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Linklogis Inc.
聯易融科技集團

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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

The Board of Directors hereby announces the unaudited interim results of the Group for the six months ended June 30, 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2023. These interim results have been reviewed by the Company’s audit committee.

KEY FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Change (%)
	2024 (unaudited)	2023 (unaudited)	
	<i>(RMB in thousands, except percentages)</i>		
Revenue and income from principal activities	413,111	391,031	5.6
Supply Chain Finance Technology Solutions	385,580	363,625	6.0
Emerging Solutions	27,531	27,406	0.5
Gross profit	292,889	237,593	23.3
Gross margin (%)	70.9	60.8	10.1 ⁽¹⁾
Loss for the period attributable to equity shareholders of the Company	(240,801)	(170,298)	41.4
<i>Non-IFRS measures</i>			
Adjusted loss for the period (non-IFRS)	(204,118)	(86,466)	136.1
Adjusted loss margin (non-IFRS) (%)	(49.4)	(22.1)	(27.3) ⁽¹⁾

Note:

(1) Percentage points.

KEY BUSINESS HIGHLIGHTS

	For the six months ended June 30, 2024	For the year ended December 31, 2023	Change (%)
Total number of partners ⁽¹⁾			
Anchor enterprise	1,750	1,488	17.6
Financial institution	336	318	5.7
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	726	604	20.2
Number of financial institution customers	130	131	(0.8)
Customer retention rate ⁽²⁾ (%)	96	86	10 ⁽³⁾

Notes:

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

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

	For the six months ended		
	June 30,		
	2024	2023	Change (%)
	<i>(RMB in million)</i>		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	37,447.4	33,444.3	12.0
Multi-tier Transfer Cloud	86,263.4	54,985.9	56.9
	<u>123,710.8</u>	<u>88,430.2</u>	<u>39.9</u>
(b) FI Cloud			
ABS Cloud	3,614.7	12,638.5	(71.4)
eChain Cloud	28,636.2	34,985.0	(18.1)
	<u>32,250.9</u>	<u>47,623.5</u>	<u>(32.3)</u>
	Total (Supply Chain Finance Technology Solutions):	155,961.7	136,053.7
	<u>155,961.7</u>	<u>136,053.7</u>	<u>14.6</u>
Emerging Solutions			
Cross-border Cloud	9,338.8	5,725.5	63.1
SME Credit Tech Solutions	559.7	176.0	218.0
	<u>9,898.5</u>	<u>5,901.5</u>	<u>67.7</u>
	Total (Emerging Solutions):	9,898.5	5,901.5
	<u>9,898.5</u>	<u>5,901.5</u>	<u>67.7</u>
	TOTAL:	165,860.2	141,955.2
	<u>165,860.2</u>	<u>141,955.2</u>	<u>16.8</u>

BUSINESS REVIEW AND OUTLOOK

In the first half of 2024, China's economy demonstrated resilience and potential amid a complex external environment and intertwined domestic factors. While the overall real estate market remains subdued, there has been an uptick in activity. Emerging manufacturing, low-carbon industries, and live-streaming e-commerce created new growth drivers; green finance is driving development of new quality productive forces, with more anchor enterprises focusing on green supply chain deployment and actively building green supply chain financial systems; and the government is actively deepening supply-side structural reform of the financial sector, optimizing allocation of financial resources, and establishing a high-quality inclusive service system to support SMEs. These emerging industry opportunities positioned leading supply chain finance technology companies, armed with technological and resource advantages, for potential high-speed development.

2024 Interim Results Summary

In the first half of 2024, we adhered to high-quality development. We have returned to the growth trajectory and seen improvement in a few operational and financial metrics through comprehensive focus and targeted investments in strategically prioritized businesses. In the first half of 2024, the total transaction volume of supply chain assets processed by our technology solutions reached RMB165.9 billion, representing a year-over-year growth of 16.8%. Our revenue and income reached RMB413.1 million, a year-over-year increase of 5.6% from RMB391.0 million in the first half of 2023. Our gross profit reached RMB292.9 million, a year-over-year increase of 23.3% from RMB237.6 million in the first half of 2023, with gross margin rising from 60.8% to 70.9%, and the revenue quality has steadily improved. Because we continued to invest in product research and development and customer marketing, and we have also made a more prudent provision for impairment of financial assets due to the impact of the macroeconomic environment and industry changes, in the first half of 2024, our adjusted net loss amounted to RMB204.1 million. As of June 30, 2024, our cash, cash equivalents and restricted cash totaled RMB5,086.1 million, remaining in a healthy and sound financial position.

We have continued to deliver on our commitment to enhancing shareholder returns. This year, we distributed a cash dividend of HKD215 million. Meanwhile, pursuant to the share repurchase program of up to USD100 million approved by the Board of Directors in March 2024, we have repurchased Class B Shares for an aggregate of approximately HKD278 million this year to date.

In the first half of 2024, we comprehensively promoted acquisition of high-quality customers and remained dedicated to expanding a broad and diverse range of business partners. Our customer-centric business organization system adjustments have shown initial results, while the number of customers has rapidly increased. The customer value and customer satisfaction have been further improved. In the first half of 2024, the total number of customers from anchor enterprises and financial institutions for our supply chain finance technology solutions was 856, representing an increase of 16% as compared with 2023. On the anchor enterprise side, we continued to delve deeply into various regions and industries, transforming more high-quality chain-affiliated ecosystem partners into our anchor enterprise customers, as well as further increasing our coverage of state-owned enterprise customers. Among the 143 new anchor customers acquired in the first half of 2024, 78 were state-owned enterprises, accounting for more than half of the new anchor customers. On the financial institution side, we continued to expand our cooperation with financial institutions and accelerate our coverage of bank branches. As of the end of the first half of 2024, we served 336 financial institutions, including banks, trust companies, insurance asset management companies, securities companies, and fund companies. Our overall customer retention rate rebounded from 86% in 2023 to 96% in the first half of 2024. Meanwhile, in the sector of Multi-tier Transfer Cloud business, which is our core focus, we maintained a customer retention rate of 99%. We further accelerated the effective penetration of our chain-affiliated ecosystem, cumulatively assisting more than 290,000 SMEs throughout the upstream and downstream ecosystem of the supply chain in accessing efficient and convenient digital inclusive finance services.

In the first half of 2024, we accelerated product innovation and breakthroughs, comprehensively promoting the implementation of digital intelligence, scenario-adaption, and international innovation. Centering on the expansion of asset types and innovative scenarios in the upstream and downstream of supply chains, we have continuously explored the innovative practice of the “de-anchored” business model (i.e., assisting upstream and downstream SMEs to obtain financing without payment undertaking from anchor enterprises) for supply chain finance. We have assisted state-owned enterprises, such as Yuntianhua, and leading private enterprises in offering and landing new forms of financing solutions without clear debtor’s acknowledgment, including purchase order financing and distributor financing, on their supply chain finance platforms. In the international market, we continued to explore new business scenarios for the cross-border product “Go Early” and developed digitalized headway and tail-end logistic financing solutions for a number of well-known cross-border e-commerce platforms, in support of their global expansion.

As a leading supply chain finance technology solution provider in China, we have constantly received recognition from renowned institutions and won numerous market awards. According to the *China Supply Chain Finance Technology Industry Report 2024* issued by China Insights Consultancy, we ranked No.1 among supply chain finance technology solution providers in China in 2023 for the fourth consecutive year, reaching a market share of 20.9%. In the first half of 2024, we received the following recognitions: selected on the “Double 50” list of China’s financial technology enterprises by KPMG, remained as one of the “Top 100 SaaS Enterprises in 2024” by *China Internet Weekly*, won the “Best Sustainable Financial Solution” award as well as the “Best Trade Financing Solution” award from Standard Chartered, and received the title of “Leading Supply Chain Financial Technology Solution Provider in China” from *World Business Outlook*.

As a leader and pioneer in the supply chain finance technology industry, we continuously strive to drive industry transformation through technological innovation, contributing to constructing a high-quality inclusive financial system. Our ongoing investment in cutting-edge technologies such as AI has not only fortified the technological moat for our core technology solutions but also injected powerful momentum into the growth of our businesses. As of June 30, 2024, our R&D employees numbered 536, accounting for 59% of total employees. We have successfully developed “AI Agent”, the first AI-based platform of the industry for supply chain document verification, a breakthrough achievement stemming from our profound understanding of the transaction banking business and the application of the latest large language model (LLM) technology. The platform has been successfully delivered and applied in many financial institutions and won the “Best AI Technology” award from *The Asian Banker* in 2024. Furthermore, we accelerated the full-stack technological construction of the vertical domain LLM, LDP-GPT, establishing a distributed training and inference framework covering LLM pre-training, fine-tuning to deployment. In addition, we explored the application of technologies such as RAG-based vertical knowledge base Q&A and intelligent writing in multiple scenarios including operations, risk control, and customer acquisition of financial institutions, thereby promoting the implementation of more LLM commercial applications in financial institutions.

We actively fulfill our social responsibilities and dedicate to our ESG mission of “technology empowering the development of sustainable supply chain finance.” We are committed to constructing a high-quality inclusive finance system, helping thousands and millions of enterprises benefit from digital and technological inclusion, and contributing to the development of the real economy and advancement of the digital economy. As green finance and sustainable development become important components of the global agenda, a growing number of supply chain finance solutions are beginning to incorporate environmental impact and social responsibility considerations. Since 2022, we have been collaborating with a number of financial institutions to continuously promote innovative exploration of green supply chain finance models. In the first half of the year, the assets related to sustainable supply chains (including renewable energy, rural revitalization, environmental protection, intellectual property, etc.) processed by us reached RMB15 billion, up 241% compared to the same period last year. Our achievements and outstanding performance in ESG have been widely recognized both domestically and internationally. In terms of ESG ratings, we were again graded as “Low Risk” by Sustainalytics, a global ESG rating agency under Morningstar. Our score dropped from 17.8 last year to 14.4 this year (the lower the score, the better the performance), placing us in the top 5% of the global software and services industry. We have been awarded an “A” rating by Wind Information in its ESG evaluation, ranking No.5 among 181 software service companies assessed. Our ESG performance has received market acclaim. In the first half of 2024, we were selected for inclusion in S&P Global’s *The Sustainability Yearbook (China Edition) 2024*. Our ESG solution, “SCeChain” developed in collaboration with Standard Chartered Bank, won the “Best China ESG Solution Award” from *The Asset*. We also received the Guruclub Outstanding Award for Excellence Corporate in ESG Innovation and Practice, among other awards.

Business Performance by Segment

Supply Chain Finance Technology Solutions

Our cloud-native technology solutions digitalize supply chain payment and financing processes, providing high-quality industrial digital finance technology services for anchor enterprises and financial institutions. We persist in integrating “technology-industry-finance” throughout the entire process, creating effective value propositions for all parties in the chain-affiliated ecosystem of industry chains, and assisting in the digital intelligence transformation of the industry. In the first half of 2024, the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions was RMB156.0 billion, a year-over-year increase of 14.6%, mainly benefiting from the continued rapid growth in the number of customers and the strong growth achieved in our core-focused Multi-tier Transfer Cloud business.

In the AMS Cloud segment, the total volume of supply chain assets processed in the first half of 2024 amounted to RMB37.4 billion, a year-over-year increase of 12.0%. The continued adjustment in the real estate industry has led to a sustained downward trend in the issuance volume of supply chain asset-backed securitization market. According to the statistics from Wind, in the first half of 2024, overall issuance volume of the supply chain asset-backed securitization market decreased by 30% year-over-year, with issuance volume in the real estate industry decreasing by 46% year-over-year. The market downturn has brought unprecedented challenges, accelerating the increase in industry concentration, and highlighting the dominance of leading players. Leveraging our extensive coverage of leading anchor enterprise customers and the reputation and brand recognition established through years of industry deep-diving, we achieved counter-market growth in the asset-backed securitization business serving anchor enterprises, further increasing our market share.

In the Multi-Tier Transfer Cloud segment, the total volume of supply chain assets we processed in the first half of 2024 reached RMB86.3 billion, a year-over-year increase of 56.9%, mainly due to our continued deep cultivation of customer operations and solidification of customer base while maintaining rapid customer expansion. Our core strategic direction at this stage is assisting anchor enterprises in building a one-stop comprehensive industry chain finance technology platform for all scenarios, enhancing customer stickiness, and expanding more application scenarios. In the first half of the year, the number of our new Multi-Tier Transfer Cloud customers increased by 143, bringing the total number of customers to 701, and simultaneously maintaining a high customer retention rate of 99%. We collaborated with Shaanxi Transportation Holding Group and Yangtze River Pharmaceutical Group among 17 state-owned enterprises and leading private enterprises to implement comprehensive industry chain finance platform projects. Building on the blockchain based multi-tier transfer digital accounts receivable certificate which leverages anchor enterprises' credit, we accelerated the implementation of innovative "de-anchored" model scenarios, deploying data-driven new forms of financing product solutions without clear debtor's acknowledgment for increasing numbers of existing customers, promoting gradual optimization of product portfolios and a steady improvement in revenue quality.

In the ABS Cloud segment, the total volume of supply chain assets we processed in the first half of 2024 was RMB3.6 billion, a year-over-year decrease of 71.4%. The decrease was mainly due to the increasing number of anchor enterprises having already completed construction of localized, comprehensive industry-finance platforms for all scenarios, efficiently and conveniently completing asset-backed securitization issuance through their self-owned platforms and diverting transaction volume from the ABS Cloud. Additionally, the supply chain asset-backed securitization market continued to undergo deep adjustments, with some financial institution customers significantly contracting related businesses.

In the eChain Cloud segment, the total volume of supply chain assets processed in the first half of 2024 was RMB28.6 billion, a year-over-year decrease of 18.1%. Similar to the ABS Cloud segment, as anchor enterprises accelerated their dominance in the construction of industry-finance ecosystems, some financial institutions' supply chain inclusive businesses also gradually shifted towards anchor enterprise platforms. Adapting to market changes, we actively explored innovative development opportunities with various financial institutions in scenario-based finance technology services and modular intelligent tool output. In the first half of the year, our innovative AI platform "AI Agent", integrating multiple functions such as intelligent trade documents checking, intelligent guaranty registrations, and intelligent KYC identification, has been successfully delivered and applied in more than 10 financial institutions including Standard Chartered Bank, Bank of East Asia, Bank of Hangzhou and China Zheshang Bank, assisting financial institutions in achieving high-quality digital and intelligent transformation.

Emerging Solutions

Cross-border and International Business

In the Cross-border Cloud segment, we continued to be committed to expanding a broad and diverse range of global partners. In the first half of the year, we increased cooperation with multiple cross-border e-commerce and online travel platforms. We continue to deepen our global deployment, constantly exploring and optimizing our cross-border and international business models, actively promoting our global development strategy. Our Cross-border Cloud business includes the "Go Early" platform-based digital cross-border trade financing solution and the "Go Deep" supply chain finance technology solution serving anchor enterprises expanding globally and overseas financial institutions. In terms of the "Go Early" business, we collaborated with global platforms including Infor, Amazon, and Shopee to serve a diverse customer base, providing one-stop comprehensive digital cross-border trade financing services for SME merchants on these platforms. In terms of the "Go Deep" business, we further extended the supply chain digitalization scenario model for Chinese enterprises expanding globally, helping various anchor enterprise customers expand their global supply chain finance ecosystems. In addition, we have also been actively laying out development opportunities of various innovative scenario synergy to serve financial institutions outside China's Mainland, landing more business opportunities in areas such as AI platforms, cross-border trade financing digitalization, and big data risk management.

SME Credit Tech Solutions

In the SME Credit Tech Solutions segment, we have completed the transformation and clearance of traditional offline merchant data-driven credit business, and have begun to explore and develop the live-streaming e-commerce financing business. In 2024, the scale of China's live-streaming e-commerce market continues to expand. We seized market opportunities and took the lead in the industry to launch the Smart-Bee E-commerce Financing, an innovative and experimental supply chain finance technology product based on trade, logistics and settlement data of small live-streaming e-commerce merchants. We have accelerated optimization of product solutions, actively expanded multiple funding channels, and successfully introduced 14 financial institutions for cooperation. To date, we have served nearly 2,000 SME merchants from multiple leading live-streaming e-commerce platforms.

Strategic Investment and Acquisition

With the evolving market environment, more merger and acquisition opportunities have gradually emerged in the digital enterprise service industry in China. Based on our solid financial resources, we are exploring exogenous growth strategies to accelerate our development. Through strategic acquisitions, we aim not only to enhance our market competitiveness but also to improve operational efficiency through resource integration and synergies, laying a solid foundation for our continuous and steady development. We remain prudent in target selection and transaction valuation, and are committed to choosing acquisition opportunities that carry stable businesses and strong synergies with our core business to maximize shareholder value.

On August 29, 2024, Lianruida Supply Chain Service (Shenzhen) Co., Ltd. (“**Lianruida**”), an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding letter of intent with Mr. Hu Defang (“**Mr. Hu**”), the controlling shareholder of Shenzhen Bytter Technology Co., Ltd. (“**Bytter Technology**”), with the intent to acquire Mr. Hu's equity interest in Bytter Technology (the “**Proposed Acquisition**”). If the Proposed Acquisition proceeds to completion, Lianruida's equity interest in Bytter Technology will increase from 25% as of the date of this announcement to 54.3763% and Bytter Technology will become an indirect subsidiary of the Company and therefore its financial results will be consolidated into the Company's financial statements. Bytter Technology is a leading treasury management solution provider in China. For over 20 years, Bytter Technology has been dedicated to assisting corporate groups, banks and financial institutions in building intelligent treasury and smart financial management systems and providing them with a comprehensive set of solutions and services, including treasury management information system development, consulting, implementation and system integration. We believe that the Proposed Acquisition, if materialized, will diversify and broaden the Group's business portfolio by allowing the Group to tap into the treasury management market. By integrating technology strength and customer resources of the Group and Bytter Technology, the Group would be able to better serve its anchor enterprise and financial institution customers, and provide customers with a full set of technology solutions, ranging from internal group treasury management system to supply chain finance system serving upstream and downstream enterprises in the industrial chain. For more details, please also refer to the announcement of the Company dated August 29, 2024 in relation to the Proposed Acquisition.

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 more than RMB2 billion in supply chain asset transactions in the first half of 2024. As for the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions, the top five industries of our anchor enterprise customers and partners, as well as their proportions of the total volume over past periods, are shown in the table below.

For the year ended December 31, 2021		For the year ended December 31, 2022		For the year ended December 31, 2023		For the six months ended June 30, 2024	
Industry	% of total volume	Industry	% of total volume	Industry	% of total volume	Industry	% of total volume
Real estate	42%	Real estate	29%	Infrastructure/ construction	29%	Infrastructure/ construction	31%
Conglomerate	12%	Infrastructure/ construction	19%	Real estate	15%	Real estate	20%
Infrastructure/ construction	9%	Computer/ Internet	10%	Commerce/retail	7%	Power equipment	9%
Utilities	6%	Conglomerate	10%	Power equipment	5%	Commerce/retail	8%
Commerce/retail	4%	Commerce/retail	4%	Transportation	5%	Machinery	4%

Outlook

Looking ahead to the second half of the year, we will adhere to high-quality sustainable growth, focusing on core businesses that generate long-term sustainable revenue growth and profitability, while expediting the replacement of old growth drivers with new ones. We will continue to deepen customer engagement, embrace AI-driven technological breakthroughs that herald a new era in technological revolution, and enhance customer value through innovative product applications. We plan to optimize internal resources allocation, improve operational efficiency, and implement technology-driven cost reduction and efficiency measures to regain profitability. Additionally, leveraging our ample financial resources, we will remain committed to enhancing shareholder returns. We look forward to working closely with our employees to navigate challenges, share high-quality development with our customers, and create sustainable value for our shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>(RMB in thousands)</i>	
Revenue and income from principal activities	413,111	391,031
Cost of principal activities	<u>(120,222)</u>	<u>(153,438)</u>
Gross profit	292,889	237,593
Research and development expenses	(177,668)	(188,954)
Sales and marketing expenses	(66,160)	(58,350)
Administrative expenses	(113,726)	(104,518)
Impairment loss	(162,375)	(71,482)
Other net income	<u>40,499</u>	<u>41,344</u>
Loss from operation	(186,541)	(144,367)
Finance costs	(7,122)	(3,725)
Share of loss of equity accounted investees	<u>(22,187)</u>	<u>(38,854)</u>
Loss before taxation	(215,850)	(186,946)
Income tax (expense)/credit	<u>(25,672)</u>	<u>15,291</u>
Loss for the period	<u>(241,522)</u>	<u>(171,655)</u>
Attributable to:		
Equity shareholders of the Company	(240,801)	(170,298)
Non-controlling interests	<u>(721)</u>	<u>(1,357)</u>

Revenue and income from principal activities

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

	For the six months ended June 30,			
	2024		2023	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Supply Chain Finance				
Technology Solutions				
Anchor Cloud	297,391	72.0	231,094	59.1
FI Cloud	88,189	21.3	132,531	33.9
Subtotal	385,580	93.3	363,625	93.0
Emerging Solutions				
Cross-border cloud	21,738	5.3	21,473	5.5
SME Credit Tech Solutions	5,793	1.4	5,933	1.5
Subtotal	27,531	6.7	27,406	7.0
Total	413,111	100.0	391,031	100.0

Our total revenue and income increased by 5.6% from RMB391.0 million for the six months ended June 30, 2023 to RMB413.1 million for the six months ended June 30, 2024, which was primarily attributable to the increase in the volume of supply chain assets processed by Supply China Finance Technology Solutions.

Our revenue and income from Anchor Cloud increased by 28.7% from RMB231.1 million for the six months ended June 30, 2023 to RMB297.4 million for the six months ended June 30, 2024, which was primarily attributable to the increase in the volume of supply chain assets processed by Anchor Cloud.

Our revenue and income from FI Cloud decreased by 33.5% from RMB132.5 million for the six months ended June 30, 2023 to RMB88.2 million for the six months ended June 30, 2024, 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, as well as the discontinuation of some experimental products.

Our revenue and income from Cross-border Cloud increased by 1.2% from RMB21.5 million for the six months ended June 30, 2023 to RMB21.7 million for the six months ended June 30, 2024. We will keep optimizing our cross-border and international business models while actively implementing our global development strategy and aiming to achieve higher growth in the second half of 2024.

Our revenue and income from SME Credit Tech Solutions decreased by 2.4% from RMB5.9 million for the six months ended June 30, 2023 to RMB5.8 million for the six months ended June 30, 2024.

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,			
	2024		2023	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(In thousands, except for percentages)</i>			
Cost of principal activities				
Sales service fees	60,886	14.7	86,037	22.0
Technology service fees	1,282	0.3	7,947	2.0
Professional service fees	23,133	5.6	34,501	8.8
Management service fees	3,078	0.7	3,734	1.0
Others	31,843	7.7	21,219	5.4
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Total	120,222	29.1	153,438	39.2
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Our cost of principal activities includes sales service fees, technology service fees, professional service fees, management service fees and other costs. The other costs were primarily payments for processing fees to financial institutions for their subscription of our supply chain assets and other miscellaneous costs. Our cost of principal activities decreased by 21.6% from RMB153.4 million for the six months ended June 30, 2023 to RMB120.2 million for the six months ended June 30, 2024, which was primarily attributable to cost-savings from our optimized product structures.

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, 2024		2023	
	Gross profit RMB	Gross profit margin %	Gross profit RMB	Gross profit margin %
	<i>(In thousands, except for percentages)</i>			
Gross profit and gross profit margin				
Supply Chain Finance Technology Solutions	270,657	70.2	213,624	58.7
Emerging Solutions	22,232	80.8	23,969	87.5
Total	292,889	70.9	237,593	60.8

The Group's gross profit increased by 23.3% from RMB237.6 million for the six months ended June 30, 2023 to RMB292.9 million for the six months ended June 30, 2024. The Group's gross profit margin increased from 60.8% for the six months ended June 30, 2023 to 70.9% for the six months ended June 30, 2024. This was primarily attributable to the increasing proportion of business with a higher gross profit margin resulting from our optimized product structures.

Research and development expenses

The Group's R&D expenses decreased slightly by 6.0% from RMB189.0 million for the six months ended June 30, 2023 to RMB177.7 million for the six months ended June 30, 2024, which was primarily attributable to 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, partially offset by the increase of amortization of capitalized research and development expenses, as a result of our continued investment in product and technology development during the past years.

Sales and marketing expenses

Our sales and marketing expenses increased by 13.4% from RMB58.4 million for the six months ended June 30, 2023 to RMB66.2 million for the six months ended June 30, 2024, primarily due to an increase of salaries and other benefits associated with our sales and marketing employees and expenses associated with business development as the Group continued to invest in customer expansion, partially offset by the decrease of share-based compensation in relation to share incentives granted to sales and marketing employees resulting from the decrease of unvested share incentives during the period.

Administrative expenses

The Group's general and administrative expenses increased by 8.8% from RMB104.5 million for the six months ended June 30, 2023 to RMB113.7 million for the six months ended June 30, 2024, which was primarily attributable to an increase of salaries and other benefits associated with our administrative employees, as well as professional service fees, partially offset by 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,			
	2024		2023	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Share-based compensation				
Included in R&D expenses	6,511	42.8	24,224	52.3
Included in sales and marketing expenses	3,845	25.3	6,226	13.4
Included in administrative expenses	4,861	31.9	15,885	34.3
Total	15,217	100.0	46,335	100.0

The Group's share-based compensation decreased by 67.2% from RMB46.3 million for the six months ended June 30, 2023 to RMB15.2 million for the six months ended June 30, 2024, 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 fair value through other comprehensive income; (ii) financial assets at amortized cost, (iii) trade receivables and (iv) prepayments, other receivables and other assets increased by 127.2% from RMB71.5 million for the six months ended June 30, 2023 to RMB162.4 million for the six months ended June 30, 2024.

The material impairment loss recognized for the six months ended June 30, 2024 mainly consists of impairment on financial assets with a significant increase in credit risk (the “Financial Assets with a Significant Increase in Credit Risk”) of: (i) RMB106.3 million for receivables from anchor enterprises in the account “prepayment, other receivables and other assets”, which mainly arose in the securitization transactions enabled by Supply Chain Finance Technology Solutions and represented mostly the suppliers’ accounts receivables due from anchor enterprises acquired pursuant to contracts between the Group and the anchor enterprises and (ii) RMB40.7 million for the supply chain assets in the account “financial assets at fair value through other comprehensive income”, which were secured by the commercial bills 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.

To the best knowledge of the Company, the counterparties of such Financial Assets with a Significant Increase in Credit Risk are independent third parties and not connected to the Company and its connected persons and the Financial Assets with a Significant Increase in Credit Risk have no bearing on the related parties of the Company.

Reason for impairment recognition

As economic 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 were delayed or cancelled due to adverse market conditions. Due to the changes in the macroeconomic environment and real estate industry, certain of our anchor enterprise customers’ operating conditions worsened, hence were unable to fulfill their payment obligations of our warehoused supply chain assets for which the securitization or financing offerings was delayed or cancelled due to adverse market conditions in a timely manner, which caused the likelihood of associated credit risks significantly increased. We took efforts to lower the credit risk of the warehoused supply chain assets which had showed indication of significant increase of credit risk. The efforts included but were not limited to re-negotiating instalment payment schedule with debtors, debt settlement arrangement to replace financial assets with better priority of settlement arrangement in anchor enterprises, initiating legal proceedings and strengthening credit enhancement measures. Despite these efforts, considering the reduced cash recovery and poor operating conditions of anchor enterprises related to the Financial Assets with a Significant Increase in Credit Risk in the Reporting Period, we expect there will be a longer settlement period and lower recovery amount than the contractual cash flow, therefore we took more prudent view when assessing expected credit loss for our financial assets including the Financial Assets with a Significant Increase in Credit Risk.

Valuation inputs used or key assumptions adopted in the impairment valuation

For the above Financial Assets with a Significant Increase in Credit Risk, the Company performed impairment assessment at the end of the Reporting Period using the expected credit loss (“ECL”) model as required by IFRS9, and the accounting policy, key assumptions and inputs are stated in note 2(i) to the 2023 annual report of the Company and notes 8 and 12 to the section of “Notes to the Unaudited Interim Consolidated Financial Statements” of this results announcement.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

For the Financial Assets with a Significant Increase in Credit Risk, based on the expectation of cash shortfall resulting from all possible default events, the Group recognises a loss allowance at an amount equal to lifetime ECL.

The Company used credit rating method to assess the ECL for the Financial Assets with a Significant Increase in Credit Risk. The Company took into account a number of key parameters which involve estimates and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, adjustments for forward-looking factors and other adjustment factors. In particular, the adjustment for forward-looking information is heavily dependent on macroeconomic factors and the likelihood of the base, optimistic and pessimistic scenarios; the probability of default takes into consideration of the credit rating of anchor enterprises; and the quantum of loss given default is determined based on the data adopted by ECL assessment for similar financial assets in financial institutions.

Other net income

Our other net income consists primarily of (i) interest income from bank deposits; (ii) government grants; (iii) foreign exchange difference; and (iv) losses from financial assets measured at fair value. The total amount of other net income decreased from RMB41.3 million for the six months ended June 30, 2023 to RMB40.5 million for the six months ended June 30, 2024, which was primarily attributable to the decrease of interest income from bank deposits and government grants, partially offset by the decrease in losses from financial assets measured at fair value.

Loss from operation

As a result of the foregoing, the Group recorded a loss from operation of RMB186.5 million in the six months ended June 30, 2024 as compared to a loss from operation of RMB144.4 million for the six months ended June 30, 2023.

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 RMB22.2 million and RMB38.9 million for the six months ended June 30, 2024 and 2023, respectively. The share of loss of equity accounted investees for the period ended June 30, 2024 and 2023 was primarily attributable to the operating loss from two of our investees, Olea Global Pte. Ltd and Green Link Digital Bank Pte. Ltd, who were loss making in their early stages of development.

Income tax expense/(credit)

We had an income tax expense of RMB25.7 million and an income tax credit of RMB15.3 million for the six months ended June 30, 2024 and 2023, respectively.

Loss for the period

As a result of the foregoing, the Group recorded a loss of RMB241.5 million for the six months ended June 30, 2024 as compared to a loss of RMB171.7 million for the six months ended June 30, 2023.

Non-IFRS measures

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

We believe that the measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted 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 loss for the period as loss for the period, excluding share-based compensation and share of gain or 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 loss for the six months ended June 30, 2024 and 2023 presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

Reconciliation of loss to non-IFRS loss for the period:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	<i>(RMB in thousands)</i>	
Loss for the period	(241,522)	(171,655)
<i>Add</i>		
Share-based compensation ⁽¹⁾	15,217	46,335
Share of loss of equity accounted investees ⁽²⁾	22,187	38,854
	<u>(204,118)</u>	<u>(86,466)</u>
Adjusted loss for the period (non-IFRS)	(204,118)	(86,466)

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 our share of losses of equity accounted investees of which the investments are accounted for using equity method in proportion to our equity interests in them, which is a non-cash expense and is not indicative of our core operating results and business outlook.

Credit exposure

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

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

As at June 30, 2024, the outstanding balance of supply chain assets held on our balance sheet primarily for warehousing purpose financed by our own capital was RMB2,205.9 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, prepayment, other receivables and other assets in the balance sheet (notes 8, 9 and 12 in the section of ‘Notes to the Unaudited Interim Consolidated Financial Statements’ in this results announcement). We acquired such assets primarily through the warehousing process in 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.

As disclosed under the section of ‘Management Discussion and Analysis-Impairment Loss’ of this announcement, the credit risks associated with warehoused supply chain assets have significantly increased compared to the past. Therefore, we have taken additional risk management and asset recovery measures to monitor and mitigate risks relating to the warehoused supply chain assets held on our balance sheet, and been prudent when making assessment for the expected loss in relation to credit risk associated with such assets. As at June 30, 2024, the total expected loss in relation to credit risk of the warehoused supply chain assets financed by our own capital had 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 8, 9 and 12 in the section of ‘Notes to the Unaudited Interim Consolidated Financial Statements’ in this results announcement to the unaudited interim financial statements for more details, as well as and “Risk Factors – We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud” and “Business – Risk Management and Internal Control – Credit Risk Management” in the Prospectus 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 under Cross-border Cloud was RMB7.9 million (RMB8.0 million including accrued interest income) as at June 30, 2024. The outstanding amount of self-funded transactions under SME Credit-tech Solutions was RMB90.9 million (RMB98.7 million including accrued interest income) as at June 30, 2024.

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, 2024 was RMB231.6 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, 2024 the M3+ overdue ratio of self-funded and covered financing transactions was 16.5%.

Liquidity and source of funding

The Group’s cash and cash equivalents increased by RMB203.9 million from RMB4,719.2 million as at December 31, 2023 to RMB4,923.1 million as at June 30, 2024.

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, 2024) 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, 2024 were RMB270.5 million (as at December 31, 2023: RMB34.0 million) which were interest-bearing at interest rates ranging from 2.7% to 6.5% and denominated in RMB. The maturity profile of borrowing is within one year.

As at June 30, 2024, the Group had unutilized banking facility amounting to RMB4,340.0 million (as at December 31, 2023: RMB7,076.0 million).

Pledge of assets

As at June 30, 2024, the Group had no pledged assets.

Subsequent events after the Reporting Period

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

Future plans for material investments or capital assets

As of June 30, 2024, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at June 30, 2024, the Group's gearing ratio (i.e., the total amount of borrowings and lease liabilities divided by total equity, in percentage) was 4.3% (as at December 31, 2023: 1.4%).

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, 2024, except for the bank deposits and intra-group balances denominated in foreign currencies other than the functional currency of the entities where such assets and liabilities are hold in, the Group did not have significant foreign currency exposure from its operations.

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

Contingent liabilities

The Group had no material contingent liabilities as at June 30, 2024 and December 31, 2023, respectively.

Capital commitment

As at June 30, 2024 and December 31, 2023, the Group had no material capital commitment.

Employees and remuneration policy

As at June 30, 2024, the Group had a total of 915 employees. The following table sets forth a breakdown of our employees by function as at June 30, 2024.

Division	Number of employees
Research and development	536
Sales and marketing	172
General administration	207
Total	915

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

CORPORATE GOVERNANCE

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

Compliance with the Corporate Governance Code

During the Reporting Period, we have complied with all the code provisions set forth in Part 2 of Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”) save for the following deviation.

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

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

Compliance with the Model Code

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

Audit Committee

The unaudited consolidated results for the six months ended June 30, 2024 have been reviewed by the audit committee of the Company which comprises three members, namely Mr. Tan Huay Lim (chairman), Mr. Gao Feng and Mr. Chen Wei, all being independent non-executive directors of the Company.

The interim consolidated financial statements for the six months ended June 30, 2024 have been reviewed by KPMG, the Company’s independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

OTHER INFORMATION

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

Pursuant to resolutions of the Shareholders passed on June 13, 2023 and June 17, 2024, respectively, the Board was granted general mandates to repurchase Class B Shares of the Company not exceeding 10% of the total number of Shares in issue as at the date of passing of the relevant resolution granting such mandates (the “**Share Repurchase Mandates**”). During the Reporting Period, the Company exercised its powers under the Share Repurchase Mandates and repurchased a total of 139,544,000 Class B Shares on the Stock Exchange at an aggregate consideration of HKD274,215,405. As at the date of this announcement, all the Shares repurchased in during the Reporting Period remain not yet cancelled.

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

Trading Month	Number of Shares Repurchased	Highest Price Paid (HKD)	Lowest Price Paid (HKD)	Total Consideration Paid (HKD)
April	23,865,000	1.72	1.38	36,269,270
May	25,886,500	2.11	1.68	50,208,555
June	<u>89,792,500</u>	2.19	1.97	<u>187,737,580</u>
Total	<u><u>139,544,000</u></u>			<u><u>274,215,405</u></u>

Save as disclosed above, neither the Company nor any of its subsidiaries and consolidated entities had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the Reporting Period. As at June 30, 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

Material Litigation

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

Dividend

The Board resolved not to declare any payment of interim dividend for the six months ended June 30, 2024.

Interim Consolidated Statement of Profit or Loss and other Comprehensive Income
For the six months ended June 30, 2024 – unaudited

		Six months ended June 30,	
		2024	2023
	<i>Note</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue and income from principal activities	3	413,111	391,031
Cost of principal activities	3	<u>(120,222)</u>	<u>(153,438)</u>
Gross profit		292,889	237,593
Research and development expenses		(177,668)	(188,954)
Sales and marketing expenses		(66,160)	(58,350)
Administrative expenses		(113,726)	(104,518)
Impairment loss	4(c)	(162,375)	(71,482)
Other net income		<u>40,499</u>	<u>41,344</u>
Loss from operation		(186,541)	(144,367)
Finance costs	4(a)	(7,122)	(3,725)
Share of loss of equity accounted investees		<u>(22,187)</u>	<u>(38,854)</u>
Loss before taxation		(215,850)	(186,946)
Income tax (expense)/credit	5	<u>(25,672)</u>	<u>15,291</u>
Loss for the period		<u>(241,522)</u>	<u>(171,655)</u>
Basic/diluted loss per share (RMB per share)	6	<u>(0.11)</u>	<u>(0.08)</u>

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Attributable to:		
Equity shareholders of the Company	(240,801)	(170,298)
Non-controlling interests	(721)	(1,357)
	<u>(241,522)</u>	<u>(171,655)</u>
Loss for the period		
	<u>(241,522)</u>	<u>(171,655)</u>
Other comprehensive income for the period		
(after tax)		
Items that may be reclassified subsequently to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income	962	(1,376)
Exchange differences on translation of financial statements of operations outside the mainland China and others	41,721	94,330
	<u>41,721</u>	<u>94,330</u>
Other comprehensive income for the period	<u>42,683</u>	<u>92,954</u>
	<u>42,683</u>	<u>92,954</u>
Total comprehensive loss for the period	<u>(198,839)</u>	<u>(78,701)</u>
	<u>(198,839)</u>	<u>(78,701)</u>
Attributable to:		
Equity shareholders of the Company	(198,190)	(77,559)
Non-controlling interests	(649)	(1,142)
	<u>(198,839)</u>	<u>(78,701)</u>
Total comprehensive loss for the period	<u>(198,839)</u>	<u>(78,701)</u>
	<u>(198,839)</u>	<u>(78,701)</u>

Consolidated Statement of Financial Position

At June 30, 2024 – unaudited

		As at June 30, 2024 <i>RMB'000</i> (Unaudited)	As at December 31, 2023 <i>RMB'000</i> (Audited)
Non-current assets			
Property, plant and equipment		32,228	27,609
Right-of-use assets		84,309	86,890
Intangible assets		306,071	312,043
Contract costs		22,540	17,500
Equity accounted investees		232,091	251,530
Financial assets at fair value through profit or loss	9	98,517	83,709
Prepayments, other receivables and other assets	12	5,971	3,104
Deferred tax assets		88,298	101,761
		<hr/>	<hr/>
Total non-current assets		870,025	884,146
Current assets			
Financial assets at fair value through other comprehensive income	8	375,139	386,910
Financial assets at fair value through profit or loss	9	549,519	987,741
Trade receivables	10	240,214	290,847
Contract assets		17,580	11,179
Financial assets at amortised cost	11	43,659	50,969
Prepayments, other receivables and other assets	12	2,336,136	2,268,948
Restricted cash		163,001	130,625
Cash and cash equivalents		4,923,071	4,719,157
		<hr/>	<hr/>
Total current assets		8,648,319	8,846,376

		As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
	<i>Note</i>		
Current liabilities			
Trade payables	13	64,645	102,755
Contract liabilities		14,702	10,571
Borrowings	14	270,468	34,019
Income tax payables		56,009	56,916
Lease liabilities		18,682	9,643
Other payables, accruals and other liabilities	15	534,686	322,811
Provisions		391	258
		<u>959,583</u>	<u>536,973</u>
Total current liabilities		<u>959,583</u>	<u>536,973</u>
Net current assets		<u>7,688,736</u>	<u>8,309,403</u>
Total assets less current liabilities		<u>8,558,761</u>	<u>9,193,549</u>
Non-current liabilities			
Lease liabilities		74,975	80,758
Other payables, accruals and other liabilities		555	–
		<u>75,530</u>	<u>80,758</u>
Total non-current liabilities		<u>75,530</u>	<u>80,758</u>
Net assets		<u>8,483,231</u>	<u>9,112,791</u>
Equity			
Share capital	16	125	125
Reserves		8,486,535	9,115,446
		<u>8,486,660</u>	<u>9,115,571</u>
Total equity attributable to equity shareholders of the Company		<u>8,486,660</u>	<u>9,115,571</u>
Non-controlling interests		<u>(3,429)</u>	<u>(2,780)</u>
Total equity		<u>8,483,231</u>	<u>9,112,791</u>

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION AND GENERAL INFORMATION

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

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

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

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 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are 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 condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

2 CHANGE IN ACCOUNTING POLICIES

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

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 1, *Non-current Liabilities with Covenants*
- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*

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 standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

(a) Revenue and income

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue and income from		
Supply Chain Finance Technology Solutions		
– Anchor Cloud	297,391	231,094
– FI Cloud	88,189	132,531
	<u>385,580</u>	<u>363,625</u>
Emerging Solutions		
– Cross-border Cloud	21,738	21,473
– SME Credit Tech Solutions	5,793	5,933
	<u>27,531</u>	<u>27,406</u>
	<u>413,111</u>	<u>391,031</u>

Recognition of timing

Out of the Group's revenue from contracts with customers, RMB41,356,000 and RMB42,066,000 were recognised over time during the six months ended June 30, 2024 and 2023, respectively.

(b) Segment reporting

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

The Group is a technology solution provider for supply chain finance in China and overseas countries and regions. Its cloud-native solutions optimize the payment cycle of supply chain transactions and digitalize the entire workflow of supply chain finance. The Group's technology solutions enable participants in the supply chain ecosystem, including anchor enterprise, financial institutions and small and medium-size enterprises (“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 strategies 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 their suppliers to achieve digital transformation for supply chain management and optimize payment cycle for parties along the supply chain, including AMS Cloud and Multi-tier Transfer Cloud. It allows anchor enterprises to optimize their cash flows, help their suppliers to obtain liquidity, improve transparency across the entire supply chain and enhance their supply chain management. Solutions under Anchor Cloud aim to serve broader use cases and participants in the supply chain financing, including accounts receivable securitization and commercial bills based financing, as well as digital supply chain management service for anchor enterprises and their suppliers.

– **FI Cloud**

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

– **Cross-border Cloud**

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

– **SME Credit Tech Solutions**

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

Segment results

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

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

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

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

	Supply Chain Finance Technology Solutions			Emerging Solutions			Total RMB'000
	Anchor Cloud RMB'000	FI Cloud RMB'000	Subtotal RMB'000	Cross- border Cloud RMB'000	SME Credit Tech Solutions RMB'000	Subtotal RMB'000	
For the six months ended June 30, 2024							
Revenue and income	297,391	88,189	385,580	21,738	5,793	27,531	413,111
Costs	(88,993)	(25,930)	(114,923)	(2,030)	(3,269)	(5,299)	(120,222)
Gross profit	<u>208,398</u>	<u>62,259</u>	<u>270,657</u>	<u>19,708</u>	<u>2,524</u>	<u>22,232</u>	<u>292,889</u>
For the six months ended June 30, 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>

4 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Interest expenses on		
– bank and other financial institution borrowings	4,568	2,529
– lease liabilities	2,554	1,196
	<u>7,122</u>	<u>3,725</u>

(b) Staff costs

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Salaries, wages and other benefits	180,820	164,139
Share-based compensation	15,217	46,335
Contributions to defined contribution scheme (<i>Note</i>)	16,319	15,783
	<u>212,356</u>	<u>226,257</u>
Included in:		
– Research and development expenses	94,700	111,886
– Sales and marketing expenses	53,231	45,530
– Administrative expenses	64,425	68,841

Staff costs of RMB47,724,000 and RMB49,990,000 were capitalised in intangible assets and contract cost for the six months ended June 30, 2024 and 2023, respectively, which amounts are not included in the total amounts disclosed above.

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

(c) **Other items**

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Depreciation and amortisation charges		
– amortisation of intangible assets	53,769	44,221
– depreciation of right-of-use assets	10,151	10,871
– depreciation of property, plant and equipment	6,458	6,821
	70,378	61,913
Impairment loss		
– financial assets at fair value through other comprehensive income	40,716	40,349
– trade and other receivables	108,097	31,689
– provision for guarantee liabilities	133	554
– financial assets at amortised cost	13,429	(1,110)
	162,375	71,482
Professional service fees	18,679	5,319
Auditor's remuneration		
– Non-audit services	1,575	1,577

5 INCOME TAX EXPENSE/(CREDIT)

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

Since April 1, 2018, the legal entities operating in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profit over HK\$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the Group to benefit from the progressive tax rates. The Group had chosen one of its subsidiaries operating in Hong Kong 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 at a rate of 16.5% on assessable profits.

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on the taxable income, except for that:

- (i) One of the subsidiaries of the Group was recognized as high and new technology enterprises (“HANTE”) in the year of 2019 and renewed its HANTE certificate in the year of 2022, and accordingly, was entitled to a preferential income tax rate of 15% in each subsequent three years since the certified year. Thus, this subsidiary was entitled to a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023.
- (ii) Several subsidiaries of the Group were small low-profit enterprises as their annual taxable income were not greater than RMB3 million. Accordingly, they were entitled to a tax relief policy for the period June 30, 2024. According to the tax relief policy, for a small low-profit enterprise, 25% of the annual taxable income is subject to a preferential income tax rate of 20%.

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

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Current tax		
PRC corporate income tax	12,209	28,393
Hong Kong profits tax	—	1,414
	12,209	29,807
Deferred tax		
Origination of temporary differences	13,463	(45,098)
Total	25,672	(15,291)

6 BASIC AND DILUTED LOSS PER SHARE

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

	Six months ended June 30,	
	2024	2023
Loss attributable to equity shareholders of the Company (RMB'000)	(240,801)	(170,298)
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic loss per share	<u>2,102,509,326</u>	<u>2,120,996,299</u>
Basic loss per share (RMB per share)	<u>(0.11)</u>	<u>(0.08)</u>

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

For the six months ended June 30, 2024 and 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 the six months ended June 30, 2024 and 2023 were the same as basic loss per share.

7 DIVIDENDS

A final special dividend in respect of the year ended December 31, 2023 of HKD0.1 was approved at the general meeting of the Company held on June 17, 2024 (the “AGM”) and the final special dividend totally amounting to RMB195,866,000 was paid on July 29, 2024 to the shareholders whose names appear on the register of members of the Company on July 8, 2024.

The board of directors resolved not to declare any payment of interim dividend for the six months ended June 30, 2024 and 2023.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income (“FVOCI”) 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) **Movement of the financial assets at fair value through other comprehensive income**

	Six months ended June 30, 2024 RMB'000	Year ended December 31, 2023 RMB'000
At the beginning of the period/year	386,910	496,478
Decrease	(12,733)	(71,613)
Changes in fair value	962	(37,955)
At the end of the period/year	375,139	386,910

For the year ended December 31, 2023, the Group entered into settlement agreements with several anchor enterprises to settle the Group's supply chain assets included in FVOCI amounted to RMB168,096,000 with the securities (including bonds and asset-back securities) issued by the anchor enterprises amounting to RMB136,884,000. Upon the settlement of original supply chain assets, these securities were recognised as FVOCI as the Group managed such securities under the same business model as the original supply chain assets. There was no such settlement agreement to settle supply chain assets in FVOCI with securities or other assets for the six months ended June 30, 2024.

(b) **Movement of impairment allowance**

	2024			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance of financial assets at fair value through other comprehensive income as at June 30, 2024	–	348,544	26,595	375,139
The movement of impairment allowance				
As at January 1	–	58,040	–	58,040
Transfer				
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	(7,866)	7,866	–
Charge for the period	–	30,651	10,065	40,716
Unwinding of discount on present value of ECLs	–	–	121	121
Write-offs	–	–	(10,052)	(10,052)
As at June 30	–	80,825	8,000	88,825

	2023			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance of financial assets at fair value through other comprehensive income as at December 31, 2023	–	386,910	–	386,910
The movements of impairment allowance:				
As at January 1	4,329	13,551	–	17,880
Transfer				
Transfer to lifetime ECL not credit-impaired	(540)	540	–	–
Transfer to lifetime ECL credit-impaired	(3,207)	(460)	3,667	–
Charge for the year	(582)	44,409	1,145	44,972
Write-offs	–	–	(4,812)	(4,812)
As at December 31	–	58,040	–	58,040

Impairment allowance of financial assets at fair value through other comprehensive income and associated tax impact were recognised in “other comprehensive income for the period” in the consolidated statement of profit or loss and other comprehensive income. For the six months ended June 30, 2024, the tax impact for impairment allowance recognised in other comprehensive income was nil (six months ended June 30, 2023: RMB10,087,000).

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Note</i>	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Non-current			
Unlisted equity investments	(i)	85,130	83,709
Listed equity investment	(i)	7,337	–
Asset-backed securities	(iii)	6,050	–
		<u>98,517</u>	<u>83,709</u>
Current			
Supply chain assets	(ii)	372,833	780,990
Asset-backed securities	(iii)	47,711	82,774
Others	(iv)	128,975	123,977
		<u>549,519</u>	<u>987,741</u>

- (i) The equity investments represented the Group's equity interests in investees on which the Group had no control or significant influence.
- (ii) The balance as at June 30, 2024 comprised the carrying amount of (1) the supply chain assets held for sale in the Supply Chain Finance Technology Solutions of RMB20,472,000 (December 31, 2023: RMB458,251,000); (2) the supply chain assets held for sale in the Cross-border Cloud of USD27,851,000 (equivalent to approximately RMB198,486,000) (December 31, 2023: USD24,490,000, equivalent to approximately RMB173,457,000); and (3) the supply chain assets in Anchor Cloud of RMB153,875,000 (December 31, 2023: RMB149,282,000).
- (iii) The balance as at June 30, 2024 comprised the carrying amount of (1) senior tranches of asset-back securities of RMB nil (December 31, 2023: RMB22,121,000); and (2) junior tranches of asset-back securities of RMB53,761,000 (December 31, 2023: RMB60,653,000).
- (iv) The balance as at June 30, 2024 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 USD18,097,000 (equivalent to approximately RMB128,975,000) (December 31, 2023: USD17,504,000, equivalent to approximately RMB123,977,000).

10 TRADE RECEIVABLES

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Service fee receivables	245,040	294,106
Impairment allowance	<u>(4,826)</u>	<u>(3,259)</u>
	<u>240,214</u>	<u>290,847</u>

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

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Within 3 months (inclusive)	74,085	137,456
3 months to 6 months (inclusive)	24,355	16,641
6 months to 1 year (inclusive)	36,730	40,438
Over 1 year	109,870	99,571
Impairment allowance	<u>(4,826)</u>	<u>(3,259)</u>
Trade receivables, net	<u>240,214</u>	<u>290,847</u>

11 FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature

	As at June 30, 2024 RMB'000	As at December 31, 2023 RMB'000
Gross amount of financial assets at amortised cost		
Supply chain assets from		
– SME Credit Tech Solutions	98,679	96,704
– Cross-border Cloud	7,967	3,837
	<u>106,646</u>	<u>100,541</u>
Gross amount of financial assets at amortised cost	<u>106,646</u>	<u>100,541</u>
Impairment allowance		
Supply chain assets from		
– SME Credit Tech Solutions	(62,878)	(49,556)
– Cross-border Cloud	(109)	(16)
	<u>(62,987)</u>	<u>(49,572)</u>
Total impairment allowance	<u>(62,987)</u>	<u>(49,572)</u>
Carrying amount of financial assets at amortised cost	<u>43,659</u>	<u>50,969</u>

(b) Summarised by stages and allowance for impairment losses

	As at June 30, 2024			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Gross amount				
– SME Credit Tech Solutions	32,127	10,600	55,952	98,679
– Cross-border Cloud	7,967	–	–	7,967
	<u>40,094</u>	<u>10,600</u>	<u>55,952</u>	<u>106,646</u>
Impairment allowance				
– SME Credit Tech Solutions	(1,576)	(5,835)	(55,467)	(62,878)
– Cross-border Cloud	(109)	–	–	(109)
	<u>(1,685)</u>	<u>(5,835)</u>	<u>(55,467)</u>	<u>(62,987)</u>
Carrying amount	<u>38,409</u>	<u>4,765</u>	<u>485</u>	<u>43,659</u>

	As at December 31, 2023			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Gross amount				
– SME Credit Tech Solutions	34,969	21,251	40,484	96,704
– Cross-border Cloud	3,837	–	–	3,837
	<u>38,806</u>	<u>21,251</u>	<u>40,484</u>	<u>100,541</u>
Impairment allowance				
– SME Credit Tech Solutions	(1,673)	(14,950)	(32,933)	(49,556)
– Cross-border Cloud	(16)	–	–	(16)
	<u>(1,689)</u>	<u>(14,950)</u>	<u>(32,933)</u>	<u>(49,572)</u>
Carrying amount	<u>37,117</u>	<u>6,301</u>	<u>7,551</u>	<u>50,969</u>
(c) Summarised by overdue days				

	As at June 30, 2024			
	Overdue by 1 to 90 days (inclusive) <i>RMB'000</i>	Overdue by 90 days to 1 year (inclusive) <i>RMB'000</i>	Overdue by 1 year to 2 years (inclusive) <i>RMB'000</i>	Total <i>RMB'000</i>
Supply chain assets				
– SME Credit Tech Solutions	<u>10,600</u>	<u>17,852</u>	<u>38,100</u>	<u>66,552</u>
	As at December 31, 2023			
	Overdue by 1 to 90 days (inclusive) <i>RMB'000</i>	Overdue by 90 days to 1 year (inclusive) <i>RMB'000</i>	Overdue by 1 year to 2 years (inclusive) <i>RMB'000</i>	Total <i>RMB'000</i>
Supply chain assets				
– SME Credit Tech Solutions	<u>21,251</u>	<u>5,586</u>	<u>34,898</u>	<u>61,735</u>

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

	2024			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	1,689	14,950	32,933	49,572
Transfer				
Transfer to lifetime ECL not credit-impaired	(657)	657	–	–
Transfer to lifetime ECL credit-impaired	–	(12,200)	12,200	–
Charge for the period	653	2,428	10,348	13,429
Exchange differences	–	–	–	–
Write-offs	–	–	(14)	(14)
	<u>1,685</u>	<u>5,835</u>	<u>55,467</u>	<u>62,987</u>
As at June 30	<u>1,685</u>	<u>5,835</u>	<u>55,467</u>	<u>62,987</u>
	2023			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	8,956	446	25,871	35,273
Transfer				
Transfer to lifetime ECL credit-impaired	(5,960)	1,729	4,231	–
Charge for the year	(1,318)	12,775	3,155	14,612
Exchange differences	11	–	–	11
Write-offs	–	–	(324)	(324)
	<u>1,689</u>	<u>14,950</u>	<u>32,933</u>	<u>49,572</u>
As at December 31	<u>1,689</u>	<u>14,950</u>	<u>32,933</u>	<u>49,572</u>

12 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Note</i>	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Non-current			
Reposessed asset		3,414	–
Long-term deferred expenses		<u>2,557</u>	<u>3,104</u>
Total		<u>5,971</u>	<u>3,104</u>
Current			
Receivables from anchor enterprises	(i)	2,396,484	2,055,461
Loan to the staff		64,110	63,407
Continuing involvement in transferred supply chain assets	15	37,100	38,300
Prepaid expenses for Supply Chain Finance Technology Solutions		14,839	14,885
Input value-added-tax to be certified		12,634	11,401
Prepaid software and service expense		2,930	13,713
Receivables from disposal of equity interest in an associate		–	111,918
Loan to a third party	(ii)	–	32,715
Others		69,491	84,810
Impairment allowance		<u>(261,452)</u>	<u>(157,662)</u>
Total		<u>2,336,136</u>	<u>2,268,948</u>

Except for the items mentioned below, all of the other receivables and other assets are expected to be recovered or recognised as expense within one year:

(i) Receivables from anchor enterprises

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.

As at June 30, 2024, the gross amount and the impairment allowance in stage 2 was RMB2,075,692,000 and RMB260,520,000, respectively, which did not include any receivables transferred from stage 1. As at December 31, 2023, the gross amount and the impairment allowance in stage 2 was RMB1,994,803,000 and RMB154,190,000 respectively, which included gross amount of RMB1,506,791,000 with an impairment allowance of RMB4,347,000 transferred from stage 1.

No receivables were classified as stage 3 as at June 30, 2024 and December 31, 2023.

(ii) Loan to a third party

On May 24, 2019, a subsidiary of the Company granted a loan amounting to RMB30,000,000 with an annual interest rate of 2% to Hong Kong Han Tou Jin Chuang Investment Management Limited (“**Han Tou**”), one of the non-controlling shareholders of Sinopharm Rosino (Shanghai) Commercial Factoring Co. LTD. which was the associate of the Group before November 22, 2023. The loan was fully settled during the six months ended June 30, 2024.

13 TRADE PAYABLES

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Expenses payable for issuance of assets-backed securities	60,506	99,544
Others	4,139	3,211
	64,645	102,755

As of June 30, 2024 and December 31, 2023, the carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

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

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Within 3 months (inclusive)	18,163	71,204
Over 3 months	46,482	31,551
	64,645	102,755

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

14 BORROWINGS

	<u>As at June 30, 2024</u>		<u>As at December 31, 2023</u>	
	<i>Effective</i> <i>interest rate</i>	<i>Balance</i>	<i>Effective</i> <i>interest rate</i>	<i>Balance</i>
	%	<i>RMB'000</i>	%	<i>RMB'000</i>
Current				
Bank and other financial institution borrowings				
– Unsecured and unguaranteed	2.7% – 6.5%	270,468	3.2% – 3.3%	34,019

All of the above borrowings are carried at amortised cost.

15 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Deferred income from government grant		<u>555</u>	<u>–</u>
Current			
Payables to anchor enterprises	(i)	180,334	124,936
Dividend payable	(ii)	195,866	–
Accrued payroll and other benefits		53,739	77,399
Continuing involvement in transferred supply chain assets	12	37,100	38,300
Tax and levies		17,944	19,010
Others		<u>49,703</u>	<u>63,166</u>
Total		<u>534,686</u>	<u>322,811</u>

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

(ii) A final special dividend for the year ended December 31, 2023 of HKD0.1 per share was approved at the AGM and the final special dividend amounted to RMB195,866,000 in total was paid on July 29, 2024 to the shareholders whose names appear on the register of members of the Company on July 8, 2024.

16 SHARE CAPITAL

	As at June 30, 2024 <i>RMB'000</i>	As at December 31, 2023 <i>RMB'000</i>
Ordinary shares	<u>125</u>	<u>125</u>

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

	As at June 30, 2024	As at December 31, 2023
Number of class A ordinary shares	<u>267,626,789</u>	<u>267,626,789</u>
Number of class B ordinary shares	<u>2,017,357,159</u>	<u>2,017,357,159</u>

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.linklogis.com). The interim report for the six months ended June 30, 2024 will be made available for review on the same websites (and dispatched to the Company's shareholders if requested) in due course.

By order of the Board

Linklogis Inc.

Song Qun

Chairman

Hong Kong, August 29, 2024

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

DEFINITIONS

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

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class A Share(s)”	class A ordinary share(s) in the share capital of the Company with a par value of US\$0.00000833 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of the Company with a par value of US\$0.00000833 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“Company”, “our Company” or “the Company”	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018
“Director(s)”	the director(s) of our Company
“Group”, “we”, “us”	the Company, its subsidiaries, and the consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board

“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange on April 9, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Prospectus”	the prospectus of the Company dated March 26, 2021
“R&D”	research and development
“RMB”	Renminbi yuan, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“SME(s)”	small and medium enterprise(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“weighted voting right”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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