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**Linklogis Inc.**  
**聯易融科技集團**

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

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

The Board of Directors is pleased to announce the unaudited interim results of the Group for the six months ended June 30, 2022 (the “**Reporting Period**”), together with the comparative figures for the corresponding period in 2021. These interim results have been reviewed by the Company’s audit committee.

**KEY FINANCIAL HIGHLIGHTS**

	<b>Six months ended June 30,</b>		<b>Change (%)</b>
	<b>2022</b>	<b>2021</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<i>(RMB in thousands, except percentages)</i>		
Revenue and income from principal activities	<b>510,468</b>	526,572	(3.1)
Supply Chain Finance Technology Solutions	<b>481,107</b>	493,554	(2.5)
Emerging Solutions	<b>29,361</b>	33,018	(11.1)
Gross profit	<b>424,033</b>	406,884	4.2
Gross margin (%)	<b>83.1</b>	77.3	5.8 <sup>(1)</sup>
Profit/(loss) for the period attributable to equity shareholders of the Company	<b>43,046</b>	(13,033,313)	(100.3)
<i>Non-IFRS measures</i>			
Adjusted profit for the period (non-IFRS)	<b>127,951</b>	152,279	(16.0)
Adjusted profit margin (non-IFRS) (%)	<b>25.1</b>	28.9	(3.8) <sup>(1)</sup>

*Note:*

(1) Percentage points

## KEY BUSINESS HIGHLIGHTS

	For the six months ended June 30, 2022	For the year ended December 31, 2021	Change (%)
<b>Total number of partners</b> <sup>(1)</sup>			
Anchor enterprise	<b>880</b>	679	30
Financial institution	<b>308</b>	291	6
<b>Supply Chain Finance Technology Solutions</b>			
Number of anchor enterprise customers	<b>285</b>	218	31
Number of financial institution customers	<b>141</b>	132	7
Customer retention rate (%) <sup>(2)</sup>	<b>95</b>	97	(2) <sup>(3)</sup>

### Notes:

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

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

	For the six months ended		Change (%)
	June 30,	2021	
	2022		
	(RMB in million)		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	34,848.4	33,433.6	4.2
Multi-tier Transfer Cloud	26,649.1	17,208.7	54.9
Subtotal (Anchor Cloud):	61,497.5	50,642.3	21.4
(b) FI Cloud			
ABS Cloud	16,442.8	18,372.9	(10.5)
eChain Cloud	32,783.8	28,933.8	13.3
Subtotal (FI Cloud):	49,226.6	47,306.7	4.1
Total (Supply Chain Finance Technology Solutions):	110,724.1	97,949.0	13.0
Emerging Solutions			
Cross-border Cloud	4,648.7	2,907.1	59.9
SME Credit Tech Solutions	525.5	967.6	(45.7)
Total (Emerging Solutions):	5,174.2	3,874.7	33.5
TOTAL:	115,898.3	101,823.7	13.8

## **BUSINESS REVIEW AND OUTLOOK**

### **2022 Interim Results Summary**

In the first half of 2022, with the resurgence of COVID-19 in China influenced business and consumer demand, combined with the international environment's uncertainties, China's economic growth was under pressure. Repeated epidemic outbreaks in major cities in China caused regional supply chain disruptions, which subsequently affected supply chain financing activities. Despite the challenging macro environment, we continued to focus on executing our multi-product and customer industry diversification strategies, and achieved solid growth in the number of customers and the volume of transaction processed. Meanwhile, we took the initiatives to optimize our organizational structure and improve operating efficiency in order to better focus on our key strategic areas and control operating expenses, and these initiatives have already yielded initial results. As a result, the Group maintained solid profitability despite the complex and volatile market environment during the first half of 2022.

In the first half of 2022, the total transaction volume processed by our technology solutions reached RMB115.9 billion, up 13.8% year-over-year compared with RMB101.8 billion in the first half of 2021. Our revenue and income from principal activities reached RMB510.5 million, down 3.1% year-over-year compared with RMB526.6 million in the first half of 2021. Our gross profit reached RMB424.0 million, an increase of 4.2% from RMB406.9 million in the first half of 2021. Benefiting from our multi-product strategy and optimization of product structure, our gross profit margin continued to improve, increasing from 61.3% in 2020 to 77.4% in 2021 and further increasing to 83.1% in the first half of 2022. Our adjusted profit was RMB128.0 million in the first half of 2022 and adjusted profit margin reached 25.1%.

In the first half of 2022, the number of anchor enterprise customers for our Supply Chain Finance Technology Solutions was 285, an increase of 31% compared with 2021, and the number of financial institution customers was 141, an increase of 7% compared with 2021. In the first half of 2022, 62% of new customers were referred by our existing customers or partners. We maintained a high customer retention rate of 95% in the first half of 2022.

## Business Review

In April 2022, the Central Committee of the Communist Party of China and the State Council jointly issued The Opinions on Accelerating Building a Unified Domestic Market, reassuring the development of supply chain finance by providing financial products directly to the operating entities in economic circulation, the promotion of sci-tech innovation and industrial upgrade, and the cultivation of a number of digital platforms and supply chain enterprises with global influence. With the deep integration of financial technology and supply chain digitization, supply chain finance technology has helped to build a systematic mechanism to alleviate the financing difficulties and high financing costs faced by SMEs, empower the digital transformation of financial institutions, and sustain the healthy development of the industrial ecosystem. Supply chain finance has also received strong support from the government and regulatory authorities, becoming a key driver for the regional development of industrial and specialty finance. The supply chain finance technology industry is ushering in huge market opportunities.

We are a leading technology solution provider for supply chain finance in China. According to the *2022 China Supply Chain Finance Technology Industry Report* by China Insights Consultancy, we remained the largest third-party supply chain finance technology solution provider in China in 2021, with a market share of 21.5%. We are committed to redefining and transforming supply chain finance through technology and innovation to become a world-leading supply chain finance technology solution provider.

In the first half of 2022, the macro economy was impacted by a new wave of COVID-19 epidemic outbreaks in China. Nevertheless, we focused on our core strategies and continued to optimize our market presence and product portfolios in the first half of 2022, achieving promising results in terms of customer acquisition and expansion into new industries. As a result, we recorded a solid growth of 13.8% in the total transaction volume processed by our technology solutions.

Facing uncertainties in the macro economy environment, we believe the supply chain finance technology will continue to play a positive role in “stabilizing the economy, promoting industry development, and relieving SMEs”. Meanwhile, the application of advanced technologies such as AI, blockchain, big data, and privacy computing will continue to drive the supply chain finance industry to address a wider range of business scenarios with more diversified products, promoting overall cost reduction and efficiency gains in the industry chain and the sustainable development of the industry-financing combination.

### ***Supply Chain Finance Technology Solutions***

Our Supply Chain Finance Technology Solutions are cloud-native technology solutions that digitalize the supply chain payment and financing process centered on anchor enterprises' credit profiles. In the first half of 2022, the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions was RMB110.7 billion, up 13.0% year-over-year from RMB97.9 billion in the first half of 2021. We served 880 anchor enterprises during the period, including 43 of the Top 100 Companies in China.

### ***Anchor Cloud***

In the first half of 2022, the total volume of supply chain assets processed by our Anchor Cloud reached RMB61.5 billion, up 21.4% year-over-year. The State-owned Assets Supervision and Administration Commission of the State Council issued several documents at the end of last year and in the first half of this year requiring central state-owned enterprises to build their own supply chain finance technology platforms based on the principle of “openness and sharing”. By actively seizing opportunities in the industry and taking advantage of policy support, we have increased our market presence and expanded our sales coverage. Leveraging our brand reputation and wealth of experience established through years of deep engagement in the supply chain finance technology sector, we successfully acquired new large and high quality anchor enterprise clients such as China Mobile, China General Nuclear Power Corporation, Yihai Kerry, China Electronics Corporation and China Railway Construction. In the first half of 2022, we acquired 81 new anchor enterprise customers, with the number of customers reaching 285, a 31% year-over-year increase from 218 in 2021. We actively promoted the multi-product strategy, using AMS Cloud and Multi-tier Transfer Cloud to meet customers' diverse needs and help anchor enterprises drive overall cost reduction and efficiency improvement in the industry chain.

In the AMS Cloud segment, the total volume of supply chain assets we processed in the first half of 2022 was RMB34.8 billion, up 4.2% year-over-year. Our Enterprise Central Control Platform (企業數字中台), which was initiated in 2021, has made solid progress. As of June 30, 2022, we have launched cooperation projects with 8 anchor enterprises on this platform, and the cumulative volume of assets involved in these projects in the first half of 2022 exceeded RMB9.5 billion. Through direct connection between the Enterprise Central Control Platform and the internal finance and ERP systems of our customers', we achieve automatic asset data collection and efficient contract verification. Our solution integrates multiple financing channels, enabling anchor enterprises to achieve central management and visualized analysis, further enhancing customer experience and stickiness.

In the Multi-tier Transfer Cloud segment, the total volume of supply chain assets we processed in the first half of 2022 was RMB26.6 billion, up 54.9% year-over-year. In the first half of 2022, we had 210 anchor enterprise customers in this segment, including 77 new customers acquired during the period. The total asset volume continued to grow rapidly for several reasons. First, the number of customers increased as we continued to expand our industry coverage. For example, we successfully expanded into the telecommunication industry through serving China Mobile and expanded into the new energy photovoltaic industry through serving Trinasolar. Second, the transaction volume of our existing customers continued to grow as we leveraged the network effect of the supply chain finance ecosystem to enhance penetration in each of the existing customer's supply chains. Third, we continued to upgrade and improve our solutions through technological innovation and ongoing iteration, innovating new products for new scenarios in response to the different characteristics of the supply chain in various industries. For example, we continued to innovate in supply chain finance asset scenarios, expanding from accounts receivable financing to distributor financing, purchase order financing and supply chain bills, and have been offering these new products and applications to our existing customers, enhancing customer stickiness and revenue contribution from each customer through cross-selling. For existing products, we also innovate and optimize proactively to satisfy customized demand. Taking our multi-tier accounts receivable transfer product as an example, we have further enriched our products with diversified features, including accounts receivable pledge financing, accounts receivable pool financing and cash discounting, thus making our products applicable to a wider range of industry use cases. As we continue to provide full-scope solutions to secure existing customers, these multiple growth drivers are leading to rapid growth in the total transaction volume.

#### *FI Cloud*

The total volume of supply chain assets processed by our FI Cloud in the first half of 2022 was RMB49.2 billion, up 4.1% 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. We have actively engaged with all types of financial institutions and explored various business opportunities that can contribute to the synergistic development of the supply chain ecosystem by helping financial institutions broaden their business scenarios, optimize their approach to financing, and realize precise inclusive finance. Through ABS Cloud and eChain Cloud, we enable financial institutions to realize intelligent transformation and upgrade from “digital” to “digital and intelligent”.



In the ABS Cloud segment, the total volume of supply chain assets processed by us in the first half of 2022 was RMB16.4 billion, down 10.5% year-over-year. In the first half of 2022, the strict control measures and city lockdowns in response to the epidemic resulted in a shortage of new construction projects, delays to existing projects, and disruptions in the manufacturing supply chains, all of which affected the financing activities of upstream suppliers. Coupled with the debt crisis confronting some Chinese privately-owned property developers, the supply chain asset securitization market shrank in the first half of this year. According to statistics from Wind, the volume of standard supply chain asset securitization in the first half of 2022 fell by about 40% year-over-year. Since May 2022, various ministries in Chinese government have made a few announcements highlighting the need to stabilize the economy and secure employment. Both the Shanghai and Shenzhen Stock Exchanges and the National Association of Financial Market Institutional Investors have actively expressed support for the development of supply chain finance asset securitization, and stated that they will continue to maintain an open attitude toward financing for real estate companies, especially those that are privately-owned, in order to meet these companies' normal and reasonable financing needs. Driven by several factors including favorable policies, market and industry demand recovery, we expect the market to bottom out in the second half of the year.

In the eChain Cloud segment, the total volume of supply chain assets processed by us in the first half of 2022 was RMB32.8 billion, up 13.3% year-over-year. The growth of our eChain Cloud business slowed down mainly due to our major financial institution customers are located in first-tier cities, which have been significantly affected by the COVID-19 resurgence since March, particularly in Shanghai, Shenzhen and Beijing. Subsequently, their supply chain financing businesses slowed down due to the epidemic prevention and control measures. In the first half of 2022, we have cooperated with 73 financial institutions customers on the eChain Cloud, an increase of 11 new customers compared with 2021. We have established in-depth partnerships with all six state-owned commercial banks, ten out of the twelve joint-stock commercial banks, twelve city commercial banks and seven international banks. In addition, we have developed a wide range of AI-driven products for financial institutions' supply chain scenarios, such as BeeFlash Cloud (“蜂速雲”), an intelligent due diligence SaaS product, which help financial institutions realize the digital intelligent transformation of their business, technology and data in order to achieve innovative growth. We expect our eChain Cloud business to rebound in the second half of this year as the epidemic eases, and we continue on customer penetration and acquisition, as well as product innovations.



## ***Emerging Solutions***

### ***Cross-border Cloud***

We provide one-stop digital cross-border trade and supply chain financing solutions through Cross-border Cloud. In the first half of 2022, the volume of supply chain assets processed by Cross-border Cloud amounted to RMB4.6 billion, up 59.9% year-over-year, mainly benefiting from growth in new cross-border product use cases. Cross-border Cloud revenue and income increased to RMB16.8 million, up 83.4% year-over-year.

To meet the urgent needs of Chinese cross-border e-commerce sellers for cross-border payment and settlement, foreign exchange settlement and financing, we cooperated with cross-border e-commerce platforms such as Amazon. Through the cooperation, we successfully expanded our Cross-border Cloud customer base from traditional international trade scenarios to cross-border e-commerce, providing one-stop integrated digital cross-border trade financing services for SME merchants on these platforms. In the first half of this year, we connected with the Shenzhen cross-border e-commerce online integrated service platform and provided transparent customs clearance service for cross-border e-commerce sellers. We have also reached cooperation with cross-border industrial parks across the country, such as the Integrated Export Service Platforms of Comprehensive Bonded Zone in Nanchang to provide cross-border e-commerce sellers in China with access to one-stop services such as export customs clearance, tax compliance, cross-border payment collection, and financing services.

### ***SME Credit Tech Solutions***

In the SME Credit Tech Solutions segment, we provide data-driven risk analytics and solutions as well as online financing services. Considering the overall macro economy environment and evolving regulation policies, we will strategically reduce the size of this business segment. As of June 30, 2022, the outstanding amount of self-funded financing transactions enabled by our SME Credit Tech Solutions was RMB150.8 million, down by 42.2% from RMB260.6 million as of December 31, 2021.

### ***Diversification of Customers and Industries***

Our core strategic direction is to grow our anchor enterprise customers and partners across a diverse set of industries, expand into additional supply chain scenarios, and develop our solutions for different industries. At present, our Supply Chain Finance Technology Solutions serve a wide range of anchor enterprises in various sectors and have covered all of the 31 industries listed in the SWS Industry Classification, among which 9 industries' anchor enterprise customers and partners contributed a volume of supply chain asset transactions over RMB2 billion in the first half of 2022. In terms of the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions, the top five industries of anchor enterprise customers and partners as well as their proportions of the total over the past periods are shown in the table below.

For the year ended December 31, 2021		For the three months ended March 31, 2022		For the three months ended June 30, 2022	
Industry	% of the total volume	Industry	% of the total volume	Industry	% of the total volume
Real estate	42%	Real estate	34%	Real estate	32%
Conglomerate	12%	Infrastructure/construction	17%	Infrastructure/construction	20%
Infrastructure/construction	9%	Conglomerate	9%	Conglomerate	12%
Utilities	6%	Steel	8%	Computer/Internet	7%
Commerce/retail	4%	Transportation	6%	Steel	4%

### ***Sustainable Development***

We attach great importance to sustainable development management and have incorporated it into our decision-making in product development and business growth. We have stipulated our environmental, social and governance (“ESG”) mission, which is “technology empowers the development of sustainable supply chain finance”. In May 2022, we unveiled our first ESG report, which elaborates on our performance in key areas such as green and low-carbon operations, green financial innovation, financial inclusion, data and information security, and building organizational capabilities. Sustainalytics, a global ESG rating agency under Morningstar, graded us as ‘low risk’ with 17.8 points in the initial ESG rating. We ranked in the top 18% among 14,868 companies evaluated worldwide and in the top 15% within the global software and service industry.

We actively promote the development of green finance. In the first half of 2022, we launched the green finance platform Carbon0chain (“綠色E鏈”). Carbon0chain combines our Multi-tier Transfer Cloud and ESG data intelligent platform NeutralStudio (“蜂淨”), and effectively solves the two major pain points in the green finance market: the difficulty of calculating and tracking carbon footprint, and the lack of motivation among companies in the industrial chain to go carbon neutral. Leveraging our edge computing and trusted blockchain technologies, Carbon0chain is able to calculate and track the granular Scope 3 carbon footprints of the Greenhouse Gas (GHG) Protocol, facilitating carbon emission management and carbon footprint measurement. Enterprises using the Carbon0chain can get a green credit score calculated by this advanced technology to access more favorable financing rates from financial institutions on the Carbon0chain, which will attract more participants and encourage sustainable development.

We use supply chain finance technology solutions to help financial institutions inject funds into sustainable supply chains, and have designated the relevant funding volume as the key performance indicator for internal management. In the first half of 2022, the assets of transactions we served related to sustainable supply chains (including green finance, renewable energy, rural revitalization and pandemic relief etc.) reached RMB2.1 billion. Going forward, we will strive to increase the support for sustainable supply chains and invest more of our resources in business scenarios related to sustainable development, so as to encourage enterprises to step up green investment, reduce carbon and pollutant emissions and create social benefits.

### ***Technology Development***

We insist on driving technology progress through innovation and continuously increase our investments in research and development. We have continued to focus on the development of cutting-edge technologies, such as artificial intelligence, blockchain, big data, cloud computing, edge computing and privacy computing, aiming to transform all aspects of supply chain finance and facilitate digital transformation and upgrade at the intersection of industry and finance.

In the first half of 2022, our R&D expenses was RMB160.2 million, an increase of 33.3% year-over-year, accounting for 31.4% of the total revenue and income. As of June 30, 2022, we had 615 R&D staff, representing 63% of our total workforce. As of June 30, 2022, our accumulated patent applications reached 343, with 25 licensed patents, and we had accumulated 142 copyright registrations.

Our underlying technology capabilities have continuously been highly recognized by professional institutions at home and abroad, and won awards at top-level competitions. In artificial intelligence, we won the second place in handwriting recognition at the World Artificial Intelligence Conference, and third prize in the TRT Hackathon 2022 held by NVIDIA. We also became a member of artificial intelligence professional committee of the Beijing Fintech Industry Alliance. In blockchain, we ranked second in relevant market share according to IDC's "Research on the Share of Vendors in Blockchain-Based Financial Asset Circulation Scenarios, 2021", with a market share of 21.8%. We were selected into the Top 100 Blockchain Enterprises 2022 at the China Industry Blockchain Conference 2022. Our blockchain technology application case was selected into the "China Information Yearbook", and we became a member of the Developer Committee of the Blockchain-based Service Network Development Association. In cloud computing, our Container Cloud ("容器雲") platform has successively obtained two authoritative certifications from KCSP and Huawei Kunpeng. Our BeeEdge ("蜂網") computation platform has passed the multi-party security computing application evaluation by the China Academy of Information and Communications Technology ("CAICT"), and participated in setting three CAICT standards for Internet of Things. Our Bee Security Privacy-preserving Computing Platform has also passed the multi-party secure computing application evaluation conducted by the National Financial Technology Evaluation Center, becoming the first financial-level multi-party secure computing product that uses underlying blockchain as the dispatcher.

We remain committed to data security and privacy protection, strictly complied with national regulations and compliance requirements, and built up our security technology system capabilities from multiple dimensions such as information security management, information security assurance, information security certification and risk management, in order to ensure a safe and credible environment for our customers' and partners' development. We have independently developed an enterprise-level data security collaboration platform, BeeSecurity Privacy-preserving Computing Platform ("蜂密隱私計算平台"), which integrates multiple privacy computing technologies including multi-party secure computing and homomorphic encryption. With the platform, we aim to provide solutions to issues such as data silos, data rights confirmation and data privacy protection for all parties in the supply chain industry, achieving the security goal of "making data usable but invisible". We have integrated the Federated Learning-based privacy computing product BeePreservation ("蜂隱") into BeeFeather ("蜂羽"), our Low Code AI Development Platform, to expand the data value application scenarios of deep learning, and meet regulatory and privacy security requirements while realizing more business opportunities.

### ***Ecosystem Investment and Cooperation***

We have cooperated with our strategic partners by establishing joint ventures and making strategic investments, strengthening the foundation of the partnership that enables us to enter new markets and expand our product offerings. Since the beginning of 2022, we have made the following important developments with our ecosystem partners:

- In January, 2022, OLEA GLOBAL PTE. LTD (“**Olea**”), our joint venture with Standard Chartered, was officially launched. Olea is committed to building an international digital trade financing platform powered by blockchain. Olea has developed strategic customers such as Vayana, India’s largest trade finance platform, and SUMEC Group, a cross-border trading group affiliated to China National Machinery Industry Corporation. Going forward, by further leveraging our leading supply chain finance technology capabilities and Standard Chartered’s rich experience in financial services, Olea will connect global financial institutions and institutional investors, promote digital innovation and upgrading of cross-border trade and financing, and provide efficient financing solutions for global SMEs.
- In June, 2022, Green Link Digital Bank (“**GLDB**”), which we jointly established with Greenland, commenced operations, among the first digital bank licensees to launch in Singapore. At the end of June, 2022, GLDB’s equity capital was SGD 160 million. Digital supply chain financing will be one of GLDB’s focuses, and the bank will launch online and digital supply chain financing products for SMEs. GLDB will be committed to business digitization, promoting the development of the digital economy and fostering an open digital finance ecosystem in Singapore.
- In June, 2022, we made an investment of RMB50 million in Shanghai Ouyee Financial Information Services Co., Ltd., the financial service platform under China Baowu Steel Group Corporation, the world’s largest steelmaker. With total revenue of large and medium steelmakers in China amounting to RMB6.9 trillion in 2021, the steel industry’s size and industrial chain structure present an ideal scenario for the development of supply chain finance solutions. Through this investment, we established an in-depth collaboration with the industry-leading steel enterprise, in which we will jointly explore new supply chain financing opportunities in the steel industry, and unlock potential cooperation opportunities related to supply chain bills, data-based credit financing, purchase order and inventory financing. This will in turn help to expand our supply chain financing product portfolios. We will also introduce our green supply chain finance products to promote green financing and carbon emission reduction in the steel industry.

## **Business Outlook**

Amid a complex macro environment, we will remain committed to our original aspiration and responsibility to facilitate the digital transformation of supply chain finance and promote high-quality business growth. Our priorities for the second half of 2022 include the following aspects. First, we will accelerate the diversification of our client base by onboarding customers from different industries and reducing reliance on any single industry. In particular, as the real estate industry has recently entered into a downward cycle, we will ramp up efforts in other industries in order to drive the sustained growth of our overall business. Second, we will improve the allocation of internal resources and devote more R&D and sales efforts to the Multi-tier Transfer Cloud and eChain Cloud segments. Third, we will optimize our organizational structure and improve operation efficiency to focus more on our key strategic business as well as controlling operating expenses. Fourth, we will enhance the sustainable development of our supply chain financing business by supporting initiatives in the fields such as green finance, renewable energy, rural revitalization and pandemic relief, thereby creating positive environmental and social impacts. In the second half of 2022, we expect robust demand from customers and continued momentum in both new customer acquisition and transaction volume growth.

We are confident in the resilience of our business model and long-term development prospects. We will continue to generate long-term value for our shareholders and create win-win outcomes with our customers and partners.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL PERFORMANCE FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Unaudited)
	(RMB in thousands)	
<b>Revenue and income from principal activities</b>	<b>510,468</b>	526,572
Cost of principal activities	<u>(86,435)</u>	<u>(119,688)</u>
<b>Gross profit</b>	<b>424,033</b>	406,884
Research and development expenses	(160,151)	(120,112)
Sales and marketing expenses	(72,152)	(57,956)
Administrative expenses	(112,325)	(100,013)
Impairment loss	(22,673)	(16,952)
Other net income	<u>34,082</u>	<u>45,891</u>
<b>Profit from operation</b>	<b>90,814</b>	157,742
Finance costs	(18,108)	(75,495)
Share of (loss)/profit of equity accounted investees	(19,410)	7,203
Fair value changes of financial liabilities measured at fair value through profit or loss	<u>—</u>	<u>(13,085,985)</u>
<b>Profit/(loss) before taxation</b>	<b>53,296</b>	(12,996,535)
Income tax expense	<u>(18,101)</u>	<u>(36,407)</u>
<b>Profit/(loss) for the period</b>	<b><u>35,195</u></b>	<b><u>(13,032,942)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>43,046</b>	(13,033,313)
Non-controlling interests	<b><u>(7,851)</u></b>	<b><u>371</u></b>



## Revenue and income from principal activities

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

	For the six months ended June 30,			
	2022		2021	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
<b>Supply chain Finance</b>				
<b>Technology Solutions</b>				
Anchor Cloud	291,572	57.1	265,559	50.4
FI Cloud	189,535	37.1	227,995	43.3
<b>Subtotal</b>	<b>481,107</b>	<b>94.2</b>	493,554	93.7
<b>Emerging Solutions</b>				
Cross-border cloud	16,820	3.3	9,171	1.7
SME Credit Tech Solutions	12,541	2.5	23,847	4.5
<b>Subtotal</b>	<b>29,361</b>	<b>5.8</b>	33,018	6.3
<b>Total</b>	<b>510,468</b>	<b>100.0</b>	526,572	100.0

Our total revenue and income decreased by 3.1% from RMB526.6 million for the six months ended June 30, 2021 to RMB510.5 million for the six months ended June 30, 2022.

Our revenue and income from Anchor Cloud increased by 9.8% from RMB265.6 million for the six months ended June 30, 2021 to RMB291.6 million for the six months ended June 30, 2022, 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.

Our revenue and income from FI cloud decreased by 16.9% from RMB228.0 million for the six months ended June 30, 2021 to RMB189.5 million for the six months ended June 30, 2022, which was primarily attributable to the decrease in the volume of supply chain assets processed by ABS Cloud, and the lowered pricing and the changing structure of the products offered by FI Cloud.

Our revenue and income from cross-border cloud increased by 83.4% from RMB9.2 million for the six months ended June 30, 2021 to RMB16.8 million for the six months ended June 30, 2022, which was primarily attributable to the increase in system development fee and the increase in total volume of supply chain assets processed by Cross-border Cloud.

Our revenue and income from SME Credit Tech Solutions decreased by 47.4% from RMB23.8 million for the six months ended June 30, 2021 to RMB12.5 million for the six months ended June 30, 2022, primarily because we have strategically reduced the amount of financing enabled by SME Credit Tech Solutions.

### Cost of principal activities

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

	For the six months ended June 30,			
	2022		2021	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
<b>Cost of principal activities</b>				
Sales service fees	27,063	5.3	71,303	13.5
Technology service fees	17,526	3.4	9,587	1.8
Professional service fees	16,434	3.2	19,056	3.6
Management service fees	2,848	0.6	14,176	2.7
Others	22,564	4.4	5,566	1.1
<b>Total</b>	<b>86,435</b>	<b>16.9</b>	<b>119,688</b>	<b>22.7</b>

The cost of our principal activities decreased by 27.8% from RMB119.7 million for the six months ended June 30, 2021 to RMB86.4 million for the six months ended June 30, 2022, which was primarily attributable to cost-savings from our optimized product structures.

## Gross profit and gross profit margin

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

	For the six months ended June 30, 2022		2021	
	Gross profit RMB	Gross profit margin %	Gross profit RMB	Gross profit margin %
<i>(In thousands, except for percentages)</i>				
<b>Gross profit and gross profit margin</b>				
Supply Chain Finance Technology Solutions	396,678	82.5	375,272	76.0
Emerging Solutions	27,355	93.2	31,612	95.7
<b>Total</b>	<b>424,033</b>	<b>83.1</b>	<b>406,884</b>	<b>77.3</b>

The Group's gross profit increased by 4.2% from RMB406.9 million for the six months ended June 30, 2021 to RMB424.0 million for the six months ended June 30, 2022. The Group's gross profit margin increased from 77.3% for the six months ended June 30, 2021 to 83.1% for the six months ended June 30, 2022. 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

The Group's R&D expenses increased by 33.3% from RMB120.1 million for the six months ended June 30, 2021 to RMB160.2 million for the six months ended June 30, 2022, 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, and amortization of capitalized research and development expenses. On a non-IFRS basis, our R&D expenses, excluding share-based compensation, increased by 45.9% year-over-year, or increased by 12.6% compared to the six months ended December 31, 2021.

## Sales and marketing expense

Our sales and marketing expenses increased by 24.5% from RMB58.0 million for the six months ended June 30, 2021 to RMB72.2 million for the six months ended June 30, 2022, primarily due to an increase of salaries and other benefits associated with our sales and marketing employees. On a non-IFRS basis, our sales and marketing expenses, excluding share-based compensation, increased by 28.8% year-over-year, or decreased by 3.1% compared to the six months ended December 31, 2021.

## Administrative expenses

The Group's general and administrative expenses increased by 12.3% from RMB100.0 million for the six months ended June 30, 2021 to RMB112.3 million for the six months ended June 30, 2022, which was primarily attributable to an increase of salaries and other benefits associated with our general and administrative employees and outsourcing manpower, offsetting by a decrease of listing related expenses as there were no such expenses incurred in the first half of 2022. On a non-IFRS basis, our general and administrative expenses, excluding share-based compensation and listed related expenses, increased by 44.1% year-on-year, or decreased by 18.8% compared to the six months ended December 31, 2021.

## Share-based compensation

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

	For the six months ended June 30,			
	2022		2021	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
<b>Share-based compensation</b>				
Included in R&D expenses	<b>51,773</b>	<b>55.8</b>	45,853	54.0
Included in sales and marketing expenses	<b>11,477</b>	<b>12.4</b>	10,834	12.7
Included in administrative expenses	<b>29,506</b>	<b>31.8</b>	28,302	33.3
Total	<b>92,756</b>	<b>100.0</b>	84,989	100.0

The Group's share-based compensation increased by 9.1% from RMB85.0 million for the six months ended June 30, 2021 to RMB92.8 million for the six months ended June 30, 2022, which was primarily attributable to increased share incentives granted to employees.

## 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 33.7% from RMB17.0 million for the six months ended June 30, 2021 to RMB22.7 million for the six months ended June 30, 2022. We have taken prudent views in making impairment loss, considering the evolving macro economy environment and the worsened operating conditions of certain SMEs and anchor enterprise customers.

**Other net income**

Our other net income consists primarily of (i) interest income from bank deposits; (ii) investment gains from financial investments at fair value through profit or loss; (iii) government grants; and (iv) foreign exchange difference. The total amount of other net income decreased from RMB45.9 million for the six months ended June 30, 2021 to RMB34.1 million for the six months ended June 30, 2022, which was primarily attributable to the changes of exchange difference resulting from fluctuations of exchange rates between foreign currencies and reporting currencies in financial statements in the Company and its subsidiaries. The Group recorded a foreign exchange loss for the six months ended June 30, 2022 compared to a foreign exchange gain for the six months ended June 30, 2021.

**Profit from operation**

As a result of the foregoing, the Group's profit from operation for the period decreased from RMB157.7 million in the six months ended June 30, 2021 to RMB90.8 million in the six months ended June 30, 2022.

**Finance costs**

Our finance costs decreased by 76.0% from RMB75.5 million for the six months ended June 30, 2021 to RMB18.1 million for the six months ended June 30, 2022, which was primarily attributable to the decrease of the warehoused accounts receivable supported by short-term bridge loans in the securitization offerings enabled by our solutions.

**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 equity accounted investees of which the investments are accounted for using equity method in proportion to our equity interests in them. We had share of loss of RMB19.4 million for the six months ended June 30, 2022 as some of equity accounted investees we invested in, primarily Olea and GLDB, were loss making in their early stages of development. We had share of profit of RMB7.2 million for the six months ended June 30, 2021.

**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. Fair value changes of financial liabilities measured at fair value through profit or loss was 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 in April 9, 2021 and thus there is no relating fair value changes for the six months ended June 30, 2022. 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 six months ended June 30, 2021, primarily due to a significant increase in the fair value of financial liabilities measured at fair value through profit or loss in the period, taking reference to the offering price of the Class B Shares upon the Listing.

**Income tax expense**

We had an income tax expense of RMB18.1 million and RMB36.4 million for the six months ended June 30, 2022 and 2021, respectively.

**Profit/(loss) for the period**

As a result of the foregoing, the Group recorded a profit for the period of RMB35.2 million in the six months ended June 30, 2022 and a loss for the period of RMB13,032.9 million in the six months ended June 30, 2021, respectively.

**Non-IFRS Measures**

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

We define adjusted profit as profit/(loss) for the period, 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 six months ended June 30, 2022 and 2021 presented to the most directly comparable financial measure calculated and presented in accordance with IFRS:

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>(RMB in thousands)</i>	
<b>Profit/(loss) for the period</b>	<b>35,195</b>	<b>(13,032,942)</b>
<b>Add</b>		
Share-based compensation <sup>(1)</sup>	<b>92,756</b>	84,989
Fair value changes of redeemable convertible preferred shares and ordinary shares with preferential rights <sup>(2)</sup>	—	13,085,985
Listing related expenses <sup>(3)</sup>	—	14,247
<b>Adjusted profit for the period (non-IFRS)</b>	<b>127,951</b>	<b>152,279</b>

*Notes:*

- (1) Share-based compensation relates to the restricted share units that we granted under our share incentive plan, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) 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 Shares (the “**IPO**”), which were recognised as financial liabilities at fair value through profit or loss. Such changes no longer existed after the automatic conversion of our redeemable convertible preferred shares and ordinary shares with preferential rights to ordinary shares of the Company 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 June 30, 2022, the outstanding balance of supply chain assets held on our balance sheet financed by our own capital was RMB3,390.4 million, which are represented within the items of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, and prepayment, other receivables and other assets in the balance sheet. We acquired such assets primarily through the warehousing process in the securitization offerings, and the digital commercial bill based financing solutions. The warehousing process in the securitization offerings generally is completed within a short time frame in the event that the asset acquisition is financed by short-term bridge loans or our own capital. Since the second half of 2021, as the economy growth was under pressure and the debt risks of private-owned 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.

The outstanding amount of self-funded transactions under Cross-border Cloud was RMB53.9 million as of June 30, 2022. The outstanding amount of self-funded transactions under SME Credit-tech Solutions was RMB150.8 million as of June 30, 2022. Our total exposure to covered transactions as of June 30, 2022 was RMB1,944.4 million. Such exposure arises when we enter into various types of arrangements with financial institutions and other supply chain financing institutions that protect them against losses on the financing they extend supported by our solutions. We use the M3+ overdue ratio to monitor the credit performance of self-funded and covered financing transactions. As of June 30, 2022, the M3+ overdue ratio of self-funded and covered financing transactions was 2.4%.

**Liquidity and source of funding**

As at June 30, 2022, the Group's cash and cash equivalents increased by RMB357.5 million from RMB4,927.9 million as at December 31, 2021, to RMB5,285.4 million.

**Significant investments**

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company's total assets as at June 30, 2022) during the Reporting Period.

**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 Period.

**Borrowings**

The carrying amount of borrowings of the Group as at June 30, 2022 were RMB1,767.0 million (as at December 31, 2021: RMB1,190.3 million) which were interest-bearing at interest rates ranging from 0.18% to 10.0% and denominated in RMB. The maturity profile of borrowing was within one year to more than five years.

As at June 30, 2022, the Group had unutilized banking facility amounting to RMB13,295.4 million (as at December 31, 2021: RMB12,840.0 million).

**Pledge of assets**

As at June 30, 2022, except for cash at bank amounting to RMB604.0 million pledged for bank borrowings amounting to RMB545.5 million of the Group, the Group had no other pledged assets.

**Subsequent events after the Reporting Period**

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

**Future plans for material investments or capital assets**

The Group did not have detailed future plans for material investments or capital assets as at June 30, 2022.

**Gearing ratio**

As at June 30, 2022, the Group's gearing ratio (i.e. the total amount of borrowings and lease liabilities divided by total equity, in percentage) was 18.4% (as at December 31, 2021: 12.9%).

### Foreign exchange exposure

During the Reporting Period, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is also the functional currency of the Company's primary consolidated affiliated entities. As at June 30, 2022, except for the bank deposits and intra-group balances denominated in foreign currencies other than the functional currency of the Company, its subsidiaries and consolidated affiliated entities, the Group did not have significant foreign currency exposure from its operations.

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

### Contingent liabilities

The Group had no material contingent liabilities as at June 30, 2022 and December 31, 2021.

### Capital commitment

For the six months ended June 30, 2022 and December 31, 2021, the Group had no material capital commitment.

### Employees and remuneration policy

As at June 30, 2022, the Group had a total of 978 employees. The following table sets forth a breakdown of our employees by function as at June 30, 2022.

Division	Number of employees
Research and development	615
Sales and marketing	158
General administration	205
<b>Total</b>	<b>978</b>

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

## **CORPORATE GOVERNANCE**

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

### **Compliance with the Code on Corporate Governance Practices**

We have complied with all applicable code provisions set forth in Part 2 of Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) during the Reporting Period save for the following deviation.

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

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

In light of the amendments to the Corporate Governance Code which came into effect on January 1, 2022 and impose additional requirements applicable to corporate governance reports for the financial year commencing on or after January 1, 2022, the Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the latest version of the Corporate Governance Code, and maintain high corporate governance standards. The Company will report on the compliance with the latest version of the Corporate Governance Code in the corporate governance report of the Company for the year ending December 31, 2022.

### **Compliance with the Model Code**

The Company has adopted the Model Code as the code of conduct regarding the Directors’ dealings in the securities of the Company. 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 during the Reporting Period.

## Audit Committee

The unaudited consolidated interim results for the six months ended June 30, 2022 have been reviewed by the audit committee of the Company which comprises three members, namely Mr. Tan Huay Lim (chairman), Mr. Gao Feng and Mr. Chen Wei, all being independent non-executive directors of the Company. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the Auditor.

The interim consolidated financial statements for the six months ended June 30, 2022 have been reviewed by KPMG, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## OTHER INFORMATION

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

During the Reporting Period, the Company repurchased a total of 1,991,500 shares of Class B Shares on the Stock Exchange at an aggregate consideration of HK\$13,364,760. As at the date of this announcement, all such repurchased Shares have been cancelled.

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

Month	Number of Shares Repurchased	Highest Price Paid (HK\$)	Lowest Price Paid (HK\$)	Total Consideration Paid (HK\$)
January	424,500	7.18	6.95	2,993,500
April	868,000	7.06	6.67	5,976,255
May	699,000	6.56	6.05	4,395,005
Total	1,991,500			13,364,760

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 Period. After the Reporting Period, on July 15, 2022, the Company repurchased 280,000 Class B Shares for a consideration of approximately HK\$1,775,210.

**Material Litigation**

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are not aware of any material litigation or claims that are pending against the Group during the Reporting Period.

**Dividend**

The Board resolved not to declare any payment of interim dividend for the six months ended June 30, 2022.

**Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
*for the six months ended June 30, 2022 – unaudited*

		<b>Six months ended June 30,</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue and income from principal activities	3	<b>510,468</b>	526,572
Cost of principal activities	3	<b>(86,435)</b>	(119,688)
<b>Gross profit</b>		<b>424,033</b>	406,884
Research and development expenses		<b>(160,151)</b>	(120,112)
Sales and marketing expenses		<b>(72,152)</b>	(57,956)
Administrative expenses		<b>(112,325)</b>	(100,013)
Impairment loss	4(c)	<b>(22,673)</b>	(16,952)
Other net income		<b>34,082</b>	45,891
<b>Profit from operation</b>		<b>90,814</b>	157,742
Finance costs	4(a)	<b>(18,108)</b>	(75,495)
Share of (loss)/profit of equity accounted investees		<b>(19,410)</b>	7,203
Fair value changes of financial liabilities measured at fair value through profit or loss		<b>–</b>	(13,085,985)
<b>Profit/(loss) before taxation</b>		<b>53,296</b>	(12,996,535)
Income tax expense	5	<b>(18,101)</b>	(36,407)
<b>Profit/(loss) for the period</b>		<b>35,195</b>	(13,032,942)



		<b>Six months ended June 30,</b>	
		<b>2022</b>	<b>2021</b>
<i>Note</i>		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>43,046</b>	(13,033,313)
Non-controlling interests		<b>(7,851)</b>	371
		<hr/>	<hr/>
<b>Profit/(loss) for the period</b>		<b>35,195</b>	(13,032,942)
<b>Other comprehensive income/(loss) for the period (after tax)</b>			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		<b>(489)</b>	(1,704)
Exchange differences on translation of financial statements of operations outside the mainland China		<b>74,292</b>	(140,600)
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the period</b>		<b>108,998</b>	(13,175,246)
		<hr/>	<hr/>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>117,039</b>	(13,175,617)
Non-controlling interests		<b>(8,041)</b>	371
		<hr/>	<hr/>
<b>Total comprehensive income/(loss) for the period</b>		<b>108,998</b>	(13,175,246)
		<hr/>	<hr/>
<b>Earnings per share (RMB per share)</b>	<b>6</b>		
Basic		<b>0.02</b>	(11.06)
Diluted		<b>0.02</b>	(11.06)
		<hr/>	<hr/>

# Interim Consolidated Statement of Financial Position

as at June 30, 2022 – unaudited

		As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
	Note		
<b>Non-current assets</b>			
Property, plant and equipment		24,997	28,143
Right-of-use assets		54,701	64,273
Intangible assets		245,771	198,088
Equity accounted investees		283,817	230,145
Financial assets at fair value through profit or loss	9	55,000	2,000
Prepayments, other receivables and other assets	12	6,022	6,484
Deferred tax assets		63,960	59,495
		<hr/>	<hr/>
Total non-current assets		734,268	588,628
		<hr/>	<hr/>
<b>Current assets</b>			
Financial assets at fair value through other comprehensive income	8	953,878	1,904,307
Financial assets at fair value through profit or loss	9	3,529,954	2,218,815
Trade receivables	10	284,599	254,075
Financial assets at amortised cost	11	1,079,437	479,790
Prepayments, other receivables and other assets	12	1,679,412	767,295
Restricted cash		712,361	667,470
Cash and cash equivalents		5,285,402	4,927,885
		<hr/>	<hr/>
Total current assets		13,525,043	11,219,637
		<hr/>	<hr/>

		As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
	<i>Note</i>		
<b>Current liabilities</b>			
Trade payables	13	70,923	78,110
Contract liabilities		4,163	7,251
Borrowings	14	1,753,737	1,177,078
Income tax payables		47,058	60,058
Lease liabilities		18,362	18,476
Other payables, accruals and other liabilities	15	2,396,747	681,390
Provisions		3,277	2,233
		<u>4,294,267</u>	<u>2,024,596</u>
<b>Total current liabilities</b>		<u>4,294,267</u>	<u>2,024,596</u>
<b>Net current assets</b>		<u>9,230,776</u>	<u>9,195,041</u>
<b>Total assets less current liabilities</b>		<u>9,965,044</u>	<u>9,783,669</u>
<b>Non-current liabilities</b>			
Borrowings	14	13,223	13,214
Lease liabilities		39,251	48,063
Other payables, accruals and other liabilities	15	256	285
		<u>52,730</u>	<u>61,562</u>
<b>Total non-current liabilities</b>		<u>52,730</u>	<u>61,562</u>
<b>Net assets</b>		<u>9,912,314</u>	<u>9,722,107</u>
<b>Equity</b>			
Share capital	16	126	126
Reserves		9,912,700	9,714,452
		<u>9,912,826</u>	<u>9,714,578</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>9,912,826</u>	<u>9,714,578</u>
<b>Non-controlling interests</b>		<u>(512)</u>	<u>7,529</u>
<b>Total equity</b>		<u>9,912,314</u>	<u>9,722,107</u>

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND GENERAL INFORMATION

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

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

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

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

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

## 2. CHANGE IN ACCOUNTING POLICIES

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

- Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The application of the above amendments to IFRSs do not have a material impact on the interim financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

### (a) Revenue and income

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue and income from		
<b>Supply Chain Finance Technology Solutions</b>		
– Anchor Cloud	<b>291,572</b>	265,559
– FI Cloud	<b>189,535</b>	227,995
	<b>481,107</b>	493,554
<b>Emerging Solutions</b>		
– Cross-border Cloud	<b>16,820</b>	9,171
– SME Credit Tech Solutions	<b>12,541</b>	23,847
	<b>29,361</b>	33,018
	<b>510,468</b>	526,572

### Recognition of timing

Out of the Group's revenue from contracts with customers, RMB60,092,000 and RMB13,559,000 were recognised over time during the six months ended June 30, 2022 and 2021, respectively.

**(b) Segment reporting**

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

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

– **Anchor Cloud**

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

– **FI Cloud**

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

– **Cross-border Cloud**

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

– **SME Credit Tech Solutions**

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

**(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 unaudited interim financial report.

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

	Supply Chain Finance Technology Solutions			Emerging Solutions			
	Anchor Cloud	FI Cloud	Subtotal	Cross- border Cloud	SME Credit Tech Solutions	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the six months ended June 30, 2022 (Unaudited)							
Revenue and income	291,572	189,535	481,107	16,820	12,541	29,361	510,468
Costs	(53,592)	(30,837)	(84,429)	(2,006)	–	(2,006)	(86,435)
Gross profit	<u>237,980</u>	<u>158,698</u>	<u>396,678</u>	<u>14,814</u>	<u>12,541</u>	<u>27,355</u>	<u>424,033</u>
For the six months ended June 30, 2021 (Unaudited)							
Revenue and income	265,559	227,995	493,554	9,171	23,847	33,018	526,572
Costs	(93,549)	(24,733)	(118,282)	(624)	(782)	(1,406)	(119,688)
Gross profit	<u>172,010</u>	<u>203,262</u>	<u>375,272</u>	<u>8,547</u>	<u>23,065</u>	<u>31,612</u>	<u>406,884</u>



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

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

##### (a) Finance costs

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on		
– bank and other financial institution borrowings	16,562	73,977
– related parties' borrowings	9	–
– lease liabilities	1,537	1,518
	<u>18,108</u>	<u>75,495</u>

##### (b) Staff costs

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	136,372	96,487
Contributions to defined contribution scheme ( <i>note</i> )	15,055	8,824
Share-based compensation	92,756	84,989
	<u>244,183</u>	<u>190,300</u>
Included in:		
– Research and development expenses	114,111	93,016
– Sales and marketing expenses	54,722	40,666
– Administrative expenses	75,350	56,618

Staff costs of RMB69,595,000 and RMB45,667,000 were capitalised in intangible assets for the six months ended June 30, 2022 and 2021 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.

(c) **Other items**

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Depreciation and amortisation charges		
– amortisation of intangible assets	<b>31,238</b>	16,556
– depreciation of right-of-use assets	<b>10,064</b>	9,524
– depreciation of property, plant and equipment	<b>6,714</b>	3,870
	<b>48,016</b>	29,950
Impairment loss		
– financial assets at amortised costs	<b>15,588</b>	15,100
– financial assets at fair value through other comprehensive income	<b>5,640</b>	–
– trade and other receivables	<b>401</b>	(324)
– provisions	<b>1,044</b>	2,176
	<b>22,673</b>	16,952
Professional service fees	<b>11,358</b>	9,563
Auditors' remuneration	<b>1,475</b>	1,698
Listing related expenses	<b>–</b>	14,247

**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 reporting period.

Since April 1, 2018, the legal entities operating in Hong Kong are subject to Hong Kong profits tax at a rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profit over HK\$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate Group must nominate only one company in the Group to benefit from the progressive tax rates. The Group had chosen one of its subsidiaries to apply such progressive tax rate. Except for the chosen subsidiary, other subsidiaries of the Group operating in Hong Kong are subject to income 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 six months ended June 30, 2022 and 2021.

- (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 periods ended June 30, 2022 and, accordingly, were entitled to a preferential income tax rate of 15% for the six months ended June 30, 2022.
- (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 not exceeding RMB1 million, shall be computed at a reduced rate of 12.5% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income exceeding RMB1 million but not exceeding RMB3 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 exceeding RMB3 million, shall be computed 100% as taxable income amount and subject to enterprise income tax at 25% tax rate.

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

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Current tax</b>		
PRC corporate income tax	<b>22,577</b>	30,264
Hong Kong profits tax	<b>—</b>	1,562
	<b>22,577</b>	31,826
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(4,476)</b>	4,581
<b>Total</b>	<b>18,101</b>	36,407

## 6. BASIC AND DILUTED EARNINGS PER SHARE

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>(Unaudited)</b>	(Unaudited)
Profit/(loss) attributable to equity shareholders of the Company (RMB'000)	<b>43,046</b>	(13,033,313)
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic earnings per share	<u><b>2,136,268,824</b></u>	<u>1,178,663,332</u>
Basic earnings per share (RMB per share)	<u><b>0.02</b></u>	<u>(11.06)</u>

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

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

For the six months ended June 30, 2021, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for this period were the same as basic loss per share.

## 7. DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2022 and 2021.

## 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.

### (a) The movements of the financial assets at fair value through other comprehensive income

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
At the beginning of the period/year	1,904,307	–
(Decrease)/increase	(944,136)	1,913,724
Impairment allowance	(5,640)	(10,116)
Changes in fair value	(653)	699
	<u>953,878</u>	<u>1,904,307</u>
At the end of the period/year	<u>953,878</u>	<u>1,904,307</u>

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

	As at June 30, 2022 (Unaudited)			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at January 1	185	9,931	–	10,116
Charge/(release) for the period	7,925	(2,285)	–	5,640
	<u>8,110</u>	<u>7,646</u>	<u>–</u>	<u>15,756</u>
As at June 30	<u>8,110</u>	<u>7,646</u>	<u>–</u>	<u>15,756</u>

	As at December 31, 2021 (Audited)			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	–	–	–	–
Charge for the year	185	9,931	–	10,116
As at December 31	185	9,931	–	10,116

## 9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at June 30, 2022 <i>RMB'000</i> (Unaudited)	As at December 31, 2021 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Non-current</b>			
Unlisted equity investments	(i)	55,000	2,000
<b>Current</b>			
Supply chain assets held for sale	(ii)	3,346,195	1,826,327
Asset-backed securities	(iii)	75,256	291,385
Others	(iv)	108,503	101,103
		3,529,954	2,218,815

- (i) The unlisted equity investments represented the Group's equity interests in companies over which the Group has no significant influence.
- (ii) The balance as at June 30, 2022 comprised (1) the supply chain assets held for sale in the FI Cloud of RMB3,192,266,000 (December 31, 2021: RMB1,780,402,000); and (2) the supply chain assets held for sale in the Cross-border Cloud of USD22,936,000 (equivalent to approximately RMB153,929,000) (December 31, 2021: USD7,203,000, equivalent to approximately RMB45,925,000).
- (iii) The balance as at June 30, 2022 comprised (1) senior tranches of asset-back securities of nil (December 31, 2021: RMB218,965,000); and (2) junior tranches of asset-back securities of RMB75,256,000 (December 31, 2021: RMB72,420,000).
- (iv) The balance as at June 30, 2022 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset Management Limited ("Go Asset"), which amounted to USD16,121,000 (equivalent to approximately RMB108,195,000) (December 31, 2021: USD15,810,000, equivalent to approximately RMB100,800,000).

## 10. TRADE RECEIVABLES

	As at June 30, 2022 <i>RMB'000</i> (Unaudited)	As at December 31, 2021 <i>RMB'000</i> (Audited)
Service fee receivables	285,810	255,025
Impairment allowance	(1,211)	(950)
	<u>284,599</u>	<u>254,075</u>

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

	As at June 30, 2022 <i>RMB'000</i> (Unaudited)	As at December 31, 2021 <i>RMB'000</i> (Audited)
Within 3 months (inclusive)	123,928	110,092
3 months to 6 months (inclusive)	47,936	45,526
6 months to 1 year (inclusive)	87,968	87,388
Over 1 year	25,978	12,019
Impairment allowance	(1,211)	(950)
Trade receivables, net	<u>284,599</u>	<u>254,075</u>

# 11. FINANCIAL ASSETS AT AMORTISED COST

## (a) Analysed by nature

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
<b>Gross amount of financial assets at amortised cost</b>		
Supply chain assets from		
– Anchor Cloud	876,363	216,351
– Cross-border Cloud	85,365	17,677
– SME Credit Tech Solutions	162,069	274,531
<b>Gross amount of financial assets at amortised cost</b>	<b>1,123,797</b>	<b>508,559</b>
<b>Impairment allowance</b>		
Supply chain assets from		
– Anchor Cloud	(281)	(26)
– Cross-border Cloud	(425)	(75)
– SME Credit Tech Solutions	(43,654)	(28,668)
<b>Impairment allowance</b>	<b>(44,360)</b>	<b>(28,769)</b>
<b>Carrying amount of financial assets at amortised cost</b>	<b>1,079,437</b>	<b>479,790</b>



(b) Summarised by stages and allowance for impairment losses

As at June 30, 2022 (Unaudited)				
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Supply chain assets</b>				
Gross amount				
– Anchor Cloud	876,363	–	–	876,363
– Cross-border Cloud	85,365	–	–	85,365
– SME Credit Tech Solutions	107,497	2,529	52,043	162,069
Impairment allowance				
– Anchor Cloud	(281)	–	–	(281)
– Cross-border Cloud	(425)	–	–	(425)
– SME Credit Tech Solutions	(2,806)	(1,816)	(39,032)	(43,654)
Carrying amount	<u>1,065,713</u>	<u>713</u>	<u>13,011</u>	<u>1,079,437</u>

As at December 31, 2021 (Audited)				
	Stage 1	Stage 2	Stage 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Supply chain assets</b>				
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	<u>468,211</u>	<u>4,761</u>	<u>6,818</u>	<u>479,790</u>

(c) Summarised by overdue days

As at June 30, 2022 (Unaudited)			
Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Overdue by 1 year to 2 years (inclusive) RMB'000	Total RMB'000
Supply chain assets			
– SME Credit Tech Solutions	3,106	31,223	20,820
			55,149
As at December 31, 2021 (Audited)			
Overdue by 1 to 90 days (inclusive) RMB'000	Overdue by 90 days to 1 year (inclusive) RMB'000	Overdue by 1 year to 2 years (inclusive) RMB'000	Total RMB'000
Supply chain assets			
– SME Credit Tech Solutions	11,921	23,395	3,879
			39,195

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

As at June 30, 2022 (Unaudited)			
Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at January 1	3,758	4,555	20,456
Transfer to lifetime ECL credit-impaired	(10,030)	(5,364)	15,394
Charge for the period	9,781	2,625	3,182
Exchange differences	3	–	–
As at June 30	3,512	1,816	39,032
			44,360

	As at December 31, 2021 (Audited)			
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1	7,337	2,826	8,009	18,172
Transfer to lifetime ECL credit-impaired	(977)	(292)	1,269	–
(Release)/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>

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at June 30, 2022 <i>RMB'000</i> (Unaudited)	As at December 31, 2021 <i>RMB'000</i> (Audited)
	<i>Note</i>		
<b>Non-current</b>			
Long-term deferred expenses		<u>6,022</u>	<u>6,484</u>
<b>Current</b>			
Receivables from anchor enterprises	(i)	1,479,657	582,341
Continuing involvement in transferred supply chain assets	15	40,300	39,000
Loan to a non-controlling shareholder of an associate	(ii)	30,000	30,000
Input value-added-tax to be certified		27,626	27,876
Prepaid expenses for supply chain financing		22,236	26,103
Deposits associated with FI Cloud and SME Credit Tech Solutions		4,000	4,000
Prepaid software and service expense		822	6,783
Others		75,292	51,573
Impairment allowance		<u>(521)</u>	<u>(381)</u>
Total		<u>1,679,412</u>	<u>767,295</u>

- (i) Receivables from anchor enterprises mainly arise in the securitization transactions enabled by Supply Chain Finance Technology Solutions and represent mostly the suppliers' accounts receivables due from anchor enterprises acquired pursuant to contracts between the Group and the anchor enterprises.
- (ii) In 2019, the Group granted a loan amounting to RMB30,000,000 to Hong Kong Han Tou Jin Chuang Investment Management Limited (“**Han Tou**”), one of the non-controlling shareholders of an associate of the Group. The loan will mature in three years with annual interest rate of 2%, and was pledged by 5.882% of this associate's shares held by Han Tou. As at June 30, 2022, the loan will mature within one year and reclassified as current asset accordingly.

### 13. TRADE PAYABLES

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Expenses payable for issuance of assets-backed securities	68,924	76,966
Others	1,999	1,144
	<u>70,923</u>	<u>78,110</u>

As of June 30, 2022 and December 31, 2021, 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 period is as follows:

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Within 3 months (inclusive)	17,447	50,965
Over 3 months	53,476	27,145
	<u>70,923</u>	<u>78,110</u>

## 14. BORROWINGS

	As at June 30, 2022 (Unaudited)		As at December 31, 2021 (Audited)		
	<i>Note</i>	<i>Effective interest rate</i>	<i>RMB'000</i>	<i>Effective interest rate</i>	<i>RMB'000</i>
<b>Non-current</b>					
Related parties borrowings					
– Unsecured and unguaranteed		0.18%	<u>13,223</u>	0.56%	<u>13,214</u>
<b>Current</b>					
Bank and other financial institution borrowings					
– Unsecured and unguaranteed		3.45%-10.00%	1,208,207	4.00%-4.95%	716,618
– Pledged and unguaranteed	(i)	3.50%	<u>545,530</u>	3.60%	<u>460,460</u>
			<u>1,753,737</u>		<u>1,177,078</u>

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

	As at June 30, 2022 <i>RMB'000</i> (Unaudited)	As at December 31, 2021 <i>RMB'000</i> (Audited)
Within 1 year and included in current liabilities	1,753,737	1,177,078
After 1 year and included in non-current liabilities		
– More than 5 years	13,223	13,214
	1,766,960	1,190,292

- (i) As at June 30, 2022, the pledged and unguaranteed borrowing of the Group were pledged by bank deposits of RMB604,026,000 (December 31, 2021: RMB510,056,000).

## 15. OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
	<i>Note</i>		
<b>Non-current</b>			
Deferred income from government grant		<b>256</b>	285
<b>Current</b>			
Payables arising from supply chain financing transactions	(i)	<b>2,258,089</b>	506,726
Continuing involvement in transferred supply chain assets	12	<b>40,300</b>	39,000
Accrued payroll and other benefits		<b>39,239</b>	62,641
Tax and levies		<b>17,495</b>	18,655
Accrued listing related expenses		<b>–</b>	12,264
Others		<b>41,624</b>	42,104
		<b>2,396,747</b>	681,390

- (i) Payables arising from supply chain financing transactions enabled by the Group's Supply Chain Finance Technology Solutions primarily arises in circumstances where the anchor enterprises and other entities paid for acquisition of the underlying assets from the suppliers.

## 16. SHARE CAPITAL

	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
Ordinary shares	<b>126</b>	126

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.linklogis.com](http://www.linklogis.com)). The interim report for the six months ended June 30, 2022 will be dispatched to the Company's shareholders and made available for review on the same websites in due course.

By order of the Board  
**Linklogis Inc.**  
**Song Qun**  
*Chairman*

Hong Kong, August 25, 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 and Mr. Zhang Yuhan as non-executive Directors, and Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei as independent non-executive Directors.*

## DEFINITIONS

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

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and for the purposes of this announcement only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Class A Share(s)”	class A ordinary share(s) in the share capital of the Company with a par value of US\$0.00000833 each, conferring weighted voting rights in the Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to any Reserved Matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of the Company with a par value of US\$0.00000833 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“Company”, “our Company” or “the Company”	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus 2
“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”, “us”	the Company, its subsidiaries, and the consolidated affiliated entities
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China



“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board
“Listing Date”	April 9, 2021, the date on which the Class B Shares were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Prospectus”	the prospectus of the Company dated March 26, 2021
“RMB”	Renminbi yuan, the lawful currency of China
“Share(s)”	the Class A Shares and Class B Shares in the share capital of our Company
“SME(s)”	small and medium enterprise(s)
“SPV”	special purpose vehicle established by financial institutions, such as securities firms and trust companies, in an asset securitization offering to facilitate the transaction
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States

“weighted voting right” has the meaning ascribed to it under the Listing Rules

“%” per cent

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