

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  
Report 2023*



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# CORPORATE INFORMATION

## Executive Directors

Mr. Song Qun (宋群) (*Chairman of the Board and Chief Executive Officer*)

Mr. Ji Kun (冀坤)

Ms. Chau Ka King (周家瓊)

## Non-executive Directors

Mr. Lin Haifeng (林海峰)

Mr. Zhang Yuhan (張予焯)

## Independent non-executive Directors

Mr. Gao Feng (高峰)

Mr. Tan Huay Lim (陳懷林)

Mr. Chen Wei (陳瑋)

## Audit committee

Mr. Tan Huay Lim (陳懷林) (*Chairman*)

Mr. Gao Feng (高峰)

Mr. Chen Wei (陳瑋)

## Remuneration committee

Mr. Gao Feng (高峰) (*Chairman*)

Mr. Song Qun (宋群)

Mr. Chen Wei (陳瑋)

## Nomination committee

Mr. Gao Feng (高峰) (*Chairman*)

Mr. Song Qun (宋群)

Mr. Chen Wei (陳瑋)

## Corporate governance committee

Mr. Gao Feng (高峰) (*Chairman*)

Mr. Tan Huay Lim (陳懷林)

Mr. Chen Wei (陳瑋)

## Joint company secretaries

Ms. Wang Yihan (王一涵)

Ms. Zhang Xiao (張瀟)

## Authorized representatives

Mr. Song Qun (宋群)

Ms. Zhang Xiao (張瀟)

## Headquarters and principal place of business in the PRC

Floor 36, CES Building

No. 3099 Keyuan South Road

Nanshan District Shenzhen, Guangdong, 518063

PRC

## Principal place of business in Hong Kong

40/F, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai, Hong Kong

## Registered office

ICS Corporate Services (Cayman) Limited

3-212 Governors Square

23 Lime Tree Bay Avenue

P.O. Box 30746, Seven Mile Beach

Grand Cayman KY1-1203

Cayman Islands

## Auditor

KPMG

*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*

8th Floor, Prince's Building, 10 Chater Road  
Central, Hong Kong

# CORPORATE INFORMATION

## Legal advisors

*As to Hong Kong and U.S. laws*  
Skadden, Arps, Slate, Meagher & Flom and affiliates  
42/F, Edinburgh Tower, The Landmark  
15 Queen's Road Central  
Hong Kong

*As to PRC law*  
Commerce & Finance Law Offices  
23/F, Building A, CASC Plaza  
Haide 3rd Road  
Nanshan District  
Shenzhen, 518067  
PRC

## Compliance advisor

Rainbow Capital (HK) Limited  
Room 5B, 12/F, Tung Ning Building  
No. 2 Hillier Street, Sheung Wan  
Hong Kong

## Hong Kong share registrar

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## Principal share registrar and transfer office

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall  
Cricket Square, Grand Cayman  
KY1-1102, Cayman Islands

## Principal banks

China Merchants Bank Co., Ltd., Beijing Branch  
1/F, China Merchants International Financial  
Centre A  
156 Fuxingmennei Street  
Beijing, PRC

Industrial and Commercial Bank of China Limited,  
Shenzhen Branch  
No. 1 Jintang Road, Shennan East Road  
Luohu District Shenzhen, Guangdong, PRC

## Stock code

9959

## Company website

[www.linklogis.com](http://www.linklogis.com)

# KEY HIGHLIGHTS

## KEY FINANCIAL HIGHLIGHTS

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

Note:

(1) Percentage points.

# KEY HIGHLIGHTS

## KEY BUSINESS HIGHLIGHTS

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

*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.

## KEY HIGHLIGHTS

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

## 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.

# CHAIRMAN'S STATEMENT

## 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.

## CHAIRMAN'S STATEMENT

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.

## CHAIRMAN'S STATEMENT

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.

# CHAIRMAN'S STATEMENT

## 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.

Industry	For the year ended	Industry	For the year ended	Industry	For the three months ended	Industry	For the three months ended
	December 31, 2021		December 31, 2022		March 31, 2023		June 30, 2023
	% of total volume		% of total volume		% of total volume		% 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%

# CHAIRMAN'S STATEMENT

## 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.

## Mr. Song Qun

*Chairman and Chief Executive Officer*

Shenzhen, China

September 25, 2023

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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>				
<b>Supply chain Finance Technology Solutions</b>				
Anchor Cloud	231,094	59.1	291,572	57.1
FI Cloud	132,531	33.9	189,535	37.1
<b>Subtotal</b>	<b>363,625</b>	<b>93.0</b>	481,107	94.2
<b>Emerging Solutions</b>				
Cross-border Cloud	21,473	5.5	16,820	3.3
SME Credit Tech Solutions	5,933	1.5	12,541	2.5
<b>Subtotal</b>	<b>27,406</b>	<b>7.0</b>	29,361	5.8
<b>Total</b>	<b>391,031</b>	<b>100.0</b>	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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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>			
<b>Cost of principal activities</b>				
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
<b>Total</b>	<b>153,438</b>	<b>39.2</b>	<b>86,435</b>	<b>16.9</b>

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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>				
<b>Gross profit and gross profit margin</b>				
Supply Chain Finance Technology Solutions	213,624	58.7	396,678	82.5
Emerging Solutions	23,969	87.5	27,355	93.2
<b>Total</b>	<b>237,593</b>	<b>60.8</b>	<b>424,033</b>	<b>83.1</b>

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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>				
<b>Share-based compensation</b>				
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
<b>Total</b>	<b>46,335</b>	<b>100.0</b>	<b>92,756</b>	<b>100.0</b>

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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:*

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

*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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 10, 11 and 14 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Subsequent events after the Reporting Period

There were no subsequent events after the end of Reporting Period and up to the Latest Practicable Date.

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

<b>Division</b>	<b>Number of employees</b>
Research and development	544
Sales and marketing	145
General administration	<u>204</u>
<b>Total</b>	<b><u>893</u></b>

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, the Company had complied with all the provisions of 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 code provision because 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 the Group. The Board believes that vesting the roles of both chairperson and chief executive officer to Mr. Song has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the 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 provisions of the Model Code during the Reporting Period.

## **Board committees**

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

## **Audit Committee**

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code.

The primary duties of the Audit Committee are to review and supervise the financial reporting process and the risk management and internal control systems of the Group, review and approve connected transactions and provide advice and comments to the Board.

The Audit Committee comprises three independent non-executive Directors, being Mr. Tan Huay Lim, Mr. Gao Feng and Mr. Chen Wei, with Mr. Tan Huay Lim (being our independent non-executive Director with the appropriate professional qualifications) as the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the six months ended June 30, 2023 and 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.

## **Corporate Governance Committee**

The Company has established the Corporate Governance Committee in compliance with Rule 8A.30 of the Listing Rules and the Corporate Governance Code.

The primary duties of the Corporate Governance Committee are to ensure that the Company is operated and managed for the benefit of all Shareholders and to ensure the Company's compliance with the Listing Rules and safeguards relating to the WVR structure of the Company.

The Corporate Governance Committee comprises of three independent non-executive Directors, namely Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Corporate Governance Committee.

## CORPORATE GOVERNANCE

The following is a summary of work performed by the Corporate Governance Committee during the six months ended June 30, 2023:

- 1) Reviewed the policies and practices of the Company on corporate governance and compliance with legal and regulatory requirements. The policies reviewed include the board diversity policy, shareholders' communication policy, directors' dealing policy and staff's dealing policy, director nomination policy, dividend policy, whistleblowing policy, anti-corruption policy and other corporate governance policies.
- 2) Reviewed the Company's compliance with the Corporate Governance Code and the deviation(s) from code provision C.2.1 of the Corporate Governance Code, and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.
- 3) Reviewed the remuneration, the terms of engagement and the appointment of the Company's compliance advisor.
- 4) Reviewed and monitored the management of conflicts of interests between the Group/the Shareholders on one hand and the WVR Beneficiary on the other hand.
- 5) Reviewed and monitored all risks related to the weighted voting rights structure, including connected transactions between the Group/the Shareholders on one hand and the WVR Beneficiary on the other hand.
- 6) Reviewed the arrangement for the training and continuous professional development of Directors and senior management.
- 7) Sought to ensure effective and on-going communication between the Company and the Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules.
- 8) Reported on the work of the Corporate Governance Committee covering all areas of its terms of reference for the Reporting Period.

The Corporate Governance Committee has confirmed to the Board that it is of the view that the Company has adopted sufficient corporate governance measures to manage the potential conflict of interest between the Group and the beneficiaries of weighted voting rights in order to ensure that the operations and management of the Company are in the interests of the Shareholders as a whole indiscriminately.

Having reviewed the remuneration and terms of engagement of the compliance advisor, the Corporate Governance Committee confirmed to the Board that it is not aware of any factors that would require it to consider either the removal of the current compliance advisor or the appointment of a new compliance advisor.

### Weighted voting rights

The Company is controlled through weighted voting rights. Under this structure, the Company's share capital comprises Class A Shares and Class B Shares. Each Class A Share entitles the holder to exercise 10 votes, and each Class B Share entitles the holder to exercise one vote, on any resolution tabled at the Company's general meetings, except for resolutions with respect to the Reserved Matters, in respect of which each Share is entitled to one vote.

The WVR structure enables the WVR Beneficiary to exercise voting control over the Company notwithstanding that the WVR Beneficiary does not hold a majority economic interest in the share capital of the Company. This enables the Company to benefit from the continuing vision and leadership of the WVR Beneficiary who will control the Company with a view to its long-term prospects and strategy.

Investors are advised to be aware of the potential risks of investing in companies with a WVR structure, in particular that the interests of the WVR Beneficiary may not necessarily always be aligned with those of the Shareholders as a whole, and that the WVR Beneficiary will be in a position to exert significant influence over the affairs of our Company and the outcome of Shareholders' resolutions, irrespective of how other Shareholders vote. Investors should make the decision to invest in the Company only after due and careful consideration. For further information about the risks associated with the WVR structure adopted by the Company, please refer to the sub-section headed "Risk Factors – Risks Relating to the WVR Structure – Holders of our Class A Shares may exert substantial influence over us and may not act in the best interests of the other Shareholders" of the Prospectus.

As at June 30, 2023, the WVR Beneficiary was Mr. Song, who was interested in 267,626,789 Class A Shares and 19,799,907 Class B Shares, representing approximately 57.44% of the voting rights of the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song held such Class A Shares through Cabnetvic Company Limited ("**Cabnetvic**"), Cabnetwa Company Limited ("**Cabnetwa**") and Cabnetsa Company Limited ("**Cabnetsa**"), and 10,703,387 Class B Shares through Cabnetnt Company Limited ("**Cabnetnt**") and Cabnetvic, all of which are companies directly wholly-owned by Mr. Song. Mr. Song beneficially held 9,096,520 Class B Shares.

Class A Shares may be converted into Class B Shares on a one-to-one ratio. As at the Latest Practicable Date, upon conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company will issue 267,626,789 Class B Shares, representing 13.27% of the total number of issued and outstanding Class B Shares or 11.71% of the issued share capital of the Company.

## OTHER INFORMATION

The weighted voting rights attached to Class A Shares will cease when the WVR Beneficiary has no beneficial ownership of any of the Class A Shares, in accordance with 8A.22 of the Listing Rules. This may occur:

- (i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of the Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;
- (ii) when the holder of Class A Shares has transferred to other person(s) the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;
- (iii) where the vehicles holding Class A Shares on behalf of the WVR Beneficiary no longer comply with Rule 8A.18(2) of the Listing Rules; or
- (iv) when all of the Class A Shares have been converted to Class B Shares.

## OTHER INFORMATION

### Directors' and chief executives' interests and short positions in Shares and underlying shares and debentures of the Company or any of its associated corporations

As at June 30, 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

#### Interest in the Company

Name of Director or chief executive	Nature of interest	Number and class of Shares	Approximate % of interest in each class of Shares <sup>(1)</sup>
Mr. Song <sup>(2)</sup>	Interest in a controlled corporation	267,626,789 Class A Shares	100.00%
Mr. Song <sup>(2)</sup>	Interest in a controlled corporation Beneficial owner	10,703,387 Class B Shares	
		9,096,520 Class B Shares	
		19,799,907 Class B Shares	0.98%
Mr. Ji Kun ("Mr. Ji") <sup>(3) (4)</sup>	Interest in a controlled corporation Beneficial owner	48,147,048 Class B Shares	
		8,529,200 Class B Shares	
		56,676,248 Class B Shares	2.81%
Ms. Chau Ka King ("Ms. Chau") <sup>(5) (6)</sup>	Interest in a controlled corporation Beneficial owner	45,467,364 Class B Shares	
		5,726,000 Class B Shares	
		51,193,364 Class B Shares	2.54%

## OTHER INFORMATION

### Notes:

1. The calculation is based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at June 30, 2023.
2. Mr. Song is deemed to be interested in the total number Shares held by each of Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt held 221,212,025 Class A Shares and 5,544,775 Class B Shares, 24,781,164 Class A Shares, 21,633,600 Class A Shares and 5,158,612 Class B Shares, respectively, and are wholly-owned by Mr. Song. In addition, Mr. Song beneficially held 9,096,520 Class B Shares.
3. Mr. Ji is deemed to be interested in the total number of Class B Shares held by Joy Kalton Company Limited ("**Joy Kalton**"). Joy Kalton held 46,276,800 Class B Shares and is wholly-owned by Mr. Ji. Mr. Ji is also deemed to be interested in the total number of Shares held by Shirazvic Company Limited ("**Shirazvic**"), which was held 100% by Mr. Ji through Joy Kalton. Shirazvic held 1,870,248 Class B Shares as at June 30, 2023.
4. Mr. Ji was granted RSUs in respect of 8,119,200 Class B Shares under the 2019 Equity Incentive Plan and, in addition, beneficially owned 410,000 Class B Shares.
5. Ms. Chau was deemed to be interested in the total number of Class B Shares held by Let It Bee Company Limited ("**Let It Bee**"). Let It Bee held 45,467,364 Class B Shares and is wholly-owned by Ms. Chau.
6. Ms. Chau was granted RSUs in respect of 5,316,000 Class B Shares under the Equity Incentive Plan and, in addition, beneficially owned 410,000 Class B Shares.

Save as disclosed above, as at June 30, 2023, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## OTHER INFORMATION

### Substantial Shareholders' interests and short positions in Shares and underlying Shares

As at June 30, 2023, to the best knowledge of the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares <sup>(1)</sup>
<b>Class A Shares</b>			
Cabinetvic	Beneficial interest	221,212,025(L)	82.66%
Cabinetwa	Beneficial interest	24,781,164(L)	9.26%
Cabnetsa	Beneficial interest	21,633,600(L)	8.08%
<b>Class B Shares</b>			
Tencent Holdings Limited <sup>(2)</sup>	Interest in controlled corporation	342,121,980(L)	16.96%
Tencent Mobility Limited <sup>(2)</sup>	Beneficial interest	317,128,920(L)	15.72%
CITIC Capital Holdings Limited ("CITIC Capital") <sup>(3)</sup>	Interest in controlled corporation	226,570,072(L)	11.23%
Mr. Lin Lijun (林利軍) <sup>(4)(5)(6)</sup>	Interest in controlled corporation	187,528,512(L)	
	Founder of a discretionary trust	15,025,060(L)	
		202,553,572(L)	10.04%
Ms. Gong Ruilin (龔瑞琳) <sup>(5)</sup>	Interest of spouse	202,553,572(L)	10.04%
CITIC Capital MB Investment Limited <sup>(3)</sup>	Interest in controlled corporation/Beneficial interest	193,246,000(L)	9.58%
Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) <sup>(6)</sup>	Interest in controlled corporation	187,528,512(L)	9.30%
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) <sup>(6)</sup>	Interest in controlled corporation	187,528,512(L)	9.30%

## OTHER INFORMATION

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares <sup>(1)</sup>
Shanghai Loyal Valley Investment Management Co., Ltd (上海正心谷投資管理有限公司) <sup>(6)</sup>	Interest in controlled corporation	187,528,512(L)	9.30%
Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) <sup>(6)</sup>	Interest in controlled corporation	187,528,512(L)	9.30%
CCRE Investment Holdings Ltd <sup>(3)</sup>	Beneficial interest	184,656,000(L)	9.15%
Carltonvic Company Limited <sup>(7)</sup>	Beneficial interest	174,618,156(L)	8.66%
Trident Trust Company (HK) Limited <sup>(7)</sup>	Trustee of a trust	174,618,156(L)	8.66%
GIC (Ventures) Private Limited <sup>(8)</sup>	Interest in controlled corporation	166,620,384(L)	8.26%
GIC Private Limited <sup>(8)</sup>	Interest in controlled corporation	166,620,384(L)	8.26%
GIC Special Investments Private Limited <sup>(8)</sup>	Interest in controlled corporation	166,620,384(L)	8.26%
OWAP Investment Private Limited <sup>(8)</sup>	Beneficial interest	166,620,384(L)	8.26%
Tan Linklogs Limited <sup>(6)</sup>	Beneficial interest	134,020,512(L)	6.64%

*Notes:*

- The calculation is based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at June 30, 2023.
- Tencent Mobility Limited (“**Tencent Mobility**”), a direct wholly-owned subsidiary of Tencent Holdings Limited (“**Tencent**”), holds 317,128,920 Class B Shares. In addition, Double Combo Holding Limited (“**Double Combo**”) holds 24,993,060 Class B Shares. Double Combo is an exempt limited liability company, which is ultimately controlled by Tencent. Accordingly, Tencent is deemed to be interested in the total number of Shares held by Tencent Mobility and Double Combo.

## OTHER INFORMATION

3. CCRE Investment Holdings Ltd. (“**CCRE Investment**”) is wholly owned by CITIC Capital MB Investment Limited (“**CITIC Capital MB**”), which is in turn wholly owned by CITIC Capital. Accordingly, each of CITIC Capital MB and CITIC Capital is deemed to be interested in 184,656,000 Class B Shares held by CCRE Investment. Additionally, 8,590,000 Class B Shares are held by CITIC Capital MB, which is in turn wholly owned by CITIC Capital. Accordingly, CITIC Capital is deemed to be interested in the total number of Shares held by CITIC Capital MB. LLS Holding Limited (“**LLS Holding**”) holds 33,324,072 Class B Shares. LLS Holding, an exempted company with limited liability incorporated in Cayman Islands, is ultimately controlled by CITIC Capital. Accordingly, CITIC Capital is deemed to be interested in the total number of Shares held by LLS Holding.
4. Loyal Valley Capital Advantage Fund LP (“**LVC LP**”) holds 28,369,560 Class B Shares. LVC LP is a limited partnership established in the Cayman Islands and ultimately controlled by Mr. Lin Lijun (林利軍) (“**Mr. Lin**”). Accordingly, Mr. Lin is deemed to be interested in the total number of Shares held by LVC LP.
5. Ms. Gong Ruilin (“**Ms. Gong**”) is the spouse of Mr. Lin. Accordingly, Ms. Gong is deemed to be interested in the total number of Shares held by Mr. Lin.
6. Tan Linklogis Limited (“**LVC Tan**”), Le Linklogis Limited (“**LVC Le**”) and Qian Linklogis Limited (“**LVC Qian**”) hold 134,020,512, 45,825,600 and 7,682,400 Class B Shares, respectively. Each of LVC Tan, LVC Le and LVC Qian is wholly owned by Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) (“**Shanghai Rongmian**”), a limited partnership established in the PRC whose general partner is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) (“**Shanghai LVC**”). In addition, Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) (“**LVC Tanying**”) is a limited partner of Shanghai Rongmian, which holds 71.46% of the interest of Shanghai Rongmian. Shanghai LVC is in turn wholly owned by Mr. Lin. Accordingly, each of Shanghai Rongmian, Shanghai LVC, LVC Tanying and Mr. Lin is deemed to be interested in the total number of Shares held by LVC Tan, LVC Le and LVC Qian.
7. Carltonvic Company Limited is a business company incorporated in the British Virgin Islands and a special purpose vehicle wholly owned by Trident Trust Company (HK) Limited, the trustee of LLS Trust, established for the purpose of holding Shares pursuant to the 2019 Equity Incentive Plan. Accordingly, Trident Trust Company (HK) Limited is deemed to be interested in the total number of Shares held by Carltonvic Company Limited.
8. OWAP Investment Pte Ltd (“**OWAP Investment**”) is a limited liability company incorporated under the laws of Singapore. OWAP Investment is wholly owned by GIC (Ventures) Pte. Ltd, and managed by GIC Special Investments Pte Ltd, which is in turn wholly owned by GIC Private Limited. Accordingly, each of GIC (Ventures) Private Limited, GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the total number of Shares held by OWAP Investment.

Save as disclosed above, as at June 30, 2023, to the best knowledge of the Directors, no person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## OTHER INFORMATION

### **2019 Equity Incentive Plan**

The 2019 Equity Incentive Plan was approved and adopted on January 24, 2019 and subsequently amended and restated on November 25, 2020.

The maximum aggregate number of Class B Shares which may be issued or transferred pursuant to the 2019 Equity Incentive Plan is 174,618,156 Class B Shares. All 174,618,156 Class B Shares have been issued to Carltonvic Company Limited, a business company incorporated in the British Virgin Islands and established for the purpose of holding the Class B Shares pursuant to the 2019 Equity Incentive Plan. Accordingly, as at the Latest Practicable Date, 0 new Class B Shares (representing 0% of the total number of Shares in issue as at the Latest Practicable Date) were available for issue.

Details of the material terms of the 2019 Equity Incentive Plan are set out in the annual report of the Company for the year ended December 31, 2022 and details of the movements in the outstanding RSUs granted under the 2019 Equity Incentive Plan (to be satisfied by existing Class B Shares) during the Reporting Period will be set out in the annual report of the Company for the year ending December 31, 2023.

### **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.

## OTHER INFORMATION

### Use of Proceeds from the Global Offering

On April 9, 2021, the Class B Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were approximately HK\$8,967.0 million (equivalent to RMB7,509.7 million). As at June 30, 2023, the Group had utilized the net proceeds as set out in the table below:

	<b>Net proceeds from the Global Offering</b> (RMB million)	<b>Unutilized amount as at January 1, 2023</b> (RMB million)	<b>Utilized amount during the Reporting Period</b> (RMB million)	<b>Unutilized amount as at June 30, 2023</b> (RMB million)	<b>Expected timeline for full utilization</b>
Enhance core technology capabilities and fundamental research and development	2,628.4	1,199.7	172.7	1,027.0	by December 31, 2026
Expand cross-border operations	1,501.9	616.1	505.4	110.7	by December 31, 2026
Enhance capabilities with respect to sales and marketing, business development and brand building	1,126.5	716.5	173.8	542.7	by December 31, 2026
Future strategic investment and acquisition opportunities	1,501.9	1,146.1	37.7	1,108.4	by December 31, 2026
Working capital and other general corporate purposes	751.0	–	–	–	–
<b>Total</b>	<b>7,509.7</b>	<b>3,678.4</b>	<b>889.6</b>	<b>2,788.8</b>	

The utilized proceeds as described above were utilized in accordance with the purposes set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The remaining balance of the net proceeds of approximately HK\$3,024.7 million (equivalent to RMB2,788.8 million) was placed with banks as of June 30, 2023. The Group will gradually apply the remaining balance in the manner set out in the Prospectus depending on actual business needs and intends to fully utilize the proceeds by December 31, 2026.

## OTHER INFORMATION

### **Dividend**

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

### **Changes in Information of Directors and Chief Executive**

There have been no changes in the information of Directors and chief executives of the Company since the publication of the Company's last annual report up to the Latest Practicable Date which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

# INDEPENDENT REVIEW REPORT



## REVIEW REPORT TO THE BOARD OF DIRECTORS OF LINKLOGIS INC.

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 38 to 82 which comprises the consolidated statement of financial position of Linklogis Inc. (the “Company”) and its subsidiaries (collectively the “Group”) as of 30 June 2023 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review 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. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

### KPMG

*Certified Public Accountants*

8th Floor, Prince’s Building  
10 Chater Road  
Central, Hong Kong

28 August 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited

(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue and income from principal activities	3	391,031	510,468
Cost of principal activities	3	(153,438)	(86,435)
<b>Gross profit</b>		<b>237,593</b>	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	5	41,344	34,082
<b>(Loss)/profit from operation</b>		<b>(144,367)</b>	90,814
Finance costs	4(a)	(3,725)	(18,108)
Share of loss of equity accounted investees		(38,854)	(19,410)
<b>(Loss)/profit before taxation</b>		<b>(186,946)</b>	53,296
Income tax credit/(expense)	6	15,291	(18,101)
<b>(Loss)/profit for the period</b>		<b>(171,655)</b>	35,195
<b>Earnings per share (RMB per share)</b>	7		
Basic		(0.08)	0.02
Diluted		(0.08)	0.02

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Attributable to:</b>		
Equity shareholders of the Company	(170,298)	43,046
Non-controlling interests	(1,357)	(7,851)
<b>(Loss)/profit for the period</b>	<b>(171,655)</b>	<b>35,195</b>
<b>Other comprehensive income for the period (after tax)</b>		
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
<b>Other comprehensive income for the period</b>	<b>92,954</b>	<b>73,803</b>
<b>Total comprehensive income for the period</b>	<b>(78,701)</b>	<b>108,998</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(77,559)	117,039
Non-controlling interests	(1,142)	(8,041)
<b>Total comprehensive income for the period</b>	<b>(78,701)</b>	<b>108,998</b>

The accompanying notes on pages 44 to 82 form part of the unaudited interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited

(Expressed in RMB'000)

	Note	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		16,816	23,645
Right-of-use assets	8	39,047	46,274
Intangible assets	9	296,265	288,126
Contract costs		8,652	–
Equity accounted investees		338,539	332,833
Financial assets at fair value through profit or loss	11	66,859	62,076
Prepayments, other receivables and other assets	14	5,689	5,129
Deferred tax assets	20	113,251	67,693
		885,118	825,776
<b>Current assets</b>			
Financial assets at fair value through other comprehensive income	10	444,280	496,478
Financial assets at fair value through profit or loss	11	1,089,466	2,482,324
Trade receivables	12	246,105	342,114
Contract assets		11,642	10,544
Financial assets at amortised cost	13	181,725	162,261
Prepayments, other receivables and other assets	14	2,244,124	1,713,599
Restricted cash	15	133,311	159,873
Cash and cash equivalents	16	5,832,904	5,731,387
		10,183,557	11,098,580
<b>Current liabilities</b>			
Trade payables	17	54,416	39,900
Contract liabilities		7,284	7,240
Borrowings	18	581,772	10,012
Income tax payables	20	62,250	50,691
Lease liabilities	8	19,166	19,452
Other payables, accruals and other liabilities	19	921,164	1,809,857
Provisions	21	1,247	693
		1,647,299	1,937,845

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited

	<i>Note</i>	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
<b>Net current assets</b>		<b>8,536,258</b>	9,160,735
<b>Total assets less current liabilities</b>		<b>9,421,376</b>	9,986,511
<b>Non-current liabilities</b>			
Lease liabilities	8	<b>23,764</b>	29,983
<b>Total non-current liabilities</b>		<b>23,764</b>	29,983
<b>Net assets</b>		<b>9,397,612</b>	9,956,528
<b>Equity</b>			
Share capital	22	<b>125</b>	125
Reserves	22	<b>9,399,400</b>	9,957,174
<b>Total equity attributable to equity shareholders of the Company</b>		<b>9,399,525</b>	9,957,299
<b>Non-controlling interests</b>		<b>(1,913)</b>	(771)
<b>Total equity</b>		<b>9,397,612</b>	9,956,528

Approved and authorised for issue by the board of directors on 28 August 2023.

Director

Director

The accompanying notes on pages 44 to 82 form part of the unaudited interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 – unaudited

(Expressed in RMB'000)

	Attributable to equity shareholders of the Company									
	Share capital	Treasury share	Share premium	Capital reserve	General reserve	Foreign exchange reserve and other reserve	Retained profits/(accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000 22(a)	RMB'000 22(b)(iv)	RMB'000	RMB'000 22(b)(i)	RMB'000 22(b)(ii)	RMB'000 22(b)(iii)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2023</b>	125	(9)	9,453,423	370,680	56,510	(56,850)	133,420	9,957,299	(771)	9,956,528
Loss for the period	-	-	-	-	-	-	(170,298)	(170,298)	(1,357)	(171,655)
Other comprehensive income for the period	-	-	-	-	-	92,739	-	92,739	215	92,954
Total comprehensive income for the period	-	-	-	-	-	92,739	(170,298)	(77,559)	(1,142)	(78,701)
Special dividend declared	-	-	(526,610)	-	-	-	-	(526,610)	-	(526,610)
Settlement of restricted share units	-	-	73	(13)	-	-	-	60	-	60
Share-based compensation	-	-	-	46,335	-	-	-	46,335	-	46,335
Transfer of general reserve	-	-	-	-	(5,442)	-	5,442	-	-	-
<b>Balance at 30 June 2023 (Unaudited)</b>	125	(9)	8,926,886	417,002	51,068	35,889	(31,436)	9,399,525	(1,913)	9,397,612

	Attributable to equity shareholders of the Company									
	Share capital	Treasury share	Share premium	Capital reserve	General reserve	Foreign exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 22(a)	RMB'000 22(b)(iv)	RMB'000	RMB'000 22(b)(i)	RMB'000 22(b)(ii)	RMB'000 22(b)(iii)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2022</b>	126	(9)	9,504,128	217,188	45,128	(210,243)	158,260	9,714,578	7,529	9,722,107
Profit/(loss) for the period	-	-	-	-	-	-	43,046	43,046	(7,851)	35,195
Other comprehensive income for the period	-	-	-	-	-	73,993	-	73,993	(190)	73,803
Total comprehensive income for the period	-	-	-	-	-	73,993	43,046	117,039	(8,041)	108,998
Share-based compensation	-	-	-	92,756	-	-	-	92,756	-	92,756
Transfer of general reserve	-	-	-	-	23,954	-	(23,954)	-	-	-
Repurchase of shares	-	-	(11,547)	-	-	-	-	(11,547)	-	(11,547)
<b>Balance at 30 June 2022 (Unaudited)</b>	126	(9)	9,492,581	309,944	69,082	(136,250)	177,352	9,912,826	(512)	9,912,314

The accompanying notes on pages 44 to 82 form part of the unaudited interim financial report.

# CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2023 – unaudited

(Expressed in RMB'000)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Operating activities</b>		
Cash (used in)/generated from operations	(425,794)	129,180
Income tax paid	(18,248)	(35,577)
<b>Net cash (used in)/generated from operating activities</b>	<b>(444,042)</b>	93,603
<b>Investing activities</b>		
Proceeds from sales of financial investment and interest income of bank deposits	55,146	24,184
Purchase of financial investments at fair value through profit and loss	–	(53,000)
Purchase of property, plant and equipment, intangible assets and other non-current assets	(54,899)	(82,497)
Payments for investment in equity accounted investees	(37,409)	(68,131)
<b>Net cash used in investing activities</b>	<b>(37,162)</b>	(179,444)
<b>Financing activities</b>		
Decrease/(increase) in restricted cash	26,562	(93,970)
Payment for repurchase of shares	–	(11,547)
Net proceeds from settlement of restricted share units	60	–
Net proceeds of bank and other financial institution borrowings	571,733	576,659
Interest paid	(2,502)	(16,562)
Capital element of lease rental paid	(10,149)	(9,418)
Interest element of lease rental paid	(1,196)	(1,537)
<b>Net cash generated from financing activities</b>	<b>584,508</b>	443,625
<b>Net increase in cash and cash equivalents</b>	<b>103,304</b>	357,784
Cash and cash equivalents at the beginning of the period	5,731,387	4,927,885
Effects of exchange rate changes on cash and cash equivalents	(1,787)	(267)
<b>Cash and cash equivalents at the end of the period</b>	<b>5,832,904</b>	5,285,402

The accompanying notes on pages 44 to 82 form part of the unaudited interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(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 13 March 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 9 April, 2021.

This interim financial report 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 report 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 report 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.

This interim financial report contains 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 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”).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 2 CHANGE IN ACCOUNTING POLICIES

The Group has applied the following new amendments to IFRSs issued by the IASB to this interim financial report 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 report. The Group has not applied any new or revised standard or interpretation that is not yet effective for the current accounting period.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 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:

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

### **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 30 June 2023 and 2022 respectively.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (CONTINUED)

### (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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### – **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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (continued)

##### Segment results (continued)

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		Subtotal RMB'000	Cross- border Cloud RMB'000	SME Credit Tech Solutions RMB'000	Subtotal RMB'000	
	Cloud RMB'000	FI Cloud RMB'000					
For the six months ended 30 June 2023							
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 30 June 2022							
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>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 4 (LOSS)/PROFIT BEFORE TAXATION

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

### (a) Finance costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest expenses on		
– bank and other financial institution borrowings	2,529	16,562
– lease liabilities (note 8(ii))	1,196	1,537
– related parties' borrowings (note 25(c))	–	9
	<b>3,725</b>	<b>18,108</b>

### (b) Staff costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	164,139	136,372
Share-based compensation	46,335	92,756
Contributions to defined contribution scheme (note)	15,783	15,055
	<b>226,257</b>	<b>244,183</b>
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 30 June 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 4 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

### (c) Other items

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
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
	<b>61,913</b>	<b>48,016</b>
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
	<b>71,482</b>	<b>22,673</b>
Professional service fees	5,319	11,358
Auditors' remuneration	1,577	1,475

## 5 OTHER NET INCOME

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Interest income from bank deposits	65,499	29,031
Government grants	21,078	2,578
(Losses)/gains from financial investments at fair value (note)	(43,737)	2,604
Foreign exchange losses	(1,787)	(267)
Others	291	136
	<b>41,344</b>	<b>34,082</b>

Note: Among the losses, during the six months ended 30 June 2023, loss of RMB52,730,000 (year ended 31 December 2022: nil) was resulting from contract amendment with anchor enterprises regarding to the financial assets measured at fair value.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 6 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 1 April 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 recognized 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 30 June 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 6 INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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

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

### 7 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 30 June	
	2023	2022
(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	2,120,996,299	2,136,268,824
Basic earnings per share (RMB per share)	<b>(0.08)</b>	<b>0.02</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 7 BASIC AND DILUTED EARNINGS PER SHARE (CONTINUED)

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 30 June 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 30 June 2022 is as follow:

	Six months ended 30 June 2022
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 (RMB per share)	<u><u>0.02</u></u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 8 LEASES

### (i) Amounts recognised in the consolidated statements of financial position

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
<b>Buildings</b>		
<b>Right-of-use assets</b>		
Non-current	<b>39,047</b>	46,274
<b>Lease liabilities</b>		
Current	<b>19,166</b>	19,452
Non-current	<b>23,764</b>	29,983
	<b>42,930</b>	49,435

The Group has obtained the right to use certain office buildings through tenancy agreements. The leases typically run for an initial period of 1 to 5 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets is presented below:

	Office buildings RMB'000
As at 1 January 2023	<b>46,274</b>
Addition	<b>3,644</b>
Charge for the period	<b>(10,871)</b>
As at 30 June 2023	<b>39,047</b>
As at 1 January 2022	64,273
Addition	2,478
Charge for the year	(20,477)
As at 31 December 2022	46,274

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 8 LEASES (CONTINUED)

### (i) Amounts recognised in the consolidated statements of financial position (continued)

The following table shows the remaining contractual maturities of the Group's lease liabilities at each report date:

	As at 30 June 2023		As at 31 December 2022	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Less than 1 year	19,166	21,135	19,452	21,438
After 1 year but within 2 years	17,020	17,812	15,922	17,339
After 2 years but within 5 years	6,744	6,821	14,061	14,393
Total	<u>42,930</u>	<u>45,768</u>	<u>49,435</u>	<u>53,170</u>
Total future interest expenses	–	(2,838)	–	(3,735)
Present value of lease liabilities	<u>42,930</u>	<u>42,930</u>	<u>49,435</u>	<u>49,435</u>

### (ii) The analysis of expense items in relation to leases recognised in profit or loss

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Depreciation charge of right-of-use assets	10,871	10,064
Interest expense on lease liabilities (note 4(a))	1,196	1,537
Expense relating to short-term leases	89	136
	<u>12,156</u>	<u>11,737</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 9 INTANGIBLE ASSETS

Self-developed  
platforms and  
software  
RMB'000

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**Cost:**

As at 1 January 2023	445,355
Additions	52,360

As at 30 June 2023	497,715
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**Accumulated amortisation:**

As at 1 January 2023	(157,229)
Charge for the period	(44,221)

As at 30 June 2023	(201,450)
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**Net book value:**

As at 30 June 2023	296,265
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# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 9 INTANGIBLE ASSETS (CONTINUED)

	Self-developed platforms and software <i>RMB'000</i>
<hr/>	
<b>Cost:</b>	
As at 1 January 2022	284,404
Additions	<u>160,951</u>
As at 31 December 2022	----- 445,355
<b>Accumulated amortisation:</b>	
As at 1 January 2022	(86,316)
Charge for the year	<u>(70,913)</u>
As at 31 December 2022	----- <u>(157,229)</u>
<b>Net book value:</b>	
As at 31 December 2022	<u><u>288,126</u></u>

There were no intangible assets which were not yet available for use as at 30 June 2023 and 31 December 2022.

No impairment losses on intangible assets were recognised during the six months ended 30 June 2023 and 2022.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 10 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 30 June 2023 RMB'000	Year ended 31 December 2022 RMB'000
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
At the end of the period/year	<u>444,280</u>	<u>496,478</u>

During the six months ended 30 June 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 RMB49,042,000, 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

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

	2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Balance of financial assets at fair value through other comprehensive income as at 30 June 2023</b>	<b>93,718</b>	<b>301,248</b>	<b>49,314</b>	<b>444,280</b>
<b>Impairment allowance</b>				
As at 1 January	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 30 June	<b>8,511</b>	<b>36,511</b>	<b>13,207</b>	<b>58,229</b>
	2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Balance of financial assets at fair value through other comprehensive income as at 31 December 2022</b>	<b>251,771</b>	<b>244,707</b>	<b>–</b>	<b>496,478</b>
<b>Impairment allowance</b>				
As at 1 January	185	9,931	–	10,116
Charge for the year	4,144	3,620	–	7,764
As at 31 December	<b>4,329</b>	<b>13,551</b>	<b>–</b>	<b>17,880</b>

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 30 June 2023 was RMB10,087,000.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

- (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 30 June 2023 comprised of: (1) the supply chain assets held for sale in the Supply Chain Finance Technology Solutions of RMB601,512,000 (31 December 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) (31 December 2022: USD26,144,000, equivalent to approximately RMB182,086,000) and (3) the supply chain assets in Anchor Cloud of RMB143,599,000 (31 December 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 30 June 2023 comprised (1) nil of senior tranches of asset-back securities (31 December 2022: RMB18,054,000); and (2) junior tranches of asset-back securities of RMB65,208,000 (31 December 2022: RMB67,995,000).
- (iv) The balance as at 30 June 2023 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset Management Limited ("Go Asset"), which amounted to USD16,957,000 (equivalent to approximately RMB122,526,000) (31 December 2022: USD16,459,000, equivalent to approximately RMB114,631,000).

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 12 TRADE RECEIVABLES

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

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 13 FINANCIAL ASSETS AT AMORTISED COST

#### (a) Analysed by nature

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

### (b) Summarised by stages and allowance for impairment losses

	As at 30 June 2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Supply chain assets</b>				
<b>Gross amount</b>				
– Cross-border Cloud	70,878	3,299	–	74,177
– SME Credit Tech Solutions	103,422	188	38,147	141,757
	174,300	3,487	38,147	215,934
<b>Impairment allowance</b>				
– Cross-border Cloud	(1,256)	(14)	–	(1,270)
– SME Credit Tech Solutions	(4,836)	(136)	(27,967)	(32,939)
	(6,092)	(150)	(27,967)	(34,209)
<b>Carrying amount</b>	<b>168,208</b>	<b>3,337</b>	<b>10,180</b>	<b>181,725</b>
	As at 31 December 2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
<b>Supply chain assets</b>				
<b>Gross amount</b>				
– 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
<b>Impairment allowance</b>				
– 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)
<b>Carrying amount</b>	<b>153,445</b>	<b>191</b>	<b>8,625</b>	<b>162,261</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

### (c) Summarised by overdue days

	As at 30 June 2023			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	
<b>Supply chain assets</b>				
– Cross-border Cloud	3,299	–	–	3,299
– SME Credit Tech Solutions	188	9,460	28,687	38,335
	As at 31 December 2022			
	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
<b>Supply chain assets</b>				
– SME Credit Tech Solutions	3,535	17,800	16,696	38,031

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

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

	2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January	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 30 June	<u>6,092</u>	<u>150</u>	<u>27,967</u>	<u>34,209</u>
	2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at 1 January	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 31 December	<u>8,956</u>	<u>446</u>	<u>25,871</u>	<u>35,273</u>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Note</i>	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
<b>Non-current</b>			
Long-term deferred expenses		<b>5,689</b>	5,129
<b>Current</b>			
Receivables from anchor enterprises	<i>(i)</i>	<b>2,065,661</b>	1,508,314
Loan to the employees		<b>62,206</b>	50,980
Continuing involvement in transferred supply chain assets	<i>19</i>	<b>38,500</b>	40,600
Loan to a non-controlling shareholder of an associate	<i>(ii)</i>	<b>30,000</b>	30,000
Input value-added-tax to be certified		<b>21,924</b>	28,771
Deposits		<b>17,439</b>	15,528
Prepaid expenses for Supply Chain Finance Technology Solutions		<b>15,210</b>	13,900
Others		<b>29,217</b>	29,964
Impairment allowance		<b>(36,033)</b>	(4,458)
<b>Total</b>		<b>2,244,124</b>	1,713,599

(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 three years with annual interest rate of 2%. The loan was classified as current asset according to 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 15 RESTRICTED CASH

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Escrow accounts (note)	<b>126,076</b>	153,005
Others	<b>7,235</b>	6,868
Total	<b>133,311</b>	159,873

Note: The bank balances in the escrow accounts can only be used in specified activities as stipulated in the agreements with the counterparties.

### 16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Cash at bank	<b>5,796,064</b>	5,675,794
Cash at other financial institutions	<b>36,840</b>	55,593
	<b>5,832,904</b>	5,731,387

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 17 TRADE PAYABLES

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

As of 30 June 2023 and 31 December 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:

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 18 BORROWINGS

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

## 19 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
<b>Current</b>			
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	14	38,500	40,600
Tax and levies		12,245	23,918
Others		44,102	78,685
		<b>921,164</b>	<b>1,809,857</b>

(i) A special dividend for the year ended 31 December 2022 of HKD0.25 per share was approved at the general meeting of the Company held on 13 June 2023 (the “AGM”) and the special dividend in total amounting to RMB526,610,000 is expected to be payable on 14 July 2023 to the shareholders whose names appear on the register of members of the Company on 23 June 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.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

### 20 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### (a) Movements of current taxation in the consolidated statement of financial position

	Six months ended 30 June 2023 <i>RMB'000</i>	Year ended 31 December 2022 <i>RMB'000</i>
Balance of income tax provision relating to prior years	50,691	60,058
Provision for income tax expense for the period/year	29,807	50,617
Provisional income tax expense paid during the period/year	(18,248)	(59,984)
	11,559	(9,367)
Balance of income tax provision relating to relative period/year	62,250	50,691

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 20 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (b) Movements of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the reporting periods as indicated are as follows:

Deferred tax arising from:	Loss allowance RMB'000	Changes in fair value of financial instruments RMB'000	Tax losses RMB'000	Accrued expenses RMB'000	Amortisation charge of intangible assets RMB'000	Depreciation charge of right-of-use assets RMB'000	Total RMB'000
As at 1 January 2023	28,093	(9,942)	21,421	13,015	11,233	3,873	67,693
Credited/(charged) to profit or loss	10,711	24,042	10,645	(1,705)	3,146	(1,741)	45,098
Credited to other comprehensive income	-	460	-	-	-	-	460
As at 30 June 2023	<u>38,804</u>	<u>14,560</u>	<u>32,066</u>	<u>11,310</u>	<u>14,379</u>	<u>2,132</u>	<u>113,251</u>
As at 1 January 2022	30,082	(7,532)	11,963	14,887	6,252	3,843	59,495
(Charged)/credited to profit or loss	(1,989)	(1,729)	9,458	(1,872)	4,981	30	8,879
Charged to other comprehensive income	-	(681)	-	-	-	-	(681)
As at 31 December 2022	<u>28,093</u>	<u>(9,942)</u>	<u>21,421</u>	<u>13,015</u>	<u>11,233</u>	<u>3,873</u>	<u>67,693</u>

### (c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits of these certain subsidiaries will be available against which unused tax losses can be utilised. Based on management's assessment, the Group did not recognise deferred income tax assets of RMB8,266,000 and RMB6,931,000 in respect of losses amounting to RMB37,932,000 and RMB31,037,000 that can be carried forward against future taxable income as of 30 June 2023 and 31 December 2022, respectively.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 21 PROVISIONS

In connection with the Group's SME Credit Tech Solutions, the Group enters into various types of arrangements with financial institutions that protect them against losses on the financing they extend to SMEs. These arrangements include the Group's undertaking to acquire the right as the financiers from the financial institutions in the event of a default or late payment by the SMEs. As at 30 June 2023, the Group accrued provisions for such transactions amounting to RMB1,247,000 (31 December 2022: RMB693,000) for the maximum exposure amounting to RMB338 million (31 December 2022: RMB505 million).

## 22 CAPITAL AND RESERVES

### (a) Share capital

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Ordinary shares	<b>125</b>	125

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 22 CAPITAL AND RESERVES (CONTINUED)

### (b) Nature and purpose of reserves

#### (i) Capital reserve

During the six months ended 30 June 2023, approximately RMB46,335,000 (six months ended 30 June 2022: RMB92,756,000) of capital reserve arises from the amortisation of fair value of un-vested restricted share units (“RSUs”) which the Company granted to certain employees and directors.

During the six months ended 30 June 2023, 20,000 shares of vested RSUs (six months ended 30 June 2022: nil) were settled under the share award scheme of the Company. Thus, approximately RMB13,000 of capital reserve (six months ended 30 June 2022: nil) was transferred to share premium and approximately RMB73,000 of share premium was recognised which arose from the consideration exceeding par value of the settled shares.

#### (ii) General reserve

Pursuant to the Notice of the General Office of the China Banking and Insurance Regulatory Commission on Strengthening Supervision and Administration of Commercial Factoring Enterprises which was promulgated in October 2019, factoring companies should accrue a general reserve not less than 1% of the closing balance of the acquired supply chain assets.

According to the PRC Company Law, the Company’s PRC subsidiaries are required to transfer 10% of their profit after taxation, as determined under the PRC accounting standards, to statutory reserve until the reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to the statutory reserve must be made before distribution of dividend to shareholders.

The statutory reserve can be converted to offset accumulated loss, if any, or converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such conversion is not less than 25% of the registered capital.

As at 30 June 2023, general reserve amounted to RMB51,068,000 (30 June 2022: RMB69,082,000) was accordingly provided.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 22 CAPITAL AND RESERVES (CONTINUED)

### (b) Nature and purpose of reserves (continued)

#### (iii) Foreign exchange reserve

The foreign exchange reserve represents foreign exchange differences arising from the translation of financial statements of foreign operations.

#### (iv) Treasury share reserve

The treasury share reserve represents the par value of 163,976,000 shares of class B ordinary shares (31 December 2022: 163,996,000 shares of class B ordinary shares) for the share-based compensation held by a special purpose vehicle which is controlled by the Company.

## 23 DIVIDENDS

A special dividend for the year ended 31 December 2022 of HKD0.25 per share was approved at the AGM of the Company held on 13 June 2023 and the special dividend in total amounting to RMB526,610,000 is expected to be payable on 14 July 2023 to the shareholders whose names appear on the register of members of the Company on 23 June 2023.

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

## 24 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors, the Company has adopted an equity incentive plan in 2019. During the six months ended 30 June 2023, no shares of RSUs (year ended 31 December 2022: 4,245,810 shares of RSUs with an exercise price of HKD3.25 per share) were granted to eligible participants by the Company under the equity incentive plan. The RSUs of each batch granted are vested over a four-year period equally, on condition that employees achieved either service conditions without any performance requirements or both service conditions and certain performance target. The expiration date for subscription of the RSUs is 10 years from the grant date. The RSUs may be settled, to the extent then vested, at the election of the grantees prior to the expiration date.

Set out below are the movements in the number of equity instruments under the equity incentive plan:

	Six months ended 30 June 2023	Year ended 31 December 2022
At the beginning of the period/year	110,189,832	110,197,112
Exercised	(20,000)	(1,527,650)
Granted	–	4,245,810
Forfeited	(2,158,434)	(2,725,440)
At the end of the period/year	108,011,398	110,189,832

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 25 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name of the entities	Relationship
Tencent Holdings Limited and its subsidiaries (the "Tencent Group")	The entity who has significant influence on the Company
Sinopharm Rosino (Shanghai) Commercial Factoring Co. LTD.	Associate of the Group
Go Asset	Associate of the Group
Olea Global Pte. Ltd.	Joint venture of the Group
Greenland Linklogis Group Holdings Pte. Ltd.	Associate of the Group

### (b) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Share-based compensation	4,140	8,316
Salaries, wages and other benefits	2,504	9,630
Contributions to defined contribution scheme	104	232
Key management personnel remuneration	<b>6,748</b>	18,178

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 25 RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Related parties transactions

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Charged by related parties</b>		
– Cloud services and technical services*	2,887	3,115
– Corporation and revenue sharing*	147	177
– Interest expense for borrowings (note 4(a))	–	9
– Funding cost for supply chain financing transactions	–	338
	<b>3,034</b>	<b>3,639</b>
<b>Charging to related parties</b>		
– Technology service fee	11,885	26,489
– Corporation and revenue sharing*	2,824	–
– Supply chain financing services income	103	1,036
	<b>14,812</b>	<b>27,525</b>

\* The related party transactions were conducted with Tencent Group and constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

### (d) Balance with related parties

	As at	As at
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
<b>Trade related</b>		
Trade receivables	78,209	70,263
Prepayments, other receivables and other assets	5,393	2,798

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 26 FAIR VALUES OF FINANCIAL INSTRUMENTS

### (a) Financial instruments measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting periods on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: fair value measured using significant unobservable inputs.



# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 26 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments measured at fair value (continued)

The movement of financial assets at fair value through profit or loss during the reporting periods in the balance of Level 3 fair value measurements is as follows:

	Six months ended 30 June 2023 RMB'000	Year ended 31 December 2022 RMB'000
<b>Unlisted equity investment</b>		
At beginning of the period/year	62,076	2,000
Net gains recognised in profit or loss during the period/year	4,783	–
Payment for purchase	–	60,076
At end of the period/year	<b>66,859</b>	<b>62,076</b>
<b>Supply chain assets</b>		
At beginning of the period/year	2,281,644	1,826,327
Payment for purchase	16,930,747	32,604,562
Net (losses)/gains recognised in profit or loss during the period/year	(90,691)	27,804
Transfer and settlement	(18,219,968)	(32,177,049)
At end of the period/year	<b>901,732</b>	<b>2,281,644</b>
<b>Asset-backed securities</b>		
At beginning of the period/year	86,049	291,385
Payment for purchase	180,011	238,667
Net losses recognised in profit or loss during the period/year	(1,741)	(5,837)
Transfer and settlement	(199,111)	(438,166)
At end of the period/year	<b>65,208</b>	<b>86,049</b>
<b>Others</b>		
At beginning of the period/year	114,631	101,103
Net gains recognised in profit or loss during the period/year	3,977	4,995
Exchange difference	3,918	8,834
Transfer and settlement	–	(301)
At end of the period/year	<b>122,526</b>	<b>114,631</b>
Total net (losses)/gains for the period/year included in the profit or loss	<b>(83,672)</b>	<b>26,962</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 26 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Financial instruments measured at fair value (continued)

The movement of financial assets at fair value through other comprehensive income sets out to note 10 to the consolidated financial statements.

During the reporting periods, there were no transfers of the financial assets measured at fair value between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### (b) Valuation techniques and inputs used in Level 3 fair value measurements

The Group determines the fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income by using discounted cash flow model. The significant unobservable inputs are the risk-adjusted discount rates, which ranged from 2.4% to 14.57% as of 30 June 2023 for financial assets at fair value through profit or loss and from 7.41% to 27.07% for financial assets at fair value through other comprehensive income, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income:

	<b>As at 30 June 2023 RMB'000</b>	As at 31 December 2022 RMB'000
Fair value changes of financial assets at fair value through profit or loss		
Discount rate decrease 1%	<b>(2,711)</b>	(8,409)
Discount rate increase 1%	<b>2,635</b>	8,332
Fair value changes of financial assets at fair value through other comprehensive income		
Discount rate decrease 1%	<b>(632)</b>	(1,702)
Discount rate increase 1%	<b>590</b>	1,693

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

## 26 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (c) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 30 June 2023 and 31 December 2022.

## 27 CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

## 28 CAPITAL COMMITMENTS

During the six months ended 30 June 2023, the Group committed an incremental capital investments of SGD10 million (equivalent to approximately RMB53,442,000) to Greenland Linklogis Group Holdings Pte. Ltd., an associate of the Group. The incremental capital was subscribed on a pro rata basis together with other shareholders of the associate and thus does not change the Group's share of interest in the associate after subscription of the incremental capital. As at 30 June 2023, the Group has injected SGD7 million (equivalent to approximately RMB37,409,000) incremental capital into the associate. The remaining incremental capital of SGD3 million (equivalent to approximately RMB16,033,000) is expected to be injected in the second half of the year.

## 29 SUBSEQUENT EVENT

The Group had no material events for disclosure after the end of the reporting period and up to the date of this report.

## DEFINITIONS

<b>“2019 Equity Incentive Plan”</b>	the equity incentive plan of the Company adopted by the Board on January 24, 2019, and amended and restated on November 25, 2020
<b>“Articles of Association”</b>	the articles of association of the Company adopted on March 22, 2021 with effect from the Listing Date, as amended from time to time
<b>“Board”</b>	the board of Directors
<b>“China” or “PRC”</b>	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
<b>“Class A Share(s)”</b>	class A ordinary share(s) in the share capital of our Company with a par value of US\$0.00000833 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 any Reserved Matters, in which case they shall be entitled to one vote per share
<b>“Class B Share(s)”</b>	class B ordinary share(s) in the share capital of our 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
<b>“Companies Ordinance”</b>	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
<b>“Company”; “our Company” or “the Company”</b>	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018.
<b>“consolidated affiliated entity(ies)”</b>	Onshore Holdco and its subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements

## DEFINITIONS

<b>“Contractual Arrangement(s)”</b>	the series of contractual arrangements entered into between, among others, the WFOE, the Onshore Holdco and the then Registered Shareholders, as detailed in “Contractual Arrangements” in the Prospectus and as amended, restated, renewed, reproduced or joined from time to time
<b>“Controlling Shareholder(s)”</b>	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Song and the direct and indirect companies through which Mr. Song has an interest in the Company, namely Cabnetvic Company Limited, Cabnetwa Company Limited, Cabnetsa Company Limited and Cabnetnt Company Limited.
<b>“Corporate Governance Code”</b>	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
<b>“Director(s)”</b>	the director(s) of our Company
<b>“Global Offering”</b>	the public offering of the Company’s Class B Shares as defined and described in the Prospectus
<b>“Group”, “Linklogis”, “we” or “us”</b>	the Company, its subsidiaries, and the consolidated affiliated entities (the financial results of which have been consolidated and accounted for as subsidiaries of our Company by virtue of the Contractual Arrangements) from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
<b>“Hong Kong” or “HK”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“IFRS”</b>	International Financial Reporting Standards, as issued by the International Accounting Standards Board
<b>“Latest Practicable Date”</b>	September 13, 2023, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information
<b>“Listing”</b>	the listing of the Class B Shares on the Main Board
<b>“Listing Date”</b>	April 9, 2021, the date on which the Shares were listed on the Stock Exchange

## DEFINITIONS

<b>“Listing Rules”</b>	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
<b>“Main Board”</b>	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
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
<b>“Mr. Song” or “WVR Beneficiary”</b>	Mr. Song Qun, our founder, executive Director, chairman of the Board, chief executive officer and Controlling Shareholder, as well as the holder of the Class A Shares entitling him to weighted voting rights
<b>“Onshore Holdco” or “variable interest entity”</b>	Linklogis Digital Technology Group Co., Ltd. (聯易融數字科技集團有限公司), a limited liability company established in Shenzhen, the PRC on February 5, 2016 and one of our consolidated affiliated entities
<b>“Prospectus”</b>	the prospectus of the Company dated March 26, 2021
<b>“Registered Shareholders”</b>	the registered shareholders of the Onshore Holdco from time to time
<b>“Reporting Period”</b>	six months ended June 30, 2023
<b>“Reserved Matters”</b>	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles of Association, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company's auditors; and (iv) the voluntary liquidation or winding-up of the Company
<b>“RMB”</b>	Renminbi yuan, the lawful currency of China
<b>“RSU”</b>	a restricted share unit award granted or to be granted to a participant under the 2019 Equity Incentive Plan

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“weighted voting right” or “WVR”	has the meaning ascribed to it under the Listing Rules
“WFOE”	Linklogis Supply Chain Services (Shenzhen) Co., Ltd. (聯易融供應鏈服務(深圳)有限公司), a limited liability company established in Shenzhen, the PRC on July 24, 2018 and a wholly-owned subsidiary of our Company
“%”	per cent

*Certain amounts and percentage figures included in this report 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.*