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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

The Board of Directors hereby announces the unaudited interim results of the Group for the six months ended June 30, 2023 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2022. These interim results have been reviewed by the Company’s audit committee.

KEY FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change (%)
	2023	2022	
	(unaudited)	(unaudited)	
	<i>(RMB in thousands, except percentages)</i>		
Revenue and income from principal activities	391,031	510,468	(23.4)
Supply Chain Finance Technology Solutions	363,625	481,107	(24.4)
Emerging Solutions	27,406	29,361	(6.7)
Gross profit	237,593	424,033	(44.0)
Gross margin (%)	60.8	83.1	(22.3) ⁽¹⁾
(Loss)/profit for the period attributable to equity shareholders of the Company	(170,298)	43,046	N/A
<i>Non-IFRS measures</i>			
Adjusted (loss)/profit for the period (non-IFRS)	(86,466)	147,361	N/A
Adjusted (loss)/profit margin (non-IFRS) (%)	(22.1)	28.9	N/A

Note:

(1) Percentage points.

KEY BUSINESS HIGHLIGHTS

	For the six months ended June 30, 2023	For the year ended December 31, 2022	Change (%)
Total number of partners ⁽¹⁾			
Anchor enterprise	1,240	1,110	12
Financial institution	308	326	(6)
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	458	401	14
Number of financial institution customers	126	146	(14)
Customer retention rate ⁽²⁾	86	96	(10) ⁽³⁾

Notes:

- (1) The number of customers for a given period refers to the total number of customers that had at least one revenue-generating contract with the Group during that period. The number of partners for a given period 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 period.
- (2) The retention rate is calculated by dividing the number of customers for the same period in the previous year who remain as the Group's customers in the current period by the total number of customers for the same period 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, our technology solutions for the periods indicated.

	For the six months ended		
	June 30,		Change (%)
	2023	2022	
	<i>(RMB in million)</i>		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	33,444.3	34,848.4	(4.0)
Multi-tier Transfer Cloud	54,985.9	26,649.1	106.3
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<i>Subtotal (Anchor Cloud):</i>	88,430.2	61,497.5	43.8
(b) FI Cloud			
ABS Cloud	12,638.5	16,442.8	(23.1)
eChain Cloud	34,985.0	32,783.8	6.7
	<hr/>	<hr/>	<hr/>
<i>Subtotal (FI Cloud):</i>	47,623.5	49,226.6	(3.3)
Total (Supply Chain Finance Technology Solutions):	136,053.7	110,724.1	22.9
	<hr/>	<hr/>	<hr/>
Emerging Solutions			
Cross-border Cloud	5,725.5	4,648.7	23.2
SME Credit Tech Solutions	176.0	525.5	(66.5)
	<hr/>	<hr/>	<hr/>
Total (Emerging Solutions):	5,901.5	5,174.2	14.1
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TOTAL:	141,955.2	115,898.3	22.5
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BUSINESS REVIEW AND OUTLOOK

2023 Interim Results Summary

In the first half of 2023, China's macro economy stabilized and exhibited signs of recovery, but the pace of the rebound varied widely across industries. A complex global macro picture marked by ongoing geopolitical tension and weakening external demand created continuous pressure on the growth of the Chinese economy. Moreover, we witnessed a certain time lag before the improved macroeconomic conditions translated to greater market confidence and enhanced corporate operational performance. Therefore, the demand for supply chain financing activities is still in the recovery phase, creating short-term pressure on the supply chain finance industry.

In the first half of 2023, the total transaction volume processed by our technology solutions reached RMB142.0 billion, up 22.5% year-over-year, primarily due to greater transaction volume processed by our Anchor Cloud which was driven by the scale-up of business from existing anchor enterprise customers. The average price of products based on transaction volume declined due to changes in our customer and product mix, as well as the impact of our flexible pricing strategy aimed at increasing our market share. In the first half of 2023, our revenue and income from principal activities reached RMB391.0 million, down 23.4% year-over-year compared with RMB510.5 million in the first half of 2022. Due to our continuous investments in product development and customer-based marketing, our adjusted net loss was RMB86.5 million in the first half of 2023. As at June 30, 2023, the total of our cash and cash equivalents, as well as restricted cash, amounted to RMB5,966.2 million.

The complex macro environment, combined with internal factors, resulted in the unsatisfactory financial performance. The continued pressure faced by our customers in the real estate industry in the first half of 2023 extended the downturn in our AMS Cloud and ABS Cloud products, which serve the supply chain asset-backed securitization market. Meanwhile, our pricing strategy for the fast-growing Multi-Tier Transfer Cloud and eChain Cloud products negatively impacted revenue growth. In addition, our effort to diversify the business in terms of customer industries and products over the past few years has entailed substantial expenditure on the Group, with certain product and technology investments yet to yield returns. We acknowledge these challenges and are committed to taking proactive steps to address them. In the first half of 2023, we made rapid adjustments in response to these challenges. Recently, we initiated a comprehensive management restructuring throughout the entire Group, which remains ongoing. This initiative is intended to consolidate our position as a customer-centric closed-loop business with a focus on creating value for our customers. We have also further enhanced the return on investment criteria by which we evaluate our customer acquisition activities. These initiatives have strengthened our focus on core business operations, thereby enhancing the overall quality and efficiency of our development.

Business Review

Supply chain finance plays a crucial role in facilitating smooth flows in the national economy and maintaining the stability of industrial and supply chains. Government policy incentives and the ongoing wave of enterprise digitization have created a promising environment for the growth of supply chain finance technology solutions. Since the start of 2023, a number of relevant policies have been released, creating continued vitality for the sector. In February 2023, the State Council released *A Plan for the Overall Layout of Building a Digital China*, which is aimed at strengthening the development of the digital economy from the top down and promoting the inclusion of digital economy development measures in the assessment standards for local governments. In June 2023, the National Association of Financial Market Institutional Investors (NAFMII) released *A Notice on Further Enhancing the Function of the Interbank Corporate Asset-backed Securitization Market and Improving the Quality and Efficiency of Serving the Development of the Real Economy*, further increasing support for the innovative development of the enterprise asset-backed securitization market. We believe that the supply chain finance technology industry will embark on a new phase of rapid development as the industrial ecosystem is further developed, technologies continue to iterate and upgrade, policymakers provide comprehensive and in-depth guidance, and macroeconomic fundamentals maintain steady recovery.

In the first half of 2023, our performance came under pressure from a range of external and internal challenges. Despite these headwinds, we remained committed to exploring market demands and establishing a leading ecosystem of industrial financial services for our customers. We made positive progress in the areas of customer growth, product innovation, overseas expansion, technological breakthroughs, as well as marketing and branding, laying a solid foundation for a future rebound in our performance.

In the first half of 2023, the total number of customers for our supply chain finance technology solutions increased to 584, a 7% increase compared with 2022, among which the number of anchor enterprise customers increased by 57 to reach a total of 458, an increase of 14% compared with 2022. Our customer base covers all 31 industries listed in the SWS Industry Classification, and we continued to consolidate and reinforce our market-leading position in sectors such as infrastructure/construction, real estate, commerce/retail and manufactures.

In terms of product and scenarios innovation, we continued to extend and enrich our supply chain financing solutions by focusing on the upstream and downstream of the supply chain ecosystems of customers from various industries. In the internet industry, we assisted Meituan in the digital intelligence upgrading of its supply chain finance management. In the telecommunication industry, we helped China Mobile develop a Comprehensive Industry-Financing Platform and landed the order financing solution. In the food industry, we developed a New Generation Bill Management Platform for Bright Food Group, and helped Jiahe Foods launch a multi-tier transfer platform for distributor financing. In the building materials industry, we collaborated with China National

Building Material to launch a Bill Service Platform for bill-based financing. In the machinery industry, we partnered with LiuGong Machinery to issue the first-ever supply chain asset-backed securitization product covering machinery installment factoring. In the electronics manufacturing industry, we helped OPPO expand its supply chain finance platform to cross-border supply chain financing scenarios, transforming the company's overseas supply chain system through digital intelligence.

While maintaining our leading market share in China, we are continuously expanding our international business. Our Cross-Border Cloud business is well-positioned to capture the wave of Chinese enterprises venturing into overseas markets. In addition to our traditional scenarios in cross-border trade, cross-border e-commerce, and online travel platforms, we have expanded into further cross-border financing scenarios by helping to upgrade and digitize the supply chains of Chinese manufacturers that are expanding overseas. We also participated in an innovative programme led by Bank for International Settlements Innovation Hub Hong Kong Centre and jointly developed, along with Standard Chartered, RD Technologies, MioTech and other partners, an innovative prototype exploring the use of digital trade tokens in SME financing.

As a pioneer and practitioner in supply chain finance technology innovation, we maintained our focus on applying cutting-edge technologies, such as artificial intelligence, blockchain, big data, and privacy computing, within the supply chain ecosystem. We continued to drive industry transformation and digital intelligence business innovation. With ChatGPT and other large language models taking off globally, artificial intelligence has shifted from an early-adopter technology to a universal technology. We believe that the application of GPT models to supply chain finance will significantly improve the efficiency to compile industrial information and analyze transactions, facilitating intelligent risk assessment and thereby further reducing financing and operating costs. We are actively embracing the industry transformation opportunities brought by innovations in AIGC application. We are utilizing open-source large language models to create GPT models for the supply chain finance vertical, contributing to the development of a more secure, accurate, and efficient ecosystem of digital and intelligent inclusive financial services for the supply chain.

We continue to win recognition from the market for our innovative achievements and industry leadership. In the first half of 2023, we were certified as a “Specialized and Sophisticated Enterprise” in Shenzhen, and named “Guangdong Engineering Technology Research Center of 2022.” We were featured in iResearch’s “Excellence in Supply Chain Finance Digitization” list, awarded “2022 Outstanding Supply Chain Finance Solution Provider” at the Asian Economic Conference, and honored as one of the “Top 50 FinTech Companies in China” by KPMG in 2022. We also ranked among the top 10 on China Internet Weekly’s “Top 100 SaaS Companies List 2023”. In addition, SCeChain, the online supply chain financing system we developed jointly with Grace Group and Standard Chartered Bank, received the prestigious “Best Digital Solution – Supply Chain” award from “The Asset” in 2023.

Business Performance by Segment

In the AMS Cloud segment, the total volume we processed in the first half of 2023 was RMB33.4 billion, down 4.0% year-over-year, mainly due to the decline in the total issuance volume of supply chain asset-backed securities as a result of the continued pressure on the real estate industry. According to statistics from Wind, the total issuance volume of the supply chain asset-backed securitization market in the first half of 2023 decreased by 20% year-over-year, of which the issuance volume in the real estate industry dropped by 45% year-over-year. However, since certain leading real estate companies resumed issuing supply chain asset-backed securitization products in June 2023, the market has begun to stabilize and shown signs of recovery.

In the Multi-tier Transfer Cloud segment, we maintained a high growth rate. In the first half of 2023, the total volume we processed was RMB55.0 billion, up 106.3% year-over-year, with the number of anchor enterprise customers reaching 413, a year-over-year increase of 28% from 323 in 2022 and a customer retention rate of 99%. We also made breakthroughs in financing use cases across all parts of the industry chain, including accounts receivable, prepayments, inventory, and warehouse receipts. These breakthroughs enabled us to offer innovative data-driven financing solutions such as order financing and distributor financing to the supply chain financing platforms of our anchor enterprise customers. We won the bidding for 15 projects for the comprehensive supply chain platforms of state-owned enterprises and leading private enterprises, including China Electrical Equipment Group, Wuhan Metro Group, Jiangxi Financial Investment Group, and China Communications Construction Company Capital Holdings. In addition, we also launched the “Group Smart Treasury Platform” in the first half of this year to develop innovative treasury solutions.

In the ABS Cloud segment, the total volume of supply chain assets we processed in the first half of 2023 was RMB12.6 billion, down 23.1% year-over-year, primarily due to the overall downturn in the supply chain asset-backed securitization market. Amidst continued market pressures, we lost some of our financial institution customers who had previously utilized our asset-backed securitization services.

In the eChain Cloud segment, the total volume of supply chain assets we processed in the first half of 2023 was RMB35.0 billion, up 6.7% year-over-year, representing the return to a growth trajectory. However, the trend of anchor enterprise customers building their own platforms diverted the transaction volume from our eChain Cloud business, as financial institutions prefer embedding their financial products into the platforms of large and medium-sized anchor enterprises. Moving forward, we will actively explore opportunities to develop innovative financial technology services beyond the supply chain finance scenario with various financial institutions. We will empower financial institutions to achieve high-quality digital transformation in areas such as digital marketing, digital risk control, and digital operations.

In the Cross-border Cloud segment, the total volume of supply chain assets we processed was RMB5.7 billion, up 23.2% year-over-year. In recent years, we have seen a new wave of Chinese companies pursuing global expansion strategies, particularly in the manufacturing industry. In response, we have positioned ourselves around financing scenarios related to Chinese companies' overseas supply chains. Leveraging our mature overseas supply chain finance technology capabilities and operational experience, we have established efficient and comprehensive global supply chain management systems that help companies embrace the benefits of globalization.

In SME Credit Tech Solutions, we strategically reduced the transaction volume of the offline merchant customers while exploring new customer groups and business scenarios in this segment. This year, we started providing financing solutions in the live-streaming e-commerce scenario, offering services such as data-driven supply chain financing for small live-streaming merchants.

Sustainable Development

We remain resolute in our environmental, social, and governance (“**ESG**”) mission of “technology empowers the development of sustainable supply chain finance” to contribute positively to the ESG agenda. We are committed to allocating and expertise to align our business practices with sustainable considerations.

Innovation is central to our ability to effect positive change within the supply chain finance technology industry. We actively invest in research and development to create cutting-edge solutions that address the evolving needs of our customers while upholding ESG values. By embracing technology as a force for good, we are well-positioned to drive efficiencies, streamline operations, and advance sustainable practices throughout the supply chain. In the first half of 2023, the assets of transactions we served related to sustainable supply chains (including renewable energy, rural revitalization, environmental protection, intellectual property, etc.) reached RMB4.4 billion, representing an increase of 108% compared with that in the first half of 2022. We have also cumulatively served more than 210,000 SMEs through our technology solutions, providing them with convenient, efficient and cost-effective digital inclusive financial services.

Customer Industry Distribution

Our core strategic direction is to grow our base of 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 cover all 31 industries listed in the SWS Industry Classification, among which 13 industries contributed over RMB2 billion in supply chain asset transactions in the first half of 2023. In terms of the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions, the top five industries of our anchor enterprise customers and partners, as well as their proportions of the total volume over past periods, are shown in the table below.

	For the year ended December 31, 2021		For the year ended December 31, 2022		For the three months ended March 31, 2023		For the three months ended June 30, 2023
Industry	% of total volume	Industry	% of total volume	Industry	% of total volume	Industry	% of total volume
Real estate	42%	Real estate	29%	Infrastructure/ construction	34%	Infrastructure/ construction	29%
Conglomerate	12%	Infrastructure/ construction	19%	Real estate	16%	Real estate	15%
Infrastructure/ construction	9%	Computer/Internet	10%	Commerce/retail	11%	Commerce/retail	11%
Utilities	6%	Conglomerate	10%	Conglomerate	5%	Conglomerate	6%
Commerce/retail	4%	Commerce/retail	4%	Utilities	4%	Power equipment	4%

Outlook

Looking ahead to the second half of the year, we will seize the market opportunities, expedite the replacement of old growth drivers with new ones, and promote the sustainable growth of the business. We will make internal adjustments to address the challenges we face and focus more on driving quality growth, improving operational efficiency, and directing more resources towards businesses and customers that can generate sustainable long-term revenue. Our core objective will be to achieve simultaneous growth in revenue, profitability, and processed transaction volume. In the future, we will continuously expand our customer base and gain market share by deeply exploring the needs of our existing customers, improving overall customer satisfaction, and helping our customers achieve success. We will strike a balance between short-term and long-term returns, be more decisive in project selection, and continue to implement cost reduction and efficiency improvement initiatives.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>(RMB in thousands)</i>	
Revenue and income from principal activities	391,031	510,468
Cost of principal activities	<u>(153,438)</u>	<u>(86,435)</u>
Gross profit	237,593	424,033
Research and development expenses	(188,954)	(160,151)
Sales and marketing expenses	(58,350)	(72,152)
Administrative expenses	(104,518)	(112,325)
Impairment loss	(71,482)	(22,673)
Other net income	<u>41,344</u>	<u>34,082</u>
(Loss)/profit from operation	(144,367)	90,814
Finance costs	(3,725)	(18,108)
Share of loss of equity accounted investees	<u>(38,854)</u>	<u>(19,410)</u>
(Loss)/profit before taxation	(186,946)	53,296
Income tax credit/(expense)	<u>15,291</u>	<u>(18,101)</u>
(Loss)/profit for the period	<u>(171,655)</u>	<u>35,195</u>
Attributable to:		
Equity shareholders of the Company	(170,298)	43,046
Non-controlling interests	<u>(1,357)</u>	<u>(7,851)</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 periods indicated:

	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Supply chain Finance				
Technology Solutions				
Anchor Cloud	231,094	59.1	291,572	57.1
FI Cloud	132,531	33.9	189,535	37.1
Subtotal	363,625	93.0	481,107	94.2
Emerging Solutions				
Cross-border Cloud	21,473	5.5	16,820	3.3
SME Credit Tech Solutions	5,933	1.5	12,541	2.5
Subtotal	27,406	7.0	29,361	5.8
Total	391,031	100.0	510,468	100.0

Our total revenue and income decreased by 23.4% from RMB510.5 million for the six months ended June 30, 2022 to RMB391.0 million for the six months ended June 30, 2023, which was primarily attributable to the decline in the average price per transaction volume as a result of the changes in our customer and product mix, as well as the impact of our more flexible pricing strategy in response to the evolving macro environment and competitive landscape.

Our revenue and income from Anchor Cloud decreased by 20.7% from RMB291.6 million for the six months ended June 30, 2022 to RMB231.1 million for the six months ended June 30, 2023, which was primarily attributable to the overall downturn in the supply chain asset-backed securitization market which our AMS Cloud focused on, and our more flexible pricing strategy for the fast-growing Multi-tier Transfer Cloud segment aiming at increasing our market share.

Our revenue and income from FI Cloud decreased by 30.1% from RMB189.5 million for the six months ended June 30, 2022 to RMB132.5 million for the six months ended June 30, 2023, which was primarily attributable to the decrease in the volume of supply chain assets processed by ABS Cloud, as a result of the decline in the supply chain asset-backed securitization market.

Our revenue and income from Cross-border Cloud increased by 27.7% from RMB16.8 million for the six months ended June 30, 2022 to RMB21.5 million for the six months ended June 30, 2023, which was mainly driven by our ongoing expansion into various cross-border financing scenarios as part of our continuous efforts to grow our international business.

Our revenue and income from SME Credit Tech Solutions decreased by 52.7% from RMB12.5 million for the six months ended June 30, 2022 to RMB5.9 million for the six months ended June 30, 2023, 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 periods indicated:

	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Cost of principal activities				
Sales service fees	86,037	22.0	27,063	5.3
Technology service fees	7,947	2.0	17,526	3.4
Professional service fees	34,501	8.8	16,434	3.2
Management service fees	3,734	1.0	2,848	0.6
Others	21,219	5.4	22,564	4.4
	<hr/>		<hr/>	
Total	153,438	39.2	86,435	16.9
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Our cost of principal activities include sales service fees, technology service fees, professional service fees, management service fees and other costs. The other costs were primarily payments for beneficial interest to financial institutions for their subscription of our supply chain assets and other miscellaneous costs. Our cost of principal activities increased by 77.5% from RMB86.4 million for the six months ended June 30, 2022 to RMB153.4 million for the six months ended June 30, 2023. Despite the decrease of revenue and income year-on-year, the cost of principle principal activities increased due to the changes of our customer and product mix in which the proportion of business with a higher gross profit margin decreased, and the increased sale service fees for some newly-launched early-stage products in our Supply Chain Finance Technology Solutions.

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 periods indicated:

	For the six months ended June 30,			
	2023		2022	
	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	213,624	58.7	396,678	82.5
Emerging Solutions	23,969	87.5	27,355	93.2
Total	237,593	60.8	424,033	83.1

The Group's gross profit decreased by 44.0% from RMB424.0 million for the six months ended June 30, 2022 to RMB237.6 million for the six months ended June 30, 2023. The Group's gross profit margin decreased from 83.1% for the six months ended June 30, 2022 to 60.8% for the six months ended June 30, 2023. This was primarily attributable to the changes in our customer and product mix, our more flexible pricing and sales strategies in response to the evolving macro environment, and the increased sale service fees for some newly-launched early-stage products in our Supply Chain Finance Technology Solutions.

Research and development expenses

The Group's R&D expenses increased by 18.0% from RMB160.2 million for the six months ended June 30, 2022 to RMB189.0 million for the six months ended June 30, 2023, which was primarily attributable to the increase of salaries and other benefits associated with our R&D employees that are not capitalized, outsourcing human resources and technology expenses, and amortization of capitalized research and development expenses, as a result of our continued investment in product and technology development, partially offsetting by the decrease of share-based compensation in relation to share incentives granted to R&D employees resulting from the decrease of unvested share incentives during the period.

Sales and marketing expenses

Our sales and marketing expenses decreased by 19.1% from RMB72.2 million for the six months ended June 30, 2022 to RMB58.4 million for the six months ended June 30, 2023, primarily due to the decrease of salaries and other benefits associated with our sales and marketing employees and marketing expenses resulting from our efforts to improve operating efficiency, and share-based compensation in relation to share incentives granted to sales and marketing employees resulting from the decrease of unvested share incentives during the period.

Administrative expenses

The Group's general and administrative expenses decreased by 7.0% from RMB112.3 million for the six months ended June 30, 2022 to RMB104.5 million for the six months ended June 30, 2023, which was primarily attributable to the decrease of share-based compensation in relation to share incentives granted to general and administrative employees resulting from the decrease of unvested share incentives during the period.

Share-based compensation

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

	For the six months ended June 30,			
	2023		2022	
	RMB	%	RMB	%
	<i>(In thousands, except for percentages)</i>			
Share-based compensation				
Included in R&D expenses	24,224	52.3	51,773	55.8
Included in sales and marketing expenses	6,226	13.4	11,477	12.4
Included in administrative expenses	15,885	34.3	29,506	31.8
Total	46,335	100.0	92,756	100.0

The Group's share-based compensation decreased by 50.0% from RMB92.8 million for the six months ended June 30, 2022 to RMB46.3 million for the six months ended June 30, 2023, which was primarily attributable to the decrease of unvested share incentives during the period.

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, increased by 215.3% from RMB22.7 million for the six months ended June 30, 2022 to RMB71.5 million for the six months ended June 30, 2023. We have taken prudent views in making impairment loss, considering the evolving macro economy environment and the worsened operating conditions of certain SMEs and anchor enterprise customers.

Other net income

Our other net income consists primarily of (i) interest income from bank deposits; (ii) gains/(losses) from financial investments at fair value; (iii) government grants; and (iv) foreign exchange difference. The total amount of other net income increased from RMB34.1 million for the six months ended June 30, 2022 to RMB41.3 million for the six months ended June 30, 2023, which was primarily attributable to the increase of interest income from bank deposits and government grants, partially offsetting by the decrease of gains from financial investments at fair value.

(Loss)/profit from operation

As a result of the foregoing, the Group recorded a loss from operation of RMB144.4 million in the six months ended June 30, 2023 as compared to a profit from operation of RMB90.8 million for the six months ended June 30, 2022.

Finance costs

Our finance costs decreased by 79.4% from RMB18.1 million for the six months ended June 30, 2022 to RMB3.7 million for the six months ended June 30, 2023, 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 the changes of equity including profits and losses of equity accounted investees of which the investments are accounted for using equity method in proportion to our equity interests in them. We had share of loss of RMB38.9 million and RMB19.4 million for the six months ended June 30, 2023 and 2022, respectively. The share of loss of equity accounted investees for the periods primarily attributes to the operating loss from two of our investees, Olea and Green Link Digital Bank, who were loss making in their early stages of development.

Income tax credit/(expense)

We had an income tax credit of RMB15.3 million and an income tax expense of RMB18.1 million for the six months ended June 30, 2023 and 2022, respectively.

(Loss)/profit for the period

As a result of the foregoing, the Group recorded a loss of RMB171.7 million for the six months ended June 30, 2023 as compared to a profit of RMB35.2 million for the six months ended June 30, 2022.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted profit/(loss) for the period as an additional financial measure, which is not required by or presented in accordance with IFRS. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period 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/(loss) for the period 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 IFRS.

We define adjusted profit/(loss) for the period as profit/(loss) for the period, excluding share-based compensation and share of 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/(loss) for the six months ended June 30, 2023 and 2022 presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

Reconciliation of profit/(loss) to non-IFRS profit/(loss) for the period:

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>(RMB in thousands)</i>	
(Loss)/profit for the period	(171,655)	35,195
Add		
Share-based compensation ⁽¹⁾	46,335	92,756
Share of loss of equity accounted investees ⁽²⁾	38,854	19,410
Adjusted (loss)/profit for the period (non-IFRS)	<u>(86,466)</u>	<u>147,361</u>

Notes:

- (1) Share-based compensation relates to the 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) Share of loss of equity accounted investees arises from the changes of equity including profits and losses of equity accounted investees of which the investments are accounted for using equity method in proportion to our equity interests in them, which is a non-cash expense and is not indicative of our core operating results and business outlook.

Credit exposure

We are primarily exposed to credit risks in connection with the following two scenarios in the ordinary course of business.

(i) Credit risks associated with supply chain assets we hold on our balance sheet primarily for warehousing purpose

As at June 30, 2023, the outstanding balance of supply chain assets held on our balance sheet primarily for warehousing purpose financed by our own capital was RMB2,434.5 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 (notes 8, 9 and 12 to the unaudited interim financial statements). 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, which the anchor enterprises, and in certain products both the anchor enterprises and the suppliers, have payment obligations to us. For warehoused assets staying on our balance sheet beyond a certain timeframe, based on internal procedures set by our risk management team, we either seek investor subscription of such assets when market condition allows, or exercise our rights to require the anchor enterprises, and in certain cases, both the anchor enterprises and suppliers, to fulfill their payment obligations to us.

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, particularly in certain circumstances when securitization or financing offerings delayed or cancelled due to adverse market conditions. Due to changes in the macroeconomic environment and the operating conditions of anchor enterprise customers, the likelihood of associated credit risks has increased compared to the past, therefore we have taken additional risk management measures to monitor and mitigate risks relating to the warehoused supply chain assets held on our balance sheet, and also been prudent when making assessment for the expected loss in relation to credit risk associated with such assets. As at June 30, 2023, the total expected loss in relation to credit risk of the warehoused supply chain assets financed by our own capital has been represented within impairment provision for financial assets at fair value through other comprehensive income and other receivables, and changes of fair value for financial assets at fair value through profit or loss. Please refer to note 4 to the unaudited interim financial statements for more details.

(ii) Credit risks associated with self-funded and covered transactions

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 including accrued interest income under Cross-border Cloud was RMB74.2 million as at June 30, 2023. The outstanding amount of self-funded transactions including accrued interest income under SME Credit-tech Solutions was RMB141.8 million as at June 30, 2023.

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 at June 30, 2023 was RMB338.0 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 June 30, 2023 the M3+ overdue ratio of self-funded and covered financing transactions was 6.9%.

Liquidity and source of funding

The Group’s cash and cash equivalents increased by RMB101.5 million from RMB5,731.4 million as at December 31, 2022 to RMB5,832.9 million as at June 30, 2023.

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 June 30, 2023) during the Reporting Period.

Material acquisitions and disposals

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

Borrowings

The carrying amount of borrowings of the Group as at June 30, 2023 were RMB581.8 million (as at December 31, 2022: RMB10.0 million) which were interest-bearing at interest rates ranging from 3.35% to 8.50% and denominated in RMB. The maturity profile of borrowing is within one year.

As at June 30, 2023, the Group had unutilized banking facility amounting to RMB6,128.3 million (as at December 31, 2022: RMB9,950.0 million).

Pledge of assets

As at June 30, 2023, the Group had no pledged assets.

Subsequent events after the Reporting Period

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

Future plans for material investments or capital assets

As of June 30, 2023, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at June 30, 2023, the Group's gearing ratio (i.e. the total amount of borrowings and lease liabilities divided by total equity, in percentage) was 6.6% (as at December 31, 2022: 0.6%).

Foreign exchange exposure

During the Reporting Period, 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 June 30, 2023, the foreign currency exposure of the Group primarily arised from the bank deposits and intra-group balances denominated in a currency other than the functional currency of the entity which they related to.

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 June 30, 2023 and December 31, 2022, respectively.

Capital commitment

As at June 30, 2023 and December 31, 2022, the Group had no material capital commitment.

Employees and remuneration policy

As at June 30, 2023, the Group had a total of 893 employees. The following table sets forth a breakdown of our employees by function as of June 30, 2023.

Division	Number of employees
Research and development	544
Sales and marketing	145
General administration	204
Total	893

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 Corporate Governance Code

During the Reporting Period, we have complied with all the code provisions set forth in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) 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 chairperson and 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 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 the Directors, all Directors confirmed that they have complied with the Model Code during the Reporting Period.

Audit Committee

The unaudited consolidated results for the six months ended June 30, 2023 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 discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the auditor.

The interim consolidated financial statements for the six months ended June 30, 2023 have been reviewed by KPMG, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries and consolidated entities had purchased or sold any of the Company's listed securities during the Reporting Period.

Material Litigation

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

Dividend

The Board resolved not to declare any payment of interim dividend for the six months ended June 30, 2023.

Interim Consolidated Statement of Profit or Loss and other Comprehensive Income
for the six months ended June 30, 2023 – unaudited

		Six months ended June 30,	
		2023	2022
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue and income from principal activities	3	391,031	510,468
Cost of principal activities	3	(153,438)	(86,435)
Gross profit		237,593	424,033
Research and development expenses		(188,954)	(160,151)
Sales and marketing expenses		(58,350)	(72,152)
Administrative expenses		(104,518)	(112,325)
Impairment loss	4(c)	(71,482)	(22,673)
Other net income		41,344	34,082
(Loss)/profit from operation		(144,367)	90,814
Finance costs	4(a)	(3,725)	(18,108)
Share of loss of equity accounted investees		(38,854)	(19,410)
(Loss)/profit before taxation		(186,946)	53,296
Income tax credit/(expense)	5	15,291	(18,101)
(Loss)/profit for the period		(171,655)	35,195
Earnings per share (RMB per share)	6		
Basic		(0.08)	0.02
Diluted		(0.08)	0.02

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Attributable to:		
Equity shareholders of the Company	(170,298)	43,046
Non-controlling interests	(1,357)	(7,851)
	<u>(171,655)</u>	<u>(7,805)</u>
(Loss)/profit for the period	<u>(171,655)</u>	<u>35,195</u>
Other comprehensive income for the period		
(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	(1,376)	(489)
Exchange differences on translation of financial statements of operations outside the mainland China and others	94,330	74,292
	<u>92,954</u>	<u>73,803</u>
Other comprehensive income for the period	<u>92,954</u>	<u>73,803</u>
Total comprehensive income for the period	<u>(78,701)</u>	<u>108,998</u>
Attributable to:		
Equity shareholders of the Company	(77,559)	117,039
Non-controlling interests	(1,142)	(8,041)
	<u>(78,701)</u>	<u>108,998</u>
Total comprehensive income for the period	<u>(78,701)</u>	<u>108,998</u>

Consolidated statement of financial position

at June 30, 2023 – unaudited

		As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		16,816	23,645
Right-of-use assets		39,047	46,274
Intangible assets		296,265	288,126
Contract costs		8,652	–
Equity accounted investees		338,539	332,833
Financial assets at fair value through profit or loss	9	66,859	62,076
Prepayments, other receivables and other assets	12	5,689	5,129
Deferred tax assets		113,251	67,693
		<hr/>	<hr/>
Total non-current assets		885,118	825,776
Current assets			
Financial assets at fair value through other comprehensive income	8	444,280	496,478
Financial assets at fair value through profit or loss	9	1,089,466	2,482,324
Trade receivables	10	246,105	342,114
Contract assets		11,642	10,544
Financial assets at amortised cost	11	181,725	162,261
Prepayments, other receivables and other assets	12	2,244,124	1,713,599
Restricted cash		133,311	159,873
Cash and cash equivalents		5,832,904	5,731,387
		<hr/>	<hr/>
Total current assets		10,183,557	11,098,580

		As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Current liabilities			
Trade payables	13	54,416	39,900
Contract liabilities		7,284	7,240
Borrowings	14	581,772	10,012
Income tax payables		62,250	50,691
Lease liabilities		19,166	19,452
Other payables, accruals and other liabilities	15	921,164	1,809,857
Provisions		1,247	693
		<u>1,647,299</u>	<u>1,937,845</u>
Total current liabilities		<u>1,647,299</u>	<u>1,937,845</u>
Net current assets		<u>8,536,258</u>	<u>9,160,735</u>
Total assets less current liabilities		<u>9,421,376</u>	<u>9,986,511</u>
Non-current liabilities			
Lease liabilities		<u>23,764</u>	<u>29,983</u>
Total non-current liabilities		<u>23,764</u>	<u>29,983</u>
Net assets		<u>9,397,612</u>	<u>9,956,528</u>
Equity			
Share capital	16	125	125
Reserves		<u>9,399,400</u>	<u>9,957,174</u>
Total equity attributable to equity shareholders of the Company		<u>9,399,525</u>	<u>9,957,299</u>
Non-controlling interests		<u>(1,913)</u>	<u>(771)</u>
Total equity		<u>9,397,612</u>	<u>9,956,528</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1. BASIS OF PREPARATION AND GENERAL INFORMATION

Linklogis Inc. (the “**Company**”, formerly known as Linklogis Financial Holdings Inc.) 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.

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard 34, *Interim financial reporting* (“**IAS 34**”), issued by the International Accounting Standards Board (“**IASB**”).

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes set out in note 2.

The preparation of an interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information in this announcement contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

2. CHANGE IN ACCOUNTING POLICIES

The Group has applied the following new amendments to IFRSs issued by the IASB to this interim financial information for the current accounting period:

- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new and revised standard or interpretation that is not yet effective for the current accounting period.

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:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue and income from		
Supply Chain Finance Technology Solutions		
– Anchor Cloud	231,094	291,572
– FI Cloud	132,531	189,535
	<u>363,625</u>	<u>481,107</u>
	-----	-----
Emerging Solutions		
– Cross-border Cloud	21,473	16,820
– SME Credit Tech Solutions	5,933	12,541
	<u>27,406</u>	<u>29,361</u>
	-----	-----
	<u>391,031</u>	<u>510,468</u>
	=====	=====

Recognition of timing

Out of the Group's revenue from contracts with customers, RMB42,066,000 and RMB60,092,000 were recognised over time during the six months ended June 30, 2023 and 2022, respectively.

(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 optimize the payment cycle of supply chain transactions and digitalize 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 small and medium-size enterprise ("SME"), to effectively optimize 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 strategy is to expand the scope of solution offerings with continuous optimization. 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 its suppliers to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain, including AMS Cloud and Multi-tier Transfer Cloud. It allows anchor enterprises to optimize 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 securitization 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 digitalize, 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 securitization 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 customized 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 digitalization 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.

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 bases:

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 periods is set out below.

	Supply Chain Finance Technology Solutions			Emerging Solutions			Total RMB'000
	Anchor Cloud RMB'000	FI Cloud RMB'000	Subtotal RMB'000	Cross- border Cloud RMB'000	SME Credit Tech Solutions RMB'000	Subtotal RMB'000	
For the six months ended June 30, 2023 (Unaudited)							
Revenue and income	231,094	132,531	363,625	21,473	5,933	27,406	391,031
Costs	(62,119)	(87,882)	(150,001)	(2,308)	(1,129)	(3,437)	(153,438)
Gross profit	<u>168,975</u>	<u>44,649</u>	<u>213,624</u>	<u>19,165</u>	<u>4,804</u>	<u>23,969</u>	<u>237,593</u>
For the six months ended June 30, 2022 (Unaudited)							
Revenue and income	291,572	189,535	481,107	16,820	12,541	29,361	510,468
Costs	(53,592)	(30,837)	(84,429)	(2,006)	–	(2,006)	(86,435)
Gross profit	<u>237,980</u>	<u>158,698</u>	<u>396,678</u>	<u>14,814</u>	<u>12,541</u>	<u>27,355</u>	<u>424,033</u>

4. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expenses on		
– bank and other financial institution borrowings	2,529	16,562
– lease liabilities	1,196	1,537
– related parties' borrowings	–	9
	<u>3,725</u>	<u>18,108</u>

(b) Staff costs

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	164,139	136,372
Share-based compensation	46,335	92,756
Contributions to defined contribution scheme (<i>note</i>)	15,783	15,055
	<u>226,257</u>	<u>244,183</u>
Included in:		
– Research and development expenses	111,886	114,111
– Administrative expenses	68,841	75,350
– Sales and marketing expenses	45,530	54,722

Staff costs of RMB49,990,000 and RMB69,595,000 were capitalised in intangible assets and contract cost for the six months ended June 30, 2023 and 2022 respectively, which amounts are not included in the total amounts disclosed above.

Note: Employees of the Group's PRC subsidiaries are required to participate in a defined contribution scheme administered and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) **Other items**

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortisation charges		
– amortisation of intangible assets	44,221	31,238
– depreciation of right-of-use assets	10,871	10,064
– depreciation of property, plant and equipment	6,821	6,714
	61,913	48,016
Impairment loss		
– financial assets at amortised costs	(1,110)	15,588
– financial assets at fair value through other comprehensive income	40,349	5,640
– trade and other receivables	31,689	401
– provision for guarantee liabilities	554	1,044
	71,482	22,673
Professional service fees	5,319	11,358
Auditors' remuneration	1,577	1,475

5. INCOME TAX (CREDIT)/EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands during the reporting period.

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 HK\$2,000,000 and 16.5% on any part of assessable profit over HK\$2,000,000. 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. The Group had chosen one of its subsidiaries to apply such progressive tax rate. Except for the chosen subsidiary, 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:

- (i) One of the subsidiaries of the Group was recognised as high and new technology enterprises (“HNTE”) in the year of 2019 and renewed its HNTE certificate in the year of 2022, and accordingly, was entitled to a preferential income tax rate of 15% in each subsequent three years since the certified year. Thus, this subsidiary was entitled to a preferential income tax rate of 15% for the six months ended June 30, 2023 and 2022.

- (ii) Several subsidiaries of the Group were recognised as small low-profit enterprises and, accordingly, were entitled to a tax relief policy in the first half year of 2023. According to the tax relief policy, the annual taxable income amount of a small low-profit enterprise not exceeding RMB3 million, shall be computed at a reduced rate of 25% as taxable income amount, and subject to enterprise income tax at 20% tax rate, and the 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 in other countries and regions is charged at the rates applicable to the jurisdictions concerned.

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
PRC corporate income tax	28,393	22,577
Hong Kong profits tax	1,414	—
	29,807	22,577
Deferred tax		
Origination of temporary differences	(45,098)	(4,476)
Total	(15,291)	18,101

6. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share for the period is calculated by dividing the profit/(loss) for the period attributable to the equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity shareholders of the Company (RMB'000)	(170,298)	43,046
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic earnings per share	<u>2,120,996,299</u>	<u>2,136,268,824</u>
Basic earnings per share (RMB per share)	<u>(0.08)</u>	<u>0.02</u>

Diluted earnings per share for the period is calculated basing on basic profit/(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 period.

For the six months ended June 30, 2023, 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 this period was the same as basic loss per share.

The calculation of diluted earnings per share for the six months ended June 30, 2022 is as follow:

	Six months ended June 30, 2022 (Unaudited)
Profit attributable to equity shareholders of the Company for calculation of the diluted earnings per share (RMB'000)	43,046
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic earnings per share	2,136,268,824
Adjustments for awarded shares	<u>113,470,562</u>
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the diluted earnings per share	2,249,739,386
Diluted earnings per share attributable to equity shareholders of the Company (RMB per share)	<u><u>0.02</u></u>

7. DIVIDENDS

A special dividend for the year ended December 31, 2022 of HKD0.25 per share was approved at the general meeting of the Company held on June 13, 2023 and the special dividend in total amounting to RMB526,610,000 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.

The board of directors resolved not to declare any payment of interim dividend for the six months ended June 30, 2023.

8. 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) The movements of the financial assets at fair value through other comprehensive income

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Year ended December 31, 2022 RMB'000 (Audited)
At the beginning of the period/year	496,478	1,904,307
Decrease	(50,363)	(1,410,553)
Changes in fair value	(1,835)	2,724
	444,280	496,478

During the six months ended June 30, 2023, the Group had entered into a debt settlement agreement with an anchor enterprise to settle the receivable rights held by the Group against the suppliers of the anchor enterprise in the amount of RMB 49,042,000, which were secured by the commercial notes issued by the anchor enterprise to the suppliers. Pursuant to the terms agreed, the original receivables rights against the suppliers of the anchor enterprise which were recorded as financial assets at fair value through other comprehensive income were settled with the debt instruments issued by the anchor enterprise. The debt instruments were recognised as financial assets at fair value through other comprehensive income on the date of debt settlement.

(b) **The balance and movements of loss allowance of the financial assets at fair value through other comprehensive income**

	2023 (Unaudited)			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Balance of financial assets at fair value through other comprehensive income as at June 30, 2023	93,718	301,248	49,314	444,280
Impairment allowance				
As at January 1	4,329	13,551	–	17,880
Transfer to lifetime ECL not credit-impaired	(218)	218	–	–
Transfer to lifetime ECL credit-impaired	(1,319)	(475)	1,794	–
Charge for the period	5,719	23,217	11,413	40,349
As at June 30	8,511	36,511	13,207	58,229
	2022 (Audited)			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Balance of financial assets at fair value through other comprehensive income as at December 31, 2022	251,771	244,707	–	496,478
Impairment allowance				
As at January 1	185	9,931	–	10,116
Charge for the year	4,144	3,620	–	7,764
As at December 31	4,329	13,551	–	17,880

Impairment allowance of financial assets at fair value through other comprehensive income was recognised in “other comprehensive income for the period” in the consolidated statement of profit or loss and other comprehensive income and the tax impact for impairment allowance charged for the six months ended June 30, 2023 was RMB10,087,000.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current			
Unlisted equity investments	(i)	<u>66,859</u>	<u>62,076</u>
Current			
Supply chain assets	(ii)	901,732	2,281,644
Asset-backed securities	(iii)	65,208	86,049
Others	(iv)	<u>122,526</u>	<u>114,631</u>
		<u>1,089,466</u>	<u>2,482,324</u>

- (i) The unlisted equity investments represented the Group's equity interests in companies over which the Group has no control or significant influence.
- (ii) The balance as at June 30, 2023 comprised of: (1) the supply chain assets held for sale in the Supply Chain Finance Technology Solutions of RMB601,512,000 (December 31, 2022: RMB1,917,839,000); and (2) the supply chain assets held for sale in the Cross-border Cloud of USD21,675,000 (equivalent to approximately RMB156,621,000) (December 31, 2022: USD26,144,000, equivalent to approximately RMB182,086,000) and (3) the supply chain assets in Anchor Cloud of RMB143,599,000 (December 31, 2022: RMB181,719,000) which was a receivable right against the anchor enterprise secured by rights to the proceeds of the senior tranches of asset-back securities issued by the anchor enterprise.
- (iii) The balance as at June 30, 2023 comprised (1) nil of senior tranches of asset-back securities (December 31, 2022: RMB18,054,000); and (2) junior tranches of asset-back securities of RMB65,208,000 (December 31, 2022: RMB67,995,000).
- (iv) The balance as at June 30, 2023 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset Management Limited, which amounted to USD16,957,000 (equivalent to approximately RMB122,526,000) (December 31, 2022: USD16,459,000, equivalent to approximately RMB114,631,000).

10. TRADE RECEIVABLES

	As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Service fee receivables	247,394	343,289
Impairment allowance	(1,289)	(1,175)
	246,105	342,114

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

	As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Within 3 months (inclusive)	77,087	102,335
3 months to 6 months (inclusive)	25,889	72,881
6 months to 1 year (inclusive)	58,623	130,895
Over 1 year	85,795	37,178
Impairment allowance	(1,289)	(1,175)
Trade receivables, net	246,105	342,114

11. FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Gross amount of financial assets at amortised cost		
Supply chain assets from		
– Cross-border Cloud	74,177	46,825
– SME Credit Tech Solutions	<u>141,757</u>	<u>150,709</u>
Gross amount of financial assets at amortised cost	215,934	197,534
Impairment allowance		
Supply chain assets from		
– Cross-border Cloud	(1,270)	(1,011)
– SME Credit Tech Solutions	<u>(32,939)</u>	<u>(34,262)</u>
Impairment allowance	(34,209)	(35,273)
Carrying amount of financial assets at amortised cost	181,725	162,261

(b) Summarised by stages and allowance for impairment losses

	As at June 30, 2023 (Unaudited)			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Supply chain assets				
Gross amount				
– Cross-border Cloud	70,878	3,299	–	74,177
– SME Credit Tech Solutions	<u>103,422</u>	<u>188</u>	<u>38,147</u>	<u>141,757</u>
	174,300	3,487	38,147	215,934
Impairment allowance				
– Cross-border Cloud	(1,256)	(14)	–	(1,270)
– SME Credit Tech Solutions	<u>(4,836)</u>	<u>(136)</u>	<u>(27,967)</u>	<u>(32,939)</u>
	(6,092)	(150)	(27,967)	(34,209)
Carrying amount	168,208	3,337	10,180	181,725

	As at December 31, 2022 (Audited)			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply chain assets				
Gross amount				
– Cross-border Cloud	46,825	–	–	46,825
– SME Credit Tech Solutions	115,576	637	34,496	150,709
	162,401	637	34,496	197,534
Impairment allowance				
– Cross-border Cloud	(1,011)	–	–	(1,011)
– SME Credit Tech Solutions	(7,945)	(446)	(25,871)	(34,262)
	(8,956)	(446)	(25,871)	(35,273)
Carrying amount	<u>153,445</u>	<u>191</u>	<u>8,625</u>	<u>162,261</u>

(c) Summarised by overdue days

	As at June 30, 2023 (Unaudited)			
	Overdue by	Overdue by	Overdue by	Total
	1 to 90 days	90 days to	1 year to	
	(inclusive)	1 year	2 years	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply chain assets				
– Cross-border Cloud	3,299	–	–	3,299
– SME Credit Tech Solutions	188	9,460	28,687	38,335

	As at December 31, 2022 (Audited)			
	Overdue by	Overdue by	Overdue by	Total
	1 to 90 days	90 days to	1 year to	
	(inclusive)	1 year	2 years	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Supply chain assets				
– SME Credit Tech Solutions	3,535	17,800	16,696	38,031

(d) The movements of loss allowance of financial assets at amortised cost

	2023 (Unaudited)			
	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	8,956	446	25,871	35,273
Transfer to lifetime ECL credit-impaired	(4,477)	(478)	4,955	–
Charge/(release) for the period	1,567	182	(5,429)	(3,680)
Recoveries of amounts previously written off	–	–	2,570	2,570
Exchange differences	46	–	–	46
As at June 30	<u>6,092</u>	<u>150</u>	<u>27,967</u>	<u>34,209</u>
	2022 (Audited)			
	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	3,758	4,555	20,456	28,769
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>

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current			
Long-term deferred expenses		<u>5,689</u>	<u>5,129</u>
Current			
Receivables from anchor enterprises	(i)	2,065,661	1,508,314
Loan to the employees		62,206	50,980
Continuing involvement in transferred supply chain assets	15	38,500	40,600
Loan to a non-controlling shareholder of an associate	(ii)	30,000	30,000
Input value-added-tax to be certified		21,924	28,771
Deposits		17,439	15,528
Prepaid expenses for Supply Chain Finance Technology Solutions		15,210	13,900
Others		29,217	29,964
Impairment allowance		<u>(36,033)</u>	<u>(4,458)</u>
Total		<u><u>2,244,124</u></u>	<u><u>1,713,599</u></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) In 2019, the Group granted a loan amounting to RMB30,000,000 to Hong Kong Han Tou Jin Chuang Investment Management Limited, one of the non-controlling shareholders of an associate of the Group. The loan had contractual maturity of in three years with annual interest rate of 2%. The loan was classified as current asset according to its maturity status and is 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.

13. TRADE PAYABLES

	As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Expenses payable for issuance of assets-backed securities	52,022	34,294
Others	2,394	5,606
	54,416	39,900

As of June 30, 2023 and December 31, 2022, 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 periods is as follows:

	As at June 30, 2023 <i>RMB'000</i> (Unaudited)	As at December 31, 2022 <i>RMB'000</i> (Audited)
Within 3 months (inclusive)	26,313	13,143
Over 3 months	28,103	26,757
	54,416	39,900

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

14. BORROWINGS

	As at June 30, 2023 (Unaudited)		As at December 31, 2022 (Audited)	
	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>
Current				
Bank and other financial institution borrowings				
– Unsecured and unguaranteed	3.35% - 8.50%	581,772	4.00%	10,012

15. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Current			
Dividend payable	(i)	526,610	–
Payables arising from supply chain financing transactions	(ii)	253,939	1,596,746
Accrued payroll and other benefits		45,768	69,908
Continuing involvement in transferred supply chain assets	12	38,500	40,600
Tax and levies		12,245	23,918
Others		44,102	78,685
		921,164	1,809,857

- (i) A special dividend for the year ended December 31, 2022 of HKD0.25 per share was approved at the general meeting of the Company held on June 13, 2023 and the special dividend in total amounting to RMB526,610,000 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.
- (ii) Payables arising from supply chain financing transactions enabled by the Group's Supply Chain Finance Technology Solutions primarily arises in circumstances where the anchor enterprises and other entities paid for acquisition of the underlying assets from the suppliers.

16. SHARE CAPITAL

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Ordinary shares	125	125

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

	Par Value	As at June 30, 2023	As at December 31, 2022
Number of class A ordinary shares	USD0.00000833	267,626,789	267,626,789
Number of class B ordinary shares	USD0.00000833	2,017,357,159	2,017,357,159

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.linklogis.com). The interim report for the six months ended June 30, 2023 will be dispatched to the Company's 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, August 28, 2023

As at the date of this announcement, the Board of Directors of the Company 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 interim 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 announcement 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 the Company with a par value of US\$0.00000833 each, conferring weighted voting rights in the 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 any 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 the Company with a par value of US\$0.00000833 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
“Director(s)”	the director(s) of our Company
“Group”, “we”, “us”	the Company, its subsidiaries, and the consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“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 set out in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated March 26, 2021
“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
“US\$”	United States dollars, the lawful currency of the United States
“weighted voting right”	has the meaning ascribed to it under the Listing Rules
“%”	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.