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Linklogis Inc.
聯易融科技集團

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

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

The Board of Directors is pleased to announce the audited consolidated results of the Group for the year ended December 31, 2021 (the “**Reporting Year**”), together with the comparative figures for the year ended December 31, 2020. These annual results have been reviewed by the Company’s audit committee.

KEY FINANCIAL HIGHLIGHTS

	Year ended December 31,		Change (%)
	2021	2020	
	<i>(RMB in thousands, except percentages)</i>		
Revenue and income from principal activities	1,198,013	1,028,541	16.5
Supply Chain Finance Technology Solutions	1,138,645	920,823	23.7
Emerging Solutions	59,368	107,718	(44.9)
Gross profit	927,250	630,378	47.1
Gross margin (%)	77.4	61.3	16.1 ⁽¹⁾
Loss for the year attributable to equity shareholders of the Company	(12,991,790)	(717,056)	1,711.8
<i>Non-IFRS measures</i>			
Adjusted profit for the year (non-IFRS)	289,440	192,482	50.4
Adjusted profit margin (non-IFRS) (%)	24.2	18.7	5.5 ⁽¹⁾
Adjusted EBITDA (non-IFRS)	554,840	395,171	40.4
Adjusted EBITDA margin (non-IFRS) (%)	46.3	38.4	7.9 ⁽¹⁾

Note:

(1) Percentage points

KEY BUSINESS HIGHLIGHTS

	Year ended December 31,		
	2021	2020	Change (%)
Total number of partners⁽¹⁾			
Anchor enterprise	679	344	97.4
Financial institution	291	202	44.1
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	218	108	101.9
Number of financial institution customers	132	85	55.3
Customer retention rate ⁽²⁾ (%)	97	99	(2) ⁽³⁾
Net expansion rate ⁽⁴⁾ (%)	93	112	(19) ⁽³⁾

Notes:

- (1) The number of customers for a given year refers to the total number of customers that had at least one revenue-generating contract with the Group during that year. The number of partners for a given year includes both (i) the Group's customers who enter into revenue-generating contracts with the Group; and (ii) other businesses who do not enter into revenue-generating contracts with the Group but are served through the Group's solutions during that year.
- (2) The retention rate is calculated by dividing the number of customers in the previous year who remain as the Group's customers in the current year by the total number of customers in the previous year.
- (3) Percentage points.
- (4) To calculate the net expansion rate for the current year, we first identify our customers in the previous year. We then calculate the net expansion rate for such current year as the quotient obtained by dividing the revenue and income generated by the same group of customers in the current year by the revenue and income they generated in the previous year.

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

	For the year ended		
	December 31,		
	2021	2020	Change (%)
	<i>(RMB in million)</i>		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	79,799.7	89,997.8	(11.3)
Multi-tier Transfer Cloud	49,825.6	18,683.9	166.7
	<u>129,625.3</u>	<u>108,681.7</u>	<u>19.3</u>
<i>Subtotal (Anchor Cloud):</i>			
(b) FI Cloud			
ABS Cloud	46,933.3	34,042.7	37.9
eChain Cloud	71,842.3	21,067.8	241.0
	<u>118,775.6</u>	<u>55,110.5</u>	<u>115.5</u>
<i>Subtotal (FI Cloud):</i>			
Total (Supply Chain Finance Technology Solutions):			
	<u><u>248,400.9</u></u>	<u><u>163,792.2</u></u>	<u><u>51.7</u></u>
Emerging Solutions			
Cross-border Cloud	8,023.8	5,033.7	59.4
SME Credit Tech Solutions	1,891.7	2,573.3	(26.5)
	<u>9,915.5</u>	<u>7,607.0</u>	<u>30.3</u>
Total (Emerging Solutions):			
	<u><u>9,915.5</u></u>	<u><u>7,607.0</u></u>	<u><u>30.3</u></u>
TOTAL:			
	<u><u>258,316.4</u></u>	<u><u>171,399.2</u></u>	<u><u>50.7</u></u>

BUSINESS REVIEW AND OUTLOOK

2021 Annual Results Summary

In 2021, we constantly focused on executing our business strategy, adapted to new regulatory development and monetary environment, and achieved solid growth for the year. The total transaction volume processed by our technology solutions grew by 50.7% from RMB171.4 billion in 2020 to RMB258.3 billion in 2021. Our revenue and income from principal activities reached RMB1,198.0 million, representing an increase of 16.5% as compared with RMB1,028.5 million in 2020. In particular, our revenue and income in the second half of 2021 reached RMB671.4 million, representing an increase of 34.2% as compared with RMB500.4 million in the second half of 2020. Our gross profit was RMB927.3 million, representing an increase of 47.1% from RMB630.4 million in 2020. Our gross profit margin continued to improve, rising from 51.9% in 2019 to 61.3% in 2020, and further to 77.4% in 2021. This was primarily due to the constant optimization of our product structure as we continued to execute our multi-product strategy, and we saw faster growth in segments with higher gross profit margins. Our adjusted profit increased by 50.4% to RMB289.4 million in 2021, from RMB192.5 million in 2020.

On a reported basis, our net loss attributable to equity shareholders of the Company of RMB12,991.8 million includes a loss of RMB13,086.0 million from changes in fair value of financial liabilities measured at fair value through profit or loss under IFRS. This primarily resulted from: (i) changes in the fair value of redeemable convertible preferred shares during the period from January 1, 2021 to the Listing Date; and (ii) changes in the fair value of ordinary shares with preferential rights held by certain investors during the period from January 1, 2021 to the Listing Date. Changes in the fair value of financial liabilities measured at fair value through profit or loss are non-cash in nature and are not directly related to our operating activities.

We adhere to our core value of Customer First. We remain fully committed to providing innovative solutions and services to all parties involved in the supply chain ecosystem, and enriching our product portfolio to engage with our premium customers. In 2021, the number of anchor enterprise customers in our Supply Chain Finance Technology Solutions was 218, representing an increase of 101.9% as compared with that in 2020, and the number of financial institution customers was 132, representing an increase of 55.3% as compared with that in 2020. For customer acquisition, we continued to benefit from our business's flywheel effect, where we received referrals from both anchor enterprises and financial institutions. In 2021, 39% of new customers were referred by our existing customers or partners. We also maintained a high customer retention rate of 97% in 2021 as our customers continue to deepen their use of our products.

Business Review

As COVID-19 continued to evolve globally throughout 2021, the world's major economies were under pressure to recover. However, the pandemic was well-controlled in China, as it benefited from the government's effective epidemic prevention measures, and domestic economic activities continued to recover. According to the data from the National Bureau of Statistics, China's gross domestic product (GDP) exceeded RMB114 trillion in 2021, up 8.1% year-on-year, ranking top among the world's major economies. Nevertheless, GDP growth slowed down in the second half of the year due to multiple factors such as demand contraction and supply chain disruptions. In terms of monetary environment, China's market liquidity tightened in the first half of 2021 but became loosened in the second half of the year as China eased monetary policies with two reserve requirement ratio cuts and an interest rate cut.

As for the supply chain finance industry, regional governments introduced favorable policies to promote inclusive finance, boost the development of supply chain finance, encourage anchor enterprises and financial institutions to build digital supply chain platforms, and leverage artificial intelligence, blockchain, and other technologies to create a new supply chain finance ecosystem. On one hand, anchor enterprises, leveraging their leading positions in the industrial chain, developed digital supply chain finance platforms to promote the sustainable development of their supply chain ecosystem. On the other hand, financial institutions continued to develop inclusive finance business through embracing the supply chain finance, and further increased loans to SMEs in the supply chain. The supply chain finance industry has seen robust development, and new opportunities arise.

As a leading technology solution provider for supply chain finance in China, we seized the opportunities in the industry, adhering to our mission of "re-define and transform supply chain finance through technology and innovation", and provided our anchor enterprise and financial institution customers with efficient and reliable cloud-native supply chain finance technology solutions. This helped enhance transparency and connectivity in the supply chain finance ecosystem and improve the user experience for all parties involved. In addition to the rapid growth in our domestic business, we also made significant progress in our international expansion efforts, and accelerated our pace of becoming a world-leading supply chain finance technology solution provider.

Supply Chain Finance Technology Solutions

Our Supply Chain Finance Technology Solutions are cloud-native technology solutions to digitalize the process of supply chain payment and financing centered on anchor enterprises' credit profiles. In 2021, the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions was RMB248.4 billion, up 51.7% year-over-year from RMB163.8 billion in 2020. Driven by the strong growth in total assets processed, the revenue and income of our Supply Chain Finance Technology Solutions reached RMB1,138.6 million, up 23.7% year-on-year. We classify our Supply Chain Finance Technology Solutions into Anchor Cloud and FI Cloud, which serve our anchor enterprise customers and financial institution customers, respectively.

Our Supply Chain Finance Technology Solutions serve anchor enterprises in a wide range of industries, including the anchor enterprise customers which are directly served through Anchor Cloud, and anchor enterprise partners which are indirectly served through FI Cloud. We had served over 670 anchor enterprises by December 31, 2021, covering 36 of the Top 100 Companies in China. In terms of the total volume of supply chain asset transactions processed by our Supply Chain Finance Technology Solutions in 2021, the top five industries of our anchor enterprise customers and partners were real estate, conglomerate, infrastructure / construction, utilities and commerce / retail, accounting for about 42%, 12%, 9%, 6%, 4% of the total volume, respectively.

Anchor Cloud

In 2021, the total volume of supply chain assets processed by our Anchor Cloud reached RMB129.6 billion, up 19.3% year-over-year. With the support from favorable government policies and the regulatory efforts to promote supply chain finance's role in solving financing problems for SMEs, we have established partnerships with more premium anchor enterprises. In 2021, we acquired 113 new anchor enterprise customers, with the number of customers up 101.9% from 108 in 2020. We continued to expand our industry coverage, with our major anchor enterprise customers and partners spanning over 18 out of the 31 industries based on the SWS Industry Classification, and further penetrated in industries such as utilities, information technology, transportation, auto, chemical and electrical equipment, in addition to our traditional industry coverage such as real estate, construction, healthcare, steel, and commerce / retail. The top three industries for new customers were infrastructure / construction, commerce / retail and information technology, accounting for 25%, 14% and 10% of the total new customers, respectively. We actively promoted a multi-product strategy, using AMS Cloud and Multi-tier AR Transfer Cloud to meet the diversified needs of our customers and help anchor enterprises facilitate their digital transformation.

In the AMS Cloud segment, the total volume of supply chain assets processed by us in 2021 was RMB79.8 billion, down by 11.3% year-over-year, which was mainly due to the negative market environment impact on our anchor enterprise customers in the real estate sector. In addition, higher market interest rates in the first half of the year suppressed the motivation of anchor enterprises and suppliers to finance through supply chain asset securitization, resulting in a decline in the overall demand. However, as interest rates fell, demand began to pick up in the second half of 2021. In 2021, about 77% of the total volume of supply chain assets processed by our AMS Cloud came from our real estate industry customers. China's real estate industry witnessed policy tightening in 2021. The regulatory tightening and debt defaults by several property developers hampered the industry's financing environment. By the year end, the market gradually witnessed new regulatory measures that aimed to stabilize the market, signaling policy easing for the real estate industry, but the risk events of some property developers are still ongoing in short term. Facing the industry's current situation, on one hand, we proactively optimized our customer structure in the real estate sector, strengthened cooperation with customers with stable operation and capital conditions, and leveraged the critical role of supply chain finance technology solutions in

maintaining the stability of the industry's supply chain and preventing the spread of credit risk to upstream suppliers. On the other hand, we continued to expand our client base of AMS Cloud into more industries. For example, in 2021, we accomplished the first supply chain asset securitization project in the display panel industry for Tianma Microelectronics.

In the Multi-tier Transfer Cloud segment, the total volume of supply chain assets processed by us in 2021 was RMB49.8 billion, up 166.7% year-over-year. In 2021, we had 134 anchor enterprise customers in this segment, compared with 49 customers in 2020. We successfully acquired premium customers or partners including China Energy, China Railway Construction, Xuzhou Construction Machinery Group, China Chemical Engineering Group, Dongfeng Motor, Zijin Mining, and etc. We helped solve the financing problems for many long-tail SME suppliers of our customers by reaching as deep as 11 levels into their supplier networks. Apart from software as a service (“SaaS”) solutions, we also helped build private cloud-based solutions for several large anchor enterprise customers to facilitate their digital transformation. In response to the demand for one-stop supply chain finance solutions, we have offered a wide range of financial technology products, including multi-tier transfer of payment obligation, in-house factoring system, bill discounting and management, and privacy computing. Customers can connect their internal supply chain assets to external funding sources efficiently through our SaaS platform or building direct system connection, and such connectivity will remarkably enhance customer experience and stickiness. As demand for digital transformation among anchor enterprises continues to grow, we expect our Multi-tier AR Transfer Cloud segment to maintain high-quality growth, and our one-stop solution will establish a unique competitive advantage.

FI Cloud

In the FI Cloud segment, the total volume of supply chain assets processed by us in 2021 was RMB118.8 billion, up 115.5% year-over-year. The financial industry has witnessed a faster digital transformation, with higher requirements for financial institutions' technology capabilities driving the rising demand for third-party technology solution providers. In 2021, we acquired 50 new financial institution customers, with the number of customers up 55.3% from 85 in 2020, and our major customers also extended from commercial banks, securities companies, and trust companies to wealth management subsidiaries of banks, asset management subsidiaries of insurance companies, and etc. We serve our financial institution customers through ABS Cloud and eChain Cloud.

In the ABS Cloud segment, the total volume of supply chain assets processed by us in 2021 was RMB46.9 billion, up 37.9% year-over-year. Apart from the assets processed by our SaaS solution being issued in asset-backed securities (“ABS”) and asset-backed medium-term notes (“ABN”), an increasing number of assets were sold directly to financial institutions. For example, by the end of 2021, we had established partnerships with all asset management subsidiaries of insurance companies and wealth management subsidiaries of banks that were eligible to participate in supply chain asset investments. In addition, under ABS Cloud, we also actively provided financial institution customers with solutions for technology-assisted due diligence, intelligent underwriting, and privacy computing based on AI, big data, blockchain, and other technologies.

In the eChain Cloud segment, the total volume of supply chain assets processed by us in 2021 was RMB71.8 billion, up 241.0% year-over-year, driven by the accelerated digital transformation of our customers and strong demand for commercial banks’ inclusive finance loans. In 2021, we served 62 financial institutions customers under eChain Cloud, including 40 new customers. By the end of 2021, through both our eChain Cloud and Multi-tier Cloud business, we have established partnership with all of the 6 state-owned commercial banks, and 7 out of the 12 joint-stock commercial banks. While actively acquiring new customers, we further increased the branch level coverage of our existing commercial bank customers to deepen the penetration of our products, and strengthened the cross-selling at the product level. We extended our product lines to financial institutions’ business development, market opportunity analysis and precision marketing, assisting them in systematic management and structural analysis of mass customer information and diversified data.

Emerging Solutions

Cross-border Cloud

Cross-border Cloud is committed to providing digital cross-border supply chain financing services and cross-border trade digitalization services. The total volume of supply chain assets processed by our Cross-border Cloud in 2021 was RMB8.0 billion, up 59.4% year-over-year, primarily due to the continued growth in our overseas anchor enterprise and Chinese export company partners, as well as the launch of new products and applications.

In digital cross-border supply chain financing services, we expanded our cross-border cloud customer base from traditional international trade companies to new trade segments such as cross-border e-commerce, and applied to broader business scenarios including credit-based sales, letters of credit and market procurement settlement. In the second half of 2021, our cross-border cloud platform was officially connected to Amazon’s cross-border e-commerce platform. This enabled cross-border e-commerce enterprises on the platform to connect to financial institutions and complete the credit granting and financing process online efficiently.

In cross-border trade digitalization services, we implemented a paperless platform for cross-border trade through a pilot project under the Singapore – China (Shenzhen) Smart City Initiative with the support of Infocomm Media Development Authority (IMDA) of Singapore and Commerce Bureau of Shenzhen. Addressing the pain point that many trade documents could not be transferred and verified online, this paperless platform utilizes AI and blockchain technology to connect to the TradeTrust public chain platform and makes all document processing under cross-border trade digital, online and automated. It also ensures that the information is immutable and traceable, and can effectively reduce fraud risks.

SME Credit Tech Solutions

In the SME Credit Tech Solutions segment, we continued to provide data-driven risk analytics solutions that cover upstream and downstream SMEs' needs of anchor enterprises. We helped commercial banks, factoring companies, small loan providers, financial leasing companies, anchor enterprises' affiliated finance companies, and other financial institutions enhance capabilities to digitize the management of SME credit risk and provide financing services to SMEs more efficiently and conveniently. We reduced the size of self-funded financing transactions in the second half of 2021. The outstanding amount of self-funded financing transactions enabled by the SME Credit Tech Solutions was RMB260.6 million as of December 31, 2021, down by 17.5% from RMB315.8 million as of December 31, 2020.

Technology Development

As technology innovation is the cornerstone of our sustainable growth, we continuously explore advanced technologies, and use our in-depth insights into the financial market and the supply chains of various industries to empower the supply chain finance ecosystem. We integrate technology into the whole cycle of supply chain finance to provide value to all parties in the ecosystem.

We continued to strengthen investment in R&D. In 2021, Our R&D expenses rose to RMB277.4 million, accounting for 23.2% of total revenue and income and 43.8% of all operating expenses. Our number of employees engaged in technology-related work rose from 397 as of December 31, 2020, to 595 as of December 31, 2021, representing 65.4% of our total workforce. We continuously optimized the customer experience through automating and digitizing workflows. For example, as of December 31, 2021, in our AMS Cloud segment, 79 of the 84 processes on our SaaS platform related to asset processing and verification were supported by AI, representing an automation rate of 94%. Based on our massive system development experiences, we build micro-services and components which serve as building blocks of our solutions, and can significantly shorten the system development cycle and improve operational efficiency through low-code visual development.

We continued to improve our underlying technological capabilities, which are recognized by various awards we won in top technology competitions. For instance, we ranked second in the finance field at the 2021 China Conference on Knowledge Graph and Semantic Computing. We also came in first for searching, second for information extraction, and third for case label prediction at the China AI and Law Challenge. We have developed a proprietary Beefeather (“蜂羽”) low-code AI platform for supply chain finance, and over 20 AI-based SaaS service modules, including intelligent access to China Securities Depository and Clearing (“智能中登”), intelligent financial reporting (“智能財報”), intelligent legal assistant (“智能司法”), and public opinion analysis (“輿情分析”). The China Academy of Information and Communication Technology certified our blockchain-based Bee Security Privacy-Preserving Computation Platform as a blockchain-assisted privacy computing product and a multi-party secure computing product. We also participated in setting three industry standards for privacy computing.

We expanded our cooperation with academic institutions in the application of research results into real-world supply chain finance scenarios. For example, in 2021, we established a joint research lab for computer vision and AI with the Chinese University of Hong Kong (Shenzhen) for talent training and research cooperation. We also initiated AI and privacy computing projects with Harbin Institute of Technology, Southern University of Science and Technology, Hong Kong Polytechnic University, and Beijing Jiaotong University.

We completed 5 security protection tests in 2021. By the end of 2021, we received 11 patents, including 8 for invention, and 127 copyright registrations. We have also filed 304 patent applications, among which 74 were filed in 2021.

International Expansion

We began our international expansion in 2019 after we launched the first blockchain-based technology solution in China designed to facilitate cross-border supply chain financing. By the end of 2021, we had cooperated with more than 29 anchor enterprises and 39 financial institutions in our cross-border business. The suppliers we worked with are located in 27 countries and regions.

GLL Bank (“綠聯銀行”), in which we have an equity stake of 20%, was one of the two financial institutions to receive the first batch of digital wholesale banking licenses issued by the Monetary Authority of Singapore. We assisted GLL Bank in building a digital cross-border trade system based on international architecture and low-code components, supporting multi-lingual and multi-modal system interactions. GLL Bank will launch in 2022.

In the second half of 2021, we announced a joint venture with Standard Chartered to launch Olea Global Pte. Ltd (“**Olea**”). Leveraging our leading supply chain finance technology capabilities and Standard Chartered’s rich experience in financial services as well as global resources of anchor enterprise clients, Olea will connect global financial institutions and institutional investors through building a leading international trade financing platform powered by blockchain. We have customized a full set of supply chain finance system solutions for Olea, which meet international standards in terms of security, technology, and system architecture. The solution set-up and technology infrastructure have been largely completed in 2021, laying the foundation for Olea to officially launch in 2022.

Business Outlook

Looking into 2022, despite the recurrences of COVID-19, uncertainties from global economic growth slowdown, continuing Sino-US trade friction, and rising geopolitical conflicts, we remain confident in China’s economic prosperity in the medium-to-long term. We are also optimistic about the opportunities presented by advanced technologies that drive the digital transformation of the financial industry. To stabilize the economy, the People’s Bank of China (“**PBOC**”) has made it clear on several occasions that it will adhere to a prudent monetary policy that is flexible and moderate, and guide financial institutions to increase their support for the real economy, especially for SMEs, technology innovation, and sustainable development. In addition, since late 2021, PBOC and the China Banking and Insurance Regulatory Commission have directed financial institutions to help resolve the debt risks of property developers through a market-based approach by maintaining a smooth and orderly supply of loans and meeting the reasonable financing needs of property developers. We expect proactive economic policies and a stable financial market environment in 2022.

At the beginning of 2022, the State Council unveiled the Digital Economy Development Plan during the 14th Five Year Plan (《“十四五”數字經濟發展規劃》), and for the first time mentioned that the value created by industries in the digital economy will account for 10% of GDP by 2025, which endorses China’s greater focus on the digital economy. We will continue to promote the innovation in digital supply chain finance, assist financial institutions in providing funding and inclusive finance services towards the weaker parts of the supply chain, empower the digital transformation of anchor enterprises, solve the financing problems of SMEs, and promote the synergies within enterprises in the entire supply chain ecosystem. We will seize opportunities for development amid the challenges to achieve sustainable high-quality growth.

We will continue to leverage and amplify the “flywheel effect” of customer acquisition, actively expand our customer base and accelerate the penetration of our products. We plan to increase our spending in marketing to acquire more high-quality customers and further increase market share. For existing customers, we will promote multi-product strategy and build broader-scale cooperation.

We will execute our “horizontal and vertical expansion” strategies, by horizontally expanding the supply chain scenarios across various industries, and vertically extending our finance technology applications. We will continue to deepen our product innovation and expand our multi-product capabilities to provide customers with comprehensive supply chain finance technology solutions. We aim to provide more secure and intelligent, lower-cost, more efficient, and convenient financing solutions for SME suppliers, and implement inclusive finance to support the real economy.

We will increase our investment in R&D to continuously strengthen our technology leadership and build a long-lasting competitive advantage. We will continue to apply core technologies of artificial intelligence, blockchain, cloud computing, big data, and privacy computing in supply chain finance innovation. We will further explore business scenarios, optimize business processes, realize automatic and intelligent supply chain processes, seek integration of technology and products, improve R&D efficiency and quality, and gradually achieve better economies of scale through growing our business.

We will also use digital technologies to support green finance. We will continue to promote the digital and paperless transformation of supply chain finance to reduce carbon emissions generated by our business operation, by our anchor enterprise and financial institution partners, and also by anchor enterprises’ supply chains. By broadening the applications of blockchain, big data, and other technologies, we will accumulate industry chain data, promote cooperation with financial institutions in carbon emission reduction, and develop more targeted financial technology products to help enterprises that are in low-carbon emissions or environmental protection industries. We will continue to integrate environmental, social, and corporate governance metrics into our product development and growth strategies.

We will accelerate our overseas expansion and actively explore innovative models for overseas supply chain finance. In late 2021, our subsidiary in Singapore was established to work with local banks and anchor enterprises in Singapore. Our Singapore office enables us to offer our proven cross-border cloud solutions to the entire Southeast Asia region. GLL Bank will open in 2022 and is committed to building a benchmark for digital banking industry in Singapore. The digital trade finance platform of Olea will start launching supply chain financing products internationally and actively seek international partners to promote digital trade finance services.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2021

	Year ended December 31,	
	2021	2020
	(audited)	
	<i>(RMB in thousands)</i>	
Revenue and income from principal activities	1,198,013	1,028,541
Cost of principal activities	<u>(270,763)</u>	<u>(398,163)</u>
Gross profit	927,250	630,378
Research and development expenses	(277,409)	(103,725)
Sales and marketing expenses	(136,252)	(86,208)
Administrative expenses	(220,149)	(110,006)
Impairment loss	(52,642)	(43,022)
Other net income	<u>77,208</u>	<u>32,956</u>
Profit from operation	318,006	320,373
Finance costs	(135,144)	(140,407)
Share of (loss)/profit of equity accounted investees	(12,148)	7,517
Fair value changes of financial liabilities measured at fair value through profit or loss	<u>(13,085,985)</u>	<u>(861,923)</u>
Loss before taxation	(12,915,271)	(674,440)
Income tax expense	<u>(75,402)</u>	<u>(41,042)</u>
Loss for the year	<u>(12,990,673)</u>	<u>(715,482)</u>
Attributable to:		
Equity shareholders of the Company	(12,991,790)	(717,056)
Non-controlling interests	<u>1,117</u>	<u>1,574</u>

Revenue and income from principal activities

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

	For the year ended December 31,			
	2021		2020	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Supply Chain Finance				
Technology Solutions				
Anchor Cloud	674,723	56.3	474,780	46.2
FI Cloud	463,922	38.7	446,043	43.4
Subtotal	1,138,645	95.0	920,823	89.5
Emerging Solutions				
Cross-border Cloud	26,963	2.3	25,351	2.5
SME Credit Tech Solutions	32,405	2.7	82,367	8.0
Subtotal	59,368	5.0	107,718	10.5
Total	1,198,013	100.0	1,028,541	100.0

Our total revenue and income increased by 16.5% from RMB1,028.5 million for the year ended December 31, 2020 to RMB1,198.0 million for the year ended December 31, 2021.

Our revenue and income from Anchor Cloud increased by 42.1% from RMB474.8 million for the year ended December 31, 2020 to RMB674.7 million for the year ended December 31, 2021, which was primarily attributable to the increase in the volume of supply chain assets processed by Multi-tier Transfer Cloud and the increase in revenue and income from new models such as system development and digital commercial bill based financing solution, offsetting by the decrease of revenue and income resulting from the decreased volume of supply chain assets processed by AMS Cloud.

Our revenue and income from FI cloud increased by 4.0% from RMB446.0 million for the year ended December 31, 2020 to RMB463.9 million for the year ended December 31, 2021, which was primarily attributable to the increase in the volume of supply chain assets processed by FI Cloud, offsetting by the lowered pricing and the changing structure of the products offered by FI Cloud.

Our revenue and income from Cross-border Cloud increased by 6.4% from RMB25.4 million for the year ended December 31, 2020 to RMB27.0 million for the year ended December 31, 2021, which was primarily driven by the increase in total volume of supply chain assets processed by Cross-border Cloud, offsetting by a decrease in interest income as we strategically reduced the volume of self-funded transactions.

Our revenue and income from SME Credit Tech Solutions decreased by 60.7% from RMB82.4 million for the year ended December 31, 2020 to RMB32.4 million for the year ended December 31, 2021, which was primarily because we have strategically reduced the amount of financing enabled by SME Credit Tech Solutions, especially the financing transactions which we have credit exposure to.

Cost of principal activities

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

	For the year ended December 31,			
	2021		2020	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Cost of principal activities				
Sales service fees	160,318	13.4	248,363	24.1
Professional service fees	63,858	5.3	64,177	6.2
Management service fees	20,238	1.7	37,254	3.6
Others	26,349	2.2	48,369	4.7
Total	270,763	22.6	398,163	38.7

Our cost of principal activities decreased by 32.0% from RMB398.2 million for the year ended December 31, 2020 to RMB270.8 million for the year ended December 31, 2021, which was primarily attributable to cost-savings from our optimized product structure.

Gross profit and gross profit margin

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

	For the year ended December 31,			
	2021		2020	
	Gross profit RMB	Gross profit margin %	Gross profit RMB	Gross profit margin %
	<i>(In thousands, except for percentages)</i>			
Gross profit and gross profit margin				
Supply Chain Finance Technology Solutions	871,455	76.5	547,046	59.4
Emerging Solutions	55,795	94.0	83,332	77.4
Total	927,250	77.4	630,378	61.3

The Group's gross profit increased by 47.1% from RMB630.4 million for the year ended December 31, 2020 to RMB927.3 million for the year ended December 31, 2021. The Group's gross profit margin increased from 61.3% for the year ended December 31, 2020 to 77.4% for the year ended December 31, 2021. This was primarily attributable to (i) our optimized product structure and increasing proportion of business with a higher gross profit margin; and (ii) our increasing economies of scale and cost-efficiency as our business continued to grow.

Research and development expenses

Our R&D expenses increased by 167.4% from RMB103.7 million for the year ended December 31, 2020 to RMB277.4 million for the year ended December 31, 2021, which was primarily attributable to an increase of salaries and other benefits associated with our R&D employees that are not capitalized resulting from our increased headcount, amortization of capitalized research and development expenses and share-based compensation in relation to share incentives granted to R&D employees. On a non-IFRS basis, our R&D expenses, excluding share-based compensation, increased by 95.7% year-over-year.

Sales and marketing expenses

Our sales and marketing expenses increased by 58.1% from RMB86.2 million for the year ended December 31, 2020 to RMB136.3 million for the year ended December 31, 2021, primarily due to an increase of promotion and marketing expenses, consisting primarily of expenses associated with business development and marketing activities, travelling expenses incurred by our sales and marketing employees, salaries and other benefits associated with our sales and marketing employees, and share-based compensation in relation to share incentives granted to sales and marketing employees. On a non-IFRS basis, our sales and marketing expenses, excluding share-based compensation, increased by 32.4% year-over-year.

Administrative expenses

Our administrative expenses increased by 100.1% from RMB110.0 million for the year ended December 31, 2020 to RMB220.1 million for the year ended December 31, 2021, which was primarily attributable to an increase of salaries and other benefits associated with our general and administrative employees, share-based compensation in relation to share incentives granted to general and administrative employees, and operation expenses consisting primarily of professional service expenses related to compliance, audit, recruitment and media publicity expenses. On a non-IFRS basis, our administrative expenses, excluding listing related expenses and share-based compensation, increased by 90.0% year-over-year.

Share-based compensation

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

	For the year ended December 31,			
	2021		2020	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Share-based compensation				
Included in R&D expenses	106,857	59.4	16,574	46.7
Included in sales and marketing expenses	26,525	14.7	3,339	9.4
Included in administrative expenses	46,499	25.9	15,558	43.9
Total	179,881	100.0	35,471	100.0

The Group's share-based compensation increased significantly by 407.1% from RMB35.5 million for the year ended December 31, 2020 to RMB179.9 million for the year ended December 31, 2021, which was primarily attributable to a significant increase in the fair value of the share incentives granted to employees with the approaching of, and after the completion of, the Global Offering.

Impairment loss

Our impairment loss, which consists primarily of the impairment on (i) financial assets at amortized cost; (ii) financial assets at fair value through other comprehensive income; (iii) trade and other receivables; and (iv) provisions for guarantee liabilities, increased by 22.4% from RMB43.0 million for the year ended December 31, 2020 to RMB52.6 million for the year ended December 31, 2021. We have taken prudent views in making impairment loss, considering the evolving macro economy environment and the worsened operating conditions of certain SMEs and anchor enterprise customers.

Other net income

Our other net income consists primarily of (i) foreign exchange gains; (ii) interest income from bank deposits; (iii) investment gains from financial investments at fair value through profit or loss related to the wealth management products we invested in; and (iv) government grants. The total amount of other net income increased from RMB33.0 million for the year ended December 31, 2020 to RMB77.2 million for the year ended December 31, 2021, which was primarily attributable to the foreign exchange gains resulting from exchanging the recognised assets or liabilities denominated in Hong Kong dollar into the functional currency of the entity which they related to and gains from the wealth management products we invested in.

Profit from operation

As a result of the foregoing, the Group's profit from operation decreased from RMB320.4 million for the year ended December 31, 2020 to RMB318.0 million for the year ended December 31, 2021.

Finance costs

Our finance costs decreased by 3.7% from RMB140.4 million for the year ended December 31, 2020 to RMB135.1 million for the year ended December 31, 2021, which was primarily attributable to the decrease of interest expenses related to related parties' borrowings as we have repaid the majority of related parties' borrowings in 2020.

Share of (loss)/profit of equity accounted investees

Our share of (loss)/profit of equity accounted investees arises from the changes of equity including profits and losses of associates and a joint-venture of which the investments are accounted for using equity method in proportion to our equity interests in. We had share of loss of RMB12.1 million for the year ended December 31, 2021 while we had share of profit of RMB7.5 million for the year ended December 31, 2020.

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

Our fair value changes of financial liabilities measured at fair value through profit or loss primarily arises from the change in the carrying amounts of (i) redeemable convertible preferred shares in connection with the investments from investors before the Listing Date; and (ii) the ordinary shares with preferential rights held by certain investors before the Listing Date. We recorded a significant loss on changes in fair value of financial liabilities measured at fair value through profit or loss of RMB13,086.0 million for the year ended December 31, 2021, primarily due to a significant increase in the fair value of financial liabilities measured at fair value through profit or loss in the year, taking reference to the offering price of the Class B Shares upon the Listing.

Income tax expense

We had an income tax expense of RMB75.4 million and RMB41.0 million for the year ended December 31, 2021 and 2020, respectively.

Loss for the year

As a result of the foregoing, the Group's loss for the year increased from RMB715.5 million for the year ended December 31, 2020 to RMB12,990.7 million for the year ended December 31, 2021.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted profit for the year, EBITDA and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate 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 these measures provide useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, adjusted profit for the year, EBITDA and adjusted EBITDA may not be comparable to similarly titled measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and investors should not consider them in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

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

The following table reconciles our adjusted profit for the years ended December 31, 2021 and 2020 and adjusted EBITDA presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which was loss for the year:

Reconciliation of loss to adjusted profit for the year:

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Loss for the year	(12,990,673)	(715,482)
<i>Add</i>		
Share-based compensation ⁽¹⁾	179,881	35,471
Changes in fair value of redeemable convertible preferred shares and ordinary shares with preferential rights ⁽²⁾	13,085,985	861,923
Listing related expenses ⁽³⁾	14,247	10,570
	<hr/>	<hr/>
Adjusted profit for the year (non-IFRS)	289,440	192,482
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of loss to EBITDA and adjusted EBITDA for the year:

	Year ended December 31,	
	2021	2020
	<i>(RMB in thousands)</i>	
Loss for the year	(12,990,673)	(715,482)
Add		
Finance costs	135,144	140,407
Income tax expense	75,402	41,042
Depreciation	31,897	19,114
Amortization	45,083	23,564
	<hr/>	<hr/>
Less		
Interest income from bank deposits	22,126	21,438
	<hr/>	<hr/>
EBITDA (non-IFRS)	(12,725,273)	(512,793)
Add		
Share-based compensation ⁽¹⁾	179,881	35,471
Changes in fair value of redeemable convertible preferred shares and ordinary shares with preferential rights ⁽²⁾	13,085,985	861,923
Listing relating expenses ⁽³⁾	14,247	10,570
	<hr/>	<hr/>
Adjusted EBITDA (non-IFRS)	554,840	395,171
	<hr/> <hr/>	<hr/> <hr/>

Notes:

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

Credit exposure

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

As of December 31, 2021, the outstanding balance of supply chain assets held on our balance sheet financed by our own capital was RMB3,325.8 million. The warehousing process generally is completed within a short timeframe in the event that the asset acquisition is financed by short-term bridge loans or our own capital, and therefore the balance of our supply chain assets held may fluctuate from day to day. Since the second half of 2021, as the economy growth was under pressure and the debt risks of property developers emerged, investors became more cautious when purchasing supply chain assets. As a result, the average period of warehousing processes increased. We have taken additional risk management measures to monitor and mitigate these risks relating to the supply chain assets held on our balance sheet, by carefully selecting the anchor enterprises, taking into account various criteria such as their credit ratings, industries, historical performance, shareholding structure and market rankings and recognitions.

We have strategically reduced the self-funded transactions in our Emerging Solutions. The outstanding amount of self-funded transactions under Cross-border Cloud was RMB17.6 million as of December 31, 2021, representing a decrease from RMB266.5 million as of December 31, 2020. The outstanding amount of self-funded transactions under SME Credit-tech Solutions was RMB260.6 million as of December 31, 2021, representing a decrease from RMB315.8 million as of December 31, 2020. Our total exposure to covered transactions as of December 31, 2021 was RMB980.0 million. Such exposure arises when we enter into various types of arrangements with financial institutions that protect them against losses on the financing they extend to SMEs. We use the M3+ overdue ratio to monitor the credit performance of self-funded and covered financing transactions. As of December 31, 2021, the M3+ overdue ratio of self-funded and covered financing transactions was 1.8%.

See also “Risk Factors – We are exposed to credit risks associated with certain offerings of our emerging Solutions”, “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 additional details.

Liquidity and source of funding

As at December 31, 2021, the Group had cash and cash equivalents RMB4,927.9 million, which represents a significant increase of RMB4,340.6 million from RMB587.3 million as at December 31, 2020. The increase was primarily attributable to the net proceeds received from the Global Offering of the Company.

Significant investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company’s total assets as at December 31, 2021) during the Reporting Year.

Material acquisitions and disposals

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

Borrowings

The carrying amount of borrowings of the Group as at December 31, 2021 were RMB1,190.3 million (as at December 31 2020: RMB2,710.0 million) which were interest-bearing at fixed rates ranging from 3.6% to 11.0% and denominated in RMB. The maturity profile of borrowing was within one year to more than five years.

As at December 31, 2021, the Group had unutilized banking facility amounting to RMB12,840.0 million.

Pledge of assets

As at December 31, 2021, except for cash at bank amounting to RMB510.1 million pledged for bank borrowings amounting to RMB460.5 million of the Group, the Group had no other pledged assets.

Subsequent events after the Reporting Year

On January 4, 2022, the Company repurchased a total of 424,500 Class B Shares for a consideration of approximately HK\$3.0 million (equivalent to approximately RMB2.4 million).

Except for the above, there were no other subsequent events after the end of Reporting Year and up to the date of this announcement.

Future plans for material investments or capital asset

As of December 31, 2021, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at December 31, 2021, the Group's gearing ratio (i.e. total liabilities divided by total equity, in percentage) was 21.5% (December 31, 2020: N/A, as our total equity was negative as of December 31, 2020).

Foreign exchange exposure

During the Reporting Year, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is also the functional currency of the Company's primary consolidated affiliated entities. As at December 31, 2021, except for the bank deposits and intra-group balances denominated in foreign currencies other than the functional currency of the entities which they related to, the Group did not have significant foreign currency exposure from its operations.

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

Contingent liabilities

The Group had no material contingent liabilities as at December 31, 2021 and 2020.

Capital commitment

As at December 31, 2021 and 2020, the Group had no material capital commitment.

Employees and remuneration policy

As at December 31, 2021, the Group had a total of 910 employees. The following table sets forth a breakdown of our employees by function as of December 31, 2021.

Division	Number of employees
Research and Development	595
Sales and Marketing	139
General Administration	176
Total	910

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.

IMPACT OF COVID-19

The pandemic of COVID-19 continued in 2022. Due to the fast spreading of the “omicron” variant, China experienced the worst COVID-19 outbreak, with over 30,000 cases recorded in this wave, in the first few months in 2022. To contend with the COVID-19 resurgences, the Chinese government took strict and thorough pandemic control and prevention measures, including prolonged mandatory quarantines, lockdown, closures of businesses and facilities, etc.

The COVID-19 pandemic presents challenges to our business and the effects of the pandemic could adversely affect our business, financial condition and results of operations. The production and operating activities of many of our anchor enterprise customers and partners have been impacted by the pandemic prevention measures. These reduced the usual supply chain transactions and the suppliers’ ability to obtain supply chain financing, which in turn, negatively impacted the demand for our solutions and limit our business opportunities. Our business maintained strong growth momentum in the beginning of 2022, with the total transaction volume processed by our technology solutions growing by over 50% in January 2022, compared to the same period in 2021, but slowed down since this wave of COVID-19 breakout in February 2022.

In addition, our business operations could be disrupted due to recurrence of the COVID-19 outbreak in China. Our headquarter office is in Shenzhen, where severe outbreak and strict pandemic control measures were imposed. In March, 2022, our headquarter office was closed multiple times in response to the pandemic control measures. Only less than half of our employees could work normally at the office, with a large number of the remaining employees were required to be quarantined.

We have been, and will continue, proactively mobilizing internal resources and taking measures to mitigate the impact of COVID-19. However, there remains uncertainties about the dynamic of the COVID-19 pandemic, and the full extent to which the COVID-19 pandemic will directly or indirectly impact our business.

CORPORATE GOVERNANCE

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

Compliance with the Code on Corporate Governance Practices

Since the Listing Date and up to December 31, 2021, we had complied with all the provisions of the Corporate Governance Code set forth in Appendix 14 to the Listing Rules, save for the following deviation.

Code provision A.2.1 of the Corporate Governance Code (which has been re-arranged as code provision C.2.1 since January 1, 2022) recommends, but does not require, that the roles of chairperson and chief executive should be separate and should not be performed by the same person. The Company deviates from this provision because Mr. Song Qun (“**Mr. Song**”) performs both the roles of the chairperson of the Board and the chief executive officer of the Company. Mr. Song is the co-founder of the Group and has extensive experience in the overall strategic planning, business direction and management of our Group. Our Board believes that vesting the roles of both the chairperson and the chief executive officer to Mr. Song has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning. This structure will enable our Company to make and implement decisions promptly and effectively.

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

Compliance with the Model Code

The Class B Shares were only listed on the Stock Exchange on April 9, 2021, since which time the Model Code has been applicable to the Company.

The Company has adopted the Model Code as the code of conduct regarding the Directors’ dealings in the securities of the Company. Specific enquiry has been made of all the Directors and the relevant employees and they have confirmed that they have complied with the Model Code since the Listing Date up to December 31, 2021.

Audit Committee

The audited consolidated results for the year ended December 31, 2021 have been reviewed by the audit committee of the Company which comprises three members, namely Mr. Tan Huay Lim (chairman), Mr. Gao Feng and Mr. Chen Wei, all being independent non-executive Directors. The audit committee has also reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Scope of Work of KPMG

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2021, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2021 as set out in this announcement have been compared by the Group's Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2021 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

OTHER INFORMATION

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

Pursuant to the written resolutions of the Shareholders passed on March 22, 2021, the Board was granted a general mandate (the "**Share Repurchase Mandate**") to repurchase Class B Shares of the Company not exceeding 10% of the total number of issued Shares immediately following the completion of the global offering (excluding any Shares issued pursuant to the exercise of the over-allotment option on May 7, 2021 and any Shares that are issuable upon conversion of the Class A ordinary shares of the Company on a one-to-one basis). During the Reporting Year, the Company exercised its powers under the Share Repurchase Mandate, which shall expire at the conclusion of the next annual general meeting of the Company, and repurchased a total of 31,579,000 Class B Shares on the Stock Exchange at an aggregate consideration of HK\$296,988,925. As at the date of this announcement, all the Shares repurchased in 2021 have been cancelled.

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

Trading Month	Number of Shares Repurchased	Highest Price Paid (HK\$)	Lowest Price Paid (HK\$)	Total Consideration Paid (HK\$)
July	11,681,000	13.12	10.32	139,282,840
August	884,500	10.9	10.34	9,441,030
September	7,519,000	11.08	7.7	70,220,085
October	1,797,500	9.99	7.46	15,297,410
November	6,819,000	9.11	5.96	46,096,835
December	2,878,000	6.68	5.33	16,650,725
Total	31,579,000			296,988,925

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

On March 29, 2022, the Board further resolved that the Company may utilize the Share Repurchase Mandate and, subject to market conditions, repurchase Class B Shares (the "**Proposed Share Repurchase**") in the open market from time to time from March 30, 2022. The Company will finance the Proposed Share Repurchase with its existing available cash reserves and free cash flow.

Material Litigation

The Group was not involved in any material litigation or arbitration during the Reporting Year. The Directors are not aware of any material litigation or claims that are pending or threatened against the Group since the Listing Date and up to December 31, 2021.

Dividend

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2021.

Closure of Register of Members

The Company's annual general meeting will be held on June 23, 2022. The register of members of the Company will be closed from June 20, 2022 to June 23, 2022, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on June 17, 2022.

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021

(Expressed in RMB'000)

	Note	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue and income from principal activities	3	1,198,013	1,028,541
Cost of principal activities		<u>(270,763)</u>	<u>(398,163)</u>
Gross profit		927,250	630,378
Research and development expenses		(277,409)	(103,725)
Sales and marketing expenses		(136,252)	(86,208)
Administrative expenses		(220,149)	(110,006)
Impairment loss	4(c)	(52,642)	(43,022)
Other net income		<u>77,208</u>	<u>32,956</u>
Profit from operation		318,006	320,373
Finance costs	4(a)	(135,144)	(140,407)
Share of (loss)/profit of equity accounted investees		(12,148)	7,517
Fair value changes of financial liabilities measured at fair value through profit or loss		<u>(13,085,985)</u>	<u>(861,923)</u>
Loss before taxation		(12,915,271)	(674,440)
Income tax expense	5	<u>(75,402)</u>	<u>(41,042)</u>
Loss for the year		<u>(12,990,673)</u>	<u>(715,482)</u>
Attributable to:			
Equity shareholders of the Company		(12,991,790)	(717,056)
Non-controlling interests		<u>1,117</u>	<u>1,574</u>
Loss for the year		<u>(12,990,673)</u>	<u>(715,482)</u>

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021 (continued)

(Expressed in RMB'000)

	Note	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		524	–
Exchange differences on translation of financial statements of operations outside the mainland China		<u>(171,227)</u>	<u>(53,035)</u>
Total comprehensive income for the year		<u>(13,161,376)</u>	<u>(768,517)</u>
Attributable to:			
Equity shareholders of the Company		(13,162,493)	(770,091)
Non-controlling interests		<u>1,117</u>	<u>1,574</u>
Total comprehensive income for the year		<u>(13,161,376)</u>	<u>(768,517)</u>
Basic/Diluted loss per share (RMB per share)	6	<u>(7.78)</u>	<u>(23.24)</u>

Consolidated statement of financial position at December 31, 2021

(Expressed in RMB'000)

	Note	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Non-current assets			
Property, plant and equipment		28,143	18,525
Right-of-use assets		64,273	49,528
Intangible assets		198,088	106,234
Equity accounted investees		230,145	109,299
Financial assets at fair value through profit or loss	9	2,000	2,000
Prepayments, other receivables and other assets	12	6,484	37,374
Deferred tax assets		59,495	60,831
Total non-current assets		<u>588,628</u>	<u>383,791</u>
Current assets			
Financial assets at fair value through other comprehensive income	8	1,904,307	–
Financial assets at fair value through profit or loss	9	2,218,815	1,143,444
Trade receivables	10	254,075	225,175
Financial assets at amortised cost	11	479,790	658,490
Prepayments, other receivables and other assets	12	767,295	2,744,185
Restricted cash		667,470	394,381
Cash and cash equivalents		4,927,885	587,337
Total current assets		<u>11,219,637</u>	<u>5,753,012</u>
Current liabilities			
Trade payables	13	78,110	136,705
Contract liabilities		7,251	707
Borrowings	14	1,177,078	2,696,879
Income tax payables		60,058	33,866
Lease liabilities		18,476	10,915
Other payables, accruals and other liabilities	15	681,390	887,686
Provisions		2,233	1,128
Financial liabilities measured at fair value through profit or loss	16	–	5,640,727
Total current liabilities		<u>2,024,596</u>	<u>9,408,613</u>
Net current assets/(liabilities)		<u>9,195,041</u>	<u>(3,655,601)</u>
Total assets less current liabilities		<u>9,783,669</u>	<u>(3,271,810)</u>

Consolidated statement of financial position at December 31, 2021 (continued)

(Expressed in RMB'000)

	Note	As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
Non-current liabilities			
Borrowings	14	13,214	13,158
Lease liabilities		48,063	38,071
Other payables, accruals and other liabilities	15	285	450
		<u>61,562</u>	<u>51,679</u>
Total non-current liabilities		61,562	51,679
Net assets/(liabilities)		9,722,107	(3,323,489)
Equity			
Share capital	17	126	30
Reserves		9,714,452	(3,329,931)
		<u>9,714,578</u>	<u>(3,329,901)</u>
Total equity/(deficits) attributable to equity shareholders of the Company		9,714,578	(3,329,901)
Non-controlling interest		7,529	6,412
		<u>7,529</u>	<u>6,412</u>
Total equity/(deficits)		9,722,107	(3,323,489)
		<u>9,722,107</u>	<u>(3,323,489)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1. BASIS OF PREPARATION AND GENERAL INFORMATION

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

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

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

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

2. CHANGE IN ACCOUNTING POLICIES

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

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended December 31, 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

(a) Revenue and income

The principal activities of the Group are providing supply chain finance technology solutions and innovative data-driven emerging solutions.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue and income from		
Supply Chain Finance Technology Solutions		
– Anchor Cloud	674,723	474,780
– FI Cloud	463,922	446,043
	<u>1,138,645</u>	<u>920,823</u>
Emerging Solutions		
– Cross-border Cloud	26,963	25,351
– SME Credit Tech Solutions	32,405	82,367
	<u>59,368</u>	<u>107,718</u>
	<u><u>1,198,013</u></u>	<u><u>1,028,541</u></u>

Recognition of timing

Out of the Group's revenue from contracts with customers, RMB62,783,000 and RMB75,077,000 were recognised over time during the year ended December 31, 2021 and 2020, respectively.

Remaining performance obligation

The Group has elected the practical expedient not to disclose the information about remaining performance obligations which are part of contracts that have an original expected duration of one year or less and do not disclose the value of remaining performance obligations for contracts in which the Group recognises revenue at the amount to which the Group has the right to invoice.

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
A	*	131,814

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

(b) Segment reporting

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

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

Anchor Cloud

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

FI Cloud

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

Cross-border Cloud

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

SME Credit Tech Solutions

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

(c) Segment results

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

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

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

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

	Supply Chain Finance Technology Solutions			Emerging Solutions			Total RMB'000
	Anchor Cloud RMB'000	FI Cloud RMB'000	Subtotal RMB'000	Cross- border Cloud RMB'000	SME Credit Tech Solutions RMB'000	Subtotal RMB'000	
For the year ended December 31, 2021							
Revenue and income	674,723	463,922	1,138,645	26,963	32,405	59,368	1,198,013
Costs	(174,037)	(93,153)	(267,190)	(2,341)	(1,232)	(3,573)	(270,763)
Gross profit	<u>500,686</u>	<u>370,769</u>	<u>871,455</u>	<u>24,622</u>	<u>31,173</u>	<u>55,795</u>	<u>927,250</u>
For the year ended December 31, 2020							
Revenue and income	474,780	446,043	920,823	25,351	82,367	107,718	1,028,541
Costs	(212,464)	(161,313)	(373,777)	(5,739)	(18,647)	(24,386)	(398,163)
Gross profit	<u>262,316</u>	<u>284,730</u>	<u>547,046</u>	<u>19,612</u>	<u>63,720</u>	<u>83,332</u>	<u>630,378</u>

(d) Geographic information

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

The Group's operating assets are mainly situated in the mainland China. For information of major operating assets situated in countries and regions other than mainland China, refer to Note 8, 9(ii), 9(iv) and 11.

4. LOSS BEFORE TAXATION

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

(a) Finance costs

	2021 RMB'000	2020 RMB'000
Interest expenses on		
– bank and other financial institution borrowings	131,828	127,709
– related parties' borrowings	56	11,751
– lease liabilities	3,260	947
	<u>135,144</u>	<u>140,407</u>

(b) Staff costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Salaries, wages and other benefits	222,930	161,224
Contributions to defined contribution scheme (<i>Note</i>)	21,321	1,150
Share-based compensation	179,881	35,471
	<u>424,132</u>	<u>197,845</u>
Included in:		
– Research and development expenses	210,068	68,929
– Sales and marketing expenses	93,848	64,727
– Administrative expenses	120,216	64,189

Staff costs of RMB122,941,000 and RMB59,238,000 were capitalised in intangible assets for the years ended December 31, 2021 and 2020 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.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

Due to the impact of an outbreak of novel coronavirus ("COVID-19"), a number of policies including the relief of social insurance have been promulgated by the government from February 2020 to December 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution scheme for the year ended December 31, 2020.

(c) **Other items**

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation charges		
– amortisation of intangible assets	45,083	23,564
– depreciation of right-of-use assets	21,297	13,151
– depreciation of property, plant and equipment	10,600	5,963
	<u>76,980</u>	<u>42,678</u>
Impairment loss		
– trade and other receivables	(138)	1,316
– financial assets at amortised cost	41,559	40,578
– financial assets at fair value through other comprehensive income	10,116	–
– provision for guarantee liabilities	1,105	1,128
	<u>52,642</u>	<u>43,022</u>
Professional service fees	<u>29,345</u>	<u>17,186</u>
Auditors' remuneration		
– audit services	3,142	–
– other services	1,409	727
	<u>4,551</u>	<u>727</u>
Listing related expenses	<u>14,247</u>	<u>10,570</u>

5. INCOME TAX EXPENSE

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

Since April 1, 2018, the legal entities operating in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to 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.

In the annual profit tax return of 2020, the Group had chosen one of its subsidiaries to apply such progressive tax rate. Except for this, other subsidiaries of the Group operating in Hong Kong are subject to profit tax rate at a rate of 16.5% on assessable profits.

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

- (i) One of the subsidiaries of the Group was recognised as high and new technology enterprises in the year ended December 31, 2019 and, accordingly, was entitled to a preferential income tax rate of 15% for the years ended December 31, 2021 and 2020.
- (ii) Two of the subsidiaries of the Group were recognised as supply chain finance solution companies operating in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in the year ended December 31, 2021 and, accordingly, were entitled to a preferential income tax rate of 15% for the year ended December 31, 2021.
- (iii) One of the subsidiaries of the Group was recognised as small low-profit enterprise since 2019 and, accordingly, was entitled to a tax relief policy. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

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

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC corporate income tax	73,856	52,779
Hong Kong profits tax	35	1,187
	73,891	53,966
Deferred tax-PRC corporate income tax		
Origination and reversal of temporary differences	(10,167)	(12,924)
Effect of deferred tax balances at January 1 resulting from a change in tax rate	11,678	–
	1,511	(12,924)
Total	75,402	41,042

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

	For the year ended December 31, 2021 RMB'000	For the year ended December 31, 2020 RMB'000
Loss before taxation	(12,915,271)	(674,440)
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned	32,768	40,270
Tax effects of:		
– Tax losses for which no deferred tax asset was recognised	4,470	3,464
– Effect of preferential tax rates	13,562	(589)
– Utilisation of previously unrecognised tax losses	(2,571)	(853)
– Income not subject to tax	(1,333)	(5,705)
– Expenses not deductible for income tax purposes	34,619	9,355
– Super-deduction for research and development expenses	(6,113)	(4,900)
Actual income tax expense	75,402	41,042

6. BASIC AND DILUTED LOSS PER SHARE

On March 22, 2021, pursuant to the shareholders' resolution, the existing issued and unissued share of US\$0.0001 each in the share capital of the Company were subdivided into 12 shares of US\$0.00000833 each ("**Share Subdivision**"). Following the Share Subdivision, the weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the years ended December 31, 2021 and 2020 have been retrospectively adjusted.

For the purpose of calculating loss per share, the number of shares used in the calculation excludes treasury shares and ordinary shares which are subject to preferential rights, and has been retroactively adjusted to reflect the outstanding ordinary shares issued to the equity shareholders of the Company.

Basic loss per share is calculated by dividing the net loss attributable to equity shareholders of the Company for the year by the retrospectively adjusted weighted average number of ordinary shares issued to the equity shareholders of the Company at the end of the year.

	2021	2020
Net loss attributable to equity shareholders of the Company (RMB'000)	(12,991,790)	(717,056)
Retrospectively adjusted weighted average number of ordinary shares issued to equity shareholders of the Company	1,669,048,931	30,851,300
Basic loss per share attributable to equity shareholders of the Company (in RMB per share)	<u>(7.78)</u>	<u>(23.24)</u>

Diluted loss per share is calculated by adjusting the retrospectively adjusted weighted average number of ordinary shares issued to the equity shareholders of the Company used in calculating basic loss per share to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2021 and 2020, 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 each year were the same as basic loss per share.

7. DIVIDENDS

No dividends have been paid or declared by the Company for the years ended December 31, 2021 and 2020.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income of the Group are supply chain assets 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.

Movements of the financial assets at fair value through other comprehensive income were as follows:

	2021	2020
	RMB'000	RMB'000
At the beginning of the year	–	–
Increase	1,913,724	–
Changes in fair value	699	–
Impairment allowance	<u>(10,116)</u>	<u>–</u>
At the end of the year	<u>1,904,307</u>	<u>–</u>

Regarding the impairment allowance for the year ended 2021, RMB185,000 was charged for the financial assets in Stage 1 and RMB9,931,000 was charged for the financial assets in Stage 2.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Unlisted equity investments	(i)	<u>2,000</u>	<u>2,000</u>
Current			
Supply chain assets held for sale	(ii)	1,826,327	1,009,223
Asset-backed securities	(iii)	291,385	68,226
Others	(iv)	<u>101,103</u>	<u>65,995</u>
		<u>2,218,815</u>	<u>1,143,444</u>

(i) The unlisted equity investments represented the Group's interests in a supply chain finance service company.

(ii) The balance as at December 31, 2021 comprised (1) the supply chain assets held for sale in the FI Cloud of RMB1,780,402,000 (December 31, 2020: RMB920,541,000); and (2) the supply chain assets held for sale in the Cross-border Cloud of USD7,203,000 (equivalent to approximately RMB45,925,000) (December 31, 2020: USD13,580,000, equivalent to approximately RMB88,682,000).

(iii) The balance as at December 31, 2021 comprised (1) senior tranches of asset-back securities of RMB218,965,000 (December 31, 2020: Nil); (2) junior tranches of asset-back securities of RMB72,420,000 (December 31, 2020: RMB68,226,000).

(iv) The balance as at December 31, 2021 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset Management Limited, which amounted to USD15,810,000 (equivalent to approximately RMB100,800,000) (December 31, 2020: USD10,000,000, equivalent to approximately RMB65,995,000).

10. TRADE RECEIVABLES

	As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
Service fee receivables	255,025	225,994
Impairment allowance	<u>(950)</u>	<u>(819)</u>
	<u>254,075</u>	<u>225,175</u>

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

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Within 3 months (inclusive)	110,092	48,488
3 months to 6 months (inclusive)	45,526	75,073
6 months to 1 year (inclusive)	87,388	99,802
Over 1 year	12,019	2,631
Impairment allowance	(950)	(819)
	<u>254,075</u>	<u>225,175</u>
Trade receivables, net	<u>254,075</u>	<u>225,175</u>

11. FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature:

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Gross amount of financial assets at amortised cost		
Assets held by the consolidated trusts (<i>Note</i>)	–	37,622
	-----	-----
Supply Chain assets from		
– Anchor Cloud	216,351	–
– Cross-border Cloud	17,677	316,247
– SME Credit Tech Solutions	274,531	322,793
	<u>508,559</u>	<u>639,040</u>
	-----	-----
Gross amount of financial assets at amortised cost	<u>508,559</u>	676,662
	-----	-----
Impairment allowance		
Assets held by the consolidated trusts	–	(774)
	-----	-----
Supply Chain assets from		
– Anchor Cloud	(26)	–
– Cross-border Cloud	(75)	(2,003)
– SME Credit Tech Solutions	(28,668)	(15,395)
	<u>(28,769)</u>	<u>(17,398)</u>
	-----	-----
Impairment allowance	<u>(28,769)</u>	(18,172)
	-----	-----
Carrying amount of financial assets at amortised cost	<u>479,790</u>	<u>658,490</u>
	-----	-----

Note: As at December 31, 2021, all receivables held by the consolidated trusts have been paid off as the trusts liquidated upon expiration during the year.

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

	As at December 31, 2021			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	
Assets held by the consolidated trusts				
Gross amount	-	-	-	-
Impairment allowance	-	-	-	-
Carrying amount	-	-	-	-
Supply Chain assets				
Gross amount				
– Anchor Cloud	216,351	-	-	216,351
– Cross-border Cloud	17,677	-	-	17,677
– SME Credit Tech Solutions	237,941	9,316	27,274	274,531
Impairment allowance				
– Anchor Cloud	(26)	-	-	(26)
– Cross-border Cloud	(75)	-	-	(75)
– SME Credit Tech Solutions	(3,657)	(4,555)	(20,456)	(28,668)
Carrying amount	468,211	4,761	6,818	479,790
Total	468,211	4,761	6,818	479,790

	As at December 31, 2020			
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets held by the consolidated trusts				
Gross amount	36,550	465	607	37,622
Impairment allowance	<u>(220)</u>	<u>(99)</u>	<u>(455)</u>	<u>(774)</u>
Carrying amount	<u>36,330</u>	<u>366</u>	<u>152</u>	<u>36,848</u>
Supply Chain assets				
Gross amount				
– Cross-border Cloud	316,247	–	–	316,247
– SME Credit Tech Solutions	307,894	4,827	10,072	322,793
Impairment allowance				
– Cross-border Cloud	(2,003)	–	–	(2,003)
– SME Credit Tech Solutions	<u>(5,114)</u>	<u>(2,727)</u>	<u>(7,554)</u>	<u>(15,395)</u>
Carrying amount	<u>617,024</u>	<u>2,100</u>	<u>2,518</u>	<u>621,642</u>
Total	<u>653,354</u>	<u>2,466</u>	<u>2,670</u>	<u>658,490</u>

(c) Summarised by overdue days:

	As at December 31, 2021			
	Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Overdue by 1 year to 2 years (inclusive) RMB'000	Total RMB'000
Assets held by the consolidated trusts	-	-	-	-
Supply Chain assets				
– SME Credit Tech Solutions	<u>11,921</u>	<u>23,395</u>	<u>3,879</u>	<u>39,195</u>
Total	<u><u>11,921</u></u>	<u><u>23,395</u></u>	<u><u>3,879</u></u>	<u><u>39,195</u></u>

	As at December 31, 2020		
	Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Total RMB'000
Assets held by the consolidated trusts	951	607	1,558
Supply Chain assets			
– SME Credit Tech Solutions	<u>10,124</u>	<u>10,072</u>	<u>20,196</u>
Total	<u><u>11,075</u></u>	<u><u>10,679</u></u>	<u><u>21,754</u></u>

(d) The movements of loss allowance of financial assets at amortised cost are as follows:

	2021			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at January 1	7,337	2,826	8,009	18,172
Transfer				
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	(977)	(292)	1,269	-
Charge for the year	(2,568)	2,021	41,244	40,697
Recoveries of amounts previously written off	-	-	862	862
Exchange differences	(34)	-	-	(34)
Write-offs	-	-	(30,928)	(30,928)
As at December 31	<u>3,758</u>	<u>4,555</u>	<u>20,456</u>	<u>28,769</u>
	2020			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at January 1	7,259	2,330	6,242	15,831
Transfer				
Transfer to lifetime ECL not credit-impaired	(16)	16	-	-
Transfer to lifetime ECL credit-impaired	(503)	(2,321)	2,824	-
Charge for the year	612	2,801	37,165	40,578
Recoveries of amounts previously written off	-	-	87	87
Exchange differences	(15)	-	-	(15)
Write-offs	-	-	(38,309)	(38,309)
As at December 31	<u>7,337</u>	<u>2,826</u>	<u>8,009</u>	<u>18,172</u>

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Loan to a non-controlling shareholder of an associate	(i)	–	30,000
Long-term deferred expenses		<u>6,484</u>	<u>7,374</u>
Total		<u>6,484</u>	<u>37,374</u>
Current			
Deposits associated with FI Cloud and SME Credit Tech Solutions		4,000	10,550
Receivables from anchor enterprises	(ii)	582,341	2,592,124
Continuing involvement in transferred supply chain assets	15	39,000	28,000
Prepaid expenses for supply chain financing		26,103	60,613
Loan to a non-controlling shareholder of an associate	(i)	30,000	–
Input value-added-tax (“VAT”) to be certified		27,876	28,676
Prepaid software and service expense		6,783	1,223
Others		51,573	23,649
Impairment allowance		<u>(381)</u>	<u>(650)</u>
Total		<u>767,295</u>	<u>2,744,185</u>

(i) On May 24, 2019, a subsidiary of the Company granted a loan amounting to RMB30,000,000 to Hong Kong Han Tou Jin Chuang Investment Management Limited (“**Han Tou**”), one of the non-controlling shareholders of an associate of the Company. The loan will mature in three years with annual interest rate of 2%, and was pledged by 5.882% of the associate’s shares held by Han Tou. As at December 31 2021, the loan will mature within one year and reclassified as current asset accordingly.

(ii) 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.

13. TRADE PAYABLES

	As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
Expenses payable for issuance of assets-backed securities	76,966	134,552
Others	<u>1,144</u>	<u>2,153</u>
	<u>78,110</u>	<u>136,705</u>

As at December 31, 2021 and 2020, the carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

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

	As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
Within 3 months (inclusive)	50,965	40,692
Over 3 months	<u>27,145</u>	<u>96,013</u>
	<u>78,110</u>	<u>136,705</u>

14. BORROWINGS

	<i>Note</i>	As at December 31, 2021		As at December 31, 2020	
		<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>
Non-Current					
Related parties borrowings					
– Unsecured and unguaranteed		5.6%	<u>13,214</u>	11.0%	<u>13,158</u>
Current					
Bank and other financial institution borrowings					
– Unsecured and unguaranteed		4.0%-4.95%	716,618	6.0%-11.0%	2,447,208
– Pledged and unguaranteed	(i)	3.6%	<u>460,460</u>	3.3%-3.7%	<u>249,671</u>
			<u>1,177,078</u>		<u>2,696,879</u>

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

	As at December 31, 2021 RMB'000	As at December 31, 2020 RMB'000
Within 1 year and included in current liabilities	1,177,078	2,696,879
After 1 year and included in non-current liabilities		
– After 1 year but within 2 years	–	–
– After 2 years but within 5 years	–	–
– More than 5 years	<u>13,214</u>	<u>13,158</u>
	<u>1,190,292</u>	<u>2,710,037</u>

- (i) As at December 31, 2021, the pledged and unguaranteed borrowing of the Group were pledged by bank deposits of RMB510,056,000 (December 31 2020: RMB223,364,000).

15. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
	<i>Note</i>		
Non-current			
Deferred income from government grant		285	450
Current			
Payable to anchor enterprises	(i)	506,726	691,774
Payable to trust investors		–	50,606
Continuing involvement in transferred supply chain assets	12	39,000	28,000
Accrued payroll and other benefits		62,641	47,421
Accrued listing related expenses		12,264	13,656
Tax and levies		18,655	1,515
Others		42,104	54,714
		681,390	887,686

- (i) Payable to anchor enterprises relates to the securitization 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.

16. FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The movements of carrying amounts of convertible redeemable preferred shares and the ordinary shares with preferential rights are set out as below:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At the beginning of the year	5,640,727	4,778,804
Fair value changes	13,085,985	861,923
Conversion into ordinary shares	<u>(18,726,712)</u>	<u>–</u>
At the end of the year	<u>–</u>	<u>5,640,727</u>

On April 9, 2021 (“the Listing Date”), the Company has successfully listed on the Main Board of Hong Kong Stock Exchange and made an offering of 452,878,500 shares of class B ordinary shares (excluding class B ordinary shares issued pursuant to the exercise of the over-allotment option) at a price of HK\$17.58 per share (“Global Offering” or “IPO”). The Company used this offering price to determine the fair value of the convertible redeemable preferred shares and the ordinary shares with preferential rights as of April 9, 2021 accordingly. All convertible redeemable preferred shares and the ordinary shares with preferential rights were converted into class B ordinary shares upon completion of the initial public offering on the Listing Date.

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

The balance of the convertible redeemable preferred shares and the ordinary shares with preferential rights were transferred to share capital and capital reserve of the Company on the Listing Date.

17. SHARE CAPITAL

	As at December 31, 2021 <i>RMB'000</i>	As at December 31, 2020 <i>RMB'000</i>
Ordinary shares	<u>126</u>	<u>30</u>

Prior to the completion of the Global Offering on April 9, 2021, authorised share capital of the Company with a par value of US\$0.0001 each (whether issued or unissued) was subdivided into 12 shares of the corresponding class with a par value of US\$0.00000833 each. As a consequence, the issued share capital of the Company was US\$15,095.9579 divided into 273,171,564 Class A Shares with a par value of US\$0.00000833 each and 1,538,343,384 Class B Shares with a par value of US\$0.00000833 each.

Upon completion of the IPO, the Company issued 520,810,000 new shares pursuant to the Global Offering and full exercise of the over-allotment option, at par value of US\$0.00000833 each for offering price of HK\$17.58 each.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.linklogis.com). The annual report for the year ended December 31, 2021 will be dispatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Linklogis Inc.
Song Qun
Chairman

Hong Kong, March 29, 2022

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

DEFINITIONS

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

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class A Share(s)”	class A ordinary share(s) in the share capital of our Company with a par value of 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 specified reserved matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of our Company with a par value of 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
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of our Company
“Global Offering”	the public offering of the Company’s Class B Shares as defined and described in the Prospectus
“Group”, “we” or “us”	the Company, its subsidiaries, and the consolidated affiliated entities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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

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