联易融 Linklogis

INTERIM REPORT 2024

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

CONTENTS

CORPORATE INFORMATION

Executive Directors
Mr. Song Qun (宋群) *(Chairman of the Board and Chief Executive Officer)*
Mr. Ji Kun (冀坤)
Ms. Chau Ka King (周家瓊)

Non-executive Directors
Mr. Lin Haifeng (林海峰)
Mr. Zhang Yuhan (張予焓)

Independent non-executive Directors
Mr. Gao Feng (高峰)
Mr. Tan Huay Lim (陳懷林)
Mr. Chen Wei (陳瑋)

Audit committee
Mr. Tan Huay Lim (陳懷林) *(Chairman)*
Mr. Gao Feng (高峰)
Mr. Chen Wei (陳瑋)

Remuneration committee
Mr. Gao Feng (高峰) *(Chairman)*
Mr. Song Qun (宋群)
Mr. Chen Wei (陳瑋)

Nomination committee
Mr. Gao Feng (高峰) *(Chairman)*
Mr. Song Qun (宋群)
Mr. Chen Wei (陳瑋)

Corporate governance committee
Mr. Gao Feng (高峰) *(Chairman)*
Mr. Tan Huay Lim (陳懷林)
Mr. Chen Wei (陳瑋)

Joint company secretaries
Ms. Wang Yihan (王一涵)
Ms. Zhang Xiao (張瀟)

Authorized representatives
Mr. Song Qun (宋群)
Ms. Zhang Xiao (張瀟)

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Wanchai, Hong Kong

Registered office
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Cayman Islands

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Legal advisors
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15 Queen's Road Central
Hong Kong

Compliance advisor
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Office No. 710, 7/F, Wing On House
71 Des Voeux Road Central
Hong Kong

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

Principal share registrar and transfer office
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PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

Principal banks
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Futian District, Shenzhen, PRC

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Stock code
9959

Company website
www.linklogis.com

KEY HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

	Six months ended June 30, 2024 (unaudited)	2023 (unaudited)	Change (%)
	(RMB in thousands, except percentages)		
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
Non-IFRS measures			
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 HIGHLIGHTS

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.

KEY HIGHLIGHTS

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

	For the six months ended June 30,		
	2024	2023	Change (%)
	(RMB in million)		
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
Subtotal (Anchor Cloud):	**123,710.8**	88,430.2	39.9
(b) FI Cloud			
ABS Cloud	**3,614.7**	12,638.5	(71.4)
eChain Cloud	**28,636.2**	34,985.0	(18.1)
Subtotal (FI Cloud):	**32,250.9**	47,623.5	(32.3)
Total (Supply Chain Finance Technology Solutions):	**155,961.7**	136,053.7	14.6
Emerging Solutions			
Cross-border Cloud	**9,338.8**	5,725.5	63.1
SME Credit Tech Solutions	**559.7**	176.0	218.0
Total (Emerging Solutions):	**9,898.5**	5,901.5	67.7
TOTAL:	**165,860.2**	141,955.2	16.8

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 HKD279 million this year to Latest Practicable Date.

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

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 June 30, 2024, 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 August 29, 2024 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.

Mr. Song Qun
Chairman and Chief Executive Officer

Shenzhen, China
September 27, 2024

FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
Revenue and income from principal activities	**413,111**	391,031
Cost of principal activities	**(120,222)**	(153,438)
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	**40,499**	41,344
Loss from operation	**(186,541)**	(144,367)
Finance costs	**(7,122)**	(3,725)
Share of loss of equity accounted investees	**(22,187)**	(38,854)
Loss before taxation	**(215,850)**	(186,946)
Income tax (expense)/credit	**(25,672)**	15,291
Loss for the period	**(241,522)**	(171,655)
Attributable to:		
Equity shareholders of the Company	**(240,801)**	(170,298)
Non-controlling interests	**(721)**	(1,357)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and income from principal activities

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

	For the six months ended June 30,			
	2024		2023	
	RMB	**%**	*RMB*	%
	(In thousands, except for percentages)			
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	
	RMB	**%**	*RMB*	%
	(In thousands, except for percentages)			
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
Total	**120,222**	**29.1**	153,438	39.2

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	**Gross profit margin**	Gross profit	Gross profit margin
	RMB	**%**	*RMB*	*%*
	(In thousands, except for percentages)			
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*	*%*
	(In thousands, except for percentages)			
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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 10 and 14 to the section of "Notes to the Unaudited Interim Financial Report" of this interim report.

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)
	(RMB in thousands)	
Loss for the period	**(241,522)**	(171,655)
Add		
Share-based compensation [1]	**15,217**	46,335
Share of loss of equity accounted investees [2]	**22,187**	38,854
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 10, 11 and 14 in the section of 'Notes to the Unaudited Interim Financial Report' in this interim report). 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 report, 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 notes 10, 11 and 14 in the section of "Notes to the Unaudited Interim Financial Report'' in this interim report, as well as "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 Latest Practicable Date.

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 provisions of the Corporate Governance Code, save for the following deviation.

Code provision C.2.1 of the Corporate Governance Code recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. The Company deviates from this provision because 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.

Board committees

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

Audit Committee

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

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

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

The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the six months ended June 30, 2024 and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

The interim consolidated financial statements for the six months ended June 30, 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.

Corporate Governance Committee

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

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

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

CORPORATE GOVERNANCE

The following is a summary of work performed by the Corporate Governance Committee during the six months ended June 30, 2024:

(1) Reviewed the policies and practices of the Company on corporate governance and compliance with legal and regulatory requirements. The policies reviewed include the board diversity policy, shareholders' communication policy, directors' dealing policy and staff's dealing policy, director nomination policy, dividend policy, whistleblowing policy, anti-corruption policy and other corporate governance policies.

(2) Reviewed the Company's compliance with the Corporate Governance Code and the deviation(s) from code provision C.2.1 of the Corporate Governance Code, and the Company's disclosure for compliance with Chapter 8A of the Listing Rules.

(3) Reviewed the remuneration, the terms of engagement and the appointment of the Company's compliance advisor.

(4) Reviewed and monitored the management of conflicts of interests between the Group/the Shareholders on one hand and the WVR Beneficiary on the other hand.

(5) Reviewed and monitored all risks related to the weighted voting rights structure, including connected transactions between the Group/the Shareholders on one hand and the WVR Beneficiary on the other hand.

(6) Reviewed the arrangement for the training and continuous professional development of Directors and senior management.

(7) Sought to ensure effective and on-going communication between the Company and the Shareholders, particularly with regards to the requirements of Rule 8A.35 of the Listing Rules.

(8) Reported on the work of the Corporate Governance Committee covering all areas of its terms of reference for the Reporting Period.

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

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

Weighted voting rights

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

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

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

As at June 30, 2024, the WVR Beneficiary is Mr. Song, who was interested in 267,626,789 Class A Shares and 19,799,907 Class B Shares, representing approximately 57.44% of the voting rights of the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song held such Class A Shares through Cabnetvic Company Limited ("**Cabnetvic**"), Cabnetwa Company Limited ("**Cabnetwa**") and Cabnetsa Company Limited ("**Cabnetsa**"), and 10,703,387 Class B Shares through Cabnetnt Company Limited ("**Cabnetnt**") and Cabnetvic, all of which are companies directly wholly-owned by Mr. Song. Mr. Song beneficially held 9,096,520 Class B Shares.

Class A Shares may be converted into Class B Shares on a one-to-one ratio. As at June 30, 2024, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company would issue 267,626,789 Class B Shares, representing approximately 13.27% of the total number of issued Class B Shares or 11.71% of the issued share capital of the Company.

OTHER INFORMATION

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

(i) upon the occurrence of any of the circumstances set out in Rule 8A.17 of the Listing Rules, in particular where the WVR Beneficiary is: (1) deceased; (2) no longer a member of the Board; (3) deemed by the Stock Exchange to be incapacitated for the purpose of performing his duties as a director; or (4) deemed by the Stock Exchange to no longer meet the requirements of a director set out in the Listing Rules;

(ii) when the holder of Class A Shares has transferred to other person(s) the beneficial ownership of, or economic interest in, all of the Class A Shares or the voting rights attached to them, other than in the circumstances permitted by Rule 8A.18 of the Listing Rules;

(iii) where the vehicles holding Class A Shares on behalf of the WVR Beneficiary no longer comply with Rule 8A.18(2) of the Listing Rules; or

(iv) when all of the Class A Shares have been converted to Class B Shares.

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

As at June 30, 2024, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

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

Notes:

1. The calculation is based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at June 30, 2024.

2. Mr. Song is deemed to be interested in the total number Shares held by each of Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt. Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt held 221,212,025 Class A Shares and 5,544,775 Class B Shares, 24,781,164 Class A Shares, 21,633,600 Class A Shares and 5,158,612 Class B Shares, respectively, and are wholly-owned by Mr. Song. In addition, Mr. Song beneficially owned 9,096,520 Class B Shares.

3. Mr. Ji is deemed to be interested in the total number of Class B Shares held by Joy Kalton Company Limited ("**Joy Kalton**"). Joy Kalton held 46,276,800 Class B Shares and is wholly-owned by Mr. Ji. Mr. Ji is also deemed to be interested in the total number of Shares held by Shirazvic Company Limited ("**Shirazvic**"), which is held as to 100% by Mr. Ji through Joy Kalton. Shirazvic held 1,870,248 Class B Shares as at June 30, 2024. In addition, Mr. Ji was granted RSUs in respect of 8,119,200 Class B Shares under the 2019 Equity Incentive Plan and beneficially owned 410,000 Class B Shares.

4. Ms. Chau was deemed to be interested in the total number of Class B Shares held by Let It Bee Company Limited ("**Let It Bee**"). Let It Bee held 45,467,364 Class B Shares and is wholly-owned by Ms. Chau. In addition, Ms. Chau was granted RSUs in respect of 5,316,000 Class B Shares under the 2019 Equity Incentive Plan and beneficially owned 410,000 Class B Shares.

Save as disclosed above, as at June 30, 2024, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at June 30, 2024, to the best knowledge of the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares [(1)]
Class A Shares			
Cabnetvic	Beneficial interest	221,212,025(L)	82.66%
Cabnetwa	Beneficial interest	24,781,164(L)	9.26%
Cabnetsa	Beneficial interest	21,633,600(L)	8.08%
Class B Shares			
Tencent Holdings Limited [(2)]	Interest in controlled corporation	342,121,980(L)	16.96%
Tencent Mobility Limited [(2)]	Beneficial interest	317,128,920(L)	15.72%
CITIC Capital Holdings Limited ("**CITIC Capital**") [(3)]	Interest in controlled corporation	226,570,072(L)	11.23%
CITIC Capital MB Investment Limited [(3)]	Interest in controlled corporation/Beneficial interest	193,246,000(L)	9.58%
CCRE Investment Holdings Ltd [(3)]	Beneficial interest	184,656,000(L)	9.15%
Mr. Lin Lijun (林利軍) [(4)]	Interest in controlled corporation	177,436,012(L)	8.80%
Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) [(4)]	Interest in controlled corporation	177,436,012(L)	8.80%
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) [(4)]	Interest in controlled corporation	177,436,012(L)	8.80%

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares [1]
Shanghai Loyal Valley Investment Management Co., Ltd (上海正心谷投資管理有限公司) [4]	Interest in controlled corporation	177,436,012(L)	8.80%
Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) [4]	Interest in controlled corporation	177,436,012(L)	8.80%
Carltonvic Company Limited [5]	Beneficial interest	174,618,156(L)	8.66%
Trident Trust Company (HK) Limited [5]	Trustee of a trust	174,618,156(L)	8.66%
GIC (Ventures) Private Limited [6]	Interest in controlled corporation	160,235,884(L)	7.94%
GIC Private Limited [6]	Interest in controlled corporation	160,235,884(L)	7.94%
GIC Special Investments Private Limited [6]	Interest in controlled corporation	160,235,884(L)	7.94%
OWAP Investment Private Limited [6]	Beneficial interest	160,235,884(L)	7.94%
Tan Linklogis Limited [4]	Beneficial interest	120,618,461(L)	5.98%

Notes:

1. The calculation is based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at June 30, 2024.

2. Tencent Mobility Limited ("**Tencent Mobility**"), a direct wholly-owned subsidiary of Tencent Holdings Limited ("**Tencent**"), holds 317,128,920 Class B Shares. In addition, Double Combo Holding Limited ("**Double Combo**") holds 24,993,060 Class B Shares. Double Combo is an exempt limited liability company, which is ultimately controlled by Tencent. Accordingly, Tencent is deemed to be interested in the total number of Shares held by Tencent Mobility and Double Combo.

3. CCRE Investment Holdings Ltd. ("**CCRE Investment**") is wholly-owned by CITIC Capital MB Investment Limited ("**CITIC Capital MB**"), which is in turn wholly owned by CITIC Capital. Accordingly, each of CITIC Capital MB and CITIC Capital is deemed to be interested in 184,656,000 Class B Shares held by CCRE Investment. Additionally, 8,590,000 Class B Shares were held by CITIC Capital MB, which is in turn wholly owned by CITIC Capital. Accordingly, CITIC Capital is deemed to be interested in the total number of Shares held by CITIC Capital MB. LLS Holding Limited ("**LLS Holding**") holds 33,324,072 Class B Shares. LLS Holding, an exempted company with limited liability incorporated in Cayman Islands, is ultimately controlled by CITIC Capital. Accordingly, CITIC Capital is deemed to be interested in the total number of Shares held by LLS Holding.

4. Based on the disclosure of interest forms filed by the relevant Shareholders on April 5, 2024 and May 7, 2024, Tan Linklogis Limited ("**LVC Tan**"), Le Linklogis Limited ("**LVC Le**") and Qian Linklogis Limited ("**LVC Qian**") hold 120,618,461, 42,617,100 and 7,468,900 Class B Shares, respectively. Each of LVC Tan, LVC Le and LVC Qian is wholly owned by Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) ("**Shanghai Rongmian**"), a limited partnership established in the PRC whose general partner is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("**Shanghai LVC**"). In addition, Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) ("**LVC Tanying**") is a limited partner of Shanghai Rongmian, which holds 71.46% of the interest of Shanghai Rongmian. Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) ("**Shanghai Lejin**") is a limited partner of LVC Tanying, which holds 99.99% of the interest of LVC Tanying. Shanghai LVC is the general partner of LVC Tanying and Shanghai Lejin. Shanghai LVC is in turn wholly owned by Mr. Lin. Accordingly, each of Shanghai Rongmian, Shanghai LVC, Shanghai Lejin, LVC Tanying and Mr. Lin Lijun (林利軍) ("**Mr. Lin**") is deemed to be interested in the total number of Shares held by LVC Tan, LVC Le and LVC Qian.

5. Carltonvic Company Limited is a business company incorporated in the British Virgin Islands and a special purpose vehicle wholly owned by Trident Trust Company (HK) Limited, the trustee of LLS Trust, established for the purpose of holding Shares pursuant to the 2019 Equity Incentive Plan. Accordingly, Trident Trust Company (HK) Limited is deemed to be interested in the total number of Shares held by Carltonvic Company Limited.

6. OWAP Investment Pte Ltd ("**OWAP Investment**") is a limited liability company incorporated under the laws of Singapore. OWAP Investment is wholly owned by GIC (Ventures) Pte. Ltd, and managed by GIC Special Investments Pte Ltd, which is in turn wholly owned by GIC Private Limited (GIC). Accordingly, each of GIC (Ventures) Private Limited, GIC Special Investments Private Limited and GIC Private Limited is deemed to be interested in the total number of Shares held by OWAP Investment.

Save as disclosed above, as at June 30, 2024, to the best knowledge of the Directors, no person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

2019 Equity Incentive Plan

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

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

Details of the material terms of the 2019 Equity Incentive Plan are set out in the annual report of the Company for the year ended December 31, 2023 and details of the movements in the outstanding RSUs granted under the 2019 Equity Incentive Plan (to be satisfied by existing Class B Shares) during the Reporting Period will be set out in the annual report of the Company for the year ending December 31, 2024.

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**"). The Board considers that the current trading price of the Shares does not reflect their intrinsic value and business prospects of the Company. During the Reporting Period, the Company exercised its powers under the Share Repurchase Mandates, which expired or shall expire at the conclusion of the annual general meeting of the Company after the date of the passing of the relevant resolution 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 Latest Practicable Date, all the Shares repurchased during the Reporting Period were pending cancellation.

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

Month	**Number of Class B Shares repurchased**	**Highest price paid per Class B Share** (HKD)	**Lowest price paid per Class B Share** (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	89,792,500	2.19	1.97	187,737,580
Total	139,544,000			274,215,405

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.

Use of Proceeds from the Global Offering

On April 9, 2021, the Class B Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were approximately HK$8,967.0 million (equivalent to RMB7,509.7 million). As at June 30, 2024, the Group had utilized the net proceeds as set out in the table below:

	Net proceeds from the Global Offering (RMB million)	Unutilized amount as at January 1, 2024 (RMB million)	Utilized amount during the Reporting Period (RMB million)	Unutilized amount as at June 30, 2024 (RMB million)	Expected timeline for full utilization
Enhance core technology capabilities and fundamental research and development	2,628.4	846.3	167.8	678.5	by December 31, 2026
Expand cross-border operations	1,501.9	88.5	88.5	–	–
Enhance capabilities with respect to sales and marketing, business development and brand building	1,126.5	331.3	157.2	174.1	by December 31, 2026
Future strategic investment and acquisition opportunities	1,501.9	1,004.8	9.7	995.1	by December 31, 2026
Working capital and other general corporate purposes	751.0	–	–	–	–
Total	7,509.7	2,270.9	423.2	1,847.7	

The utilized proceeds as described above were utilized in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The remaining balance of the net proceeds of approximately HK$2,024.4 million (equivalent to RMB1,847.7 million) was placed with banks as of June 30, 2024. The Group will gradually apply the remaining balance in the manner set out in the Prospectus depending on actual business needs and intends to fully utilize the proceeds by December 31, 2026.

OTHER INFORMATION

Dividend

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

Changes in Information of Directors and Chief Executive

Mr. Tan Huay Lim ("**Mr. Tan**") , an independent non-executive Director of the Company, resigned as an independent non-executive director of SF REIT Asset Management Limited (順豐房託資產管理有限公司), the manager of SF Real Estate Investment Trust (順豐房地產投資信託基金) (stock code: 2191), on April 29, 2024. Mr. Tan also resigned as an independent non-executive director of Elite UK REIT Management Pte. Ltd. (formerly known as Elite Commercial REIT Management Pte. Ltd.), the manager of Elite UK REIT (formerly known as Elite Commercial REIT) (stock symbol: MXNU), on August 6, 2024.

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

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INDEPENDENT REVIEW REPORT

REVIEW REPORT TO THE BOARD OF DIRECTORS OF LINKLOGIS INC.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 42 to 86 which comprises the consolidated statement of financial position of Linklogis Inc. (the "Company") and its subsidiaries (collectively the "Group") as of 30 June 2024 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial reporting to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

29 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

(Expressed in RMB'000)

	Note	Six months ended 30 June	
		2024	2023
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue and income from principal activities	*3*	**413,111**	391,031
Cost of principal activities	*3*	**(120,222)**	(153,438)
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	*5*	**40,499**	41,344
Loss from operation		**(186,541)**	(144,367)
Finance costs	*4(a)*	**(7,122)**	(3,725)
Share of loss of equity accounted investees		**(22,187)**	(38,854)
Loss before taxation		**(215,850)**	(186,946)
Income tax (expense)/credit	*6*	**(25,672)**	15,291
Loss for the period		**(241,522)**	(171,655)
Basic/diluted loss per share (RMB per share)	*7*	**(0.11)**	(0.08)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

	Six months ended 30 June	
	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)
Loss for the period	**(241,522)**	(171,655)
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
Other comprehensive income for the period	**42,683**	92,954
Total comprehensive loss for the period	**(198,839)**	(78,701)
Attributable to:		
Equity shareholders of the Company	**(198,190)**	(77,559)
Non-controlling interests	**(649)**	(1,142)
Total comprehensive loss for the period	**(198,839)**	(78,701)

The accompanying notes on pages 48 to 86 form part of the unaudited interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited

(Expressed in RMB'000)

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**32,228**	27,609
Right-of-use assets	*8*	**84,309**	86,890
Intangible assets	*9*	**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	*11*	**98,517**	83,709
Prepayments, other receivables and other assets	*14*	**5,971**	3,104
Deferred tax assets	*20*	**88,298**	101,761
Total non-current assets		**870,025**	884,146
Current assets			
Financial assets at fair value through other comprehensive income	*10*	**375,139**	386,910
Financial assets at fair value through profit or loss	*11*	**549,519**	987,741
Trade receivables	*12*	**240,214**	290,847
Contract assets		**17,580**	11,179
Financial assets at amortised cost	*13*	**43,659**	50,969
Prepayments, other receivables and other assets	*14*	**2,336,136**	2,268,948
Restricted cash	*15*	**163,001**	130,625
Cash and cash equivalents	*16*	**4,923,071**	4,719,157
Total current assets		**8,648,319**	8,846,376
Current liabilities			
Trade payables	*17*	**64,645**	102,755
Contract liabilities		**14,702**	10,571
Borrowings	*18*	**270,468**	34,019
Income tax payables	*20*	**56,009**	56,916
Lease liabilities	*8*	**18,682**	9,643
Other payables, accruals and other liabilities	*19*	**534,686**	322,811
Provisions		**391**	258
Total current liabilities		**959,583**	536,973

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Net current assets		**7,688,736**	8,309,403
Total assets less current liabilities		**8,558,761**	9,193,549
Non-current liabilities			
Lease liabilities	8	**74,975**	80,758
Other payables, accruals and other liabilities		**555**	–
Total non-current liabilities		**75,530**	80,758
Net assets		**8,483,231**	9,112,791
Equity			
Share capital	21	**125**	125
Reserves	21	**8,486,535**	9,115,446
Total equity attributable to equity shareholders of the Company		**8,486,660**	9,115,571
Non-controlling interests		**(3,429)**	(2,780)
Total equity		**8,483,231**	9,112,791

Approved and authorised for issue by the board of directors on 29 August 2024.

Director

Director

The accompanying notes on pages 48 to 86 form part of the unaudited interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 – unaudited

(Expressed in RMB'000)

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000* *21(a)*	Share premium *RMB'000* *21(b)(i)*	Treasury share reserve *RMB'000* *21(b)(ii)*	Capital reserve *RMB'000* *21(b)(iii)*	General reserve *RMB'000* *21(b)(iv)*	Foreign exchange reserve and other reserve *RMB'000* *21(b)(v)*	Accumulated losses *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2024	125	8,926,886	(9)	448,973	44,327	(9,094)	(295,637)	9,115,571	(2,780)	9,112,791
Loss for the period	–	–	–	–	–	–	(240,801)	(240,801)	(721)	(241,522)
Other comprehensive income for the period	–	–	–	–	–	42,611	–	42,611	72	42,683
Total comprehensive loss for the period	–	–	–	–	–	42,611	(240,801)	(198,190)	(649)	(198,839)
Final special dividend declared	–	(195,866)	–	–	–	–	–	(195,866)	–	(195,866)
Repurchase of shares	–	(250,064)	(9)	–	–	–	–	(250,073)	–	(250,073)
Share-based compensation	–	–	–	15,218	–	–	–	15,218	–	15,218
Transfer of general reserve	–	–	–	–	(6,346)	–	6,346	–	–	–
Balance at 30 June 2024 (Unaudited)	125	8,480,956	(18)	464,191	37,981	33,517	(530,092)	8,486,660	(3,429)	8,483,231

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000* *21(a)*	Share premium *RMB'000* *21(b)(i)*	Treasury share reserve *RMB'000* *21(b)(ii)*	Capital reserve *RMB'000* *21(b)(iii)*	General reserve *RMB'000* *21(b)(iv)*	Foreign exchange reserve and other reserve *RMB'000* *21(b)(v)*	Retained profits/ (accumulated losses) *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023	125	9,453,423	(9)	370,680	56,510	(56,850)	133,420	9,957,299	(771)	9,956,528
Loss for the period	–	–	–	–	–	–	(170,298)	(170,298)	(1,357)	(171,655)
Other comprehensive income for the period	–	–	–	–	–	92,739	–	92,739	215	92,954
Total comprehensive loss for the period	–	–	–	–	–	92,739	(170,298)	(77,559)	(1,142)	(78,701)
Final special dividend declared	–	(526,610)	–	–	–	–	–	(526,610)	–	(526,610)
Settlement of restricted share units	–	73	–	(13)	–	–	–	60	–	60
Share-based compensation	–	–	–	46,335	–	–	–	46,335	–	46,335
Transfer of general reserve	–	–	–	–	(5,442)	–	5,442	–	–	–
Balance at 30 June 2023 (Unaudited)	125	8,926,886	(9)	417,002	51,068	35,889	(31,436)	9,399,525	(1,913)	9,397,612

The accompanying notes on pages 48 to 86 form part of the unaudited interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2024 – unaudited

(Expressed in RMB'000)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from/(used in) operations	**165,694**	(425,794)
Income tax paid	**(13,116)**	(18,248)
Net cash generated from/(used in) operating activities	**152,578**	(444,042)
Investing activities		
Proceeds from disposal of equity interest in an associate	**111,918**	–
Proceeds from sales of financial investment and interest income of bank deposits	**50,118**	55,146
Payment for financial investments at fair value through profit and loss	**(7,337)**	–
Purchase of property, plant and equipment, intangible assets and other non-current assets	**(60,794)**	(54,899)
Payments for investment in equity accounted investees	**(2,147)**	(37,409)
Net cash generated from/(used in) investing activities	**91,758**	(37,162)
Financing activities		
Decrease in restricted cash	**–**	26,562
Net proceeds from settlement of restricted share units	**–**	60
Payment for repurchase of shares	**(250,073)**	–
Net proceeds of bank and other borrowings	**236,035**	571,733
Interest paid	**(4,154)**	(2,502)
Capital element of lease rental paid	**(4,314)**	(10,149)
Interest element of lease rental paid	**(2,554)**	(1,196)
Net cash (used in)/generated from financing activities	**(25,060)**	584,508
Net increase in cash and cash equivalents	**219,276**	103,304
Cash and cash equivalents at the beginning of the period	**4,719,157**	5,731,387
Effects of exchange rate changes on cash and cash equivalents	**(15,362)**	(1,787)
Cash and cash equivalents at the end of the period	**4,923,071**	5,832,904

The accompanying notes on pages 48 to 86 form part of the unaudited interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION AND GENERAL INFORMATION

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

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

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

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 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 30 June	
	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
	385,580	363,625
Emerging Solutions		
– Cross-border Cloud	**21,738**	21,473
– SME Credit Tech Solutions	**5,793**	5,933
	27,531	27,406
	413,111	391,031

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

(a) Revenue and income (continued)

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 30 June 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.

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

(b) Segment reporting (continued)

– ***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.

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

(b) Segment reporting (continued)

Segment results (continued)

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

	Supply Chain Finance Technology Solutions			Emerging Solutions			
	Anchor Cloud	**FI Cloud**	**Subtotal**	**Cross-border Cloud**	**SME Credit Tech Solutions**	**Subtotal**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 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	**208,398**	**62,259**	**270,657**	**19,708**	**2,524**	**22,232**	**292,889**
For the six months ended 30 June 2023							
Revenue and income	231,094	132,531	363,625	21,473	5,933	27,406	391,031
Costs	(62,119)	(87,882)	(150,001)	(2,308)	(1,129)	(3,437)	(153,438)
Gross profit	168,975	44,649	213,624	19,165	4,804	23,969	237,593

4 LOSS BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest expenses on		
– bank and other financial institution borrowings	**4,568**	2,529
– lease liabilities (note 8(ii))	**2,554**	1,196
	7,122	3,725

(b) Staff costs

	Six months ended 30 June	
	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 (Note)	**16,319**	15,783
	212,356	226,257
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 30 June 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.

4 LOSS BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	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
– financial assets at amortised cost	**13,429**	(1,110)
– provision for guarantee liabilities	**133**	554
	162,375	71,482
Professional service fees	**18,679**	5,319
Auditor's remuneration		
– Non-audit services	**1,575**	1,577

5 OTHER NET INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest income from bank deposits	**46,271**	65,499
Investment gains/(losses) from financial investments measured at fair value (Note)	**5,659**	(43,737)
Government grants	**2,952**	21,078
Foreign exchange losses	**(15,362)**	(1,787)
Others	**979**	291
	40,499	41,344

Note: Among the losses, during the six months ended 30 June 2023, loss of RMB52,730,000 was resulting from contract amendment with anchor enterprises regarding to the financial assets measured at fair value. There is no contract amendment regarding to the financial assets measured at fair value during the six months ended 30 June 2024.

6 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 1 April 2018, the legal entities operating in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profit over HK$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the Group to benefit from the progressive tax rates. The Group had chosen one of its subsidiaries 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 ("HNTE") in the year of 2019 and renewed its HNTE certificate in the year of 2022, and accordingly, was entitled to a preferential income tax rate of 15% in each subsequent three years since the certified year. Thus, this subsidiary was entitled to a preferential income tax rate of 15% for the six months ended 30 June 2024 and 2023.

6 INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

(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 30 June 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 30 June	
	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)

7 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 30 June	
	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	**2,102,509,326**	2,120,996,299
Basic loss per share (RMB per share)	**(0.11)**	(0.08)

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 30 June 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 30 June 2024 and 2023 were the same as basic loss per share.

8 LEASES

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Right-of-use assets		
Buildings	**84,309**	86,890
Lease liabilities		
Buildings		
Current	**18,682**	9,643
Non-current	**74,975**	80,758
	93,657	90,401

The Group has obtained the right to use certain office buildings through tenancy agreements. The leases typically run for an initial period of 1 to 6 years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. The analysis of the net book value of right-of-use assets is presented below:

	Buildings *RMB'000*
As at 1 January 2023	46,274
Addition	91,852
Derecognition	(25,862)
Charge for the year	(25,374)
As at 31 December 2023	86,890
As at 1 January 2024	**86,890**
Addition	**7,570**
Charge for the period	**(10,151)**
As at 30 June 2024	**84,309**

8 LEASES (CONTINUED)

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

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

	As at 30 June 2024		As at 31 December 2023	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Less than 1 year	**18,682**	**22,874**	9,643	14,260
After 1 year but within 2 years	**20,982**	**24,199**	18,094	21,713
After 2 years but within 5 years	**53,993**	**58,521**	62,664	68,667
Total	**93,657**	**105,594**	90,401	104,640
Total future interest expenses		**(11,937)**		(14,239)
Present value of lease liabilities		**93,657**		90,401

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

	Six months ended 30 June	
	2024 *RMB'000*	2023 *RMB'000*
Depreciation charge of right-of-use assets	**10,151**	10,871
Interest expense on lease liabilities (note 4(a))	**2,554**	1,196
Expense relating to short-term leases	**513**	89
	13,218	12,156

9 INTANGIBLE ASSETS

	Self-developed platforms and software *RMB'000*
Cost:	
As at 1 January 2023	445,355
Additions	119,221
As at 31 December 2023	564,576
As at 1 January 2024	564,576
Additions	47,797
As at 30 June 2024	612,373
Accumulated amortisation:	
As at 1 January 2023	(157,229)
Charge for the year	(95,304)
As at 31 December 2023	(252,533)
As at 1 January 2024	(252,533)
Charge for the period	(53,769)
As at 30 June 2024	(306,302)
Net book value:	
As at 31 December 2023	312,043
As at 30 June 2024	306,071

There were no intangible assets which were not yet available for use as at 30 June 2024 and 31 December 2023.

No impairment losses on intangible assets were recognised during the six months ended 30 June 2024 and 2023.

10 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 30 June 2024 *RMB'000*	Year ended 31 December 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 31 December 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 30 June 2024.

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

(b) Movement of impairment allowance

	2024			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
Balance of financial assets at fair value through other comprehensive income as at 30 June 2024	**–**	**348,544**	**26,595**	**375,139**
The movement of impairment allowance				
As at 1 January	**–**	**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 30 June	**–**	**80,825**	**8,000**	**88,825**

	2023			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
Balance of financial assets at fair value through other comprehensive income as at 31 December 2023	–	386,910	–	386,910
The movements of impairment allowance:				
As at 1 January	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 31 December	–	58,040	–	58,040

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

(b) Movement of impairment allowance (continued)

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 30 June 2024, the tax impact for impairment allowance recognised in other comprehensive income was nil (six months ended 30 June 2023: RMB10,087,000).

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**As at 30 June 2024** ***RMB'000***	As at 31 December 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**	–
		98,517	83,709
Current			
Supply chain assets	*(ii)*	**372,833**	780,990
Asset-backed securities	*(iii)*	**47,711**	82,774
Others	*(iv)*	**128,975**	123,977
		549,519	987,741

(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 30 June 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 (31 December 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) (31 December 2023: USD24,490,000, equivalent to approximately RMB173,457,000); and (3) the supply chain assets in Anchor Cloud of RMB153,875,000 (31 December 2023: RMB149,282,000).

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

(iii) The balance as at 30 June 2024 comprised the carrying amount of: (1) senior tranches of asset-back securities of RMB nil (31 December 2023: RMB22,121,000); and (2) junior tranches of asset-back securities of RMB53,761,000 (31 December 2023: RMB60,653,000).

(iv) The balance as at 30 June 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) (31 December 2023: USD17,504,000, equivalent to approximately RMB123,977,000).

12 TRADE RECEIVABLES

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

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 30 June 2024 *RMB'000*	As at 31 December 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	**(4,826)**	(3,259)
Trade receivables, net	**240,214**	290,847

13 FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature

	As at 30 June 2024 RMB'000	As at 31 December 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
Gross amount of financial assets at amortised cost	**106,646**	100,541
Impairment allowance		
Supply chain assets from		
– SME Credit Tech Solutions	**(62,878)**	(49,556)
– Cross-border Cloud	**(109)**	(16)
Total impairment allowance	**(62,987)**	(49,572)
Carrying amount of financial assets at amortised cost	**43,659**	50,969

13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

(b) Summarised by stages and allowance for impairment losses

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

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

13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

(c) Summarised by overdue days

	As at 30 June 2024			
	Overdue by 1 to 90 days (inclusive) *RMB'000*	Overdue by 90 days to 1 year (inclusive) *RMB'000*	Overdue by 1 year to 2 years (inclusive) *RMB'000*	Total *RMB'000*
Supply chain assets				
– SME Credit Tech Solutions	**10,600**	**17,852**	**38,100**	**66,552**

	As at 31 December 2023			
	Overdue by 1 to 90 days (inclusive) *RMB'000*	Overdue by 90 days to 1 year (inclusive) *RMB'000*	Overdue by 1 year to 2 years (inclusive) *RMB'000*	Total *RMB'000*
Supply chain assets				
– SME Credit Tech Solutions	21,251	5,586	34,898	61,735

13 FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

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

	Six months ended 30 June 2024			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at 1 January	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)
As at 30 June	1,685	5,835	55,467	62,987

	2023			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
As at 1 January	8,956	446	25,871	35,273
Transfer				
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)
As at 31 December	1,689	14,950	32,933	49,572

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current			
Repossessed asset		**3,414**	–
Long-term deferred expenses		**2,557**	3,104
Total		**5,971**	3,104
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	*19*	**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		**(261,452)**	(157,662)
Total		**2,336,136**	2,268,948

14 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

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 30 June 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 31 December 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 30 June 2024 and 31 December 2023.

(ii) Loan to a third party

On 24 May 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 22 November 2023. The loan was fully settled during the six months ended 30 June 2024.

15 RESTRICTED CASH

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Escrow accounts (Note)	**156,238**	123,196
Others	**6,763**	7,429
Total	**163,001**	130,625

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

16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Cash at bank	**4,752,143**	4,652,935
Cash at other financial institutions	**170,928**	66,222
	4,923,071	4,719,157

17 TRADE PAYABLES

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

As of 30 June 2024 and 31 December 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 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
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.

18 BORROWINGS

	As at 30 June 2024		As at 31 December 2023	
	Effective interest rate %	Balance RMB'000	Effective interest rate %	Balance RMB'000
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.

19 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current			
Deferred income from government grant		**555**	–
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	*14*	**37,100**	38,300
Tax and levies		**17,944**	19,010
Others		**49,703**	63,166
Total		**534,686**	322,811

(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 31 December 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 29 July 2024 to the shareholders whose names appear on the register of members of the Company on 8 July 2024.

20 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Balance of income tax provision relating to prior years	**56,916**	50,691
Provision for income tax expense for the period/year	**12,209**	42,017
Provisional income tax expense paid	**(13,116)**	(35,792)
	(907)	6,225
Balance of income tax provision relating to relative period/year	**56,009**	56,916

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

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

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

Deferred tax arising from:	Impairment allowance *RMB'000*	Changes in fair value of financial instruments *RMB'000*	Tax losses *RMB'000*	Accrued expenses *RMB'000*	Amortisation charge of intangible assets *RMB'000*	Depreciation charge of right-of-use assets *RMB'000*	Total *RMB'000*
As at 1 January 2024	**32,076**	**12,539**	**22,560**	**14,931**	**17,579**	**2,076**	**101,761**
(Charged)/credited to profit or loss	**(771)**	**(1,542)**	**(2,773)**	**(6,283)**	**(2,355)**	**261**	**(13,463)**
Credited to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**
As at 30 June 2024	**31,305**	**10,997**	**19,787**	**8,648**	**15,224**	**2,337**	**88,298**
As at 1 January 2023	28,093	(9,942)	21,421	13,015	11,233	3,873	67,693
Credited/(charged) to profit or loss	3,983	11,013	1,139	1,916	6,346	(1,797)	22,600
Credited to other comprehensive income	–	11,468	–	–	–	–	11,468
As at 31 December 2023	32,076	12,539	22,560	14,931	17,579	2,076	101,761

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits of these certain subsidiaries will be available against which unused tax losses can be utilised. Based on management's assessment, the Group did not recognise deferred income tax assets of RMB52,261,000 and RMB45,411,000 in respect of unused tax losses amounting to RMB224,976,000 and RMB188,241,000 that can be carried forward against future taxable income as of 30 June 2024 and 31 December 2023.

21 CAPITAL AND RESERVES

(a) Share capital

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Ordinary shares	**125**	125

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

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

During the six months ended 30 June 2024 and the year ended 31 December 2023, there is no change in the number of ordinary shares of the Company.

(b) Nature and purpose of reserves

(i) Share premium

(1) During the six months ended 30 June 2024, the Company repurchased 139,544,000 shares of class B ordinary shares (six months ended June 30 2023: nil), resulting in decrease of share premium amounting to RMB250,064,000 (six months ended June 30 2023: nil).

(2) During the six months ended 30 June 2024, the declared final special dividend for the year ended 31 December 2023 as described in note 22 resulted in decrease of share premium amounting to RMB195,866,000 (six months ended June 30 2023: RMB526,610,000).

21 CAPITAL AND RESERVES (CONTINUED)

(b) Nature and purpose of reserves (continued)

(ii) Treasury share reserve

The treasury share reserve represents the par value of: (1) 163,976,000 shares of class B ordinary shares (31 December 2023: 163,976,000 shares of class B ordinary shares) for the share-based compensation held by a special purpose vehicle which is controlled by the Company; (2) 139,544,000 shares of class B ordinary shares (31 December 2023: nil) which were repurchased but not written-off.

During the six months ended 30 June 2024, the share repurchased described in note 21(b)(i)(1) resulted in increase of treasury share reserve amounting to RMB9,000 (six months ended June 30 2023: nil).

(iii) Capital reserve

During the six months ended 30 June 2024, approximately RMB15,218,000 (six months ended 30 June 2023: RMB46,335,000) of capital reserve arises from the amortisation of fair value of un-vested restricted share units ("RSUs") which the Company granted to certain employees and directors.

During the six months ended 30 June 2023, 20,000 shares of vested RSUs was settled under the share award scheme of the Company. Thus, capital reserve of RMB13,000 was transferred to share premium and share premium of RMB60,000 was recognised which arose from the consideration exceeding par value of the settled shares. There was no settlement of RSUs during the six months ended 30 June 2024.

21 CAPITAL AND RESERVES (CONTINUED)

(b) Nature and purpose of reserves (continued)

(iv) General reserve

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

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

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

As at 30 June 2024, general reserve amounted to RMB37,981,000 (30 June 2023: RMB51,068,000) was accordingly provided.

(v) Foreign exchange reserve

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

22 DIVIDENDS

A final special dividend in respect of the year ended 31 December 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 29 July 2024 to the shareholders whose names appear on the register of members of the Company on 8 July 2024.

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

23 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors, the Company has adopted an equity incentive plan in 2019. During the six months ended 30 June 2024 and 2023, no shares of RSUs were granted to eligible participants by the Company under the equity incentive plan. The RSUs of each batch granted are vested over a four-year period equally, on condition that employees achieved either service conditions without any performance requirements or both service conditions and certain performance target. The expiration date for subscription of the RSUs is 10 years from the grant date. The RSUs may be settled, to the extent then vested, at the election of the grantees prior to the expiration date.

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

	Six months ended 30 June 2024	Year ended 31 December 2023
At the beginning of the period/year	**107,022,193**	110,189,832
Exercised	**–**	(20,000)
Forfeited	**(2,589,372)**	(3,147,639)
At the end of the period/year	**104,432,821**	107,022,193

24 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

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

(b) Key management personnel remuneration

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

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**5,512**	5,192
Share-based compensation	**1,854**	4,140
Contributions to defined contribution scheme	**95**	104
Key management personnel remuneration	**7,461**	9,436

24 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Related parties' transactions

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Charged by related parties		
– Cloud services and technical services*	**3,068**	2,887
– Training Services	**49**	–
– Corporation and revenue sharing*	**–**	147
	3,117	3,034
Provided to related parties		
– Technology service	**3,780**	11,885
– Corporation and revenue sharing*	**1,042**	2,824
– Supply chain financing services	**14**	103
– Interest income	**6**	–
	4,842	14,812

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

(d) Balance with related parties

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
Trade related		
Trade receivables	**66,293**	77,880
Prepayments, other receivables and other assets	**28,042**	45,578
Other payables, accruals and other liabilities	**709**	–

25 FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Financial instruments measured at fair value

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

- Level 1 valuations: fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

- Level 2 valuations: fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: fair value measured using significant unobservable inputs.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value hierarchy

	As at 30 June 2024			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Unlisted equity investments	–	–	85,130	85,130
Listed equity investment (i)	–	–	7,337	7,337
Supply chain assets	–	–	372,833	372,833
Asset-backed securities	–	–	53,761	53,761
Others	–	–	128,975	128,975
Financial assets at fair value through profit or loss	–	–	648,036	648,036
Financial assets at fair value through other comprehensive income	–	–	375,139	375,139

	As at 31 December 2023			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Unlisted equity investments	–	–	83,709	83,709
Supply chain assets	–	–	780,990	780,990
Asset-backed securities	–	–	82,774	82,774
Others	–	–	123,977	123,977
Financial assets at fair value through profit or loss	–	–	1,071,450	1,071,450
Financial assets at fair value through other comprehensive income	–	–	386,910	386,910

(i) Listed equity investment

The listed equity investment is a company listed in National Equities Exchange and Quotations. Since the trading of the company's share is not active, and thus it is classified into Level 3 in the fair value hierarchy. The Group regarded the most recent consideration, which was negotiated as an arm's length transaction and paid to the third party shareholders near the end of the reporting period, as the fair value of the listed equity investment.

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Equity investment		
At beginning of the period/year	**83,709**	62,076
Payment for purchase	**7,337**	30,000
Net gains/(losses) recognised in profit or loss during the period/year	**1,421**	(8,367)
At end of the period/year	**92,467**	83,709
Supply chain assets		
At beginning of the period/year	**780,990**	2,281,644
Payment for purchase	**5,886,415**	30,988,972
Net losses recognised in profit or loss during the period/year	**(3,587)**	(75,140)
Transfer and settlement	**(6,290,985)**	(32,414,486)
At end of the period/year	**372,833**	780,990
Asset-backed securities		
At beginning of the period/year	**82,774**	86,049
Payment for purchase	**7,000**	253,011
Net gains recognised in profit or loss during the period/year	**1,187**	2,025
Transfer and settlement	**(37,200)**	(258,311)
At end of the period/year	**53,761**	82,774
Others		
At beginning of the period/year	**123,977**	114,631
Net gains recognised in profit or loss during the period/year	**4,336**	7,574
Exchange difference	**662**	1,772
At end of the period/year	**128,975**	123,977
Total net unrealised gains/(losses) for the period/year included in the profit or loss for assets held at the end of the period/year	**3,357**	(73,908)

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The movement of financial assets at fair value through other comprehensive income is disclosed in note 10 to the consolidated financial statements.

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

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

The Group determines the fair value of unlisted equity investment, supply chain assets, the asset-backed securities and other investment portfolio in financial assets at fair value through profit or loss as well as supply chain assets in financial assets at fair value through other comprehensive income by using discounted cash flow model. The significant unobservable inputs are the risk-adjusted discount rates, which ranged from 6.61% to 22.60% as of 30 June 2024 for financial assets at fair value through profit or loss (30 June 2023: 2.4% to 14.57%) and from 10.25% to 24.72% for financial assets at fair value through other comprehensive income (30 June 2023: 7.41% to 27.07%), respectively.

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

	As at 30 June 2024 *RMB'000*	As at 31 December 2023 *RMB'000*
Fair value changes of financial assets at fair value through profit or loss		
Discount rate decrease 1%	**1,844**	5,594
Discount rate increase 1%	**(1,817)**	(5,506)
Fair value changes of financial assets at fair value through other comprehensive income		
Discount rate decrease 1%	**2,212**	6,326
Discount rate increase 1%	**(2,154)**	(6,136)

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 30 June 2024 and 31 December 2023.

26 CAPITAL MANAGEMENT

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

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

27 CAPITAL COMMITMENTS

During the six months ended 30 June 2024, the Group entered into share purchase agreements with third-parties to purchase additional shares of a listed company at a consideration of RMB10,409,000. As at 30 June 2024, the Group has paid RMB2,082,000 to the shareholders of the investee as initial payment which was recorded as prepayment. The remaining payment of RMB8,327,000 had been settled on 23 July 2024 and the legal title of the shares was transferred to the Group then. After the completion of such share purchase, the equity investment to the investee will be reclassified from financial assets at fair value through profit or loss to equity-accounted investees as the percentage of shareholding of the Group in this listed company increased and resulted in significant influence on it.

28 SUBSEQUENT EVENT

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

DEFINITIONS

"2019 Equity Incentive Plan"	the equity incentive plan of the Company adopted by the Board on January 24, 2019, and amended and restated on November 25, 2020
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"Class A Share(s)"	class A ordinary share(s) in the share capital of our Company with a par value of US$0.00000833 each, conferring weighted voting rights in our Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company's general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
"Class B Share(s)"	class B ordinary share(s) in the share capital of our Company with a par value of US$0.00000833 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company's general meetings
"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
"consolidated affiliated entity(ies)"	Onshore Holdco and its subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of our Company by virtue of the Contractual Arrangements
"Contractual Arrangement(s)"	the series of contractual arrangements entered into between, among others, the WFOE, the Onshore Holdco and the then Registered Shareholders, as detailed in "Contractual Arrangements" in the Prospectus and as amended, restated, renewed, reproduced or joined from time to time

DEFINITIONS

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Song and the direct and indirect companies through which Mr. Song has an interest in the Company, namely Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt
"Corporate Governance Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of our Company
"Global Offering"	the public offering of the Company's Class B Shares as defined and described in the Prospectus
"Group", "Linklogis", "we" or "us"	the Company, its subsidiaries, and the consolidated affiliated entities from time to time, and in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Latest Practicable Date"	September 19, 2024, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information
"Listing"	the listing of the Class B Shares on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Mr. Song" or "WVR Beneficiary"	Mr. Song Qun, our founder, executive Director, chairman of the Board, chief executive officer and Controlling Shareholder, as well as the holder of the Class A Shares entitling him to weighted voting rights
"Onshore Holdco"	Linklogis Digital Technology Group Co., Ltd. (聯易融數字科技集團有限公司), a limited liability company established in Shenzhen, the PRC on February 5, 2016 and one of our consolidated affiliated entities
"Prospectus"	the prospectus of the Company dated March 26, 2021
"Registered Shareholders"	the registered shareholders of the Onshore Holdco from time to time
"Reporting Period"	six months ended June 30, 2024
"Reserved Matters"	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to its articles of association, being: (i) any amendment to the memorandum or articles of association, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company's auditors; and (iv) the voluntary liquidation or winding-up of the Company
"RMB"	Renminbi yuan, the lawful currency of China
"RSU"	a restricted share unit award granted or to be granted to a participant under the 2019 Equity Incentive Plan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the Class A Shares and Class B Shares in the share capital of our Company

DEFINITIONS

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"weighted voting right" or "WVR"	has the meaning ascribed to it under the Listing Rules
"WFOE"	Linklogis Supply Chain Services (Shenzhen) Co., Ltd. (聯易融供應鏈服務(深圳)有限公司), a limited liability company established in Shenzhen, the PRC on July 24, 2018 and a wholly-owned subsidiary of our Company
"%"	per cent

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