquarters in Shenzhen. We remain committed to redefining and transforming all aspects of supply chain finance through technology and innovation, leveraging technology to continuously improve the efficiency of supply chain finance services as well as enhancing security and convenience in our digital intelligence transformation services. Facing the vast blue-ocean opportunities of the digital economy, we are actively building up our capabilities in core technology. In 2022, our R&D expenses were RMB351.1 million, an increase of 26.6% year-over-year, accounting for 38.0% of the total revenue and income. As at December 31, 2022, we had 604 R&D staff, representing 61.6% of our total workforce. As at December 31, 2022, our number of patent applications reached 415, 49 of which patents are issued, and we have acquired a total of 172 copyright registrations.

We attach great importance to environmental, social and governance (“ESG”), and proactively fulfill our corporate responsibilities. In 2022, we released our first ESG report and stipulated our ESG mission, which is “technology empowers the development of sustainable supply chain finance”. In the second half of 2022, the assets of transactions we served related to sustainable supply chains (including green finance, renewable energy, rural revitalization, pandemic relief, etc.) reached RMB4.8 billion, increase by 130% compared with that in the first half of 2022, demonstrating our efforts to promote sustainable development. We have also cumulatively served more than 180,000 SMEs through our technology solutions, providing them with convenient, efficient and cost-effective digital inclusive financial services. Our efforts and achievements in ESG have been continually acknowledged by the market. We received the Gold Award of the Outstanding ESG Performer of the Year by Hang Seng Indexes Company, and the 2022 ESG Exemplary Performance Award at the CFS Finance Summit. In addition, we were graded as “low risk” in the initial ESG rating by Sustainalytics, a leading global ESG rating agency, ranking in the top 15% within the global software and service industry.

We maintained prudent financial management. As at December 31, 2022, our cash, cash equivalents and restricted cash totalled RMB5.9 billion. We believe that a sound financial position is crucial to the sustainability of our long-term development and will enable us to continually innovate and grow in the future.

Business Performance by Segment

Supply Chain Finance Technology Solutions

Our Supply Chain Finance Technology Solutions are cloud-native technology solutions that digitalize the supply chain payment and financing process centered on anchor enterprises' credit profiles. In 2022, the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions was RMB247.1 billion, down 0.5% year-over-year from RMB248.4 billion in 2021. In 2022, we acquired 183 anchor enterprise customers, amounting to a total of 401, and 14 financial institutions customers, amounting to a total of 146.

Anchor Cloud

In 2022, the total volume of supply chain assets processed by our Anchor Cloud reached RMB147.4 billion, up 13.7% year-over-year. Since 2022, the State-owned Assets Supervision and Administration Commission of the State Council has issued several documents requiring state-owned enterprises to accelerate the construction of corporate treasury systems and build world-class financial management systems. As a critical part of a modernized corporate treasury system, supply chain finance platforms have been elevated to a strategic level by an increasing number of state-owned enterprises and leading private enterprises in order to ensure the safety and stability of the supply chain and industrial chain. Leveraging our brand reputation and wealth of experience established through years of deep engagement in the supply chain finance technology sector, we have successfully won supply chain integrated industry-financing platform projects from 24 large, high-quality anchor enterprises in 2022, including China Mobile, China Minmetals, Hubei United Investment and Yihai Kerry. In the projects we participated in, our tender win rate achieved above 60%.

In the AMS Cloud segment, the total volume we processed in 2022 was RMB72.3 billion, down 9.4% year-over-year, mainly due to the decline in the total issuance volume of supply chain asset-backed securitization market. According to statistics from Wind, the total volume of supply chain asset-backed securitization market in 2022 fell by about 42% year-over-year. Facing this downward pressure on the market, we promptly adjusted our strategy and actively expanded our supply chain asset-backed securitization business to customers in the infrastructure and utility sectors in addition to property developers, partially mitigating the negative impact.

In the Multi-tier Transfer Cloud segment, we managed to sustain a high growth rate. In 2022, the total volume we processed was RMB75.1 billion, up 50.8% year-over-year. The strong performance of the segment was mainly due to the rapid increase in the number of anchor enterprise customers. This year, our customers in this segment reached 323, an increase of 141% from 2021. Leveraging the network effect of supply chain finance ecosystem, we continued to increase the transfer tiers of existing customers' supply chain finance assets through the dual deployment of "technology + operations" to enhance penetration in each customer's supply chain ecosystem. The total transaction volume we processed for our existing customers in 2021 recorded year-on-year growth in 2022 despite the impact of Covid-19. We also continued to enrich our product matrix through ongoing innovation in supply chain scenarios and products. We have further expanded our supply chain financing products, such as distributor financing, purchase order financing and supply chain bill, in addition to accounts receivable financing, across all stages of the industry chain from sales to orders to warehousing. We have been offering these new products and applications to our existing customers, enhancing customer stickiness and revenue contribution from each customer through cross-selling. We believe that as we continue to provide one-stop and full-scope solutions to secure existing customers, these multiple growth drivers are leading to rapid growth in the total transaction volume.

FI Cloud

The total volume of supply chain assets processed by our FI Cloud in 2022 was RMB99.7 billion, down 16.0% year-over-year. By the end of 2022, we had 326 financial institution customers and partners. In terms of supply chain asset-backed securitization financing, we have established partnerships with all wealth management subsidiaries of banks and insurance asset management companies that are eligible to participate in supply chain asset investments. On the direct supply chain financing front, we have accomplished system connection with 24 commercial banks. By providing easy-to-access online bank-enterprise direct connection financing channels for the businesses in the supply chain ecosystem, we continued to explore various opportunities for synergistic development with financial institutions in supply chain financing scenarios. Through these solutions, we continue to help financial institutions broaden their financing scenarios, optimize their approaches to financing, and realize precise inclusive finance.

In the ABS Cloud segment, the total volume of supply chain assets processed by us in 2022 was RMB32.0 billion, down 31.8% year-over-year. Similar to the AMS Cloud segment, our ABS cloud segment experienced challenges in 2022 due to the decline in the supply chain asset-backed securitization market. At the end of 2022, the People's Bank of China and the China Banking and Insurance Regulatory Commission issued a 16-point plan to support the stable and healthy development of the real estate market, and regulators subsequently provided all-around policy support encompassing bank loan, bond financing and equity financing to facilitate financing for property developers. With the policy support for the real estate sector, the supply chain asset-backed securitization market, in which property developers are among the main participants, started to bottom out from the end of the fourth quarter in 2022. We expect that the overall market will gradually recover in 2023, driven by several factors including favorable policies and the recovery of market and industry demand.

In the eChain Cloud segment, the total volume of supply chain assets we processed in 2022 was RMB67.7 billion, down 5.7% year-over-year. Our major financial institution customers are located in the first-tier cities, particularly in Shanghai, Shenzhen and Beijing, which were significantly affected by the Covid-19 pandemic. The recurrent outbreaks of Covid-19 and resulting prevention and control measures hindered our efforts to expand our customer base and slowed down the supply chain financing businesses operated by our financial institution customers. Going into 2023, we plan to expand our business among branches of major financial institution customers to further deepen and broaden our business cooperation. We expect our eChain Cloud segment to get back on a growth track.

Emerging Solutions

Cross-border Cloud

Cross-border Cloud provides one-stop digital cross-border trade and financing solutions. In 2022, the volume of supply chain assets processed by our Cross-border Cloud amounted to RMB11.4 billion, up 42.5% year-over-year, mainly benefiting from the growth in new services for cross-border trade scenarios and an enriched customer base. For example, to meet the urgent needs of Chinese cross-border e-commerce sellers for cross-border payment and settlement, foreign exchange settlement and financing, we provided one-stop integrated digital cross-border trade financing services for SME merchants on cross-border e-commerce platforms such as Amazon. We also connected with a globally renowned integrated travel service platform to provide global online travel businesses that joined the platform with access to digital financing services.

Diversification of Customers and Industries

Our core strategic direction is to grow our anchor enterprise customers and partners across a diverse set of industries, expand into additional supply chain scenarios, and develop supply chain finance technology solutions for different industries. At present, our Supply Chain Finance Technology Solutions serve a wide range of anchor enterprises in various sectors and have covered all of the 31 industries listed in the SWS Industry Classification, among which 9 industries' anchor enterprise customers and partners contributed a volume of supply chain asset transactions over RMB5 billion in 2022, including real estate, infrastructure/construction, Internet, conglomerate, commerce/retail, steel, transportation, electronics and healthcare. In terms of the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions, the top five industries of anchor enterprise customers and partners as well as their proportions of the total in each quarter of 2022 are shown in the table below.

Industry	For the three months ended March 31, 2022	For the three months ended June 30, 2022	For the three months ended September 30, 2022	For the three months ended December 31, 2022			
	% of the total volume	% of the total volume	% of the total volume	% of the total volume			
Real estate	34%	Real estate	32%	Real estate	38%	Infrastructure/ construction	23%
Infrastructure/ construction	17%	Infrastructure/ construction	20%	Infrastructure/ construction	18%	Internet	16%
Conglomerate	9%	Conglomerate	12%	Internet	10%	Real estate	15%
Steel	8%	Computer/ Internet	7%	Conglomerate	8%	Conglomerate	10%
Transportation	6%	Steel	4%	Commerce/retail	5%	Healthcare	4%

Outlook

Looking ahead to 2023, as the social and economic order gradually returns to normal, the macroeconomy gradually recovers from the 2022 downturn. We are confident that supply chain finance technology solutions will play a pivotal role in enhancing the efficiency of the industrial chain, alleviating funding difficulties for SMEs and driving sustained economic recovery. Consequently, we expect our business to return to a growth trajectory. We will closely monitor the market to capture new opportunities and promote deeper integration of technology and product innovation across diverse application scenarios to create greater value for our customers. Besides, we will continue to reduce costs and enhance efficiency, and remain committed to delivering sustainable and high-quality growth to provide stable long-term returns to our Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2022

	Year ended December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Revenue and income from principal activities	924,200	1,198,013
Cost of principal activities	<u>(149,665)</u>	<u>(270,763)</u>
Gross profit	774,535	927,250
Research and development expenses	(351,118)	(277,409)
Sales and marketing expenses	(162,582)	(136,252)
Administrative expenses	(235,577)	(220,149)
Impairment loss	(41,823)	(52,642)
Other net income	<u>125,680</u>	<u>77,208</u>
Profit from operation	109,115	318,006
Finance costs	(30,280)	(135,144)
Share of loss of equity accounted investees	(60,893)	(12,148)
Fair value changes of financial liabilities measured at fair value through profit or loss	<u>–</u>	<u>(13,085,985)</u>
Profit/(loss) before taxation	17,942	(12,915,271)
Income tax expense	<u>(39,797)</u>	<u>(75,402)</u>
Loss for the year	<u>(21,855)</u>	<u>(12,990,673)</u>
Attributable to:		
Equity shareholders of the Company	(13,458)	(12,991,790)
Non-controlling interests	<u>(8,397)</u>	<u>1,117</u>

Revenue and income from principal activities

The table below sets forth a breakdown of our revenue and income from principal activities by type of solutions, in absolute amounts and as percentages of total revenue and income from principal activities, for the years indicated:

	For the year ended December 31,			
	2022		2021	
	RMB	%	RMB	%
	<i>(In thousands, except for percentages)</i>			
Supply Chain Finance				
Technology Solutions				
Anchor Cloud	503,773	54.5	674,723	56.3
FI Cloud	362,568	39.2	463,922	38.7
Subtotal	866,341	93.7	1,138,645	95.0
Emerging Solutions				
Cross-border Cloud	34,776	3.8	26,963	2.3
SME Credit Tech Solutions	23,083	2.5	32,405	2.7
Subtotal	57,859	6.3	59,368	5.0
Total	924,200	100.0	1,198,013	100.0

Our total revenue and income decreased by 22.9% from RMB1,198.0 million for the year ended December 31, 2021 to RMB924.2 million for the year ended December 31, 2022.

Our revenue and income from Anchor Cloud decreased by 25.3% from RMB674.7 million for the year ended December 31, 2021 to RMB503.8 million for the year ended December 31, 2022, which was primarily attributable to the lowered pricing and the changing structure of the products offered by Anchor Cloud.

Our revenue and income from FI Cloud decreased by 21.8% from RMB463.9 million for the year ended December 31, 2021 to RMB362.6 million for the year ended December 31, 2022, which was primarily attributable to the decrease in the volume of supply chain assets processed by ABS Cloud due to the decline in the supply chain asset-backed securitization market.

Our revenue and income from Cross-border Cloud increased by 29.0% from RMB27.0 million for the year ended December 31, 2021 to RMB34.8 million for the year ended December 31, 2022, which was primarily driven by the increase in the total volume of supply chain assets processed by Cross-border Cloud which benefitted from the growth in new services for cross-border trade scenarios and an enriched customer base.

Our revenue and income from SME Credit Tech Solutions decreased by 28.8% from RMB32.4 million for the year ended December 31, 2021 to RMB23.1 million for the year ended December 31, 2022, which was primarily because we have strategically reduced the amount of financing enabled by SME Credit Tech Solutions.

Cost of principal activities

The table below sets forth a breakdown of our costs of principal activities by nature, in absolute amounts and as percentages of total revenue and income from principal activities, for the years indicated:

	For the year ended December 31,			
	2022		2021	
	RMB	%	RMB	%
	<i>(In thousands, except for percentages)</i>			
Cost of principal activities				
Sales service fees	36,462	3.9	160,318	13.4
Technology service fees	29,802	3.2	14,747	1.2
Professional service fees	35,664	3.9	63,858	5.3
Management service fees	7,441	0.8	20,238	1.7
Others	40,296	4.4	11,602	1.0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	149,665	16.2	270,763	22.6
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Our cost of principle activities include sales service fees, technology service fees, professional service fees, management service fees and other costs. The Other costs primarily were payments for beneficial interest to financial institutions for their subscription of our supply chain assets and other miscellaneous costs. Our cost of principal activities decreased by 44.7% from RMB270.8 million for the year ended December 31, 2021 to RMB149.7 million for the year ended December 31, 2022, which was primarily because our total revenue and income decreased, and we increased the proportion of business with a higher gross profit margin.

Gross profit and gross profit margin

The following table sets forth details of the gross profit and gross profit margin of our solutions for the years indicated:

	For the year ended December 31,			
	2022		2021	
	Gross profit RMB	Gross profit margin %	Gross profit RMB	Gross profit margin %
	<i>(In thousands, except for percentages)</i>			
Gross profit and gross profit margin				
Supply Chain Finance Technology Solutions	721,890	83.3	871,455	76.5
Emerging Solutions	52,645	91.0	55,795	94.0
Total	774,535	83.8	927,250	77.4

The Group's gross profit decreased by 16.5% from RMB927.3 million for the year ended December 31, 2021 to RMB774.5 million for the year ended December 31, 2022. The Group's gross profit margin increased from 77.4% for the year ended December 31, 2021 to 83.8% for the year ended December 31, 2022. This was primarily attributable to our optimized product structure and increasing proportion of business with a higher gross profit margin.

Research and development expenses

Our R&D expenses increased by 26.6% from RMB277.4 million for the year ended December 31, 2021 to RMB351.1 million for the year ended December 31, 2022, which was primarily attributable to an increase of salaries and other benefits associated with our R&D employees that are not capitalized and amortization of capitalized research and development expenses, partially offsetting by decrease of share-based compensation in relation to share incentives granted to R&D employees resulting from decrease of unvested share incentives and new share incentives granted during the year.

Sales and marketing expenses

Our sales and marketing expenses increased by 19.3% from RMB136.3 million for the year ended December 31, 2021 to RMB162.6 million for the year ended December 31, 2022, primarily due to an increase of salaries and other benefits associated with our sales and marketing employees and expenses associated with business development, partially offsetting by decrease of share-based compensation in relation to share incentives granted to sales and marketing employees resulting from decrease of unvested share incentives and new share incentives granted during the year.

Administrative expenses

Our administrative expenses increased by 7.0% from RMB220.1 million for the year ended December 31, 2021 to RMB235.6 million for the year ended December 31, 2022, which was primarily attributable to an increase of salaries and other benefits associated with our general and administrative employees, partially offsetting by decrease of listing related expenses as there were no such expenses incurred in the year ended December 31, 2022.

Share-based compensation

The table below sets forth a breakdown of our share-based compensation, which is a non-cash expense, in relation to share incentives granted to employees by expense category, in absolute amounts and as percentages of total share-based compensation, for the years indicated:

	For the year ended December 31,			
	2022		2021	
	RMB	%	RMB	%
	<i>(In thousands, except for percentages)</i>			
Share-based compensation				
Included in R&D expenses	86,092	54.8	106,857	59.4
Included in sales and marketing expenses	19,410	12.4	26,525	14.7
Included in administrative expenses	51,475	32.8	46,499	25.9
Total	156,977	100.0	179,881	100.0

The Group's share-based compensation decreased by 12.7% from RMB179.9 million for the year ended December 31, 2021 to RMB157.0 million for the year ended December 31, 2022, which was primarily attributable to the decrease of unvested share incentives and new share incentives granted during the year.

Impairment loss

Our impairment loss, which consists primarily of the impairment on (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; (iii) trade and other receivables; and (iv) provisions for guarantee liabilities, decreased by 20.6% from RMB52.6 million for the year ended December 31, 2021 to RMB41.8 million for the year ended December 31, 2022, primarily due to the decreased balance of supply chain assets arising from self-funded and covered transactions enabled by our solutions.

Other net income

Our other net income consists primarily of (i) interest income from bank deposits; (ii) investment losses from financial investments at fair value through profit or loss; (iii) government grants and (iv) foreign exchange difference. The total amount of other net income increased from RMB77.2 million for the year ended December 31, 2021 to RMB125.7 million for the year ended December 31, 2022, which was primarily attributable to the increase of interest income from bank deposits and government grants, partially offsetting by the decrease of foreign exchange gains.

Profit from operation

As a result of the foregoing, the Group's profit from operation decreased from RMB318.0 million in the year ended December 31, 2021 to RMB109.1 million in the year ended December 31, 2022.

Finance costs

Our finance costs decreased by 77.6% from RMB135.1 million for the year ended December 31, 2021 to RMB30.3 million for the year ended December 31, 2022, which was primarily attributable to the decrease of the total volume of the warehoused accounts receivable supported by short-term bridge loans in the securitization offerings enabled by our solutions.

Share of loss of equity accounted investees

Our share of loss of equity accounted investees arises from our share of profits and losses of associates and a joint-venture of which the investments are accounted for using equity method in proportion to our equity interests in. We had share of loss of RMB60.9 million and RMB12.1 million for the year ended December 31, 2022 and 2021, respectively. The share of loss of equity accounted investees for the year ended December 31, 2022 primarily attributes to the operating loss from Olea and GLDB who were loss making in their early stages of development.

Fair value changes of financial liabilities measured at fair value through profit or loss

Our fair value changes of financial liabilities measured at fair value through profit or loss primarily arises from the change in the carrying amounts of (i) redeemable convertible preferred shares in connection with the investments from investors before the Listing Date; and (ii) the ordinary shares with preferential rights held by certain investors before the Listing Date. Fair value changes of financial liabilities measured at fair value through profit or loss was no longer exist after the automatic conversion of our redeemable convertible preferred shares and ordinary shares with preferential rights to ordinary shares upon the Listing in April 9, 2021 and thus there is no relating fair value changes for the year ended December 31, 2022. We recorded a significant loss on changes in fair value of financial liabilities measured at fair value through profit or loss of RMB13,086.0 million for the year ended December 31, 2021, primarily due to a significant increase in the fair value of financial liabilities measured at fair value through profit or loss in the year, taking reference to the offering price of the Class B Shares upon the Listing.

Income tax expense

We had an income tax expense of RMB39.8 million and RMB75.4 million for the year ended December 31, 2022 and 2021, respectively.

Loss for the year

As a result of the foregoing, the Group's loss for the year decreased from RMB12,990.7 million for the year ended December 31, 2021 to RMB21.9 million for the year ended December 31, 2022.

Non-IFRS measure

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted profit as an additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that the non-IFRS measure facilitates comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

We believe that the measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted profit may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted profit for the year as loss for the year, excluding share-based compensation, fair value changes of redeemable convertible preferred shares and ordinary shares with preferential rights, listing related expenses of the Company and share of profit/(loss) of equity accounted investees. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and/or they are not indicative of our core operating results and business outlook.

The following table reconciles our adjusted profit for the year ended December 31, 2022 and 2021 presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which was loss for the year:

Reconciliation of loss to adjusted profit for the year:

	Year ended December 31,	
	2022	2021
	<i>(RMB in thousands)</i>	
Loss for the year	(21,855)	(12,990,673)
Add		
Share-based compensation ⁽¹⁾	156,977	179,881
Changes in fair value of redeemable convertible preferred shares and ordinary shares with preferential rights ⁽²⁾	–	13,085,985
Listing related expenses ⁽³⁾	–	14,247
Share of loss of equity accounted investees ⁽⁴⁾	60,893	12,148
	<u> </u>	<u> </u>
Adjusted profit for the year (non-IFRS)	196,015	301,588
	<u> </u>	<u> </u>

Notes:

- (1) Share-based compensation relates to the share options/restricted share units that we granted under our share incentive plan, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) Fair value changes of redeemable convertible preferred shares and ordinary shares with preferential rights represent the losses arising from change in fair value of our issued redeemable convertible preferred shares and ordinary shares with preferential rights before the initial public offering of the Class B Shares, which were recognised as financial liabilities at fair value through profit or loss. Such changes no longer existed after the automatic conversion of our redeemable convertible preferred shares and ordinary shares with preferential rights to ordinary shares upon the Listing and are non-cash in nature and are not directly related to our operating activities.
- (3) Listing related expenses relates to the Global Offering, which is one-off in nature and not directly related to our operating activities.
- (4) Share of loss of equity accounted investees arises from our share of profits and losses of associates and a joint-venture of which the investments are accounted for using equity method in proportion to our equity interests in, whose financial performance are not indicative of our core operating results.

Credit exposure

Our credit exposures primarily include (i) supply chain assets we hold on our balance sheet primarily for warehousing purpose, which the anchor enterprises have payment obligation to us and (ii) self-funded and covered transactions under both our Supply Chain Finance Technology Solutions and Emerging Solutions.

As at December 31, 2022, the outstanding balance of supply chain assets held on our balance sheet financed by our own capital was RMB2,588.5 million, which are represented within the items of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and prepayment, other receivables and other assets in the balance sheet. We acquired such assets primarily through the warehousing process in the securitization offerings, the digital commercial bill based financing solutions and the cross-border supply chain financing solutions. Since the second half of 2021, as the economy growth was under pressure and the debt risks of property developers emerged, investors became more cautious when purchasing supply chain assets. As a result, the average period of warehousing processes increased and we have held certain supply chain assets till maturity. We have taken additional risk management measures to monitor and mitigate these risks relating to the supply chain assets held on our balance sheet, by carefully selecting the anchor enterprises, taking into account various criteria such as their credit ratings, industries, historical performance, shareholding structure and market rankings and recognitions.

We refer to the financing transactions enabled by Emerging Solutions funded using our own capital as “self-funded” transactions. The outstanding amount of self-funded transactions under Cross-border Cloud was RMB46.8 million (RMB47.0 million including accrued interest income) as of December 31, 2022. The outstanding amount of self-funded transactions under SME Credit-tech Solutions was RMB139.6 million (RMB150.7 million including accrued interest income) as of December 31, 2022.

We sometimes enter into contractual arrangements with financial institutions to protect them against potential losses from the financing they extend to the SMEs or suppliers under FI Cloud or Emerging Solutions, in which case we bear the associated credit risk to the extent that we are obligated to perform our obligations under the contractual arrangements. We refer to the financing transactions covered by the foregoing contractual arrangements as “covered” financing transactions. Our total exposure to covered transactions as of December 31, 2022 was RMB504.8 million.

We use the M3+ overdue ratio to monitor the credit performance of self-funded and covered financing transactions. The M3+ overdue ratio as of a given date is calculated by dividing the balance of such financing transactions including accrued interest income that are overdue for more than 90 calendar days by the balance of such financing transactions including accrued interest income, which represents the balance of financing transactions including accrued interest income that has past due for over 90 calendar days as a percentage of the total balance of such financing transactions including accrued interest income. As at December 31, 2022, the M3+ overdue ratio of self-funded and covered financing transactions was 4.9%.

Liquidity and source of funding

As at December 31, 2022, the Group's cash and cash equivalents increased by RMB803.5 million from RMB4,927.9 million as at December 31, 2021, to RMB5,731.4 million.

Significant investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at December 31, 2022).

Material acquisitions and disposals

The Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associated companies or joint ventures during the Reporting Year.

Borrowings

The carrying amount of borrowings of the Group as at December 31, 2022 were RMB10.0 million (as at December 31, 2021: RMB1,190.3 million) which were interest-bearing at fixed rates of 4.0% and denominated in RMB. The maturity profile of borrowing is within one year.

As at December 31, 2022, the Group had unutilized banking facility amounting to RMB9,950.0 million.

Pledge of assets

As at December 31, 2022, the Group had no pledged assets.

Subsequent events after the Reporting Year

There were no subsequent events after the end of Reporting Year and up to the date of this announcement.

Future plans for material investments or capital asset

As of December 31, 2022, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at December 31, 2022, the Group's gearing ratio (i.e. the total amount of borrowings and lease liabilities divided by total equity, in percentage) was 0.6% (as at December 31, 2021: 12.9%).

Foreign exchange exposure

During the Reporting Year, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is also the functional currency of the Company's primary consolidated affiliated entities. As at December 31, 2022, except for the bank deposits and intra-group balances denominated in foreign currencies other than the functional currency of the Company, its subsidiaries and consolidated affiliated entities, the Group did not have significant foreign currency exposure from its operations.

The Group currently does not have any foreign currency hedging policies. The management will continue to pay attention to the Group's foreign exchange exposure and consider adopting prudent measures as appropriate.

Contingent liabilities

The Group had no material contingent liabilities as at December 31, 2022 and 2021, respectively.

Capital commitment

As at December 31, 2022 and 2021, the Group had no material capital commitment.

Employees and remuneration policy

As at December 31, 2022, the Group had a total of 981 employees. The following table sets forth a breakdown of our employees by function as at December 31, 2022.

Division	Number of employees
Research and Development	604
Sales and Marketing	156
General Administration	221
Total	981

Our success depends on our ability to attract, retain and motivate qualified personnel. The remuneration package for our employees generally includes salary and bonuses. Employees also receive welfare benefits, including medical care, retirement benefits, occupational injury insurance and other miscellaneous items. Our remuneration policy was reviewed in accordance with current legislation, market conditions and both individual and the Group's performance.

CORPORATE GOVERNANCE

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

Compliance with the Code on Corporate Governance Practices

During the Reporting Year, we have complied with all the provisions of the Corporate Governance Code set forth in Part 2 of Appendix 14 to the Listing Rules, save for the following deviation.

Code provision C.2.1 of the Corporate Governance Code recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Song Qun (“**Mr. Song**”) performs both the roles of the chairperson of the Board and the chief executive officer of the Company. Mr. Song is the co-founder of the Group and has extensive experience in the overall strategic planning, business direction and management of our Group. Our Board believes that vesting the roles of both the chairperson and the chief executive officer to Mr. Song has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors. Our Board will reassess the division of the roles of the chairperson and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all Directors, they have confirmed that they have complied with the Model Code during the Reporting Year.

Audit Committee

The audited consolidated results for the year ended December 31, 2022 have been reviewed by the audit committee of the Company which comprises three members, namely Mr. Tan Huay Lim (chairman), Mr. Gao Feng and Mr. Chen Wei, all being independent non-executive Directors of the Company. The audit committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Scope of Work of Auditor

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2022, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this announcement have been compared by the Group's Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2022 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

Pursuant to resolutions of the Shareholders passed on June 23, 2022, the Board was granted a general mandate to repurchase Class B Shares of the Company not exceeding 10% of the total number of Shares in issue as at the date of passing of the relevant resolution granting such mandate (the “**Share Repurchase Mandate**”). During the Reporting Year, the Company exercised its powers under the Share Repurchase Mandate, which shall expire at the conclusion of the next annual general meeting of the Company, and repurchased a total of 15,762,000 Class B Shares on the Stock Exchange at an aggregate consideration of HKD65,828,050. As at the date of this announcement, all the Shares repurchased in 2022 have been cancelled.

Particulars of the repurchases made by the Company during the Reporting Year are as follows:

Trading Month	Number of Shares Repurchased	Highest Price Paid (HKD)	Lowest Price Paid (HKD)	Total Consideration Paid (HKD)
January	424,500	7.18	6.95	2,993,500
April	868,000	7.06	6.67	5,976,255
May	699,000	6.56	6.05	4,395,005
July	280,000	6.41	6.27	1,775,210
August	1,541,500	5.48	5.06	8,129,580
September	4,867,000	5.05	3.22	19,338,245
October	7,082,000	3.64	2.78	23,220,255
Total	<u>15,762,000</u>			<u>65,828,050</u>

Save as disclosed above, neither the Company nor any of its subsidiaries and consolidated entities had purchased, sold or redeemed any of the Company's listed securities during the Reporting Year.

Material Litigation

During the Reporting Year, there was no material litigation or arbitration against the Company. The Directors are not aware of any material litigation or claims that are pending against the Group during the Reporting Year.

Dividend

The Board recommended the payment of a special dividend of HKD0.25 per Share for the year ended December 31, 2022. The special dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on June 13, 2023 (the “AGM”) and the special dividend is expected to be payable on July 14, 2023 to the Shareholders whose names appear on the register of members of the Company on June 23, 2023.

Closure of Register of Members

The Company’s annual general meeting will be held on June 13, 2023. The register of members of the Company will be closed from June 8, 2023 to June 13, 2023, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on June 7, 2023.

The register of members of the Company will also be closed from June 20, 2023 to June 23, 2023, both days inclusive, in order to determine the entitlement of the Shareholders to receive the special dividend, during which period no share transfers will be registered. To qualify for the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on June 19, 2023.

**CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE
CONSOLIDATED FINANCIAL STATEMENTS**

**Consolidated statement of profit or loss and other comprehensive income for the
year ended December 31, 2022**

(Expressed in RMB'000)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Revenue and income from principal activities	3	924,200	1,198,013
Cost of principal activities		(149,665)	(270,763)
Gross profit	3	774,535	927,250
Research and development expenses		(351,118)	(277,409)
Sales and marketing expenses		(162,582)	(136,252)
Administrative expenses		(235,577)	(220,149)
Impairment loss	4(c)	(41,823)	(52,642)
Other net income		125,680	77,208
Profit from operation		109,115	318,006
Finance costs	4(a)	(30,280)	(135,144)
Share of loss of equity accounted investees		(60,893)	(12,148)
Fair value changes of financial liabilities measured at fair value through profit or loss	5	–	(13,085,985)
Profit/(loss) before taxation		17,942	(12,915,271)
Income tax expense	6	(39,797)	(75,402)
Loss for the year		(21,855)	(12,990,673)

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022 (continued)

(Expressed in RMB'000)

	<i>Note</i>	2022 RMB'000	2021 <i>RMB'000</i>
Attributable to:			
Equity shareholders of the Company		(13,458)	(12,991,790)
Non-controlling interests		(8,397)	1,117
		<u> </u>	<u> </u>
Loss for the year		(21,855)	(12,990,673)
		<u> </u>	<u> </u>
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		2,043	524
Exchange differences on translation of financial statements of operations outside the mainland China and others		151,447	(171,227)
		<u> </u>	<u> </u>
Other comprehensive income for the year		153,490	(170,703)
		<u> </u>	<u> </u>
Total comprehensive income for the year		131,635	(13,161,376)
		<u> </u>	<u> </u>
Attributable to:			
Equity shareholders of the Company		139,935	(13,162,493)
Non-controlling interests		(8,300)	1,117
		<u> </u>	<u> </u>
Total comprehensive income for the year		131,635	(13,161,376)
		<u> </u>	<u> </u>
Basic/diluted loss per share (RMB per share)	7	(0.006)	(7.784)
		<u> </u>	<u> </u>

Consolidated statement of financial position at December 31, 2022

(Expressed in RMB'000)

	<i>Note</i>	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Non-current assets			
Property, plant and equipment		23,645	28,143
Right-of-use assets		46,274	64,273
Intangible assets		288,126	198,088
Equity accounted investees		332,833	230,145
Financial assets at fair value through profit or loss	10	62,076	2,000
Prepayments, other receivables and other assets	13	5,129	6,484
Deferred tax assets		67,693	59,495
Total non-current assets		<u>825,776</u>	<u>588,628</u>
Current assets			
Financial assets at fair value through other comprehensive income	9	496,478	1,904,307
Financial assets at fair value through profit or loss	10	2,482,324	2,218,815
Trade receivables	11	342,114	254,075
Contract assets		10,544	–
Financial assets at amortised cost	12	162,261	479,790
Prepayments, other receivables and other assets	13	1,713,599	767,295
Restricted cash		159,873	667,470
Cash and cash equivalents		5,731,387	4,927,885
Total current assets		<u>11,098,580</u>	<u>11,219,637</u>
Current liabilities			
Trade payables	14	39,900	78,110
Contract liabilities		7,240	7,251
Borrowings	15	10,012	1,177,078
Income tax payables		50,691	60,058
Lease liabilities		19,452	18,476
Other payables, accruals and other liabilities	16	1,809,857	681,390
Provisions		693	2,233
Total current liabilities		<u>1,937,845</u>	<u>2,024,596</u>
Net current assets		<u>9,160,735</u>	<u>9,195,041</u>
Total assets less current liabilities		<u>9,986,511</u>	<u>9,783,669</u>

Consolidated statement of financial position at December 31, 2022 (continued)

(Expressed in RMB'000)

	<i>Note</i>	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Non-current liabilities			
Borrowings	15	–	13,214
Lease liabilities		29,983	48,063
Other payables, accruals and other liabilities	16	–	285
		<u>29,983</u>	<u>61,562</u>
Total non-current liabilities		29,983	61,562
Net assets		9,956,528	9,722,107
Equity			
Share capital	17	125	126
Reserves		9,957,174	9,714,452
		<u>9,957,299</u>	<u>9,714,578</u>
Total equity attributable to equity shareholders of the Company		9,957,299	9,714,578
Non-controlling interests		<u>(771)</u>	<u>7,529</u>
Total equity		9,956,528	9,722,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION AND GENERAL INFORMATION

Linklogis Inc. (the “**Company**”) was incorporated in Cayman Islands on March 13, 2018 as an exempted company with limited liability under the Companies Act (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “**Group**”) are principally engaged in providing supply chain finance technology solutions and innovative data-driven emerging solutions in the People’s Republic of China (the “**PRC**”) and overseas countries and regions.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since April 9, 2021 (the “**Listing**”).

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2 CHANGE IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to the consolidated financial statements for the current year:

- Amendment to IFRS 16, Covid-19-related rent concessions beyond December 31, 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform-phase 2

None of the amendments have had a material effect on how the Group’s results and financial position for the current or prior years have been prepared or presented in the consolidated financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for the consolidated financial statements for the year ended December 31, 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

(a) Revenue and income

The principal activities of the Group are providing supply chain finance technology solutions and innovative data-driven emerging solutions. Disaggregation of revenue and income from different solutions is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue and income from		
Supply Chain Finance Technology Solutions		
– Anchor Cloud	503,773	674,723
– FI Cloud	<u>362,568</u>	<u>463,922</u>
	<u>866,341</u>	<u>1,138,645</u>
Emerging Solutions		
– Cross-border Cloud	34,776	26,963
– SME Credit Tech Solutions	<u>23,083</u>	<u>32,405</u>
	<u>57,859</u>	<u>59,368</u>
	<u>924,200</u>	<u>1,198,013</u>

Recognition of timing

Out of the Group's revenue from contracts with customers, RMB125,044,000 and RMB62,783,000 were recognised over time during the year ended December 31, 2022 and 2021, respectively.

Remaining performance obligation

As at December 31, 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB1,236,000 (December 31, 2021: RMB275,000). This amount represents revenue expected to be recognised in the future from pre-completion service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed which is expected to occur over the next 12 months.

Revenue and income from individual major customers and partners which account for 10% or more of the Group's revenue and income in each of the year are set out below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
A	<u>121,485</u>	<u>*</u>

* Revenue and income was less than 10% of total revenue and income of the Group for the year.

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the reportable segments of the Group.

The Group is a technology solution provider for supply chain finance in China and overseas countries and regions. Its cloud-native solutions optimise the payment cycle of supply chain transactions and digitalise the entire workflow of supply chain finance. The Group's technology solutions enable participants in the supply chain ecosystem, including anchor enterprise, financial institutions and SMEs, to effectively optimise working capital, authenticate supply chain transactions, cooperate with other participants, manage operational risks and achieve integrated supply chain management. One of the Group's key strategies is to expand the scope of solution offerings with continuous optimisation. It has been launching new products under each business segment to serve broader use cases and target customer groups in the supply chain ecosystem.

Anchor Cloud

Anchor Cloud is a combination of cloud-native solutions designed to enable anchor enterprises and their suppliers to achieve digital transformation for supply chain management and optimise payment cycle for parties along the supply chain, including AMS Cloud and Multi-tier Transfer Cloud. It allows anchor enterprises to optimise their cash flows, help their suppliers to obtain liquidity, improve transparency across the entire supply chain and enhance their supply chain management. Solutions under Anchor Cloud aim to serve broader use cases and participants in the supply chain financing, including accounts receivable securitisation and commercial bills based financing, as well as digital supply chain management service for anchor enterprises and their suppliers.

FI Cloud

FI Cloud provides a broad range of innovative solutions designed to help financial institutions to digitalise, automate and streamline their supply chain financing services, primarily consisting of ABS Cloud and eChain Cloud. Solutions under FI Cloud help financial institutions participating in supply chain securitisation offerings and commercial bills based financing, and provide securities firms, banks, trust companies, factoring companies and other financial institutions seeking to enhance their supply chain finance capabilities with a variety of customised and integrated technology solutions.

Cross-border Cloud

Cross-border Cloud provides a suite of intelligent solutions that help corporates and financial institutions engaging in cross-border trade activities. The solutions facilitate cross-border supply chain financing and provide trade digitalisation services for anchor enterprises and SMEs.

SME Credit Tech Solutions

SME Credit Tech Solutions are comprised of an array of data-driven risk analytics solutions that help financial institutions to provide financing for anchor enterprises' SME suppliers and distributors based on the SMEs' credit profiles, as well as information and data in the supply chain ecosystem, in a secure and efficient manner.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following basis:

Revenue and income and related costs are allocated to the reportable segments with reference to revenue and income generated by those segments and the costs of principal activities incurred by those segments. The measure used for reporting segment result is gross profit. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's segment expenses, such as staff costs, depreciation and other operating expenses, and segment assets and liabilities are not regularly provided to the Group's most senior executive management. In addition, the other operating expenses are not included in the measure of segment results. As such, these information are not disclosed in the consolidated financial statements.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years is set out below.

	Supply Chain Finance Technology Solutions			Emerging Solutions			Total
	Anchor		Subtotal	SME Credit		Subtotal	
	Cloud	FI Cloud		Cross-border	Tech		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended							
December 31, 2022							
Revenue and income	503,773	362,568	866,341	34,776	23,083	57,859	924,200
Costs	(97,938)	(46,513)	(144,451)	(5,214)	-	(5,214)	(149,665)
Gross profit	<u>405,835</u>	<u>316,055</u>	<u>721,890</u>	<u>29,562</u>	<u>23,083</u>	<u>52,645</u>	<u>774,535</u>
For the year ended							
December 31, 2021							
Revenue and income	674,723	463,922	1,138,645	26,963	32,405	59,368	1,198,013
Costs	(174,037)	(93,153)	(267,190)	(2,341)	(1,232)	(3,573)	(270,763)
Gross profit	<u>500,686</u>	<u>370,769</u>	<u>871,455</u>	<u>24,622</u>	<u>31,173</u>	<u>55,795</u>	<u>927,250</u>

(ii) Geographic information

Except for the revenue and income from Cross-border Cloud, the Group's revenue and income is substantially generated in the mainland China.

The Group's operating assets are mainly situated in the mainland China. The information of operating assets situated in countries and regions other than mainland China in Cross-border Cloud is disclosed in notes 10(ii), 10(iv) and 12.

4 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest expenses on		
– bank and other financial institution borrowings	27,401	131,828
– related parties' borrowings	–	56
– lease liabilities	2,879	3,260
	<u>30,280</u>	<u>135,144</u>

(b) Staff costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Salaries, wages and other benefits	289,980	222,930
Contributions to defined contribution scheme	32,535	21,321
Share-based compensation	156,977	179,881
	<u>479,492</u>	<u>424,132</u>
Included in:		
– Research and development expenses	232,705	210,068
– Sales and marketing expenses	101,550	93,848
– Administrative expenses	145,237	120,216

Staff costs of RMB128,190,000 and RMB122,941,000 were capitalised in intangible assets for the years ended December 31, 2022 and 2021, respectively, which amounts are not included in the total amounts disclosed above.

(c) **Other items**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Depreciation and amortisation charges		
– amortisation of intangible assets	70,913	45,083
– depreciation of right-of-use assets	20,477	21,297
– depreciation of property, plant and equipment	13,677	10,600
	<u>105,067</u>	<u>76,980</u>
Impairment loss		
– trade and other receivables	4,302	(138)
– financial assets at amortised cost	31,297	41,559
– financial assets at fair value through other comprehensive income	7,764	10,116
– provision for guarantee liabilities	(1,540)	1,105
	<u>41,823</u>	<u>52,642</u>
Professional service fees	<u>22,921</u>	<u>29,345</u>
Auditors' remuneration		
– audit services	3,455	3,142
– other services	1,325	1,409
	<u>4,780</u>	<u>4,551</u>
Listing related expenses	<u>–</u>	<u>14,247</u>

5 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial liability measured at fair value through profit or loss represents the carrying amounts of convertible redeemable preferred shares and the ordinary shares with preferential rights, whose movements are set out as below:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	–	5,640,727
Fair value changes	–	13,085,985
Conversion into ordinary shares	–	(18,726,712)
	<hr/>	<hr/>
At the end of the year	–	–
	<hr/> <hr/>	<hr/> <hr/>

Changes in fair value of convertible redeemable preferred shares and the ordinary shares with preferential rights were recorded in “fair value changes of financial liabilities measured at fair value through profit or loss” in the consolidated statement of profit or loss and other comprehensive income.

On April 9, 2021 (“the Listing Date”), the Company has successfully listed on the Main Board of Hong Kong Stock Exchange and made an offering of 452,878,500 shares of class B ordinary shares (excluding class B ordinary shares issued pursuant to the exercise of the over-allotment option) at a price of HKD17.58 per share (“Global Offering” or “IPO”). The Company used this offering price to determine the fair value of the convertible redeemable preferred shares and the ordinary shares with preferential rights as of April 9, 2021 accordingly. All convertible redeemable preferred shares and the ordinary shares with preferential rights were converted into class B ordinary shares upon completion of the initial public offering on the Listing Date. Accordingly, the balance of the convertible redeemable preferred shares and the ordinary shares with preferential rights were transferred to share capital and capital reserve of the Company on the Listing Date, and there was no fair value changes for the related financial liability measured at fair value through profit or loss for the year ended December 31, 2022.

6 INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands during the year.

Since April 1, 2018, the legal entities operating in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any part of assessable profit over HKD2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the Group to benefit from the progressive tax rates. In the annual profit tax return of 2021, the Group had chosen one of its subsidiaries to apply such progressive tax rate. Except for this, other subsidiaries of the Group operating in Hong Kong are subject to profit tax rate at a rate of 16.5% on assessable profits.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on the taxable income, except for that: (i) one of the subsidiaries of the Group was recognised as high and new technology enterprises since the year ended December 31, 2019, accordingly, was entitled to a preferential income tax rate of 15% for the year ended December 31, 2021 and 2022; and (ii) one of the subsidiaries of the Group was recognised as small low-profit enterprise during the year ended December 31, 2022, accordingly, was entitled to a tax relief policy for the year. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate. The portion of annual taxable income exceeding RMB3 million shall be computed 100% as taxable income amount and subject to enterprise income tax at 25% tax rate.

Taxation for subsidiaries of the Company in other countries and regions is charged at the rates applicable to the jurisdictions concerned.

(a) **Taxation in the consolidated statement of profit or loss represents:**

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC income tax	50,359	73,856
Hong Kong profit tax	258	35
	<u>50,617</u>	<u>73,891</u>
Deferred tax		
Origination and reversal of temporary differences	(10,820)	(10,167)
Effect of deferred tax balances at January 1 resulting from a change in tax rate	–	11,678
	<u>(10,820)</u>	<u>1,511</u>
Total	39,797	75,402

(b) **Reconciliation between tax expense and accounting loss at applicable tax rates**

	For the year ended December 31, 2022 RMB'000	For the year ended December 31, 2021 RMB'000
Profit/(loss) before taxation	17,942	(12,915,271)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned	12,899	32,768
Tax effects of:		
– Temporary differences for which no deferred tax asset was recognised	1,161	4,470
– Effect of preferential tax rates	(4,318)	13,562
– Utilisation of previously unrecognised tax losses	(635)	(2,571)
– Income not subject to tax	(5,445)	(1,333)
– Expenses not deductible for income tax purposes	46,256	34,619
– Super-deduction for research and development expenses	(10,121)	(6,113)
Actual income tax expense	39,797	75,402

7 BASIC AND DILUTED LOSS PER SHARE

Basic loss per share for the year is calculated by dividing the loss for the year attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

	For the year ended December 31,	
	2022	2021
Loss attributable to equity shareholders of the Company (RMB'000)	(13,458)	(12,991,790)
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic loss per share	2,130,923,002	1,669,048,931
Basic loss per share (RMB per share)	(0.006)	(7.784)

Diluted loss per share for the year is calculated basing on basic loss per share by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share awards granted by the Company into ordinary shares during the year.

For the year ended December 31, 2022 and 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for the year ended December 31, 2022 and 2021 were the same as basic loss per share.

8 DIVIDENDS

No dividends have been declared or paid by the Company for the years ended December 31, 2022 and 2021. Subsequent to the end of the reporting period, a special dividend in respect of the year ended December 31, 2022 of HKD0.25 per ordinary share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting of the Company.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income of the Group are supply chain assets secured by the commercial notes issued by the anchor enterprise to the suppliers that the Group held within a business model whose objective is achieved by both collecting contractual cash flows and selling as part of warehousing process.

(a) Movements of the financial assets at fair value through other comprehensive income

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At the beginning of the year	1,904,307	–
(Decrease)/increase	(1,410,553)	1,903,608
Changes in fair value	<u>2,724</u>	<u>699</u>
At the end of the year	<u><u>496,478</u></u>	<u><u>1,904,307</u></u>

Changes in fair value of financial assets at fair value through other comprehensive income was recognised in “other comprehensive income for the year” in the consolidated statement of profit or loss and other comprehensive income and the tax impact was RMB681,000 for the year ended December 31, 2022.

(b) Summarised by overdue days

	As at December 31, 2022			Total RMB'000
	Overdue by	Overdue by	Overdue by	
	1 to 90 days	90 days to	1 year to	
	(inclusive)	1 year	2 years	
	(inclusive)	(inclusive)		
	RMB'000	RMB'000	RMB'000	RMB'000
Supply chain assets from SME				
Credit Tech Solutions	<u>76,188</u>	<u>–</u>	<u>–</u>	<u>76,188</u>

There was no overdue financial assets at fair value through other comprehensive income as at December 31, 2021.

(c) The movements of loss allowance

	2022			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
As at January 1	185	9,931	–	10,116
Transfer				
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
Charge for the year	4,144	3,620	–	7,764
Recoveries of amounts previously written off	–	–	–	–
Write-offs	–	–	–	–
As at December 31	<u>4,329</u>	<u>13,551</u>	<u>–</u>	<u>17,880</u>

	2021			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	–	–	–	–
Transfer				
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
Charge for the year	185	9,931	–	10,116
Recoveries of amounts previously written off	–	–	–	–
Write-offs	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at December 31	<u>185</u>	<u>9,931</u>	<u>–</u>	<u>10,116</u>

Impairment allowance of financial assets at fair value through other comprehensive income was recognised in “other comprehensive income for the year” in the consolidated statement of profit or loss and other comprehensive income and the tax impact for impairment allowance charged for the year ended December 31, 2022 was RMB1,941,000.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Unlisted equity investment	(i)	<u>62,076</u>	<u>2,000</u>
Current			
Supply chain assets	(ii)	<u>2,281,644</u>	1,826,327
Asset-backed securities	(iii)	<u>86,049</u>	291,385
Others	(iv)	<u>114,631</u>	<u>101,103</u>
		<u>2,482,324</u>	<u>2,218,815</u>

- (i) The unlisted equity investment represented the Group’s equity interests in investees on which the Group had no control or significant influence.

- (ii) The balance as at December 31, 2022 comprised the carrying amount of (1) the supply chain assets held for sale in the Supply Chain Finance Technology Solutions of RMB1,917,839,000 (December 31, 2021: RMB1,780,402,000); and (2) the supply chain assets held for sale in the Cross-border Cloud of USD26,144,000 (equivalent to approximately RMB182,086,000) (December 31, 2021: USD7,203,000, equivalent to approximately RMB45,925,000); and (3) the supply chain assets in Anchor Cloud of RMB181,719,000 (December 31, 2021: nil). The Group had entered into a debt settlement agreement with an anchor enterprise in the year to settle the receivable rights held by the Group against the suppliers in the amount of RMB188,973,000, which were secured by the commercial notes issued by the anchor enterprise to the suppliers. Pursuant to the terms agreed, the original receivable rights against the suppliers which were recorded as financial assets at fair value through other comprehensive income were settled with a receivable right against the anchor enterprise secured by rights to the proceeds of the senior tranches of asset-back securities held by the anchor enterprise.
- (iii) The balance as at December 31, 2022 comprised the carrying amount of (1) senior tranches of asset-back securities of RMB18,054,000 (December 31, 2021: RMB218,965,000); and (2) junior tranches of asset-back securities of RMB67,995,000 (December 31, 2021: RMB72,420,000).
- (iv) The balance as at December 31, 2022 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset, which amounted to USD16,459,000 (equivalent to approximately RMB114,631,000) (December 31, 2021: USD15,810,000, equivalent to approximately RMB100,800,000).

11 TRADE RECEIVABLES

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Service fee receivables	343,289	255,025
Impairment allowance	(1,175)	(950)
	<u>342,114</u>	<u>254,075</u>

As at the end of each reporting year, the ageing analysis of trade receivables based on the date of revenue recognition and net of loss allowance, is as follows:

	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Within 3 months (inclusive)	102,335	110,092
3 months to 6 months (inclusive)	72,881	45,526
6 months to 1 year (inclusive)	130,895	87,388
Over 1 year	37,178	12,019
Impairment allowance	<u>(1,175)</u>	<u>(950)</u>
Trade receivables, net	<u><u>342,114</u></u>	<u><u>254,075</u></u>
12 FINANCIAL ASSETS AT AMORTISED COST		
(a) Analysed by nature		
	As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Gross amount of financial assets at amortised cost		
Supply chain assets from		
– Anchor Cloud	–	216,351
– Cross-border Cloud	46,825	17,677
– SME Credit Tech Solutions	<u>150,709</u>	<u>274,531</u>
Gross amount of financial assets at amortised cost	<u><u>197,534</u></u>	<u><u>508,559</u></u>
Impairment allowance		
Supply chain assets from		
– Anchor Cloud	–	(26)
– Cross-border Cloud	(1,011)	(75)
– SME Credit Tech Solutions	<u>(34,262)</u>	<u>(28,668)</u>
Total impairment allowance	<u><u>(35,273)</u></u>	<u><u>(28,769)</u></u>
Carrying amount of financial assets at amortised cost	<u><u>162,261</u></u>	<u><u>479,790</u></u>

(b) Summarised by stages and allowance for impairment losses

	As at December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross amount				
– Cross-border Cloud	46,825	–	–	46,825
– SME Credit Tech Solutions	115,576	637	34,496	150,709
Impairment allowance				
– Cross-border Cloud	(1,011)	–	–	(1,011)
– SME Credit Tech Solutions	(7,945)	(446)	(25,871)	(34,262)
Carrying amount	<u>153,445</u>	<u>191</u>	<u>8,625</u>	<u>162,261</u>
	As at December 31, 2021			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross amount				
– Anchor Cloud	216,351	–	–	216,351
– Cross-border Cloud	17,677	–	–	17,677
– SME Credit Tech Solutions	237,941	9,316	27,274	274,531
Impairment allowance				
– Anchor Cloud	(26)	–	–	(26)
– Cross-border Cloud	(75)	–	–	(75)
– SME Credit Tech Solutions	(3,657)	(4,555)	(20,456)	(28,668)
Carrying amount	<u>468,211</u>	<u>4,761</u>	<u>6,818</u>	<u>479,790</u>

(c) Summarised by overdue days

	As at December 31, 2022			Total RMB'000
	Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Overdue by 1 year to 2 years (inclusive) RMB'000	
Supply chain assets				
– SME Credit Tech Solutions	<u>3,535</u>	<u>17,800</u>	<u>16,696</u>	<u>38,031</u>
	As at December 31, 2021			
	Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Overdue by 1 year to 2 years (inclusive) RMB'000	Total RMB'000
Supply chain assets				
– SME Credit Tech Solutions	<u>11,921</u>	<u>23,395</u>	<u>3,879</u>	<u>39,195</u>

(d) The movements of loss allowance

	2022			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
As at January 1	3,758	4,555	20,456	28,769
Transfer				
Transfer to lifetime ECL credit-impaired	(10,560)	(5,606)	16,166	–
Charge for the year	15,479	1,497	14,028	31,004
Recoveries of amounts previously written off	–	–	293	293
Exchange differences	279	–	–	279
Write-offs	–	–	(25,072)	(25,072)
As at December 31	<u>8,956</u>	<u>446</u>	<u>25,871</u>	<u>35,273</u>

	2021			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	7,337	2,826	8,009	18,172
Transfer				
Transfer to lifetime ECL credit-impaired	(977)	(292)	1,269	–
(Release)/charge for the year	(2,568)	2,021	41,244	40,697
Recoveries of amounts previously written off	–	–	862	862
Exchange differences	(34)	–	–	(34)
Write-offs	–	–	(30,928)	(30,928)
As at December 31	<u>3,758</u>	<u>4,555</u>	<u>20,456</u>	<u>28,769</u>

13 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Long-term deferred expenses		<u>5,129</u>	<u>6,484</u>
Current			
Deposits associated with FI Cloud and SME Credit Tech Solutions		–	4,000
Receivables from anchor enterprises	(i)	1,508,314	582,341
Continuing involvement in transferred supply chain assets	16	40,600	39,000
Prepaid expenses for Supply Chain Finance Technology Solutions		13,900	26,103
Loan to a non-controlling shareholder of an associate	(ii)	30,000	30,000
Input value-added-tax to be certified		28,771	27,876
Prepaid software and service expense		2,280	6,783
Others		94,192	51,573
Impairment allowance		<u>(4,458)</u>	<u>(381)</u>
Total		<u>1,713,599</u>	<u>767,295</u>

- (i) Receivables from anchor enterprises mainly arise in the securitisation transactions enabled by Supply Chain Finance Technology Solutions and represent mostly the suppliers' accounts receivables due from anchor enterprises acquired pursuant to contracts between the Group and the anchor enterprises.

- (ii) On May 24, 2019, a subsidiary of the Company granted a loan amounting to RMB30,000,000 to Hong Kong Han Tou Jin Chuang Investment Management Limited (“**Han Tou**”), one of the non-controlling shareholders of an associate of the Company. The loan had contractual maturity of three years with annual interest rate of 2%. Since December 31, 2021, the loan was classified as current asset according to its maturity status. Due to the repayment arrangement, the loan was expected to be recovered in the forthcoming year.

Apart from those mentioned above, all of the other receivables and other assets are expected to be recovered or recognised as expense within one year.

14 TRADE PAYABLES

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Expenses payable for issuance of assets-backed securities	34,294	76,966
Others	5,606	1,144
	39,900	78,110

As at December 31, 2022 and 2021, the carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

An ageing analysis of the trade payables based on the invoice date as at the end of each year is as follows:

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Within 3 months (inclusive)	13,143	50,965
Over 3 months	26,757	27,145
	39,900	78,110

All trade payables are expected to be settled within one year or are repayable on demand.

15 BORROWINGS

	Note	As at December 31, 2022		As at December 31, 2021	
		Effective interest rate	RMB'000	Effective interest rate	RMB'000
Non-current					
Related parties borrowings					
– Unsecured and unguaranteed			–	5.6%	13,214
			<u>–</u>		<u>13,214</u>
Current					
Bank and other financial institution borrowings					
– Unsecured and unguaranteed		4.0%	10,012	4.0% - 4.95%	716,618
– Pledged and unguaranteed	(i)		–	3.6%	460,460
			<u>–</u>		<u>460,460</u>
			10,012		1,177,078
			<u>10,012</u>		<u>1,177,078</u>

All of the above borrowings are carried at amortised cost.

As at the end of each year, borrowings were repayable as follows:

	As at December 31, 2022 RMB'000	As at December 31, 2021 RMB'000
Within 1 year and included in current liabilities	10,012	1,177,078
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	–	–
– After 2 years but within 5 years	–	–
– More than 5 years	–	13,214
		<u>13,214</u>
		10,012
		<u>1,190,292</u>

- (i) As at December 31, 2021, the pledged and unguaranteed borrowing of the Group were pledged by bank deposits of RMB510,056,000.

16 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Deferred income from government grant		–	285
Current			
Payable to anchor enterprises	(i)	1,596,746	506,726
Continuing involvement in transferred supply chain assets	13	40,600	39,000
Accrued payroll and other benefits		69,908	62,641
Accrued listing related expenses		–	12,264
Tax and levies		23,918	18,655
Others		78,685	42,104
		<u>1,809,857</u>	<u>681,390</u>

- (i) Payable to anchor enterprises relates to the securitisation transactions enabled by the Group's Supply Chain Finance Technology Solutions and primarily arises in circumstances where the anchor enterprises paid for acquisition of the underlying assets from the suppliers.

17 SHARE CAPITAL

		As at December 31, 2022 <i>RMB'000</i>	As at December 31, 2021 <i>RMB'000</i>
Ordinary shares		125	126

Information of issued ordinary shares of the Company at each reporting date is as follows:

		As at December 31, 2022 <i>Par value</i>	As at December 31, 2021
Number of Class A ordinary shares	USD0.00000833	267,626,789	269,866,906
Number of Class B ordinary shares	USD0.00000833	2,017,357,159	2,034,243,042

During the year ended December 31, 2022, 1,527,650 shares (year ended December 31, 2021: 9,094,524 shares) of vested restricted share units were settled under the share award scheme, and the Company has written off 19,126,000 shares (year ended December 31, 2021: 28,215,000 shares) of repurchased Class B ordinary shares.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.linklogis.com). The annual report for the year ended December 31, 2022 will be dispatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Linklogis Inc.
Song Qun
Chairman

Hong Kong, March 28, 2023

As at the date of this announcement, the Board comprises Mr. Song Qun as the Chairman and executive Director, Mr. Ji Kun and Ms. Chau Ka King as executive Directors, Mr. Lin Haifeng and Mr. Zhang Yuhan as non-executive Directors, and Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei as independent non-executive Directors.

DEFINITIONS

In this annual result announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class A Share(s)”	class A ordinary share(s) in the share capital of our Company with a par value of USD0.00000833 each, conferring weighted voting rights in our Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to specified reserved matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of our Company with a par value of USD0.00000833 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“Company”, “our Company”, or “the Company”	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Global Offering”	the public offering of the Company’s Class B Shares as defined and described in the Prospectus
“Group”, “we” or “us”	the Company, its subsidiaries, and the consolidated affiliated entities
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange on April 9, 2021
“Listing Date”	April 9, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated March 26, 2021
“R&D”	research and development
“RMB”	Renminbi yuan, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“SME(s)”	small and medium enterprise(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.