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Linklogis Inc.
聯易融科技集團

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

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023

The Board of Directors hereby announces the audited consolidated results of the Group for the year ended December 31, 2023 (the “**Reporting Year**”), together with the comparative figures for the year ended December 31, 2022. These annual results have been reviewed by the Company’s audit committee.

KEY FINANCIAL HIGHLIGHTS

	Year ended December 31,		Change (%)
	2023	2022	
	<i>(RMB in thousands, except percentages)</i>		
Revenue and income from principal activities	867,764	924,200	(6.1)
Supply Chain Finance Technology Solutions	823,548	866,341	(4.9)
Emerging Solutions	44,216	57,859	(23.6)
Gross profit	526,515	774,535	(32.0)
Gross margin (%)	60.7	83.8	(23.1) ⁽¹⁾
Loss for the year attributable to equity shareholders of the Company	(441,240)	(13,458)	N/A
<i>Non-IFRS measures</i>			
Adjusted (loss)/profit for the year (non-IFRS)	(286,267)	196,015	N/A
Adjusted (loss)/profit margin (non-IFRS) (%)	(33.0)	21.2	N/A

Note:

(1) Percentage points

KEY BUSINESS HIGHLIGHTS

	Year ended December 31, 2023	Year ended December 31, 2022	Change (%)
Total number of partners⁽¹⁾			
Anchor enterprise	1,488	1,110	34.1
Financial institution	318	326	(2.5)
Supply Chain Finance Technology Solutions			
Number of anchor enterprise customers	604	401	50.6
Number of financial institution customers	131	146	(10.3)
Customer retention rate ⁽²⁾ (%)	86	96	(10) ⁽³⁾

Notes:

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

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

	For the year ended December 31,		
	2023	2022	Change (%)
	(RMB in million)		
Supply Chain Finance Technology Solutions			
(a) Anchor Cloud			
AMS Cloud	64,439.0	72,295.8	(10.9)
Multi-tier Transfer Cloud	136,844.1	75,119.2	82.2
Subtotal (Anchor Cloud):	201,283.1	147,415.0	36.5
(b) FI Cloud			
ABS Cloud	26,960.9	31,997.2	(15.7)
eChain Cloud	80,400.4	67,719.5	18.7
Subtotal (FI Cloud):	107,361.3	99,716.7	7.7
Total (Supply Chain Finance Technology Solutions):	308,644.4	247,131.7	24.9
Emerging Solutions			
Cross-border Cloud	12,642.3	11,435.6	10.6
SME Credit Tech Solutions	690.3	732.5	(5.8)
Total (Emerging Solutions):	13,332.6	12,168.1	9.6
TOTAL:	321,977.0	259,299.8	24.2

BUSINESS REVIEW AND OUTLOOK

In 2023, China's economy gradually recovered. The National Bureau of Statistics reported a 5.2% year-on-year growth in China's gross domestic product (GDP). Despite the positive momentum, the pace of recovery among different industries still showed divergence. The real estate sector was weak due to factors including diminished demand and debt issues. In addition, China's economy is facing a number of internal and external challenges, including escalating trade protectionism and geopolitical tension, the increasing difficulty of local governments to settle debts, overcapacity in traditional industries, and technological bottlenecks in the development of emerging industries.

In this year of economic recovery, amidst challenges both domestically and internationally, the Chinese government is promoting the upgrading of industrial structures, increasing investment in science and technology innovation, fostering the synergetic and efficient development of industrial ecology, and facilitating the virtuous cycle of "technology-industry-finance." Supply chain finance, serving as a financial supply system supporting the smooth and stable supply and industrial chains, continues to play an important role in promoting the recovery of the real economy, revitalizing small and medium-sized enterprises ("SME"), and deepening the synergy between industry and finance to improve quality and efficiency. Throughout the year of 2023, the Chinese government issued a series of incentive policies to support the use of digital supply chain finance to promote the high-quality development of the industry chain. Under the guidance of government policies, the supply chain finance technology market continues to grow.

2023 Annual Results Summary

In 2023, in the face of complex macroeconomic environment and industry challenges, we actively executed strategic adjustments, focused on our core directions, expedited the replacement of old growth drivers with new ones, and enhanced the resilience of our business development. The total transaction volume processed by our technology solutions reached RMB322.0 billion, representing a year-over-year increase of 24.2% from RMB259.3 billion in 2022, mainly benefiting from the strong growth in the number of our anchor enterprise customers, which drove a marked increase in the transaction volume processed by our Anchor Cloud. Although product pricing factors pressured our growth in the first half of 2023, in the second half, our revenue and income returned to a growth trajectory, up 21.9% sequentially and 15.2% year-over-year to RMB476.7 million. As a result of our continued investment in product research and development and customer marketing, and our more prudent provision for impairment of financial assets, we had an adjusted net loss of RMB286.3 million in 2023. As of December 31, 2023, our cash and cash equivalents and restricted cash totaled RMB4,849.8 million, and we maintained a healthy and sound financial position.

In terms of customer development, we have steadily executed our customer diversification strategy while rapidly acquiring customers. During the Reporting Year, the total number of anchor enterprise customers and financial institution customers for our supply chain finance technology solutions increased by 188, up 34%, to 735 compared with 2022. Among that, anchor enterprise customers increased by 203 to reach a total of 604, an increase of 51% from 2022. As of the end of 2023, we have cumulatively assisted more than 250,000 SMEs throughout the upstream and downstream ecosystem of the supply chain in accessing efficient and convenient digital inclusive financial technology services. Our customer base covers all 31 industries listed in the SWS Industry Classification, and we continued to consolidate and reinforce our position in sectors such as infrastructure/construction, real estate, pharmaceutical/biotech, commerce/retail, manufacture, oil/petrochemicals and social services. Due to the decline of business from the real estate industry, we lost some of our real estate industry customers and related financial institution customers, resulting in a decrease in our overall customer retention rate from 96% in 2022 to 86% in 2023. However, in the Multi-tier Transfer Cloud business segment, which is our core focus, the number of new customers increased by 235 to 558 during the year, realizing a customer retention rate of 99%.

In terms of product and scenario innovations, we have continued to explore the needs of our customers, and seek to broaden and enrich our product offerings. We expanded the asset classes and innovative scenarios in the upstream and downstream of supply chains. We actively explored new forms of financing products without clear debtor's acknowledgment. During the year, we successfully assisted the supply chain finance platforms of many state-owned enterprises and leading private enterprises in offering and launching such solutions including purchase order financing, distributor financing, etc. In the international market, we seized the wave of Chinese companies going overseas and helped OPPO expand its supply chain finance platform to cross-border supply chain financing scenarios, facilitating the digital intelligence transformation of its overseas supply chain system.

As we continued to consolidate our position as an industry leader, our market recognition and impact improved. According to the 2023 China Supply Chain Finance Technology Industry Report issued by China Insights Consultancy, we ranked No. 1 among supply chain finance technology solution providers for the fourth consecutive year, with a market share of 20.9%. In 2023, we were certified as a “Specialized and Sophisticated Enterprise” in Shenzhen, ranked among the top 10 SaaS enterprises in the “Top 100 SaaS Enterprises in 2023” by *China Internet Weekly*, were featured in the “Top 50 Influential AI SaaS Enterprises in 2023” list, and won “Global SME Finance Award” in 2023. In addition, SCSChain, which we developed jointly with Standard Chartered, received the prestigious “Best Digital Solution – Supply Chain” award from “The Asset” in 2023. In addition, Mr. Song Qun (“**Mr. Song**”), our chairman and chief executive officer, was granted the “Asian Banker’s Innovation Leadership Award for 2023”. Mr. Ji Kun, our executive director and president, was recognized as an “Outstanding Young Entrepreneur in Guangdong-Hong Kong-Macao Greater Bay Area.”

As a leader in the supply chain finance technology industry, we actively explore the application of cutting-edge technologies, such as artificial intelligence, blockchain, big data, and privacy computing, within the supply chain ecosystem. During the year, we were successfully certified as global Software Development Capability Maturity Model Integration (CMMI) Level 5, and were awarded as an “Outstanding Contribution Institution” by Trusted Blockchain Initiatives (TBI). With ChatGPT and other large language models taking off globally, artificial intelligence has shifted from an early-adopter technology to a universal one. We are actively embracing the industry transformation opportunities brought by innovations in AIGC applications, by utilizing open-source large language models to create a GPT model for supply chain finance, namely LDP-GPT. We believe that the application of GPT models to supply chain finance will significantly improve efficiency in compiling industrial information and analyzing transactions, facilitating intelligent risk assessment and reducing financing and operating costs, contributing to the development of more secure, accurate, and efficient capabilities of digital and intelligent inclusive financial services for the supply chain. We helped a foreign bank by successfully applying LDP-GPT in a project that involved the AI-powered intelligent check of document. We have also initiated the training of the LDP-GPT Enterprise Service Large Model, and have started using it in the company’s daily operation of customer management, operation delivery and software development, to help the group implement cost reductions and efficiency improvements.

In terms of sustainability, we adhere to our mission “technology empowers the development of sustainable supply chain finance” and fulfill our commitments in environmental, social and governance (ESG). We sought to contribute to the real economy as well as the digital economy. As green finance and sustainable development become important components of the global agenda, a growing number of supply chain finance solutions are beginning to incorporate environmental impact and social responsibility considerations. During the year, we collaborated with a number of financial institutions to promote innovative exploration of green supply chain finance models. In 2023, the assets of transactions that we served related to sustainable supply

chains (including renewable energy, rural revitalization, environmental protection, intellectual property, etc.) reached RMB19.2 billion, up 178% from last year. During the year, we were again graded as “low risk” in our ESG rating by Sustainalytics, a global rating agency, ranking in the top 5% within the global software and service industry.

Business Performance by Segment

Supply Chain Finance Technology Solutions

We provide cloud-native technology solutions that digitalize the supply chain payment and financing process, centered on anchor enterprises’ credit profiles. In 2023, the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions was RMB308.6 billion, up 24.9% from last year, benefiting mainly from a rapid growth in the number of our anchor enterprise customers. In addition, we also made breakthroughs in our financing business in innovative scenarios, including build-to-order manufacturing, logistics, inventory, and warehouse receipts.

In the AMS Cloud segment, the total volume we processed in 2023 was RMB64.4 billion, down 10.9% from last year. According to statistics from Wind, the total issuance volume of the supply chain asset-backed securitization market in 2023 decreased by 6% year-over-year, and issuance volume in the real estate industry dropped by 22% year-over-year. Since adopting a prudent view toward industry changes in the second half of the year, we strategically suspended some projects.

In the Multi-Tier Transfer Cloud segment, we achieved strong growth. In 2023, the total volume we processed was RMB136.8 billion, up 82.2% from last year. Our blockchain-based multi-tier transfer digital accounts receivable certificate product became a widely recognized universal solution in the market and will continue to be an important driver for the Company’s future high-speed growth. In 2023, the number of anchor enterprise customers using our Multi-Tier Transfer Cloud reached 558. We successfully landed supply chain platforms projects in collaboration with 39 state-owned enterprises and leading private enterprises including China Electrical Equipment Group, Jiangxi Financial Investment Group, and Chengdu Xingcheng Investment Group. We also acquired a significant number of new customers in 2023 and have completed project deployment and development work for some of those customers in 2024, which are expected to further drive growth in this segment.

In the ABS Cloud segment, the total volume of supply chain assets we processed in 2023 was RMB27.0 billion, down 15.7% from last year. ABS Cloud was also impacted by the overall downturn in the supply chain asset-backed securitization market and industry changes. Amid continued market pressure, we lost some of our financial institution customers who previously used our asset-backed securitization services. With the gradual completion of the real estate industry clearing, this business segment is expected to begin to stabilize and rebound.

In the eChain Cloud segment, the total volume of supply chain assets we processed in 2023 was RMB80.4 billion, up 18.7% from last year. We have been exploring opportunities for development in providing scenario-based financial technology services and modular intelligent-tools output with various financial institutions. We successfully promoted and implemented AI-powered check of documents, AI-powered guaranty registrations, AI-powered intelligent KYC identifications, as well as BeeFlash Cloud and other intelligent tool products based on LDP-GPT to 6 financial institutions including Standard Chartered Bank and Bank of East Asia. These initiatives empowered financial institutions to achieve high-quality digital intelligence transformations.

Emerging Solutions

Cross-border and International Business

We have been optimizing our cross-border and international business models while actively implementing our global development strategy. Our cross-border cloud business includes platform-based digital cross-border trade financing as well as supply chain financing technology solutions for Chinese enterprises expanding globally. With respect to the platform-based business, we have been collaborating with global platforms including Infor, Amazon, and Shopee to build a more diverse customer base and provide cross-border trade financing services for SME merchants on the platforms. In recent years, we have seen a new wave of Chinese companies pursuing global expansion strategies, particularly in the manufacturing sector. In response, we have positioned ourselves around both upstream and downstream financing scenarios for Chinese enterprises expanding overseas. Leveraging our mature overseas supply chain finance technology project implementation and operational experiences, we helped multiple companies expand their global supply chain industry-finance systems. In 2024, with the U.S. dollar entering into an interest rate-cutting cycle and resulting in financing cost decline in sight, we expect to see increased customer demand, driving the cross-border cloud business back to a high-growth trajectory.

SME Credit Tech Solutions

In the SME Credit Tech Solutions, we strategically downsized our offline merchant data-driven financing business while exploring new customer groups and business scenarios. In response to the booming live e-commerce, we have been offering supply chain financing services to small live-streaming e-commerce merchants based on their trade, logistics and settlement data. In 2023, we facilitated over RMB679 million in financing for around 500 small live-streaming merchants on Douyin, Kuaishou, PDD and other platforms. Given the fast turnover of funds and high flexibility required by live e-commerce, we have upgraded financing scenarios and have onboarded 7 financial institutions during the Reporting Year.

Customer Industry Distribution

Our core strategic direction is to grow our base of anchor enterprise customers and partners across a diverse set of industries, expand into additional supply chain scenarios, and develop supply chain finance technology solutions for different industries. At present, our Supply Chain Finance Technology Solutions serve a wide range of anchor enterprises in various sectors and cover all 31 industries listed in the SWS Industry Classification, among which 11 industries contributed more than RMB5 billion in supply chain asset transactions in 2023. In terms of the total volume of supply chain assets processed by our Supply Chain Finance Technology Solutions, the top five industries of our anchor enterprise customers and partners, as well as their proportions of the total volume over past periods, are shown in the table below.

For the three months ended March 31, 2023		For the three months ended June 30, 2023		For the three months ended September 30, 2023		For the three months ended December 31, 2023	
Industry	% of the total volume	Industry	% of the total volume	Industry	% of the total volume	Industry	% of the total volume
Infrastructure/construction	34%	Infrastructure/ construction	29%	Infrastructure/construction	30%	Infrastructure/construction	31%
Real estate	16%	Real estate	15%	Real estate	16%	Real estate	15%
Commerce/retail	11%	Commerce/retail	11%	Commerce/retail	8%	Transportation	6%
Conglomerate	5%	Conglomerate	6%	Power equipment	6%	Conglomerate	6%
Utilities	4%	Power equipment	4%	Machinery	4%	Power equipment	6%

Outlook

Looking ahead to 2024, we will focus more on our core business of sustainable high growth, expedite the replacement of old growth drivers with new ones and steer toward a new stage of high-quality development. While ensuring swift customer acquisition, we will also cater to the needs of our existing customers in a comprehensive manner. We will focus on increasing customer value and help them succeed. We will embrace the opportunities brought by the wave of AIGC, continuously explore new technologies and applications, and continue to improve operational efficiencies and cost reductions. We believe we will return to a trajectory of growth and profitability, and look forward to continuing to create value for our customers and shareholders in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Revenue and income from principal activities	867,764	924,200
Cost of principal activities	<u>(341,249)</u>	<u>(149,665)</u>
Gross profit	526,515	774,535
Research and development expenses	(365,801)	(351,118)
Sales and marketing expenses	(137,835)	(162,582)
Administrative expenses	(207,736)	(235,577)
Impairment loss	(214,437)	(41,823)
Other net income	<u>58,718</u>	<u>125,680</u>
(Loss)/profit from operation	(340,576)	109,115
Finance costs	(8,305)	(30,280)
Share of loss of equity accounted investees	<u>(75,000)</u>	<u>(60,893)</u>
(Loss)/profit before taxation	(423,881)	17,942
Income tax expense	<u>(19,417)</u>	<u>(39,797)</u>
Loss for the year	<u>(443,298)</u>	<u>(21,855)</u>
Attributable to:		
Equity shareholders of the Company	(441,240)	(13,458)
Non-controlling interests	<u>(2,058)</u>	<u>(8,397)</u>

Revenue and income from principal activities

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

	For the year ended December 31,			
	2023		2022	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Supply Chain Finance				
Technology Solutions				
Anchor Cloud	523,897	60.4	503,773	54.5
FI Cloud	299,651	34.5	362,568	39.2
Subtotal	823,548	94.9	866,341	93.7
Emerging Solutions				
Cross-border Cloud	35,120	4.0	34,776	3.8
SME Credit Tech Solutions	9,096	1.1	23,083	2.5
Subtotal	44,216	5.1	57,859	6.3
Total	867,764	100.0	924,200	100.0

Our total revenue and income decreased by 6.1% from RMB924.2 million for the year ended December 31, 2022 to RMB867.8 million for the year ended December 31, 2023, which was primarily attributable to the decline in the average price per transaction volume as a result of the changes in our customer and product mix, as well as the impact of our more flexible pricing strategy in response to the evolving macro environment and competitive landscape.

Our revenue and income from Anchor Cloud increased by 4.0% from RMB503.8 million for the year ended December 31, 2022 to RMB523.9 million for the year ended December 31, 2023, which was primarily due to the increase in the volume of supply chain assets processed by Anchor Cloud, but partially offset by the lowered pricing and the changing structure of the products offered by Anchor Cloud.

Our revenue and income from FI cloud decreased by 17.4% from RMB362.6 million for the year ended December 31, 2022 to RMB299.7 million for the year ended December 31, 2023, which was primarily attributable to the decrease in the volume of supply chain assets processed by ABS Cloud, as a result of the decline in the supply chain asset-backed securitization market.

Our revenue and income from Cross-border Cloud increased by 1.0% from RMB34.8 million for the year ended December 31, 2022 to RMB35.1 million for the year ended December 31, 2023. We will keep optimizing our cross-border and international business models while actively implementing our global development strategy and aiming to achieve higher growth in 2024.

Our revenue and income from SME Credit Tech Solutions decreased by 60.6% from RMB23.1 million for the year ended December 31, 2022 to RMB9.1 million for the year ended December 31, 2023, which was 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 years indicated:

	For the year ended December 31,			
	2023		2022	
	<i>RMB</i>	<i>%</i>	<i>RMB</i>	<i>%</i>
	<i>(In thousands, except for percentages)</i>			
Cost of principal activities				
Sales service fees	189,502	21.8	36,462	3.9
Technology service fees	20,093	2.3	29,802	3.2
Professional service fees	54,859	6.3	35,664	3.9
Management service fees	6,205	0.7	7,441	0.8
Others	70,590	8.1	40,296	4.4
Total	341,249	39.3	149,665	16.2

Our cost of principal activities include sales service fees, technology service fees, professional service fees, management service fees and other costs. The other costs primarily were payments for beneficial interest and processing fees to financial institutions for their subscription of our supply chain assets and other miscellaneous costs. Our cost of principal activities increased by 128.0% from RMB149.7 million for the year ended December 31, 2022 to RMB341.2 million for the year ended December 31, 2023. Despite the decrease of revenue and income year-on-year, the cost of principal activities increased due to the changes of our customer and product mix in which the proportion of business with a higher gross profit margin decreased, and the increased sale service fees for some newly-launched products in our Supply Chain Finance Technology Solutions.

Gross profit and gross profit margin

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

	For the year ended December 31,			
	2023		2022	
	Gross profit RMB	Gross profit margin %	Gross profit RMB	Gross profit margin %
	<i>(In thousands, except for percentages)</i>			
Gross profit and gross profit margin				
Supply Chain Finance				
Technology Solutions	490,597	59.6	721,890	83.3
Emerging Solutions	35,918	81.2	52,645	91.0
Total	526,515	60.7	774,535	83.8

The Group's gross profit decreased by 32.0% from RMB774.5 million for the year ended December 31, 2022 to RMB526.5 million for the year ended December 31, 2023. The Group's gross profit margin decreased from 83.8% for the year ended December 31, 2022 to 60.7% for the year ended December 31, 2023. This was primarily attributable to the changes in our customer and product structures, our flexible pricing and sales strategies in response to the evolving macro environment, and the increased sale service fees for some newly-launched products in our Supply Chain Finance Technology Solutions.

Research and development expenses

Our R&D expenses increased by 4.2% from RMB351.1 million for the year ended December 31, 2022 to RMB365.8 million for the year ended December 31, 2023, which was primarily attributable to the increase of amortization of capitalized research and development expenses, salaries and other benefits associated with our R&D employees that are not capitalized, and outsourcing human resources and technology expenses, as a result of our continued investment in product and technology development, partially offsetting by the decrease of share-based compensation in relation to share incentives granted to R&D employees resulting from the decrease of unvested share incentives during the year.

Sales and marketing expenses

Our sales and marketing expenses decreased by 15.2% from RMB162.6 million for the year ended December 31, 2022 to RMB137.8 million for the year ended December 31, 2023, primarily due to the decrease of sales channel expenses and share-based compensation in relation to share incentives granted to sales and marketing employees resulting from the decrease of unvested share incentives during the year.

Administrative expenses

Our administrative expenses decreased by 11.8% from RMB235.6 million for the year ended December 31, 2022 to RMB207.7 million for the year ended December 31, 2023, which was primarily attributable to the decrease of share-based compensation in relation to share incentives granted to general and administrative employees resulting from the decrease of unvested share incentives during the year.

Share-based compensation

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

	For the year ended December 31,			
	2023		2022	
	RMB	%	RMB	%
<i>(In thousands, except for percentages)</i>				
Share-based compensation				
Included in R&D expenses	42,305	54.2	86,092	54.8
Included in sales and marketing expenses	10,489	13.4	19,410	12.4
Included in administrative expenses	25,320	32.4	51,475	32.8
Total	78,114	100.0	156,977	100.0

The Group's share-based compensation decreased by 50.2% from RMB157.0 million for the year ended December 31, 2022 to RMB78.1 million for the year ended December 31, 2023, which was primarily attributable to the decrease of unvested share incentives during the year.

Impairment loss

Our impairment loss, which consists primarily of the impairment on (i) trade and other receivables (ii) financial assets at fair value through other comprehensive income; and (iii) financial assets at amortized cost, increased from RMB41.8 million for the year ended December 31, 2022 to RMB214.4 million for the year ended December 31, 2023.

As economic growth was under pressure and the debt risks of property developers emerged, the operating conditions of certain SMEs and anchor enterprise customers worsened, especially those in the real estate industry. We took efforts to lower the credit risk of our warehoused and self-funded supply chain assets which had showed indication of credit impairment. The efforts included but not limited to re-negotiating instalment payment schedule with debtors, debt settlement arrangement to replace financial assets with better priority of settlement arrangement in anchor enterprises, and strengthening credit enhancement measures. Despite these efforts, we expect there will be a longer settlement period and lower recovery amount than the contractual cash flow, therefore we took more prudent view when assessing expected credit loss for our financial assets.

We use expected credit loss model to measure impairment loss of financial assets. The determination of expected credit loss allowances using the expected credit loss model is subject to a number of key parameters which involve estimates and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, adjustments for forward-looking factors and other adjustment factors. In particular, the adjustment for forward-looking information is heavily dependent on macroeconomic factors and the likelihood of the base, optimistic and pessimistic scenarios; the probability of default takes into consideration of historical overdue data; and the quantum of loss given default is determined based on a range of factors including available remedies for recovery. We chose different expected credit loss model basing on business model under which the financial assets were managed and the characters of credit risk associated, which including rating mapping model and migration rate model. The rating mapping model determines the probability of default based on the debtor's mapped S&P rating, while the migration rate model determines the probability of default based on the historical migration of overdue data of financial assets. When determining the loss given default, the range of factors we considered included historical loss amount, regulatory requirement for financial institution, figures broadly used in financial institutions, value of credit enhancement, possible cash flow proceeding from available remedies for recovery.

Other net income

Our other net income consists primarily of (i) interest income from bank deposits; (ii) government grants; (iii) deem gain from dilution of proportion of equity interest of a joint venture; (iv) foreign exchange difference; (v) loss from disposal of equity interest of an associate; and (vi) losses from financial assets measured at fair value. The total amount of other net income decreased from RMB125.7 million for the year ended December 31, 2022 to RMB58.7 million for the year ended December 31, 2023, which was primarily attributable to the increase in losses from debt settlement arrangement related to financial assets and loss from disposal of equity interest of an associate, partially offset by the increase of interest income from bank deposits.

(Loss)/profit from operation

As a result of the foregoing, the Group recorded a loss from operation of RMB340.6 million for the year ended December 31, 2023, as compared to a profit from operation of RMB109.1 million for the year ended December 31, 2022.

Finance costs

Our finance costs decreased by 72.6% from RMB30.3 million for the year ended December 31, 2022 to RMB8.3 million for the year ended December 31, 2023, which was primarily attributable to the decrease in the total volume of the warehoused accounts receivable supported by short-term bridge loans in the securitization offerings enabled by our solutions.

Share of loss of equity accounted investees

Our share of loss of equity accounted investees arises from our share of profits and losses of associates and a joint-venture of which the investments are accounted for using equity method in proportion to our equity interests in them. We had a share of loss of RMB75.0 million and RMB60.9 million for the years ended December 31, 2023 and 2022, respectively. The share of loss of equity accounted investees for the year ended December 31, 2023 was primarily attributed to the operating loss from two of our investees, Olea and Green Link Digital Bank, who were loss making in their early stages of development.

Income tax expense

We had an income tax expense of RMB19.4 million and RMB39.8 million for the years ended December 31, 2023 and 2022, respectively.

Loss for the year

As a result of the foregoing, the Group recorded a loss of RMB443.3 million and RMB21.9 million for the year ended December 31, 2023 and 2022, respectively.

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted profit/(loss) as an additional financial measure, which is not required by or presented in accordance with IFRS. We believe that the non-IFRS measure facilitates comparisons of operating performance from year to year 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/(loss) may not be comparable to similarly titled measures presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted profit/(loss) for the year as profit/(loss) for the year, excluding share-based compensation, share of gain or loss of equity accounted investees and gain or loss from disposal of equity interest of equity accounted investees. We exclude these items because they are not expected to result in future cash payments that are recurring in nature and/or they are not indicative of our core operating results and business outlook.

The following table reconciles our adjusted (loss)/profit for the year ended December 31, 2023 and 2022 presented to the most directly comparable financial measure calculated and presented in accordance with IFRS, which was loss for the year:

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

	Year ended December 31,	
	2023	2022
	<i>(RMB in thousands)</i>	
Loss for the year	(443,298)	(21,855)
Add		
Share-based compensation ⁽¹⁾	78,114	156,977
Share of loss of equity accounted investees ⁽²⁾	75,000	60,893
Loss from disposal of equity interest of equity accounted investees ⁽³⁾	3,917	—
	<hr/>	<hr/>
Adjusted (loss)/profit for the year (non-IFRS)	(286,267)	196,015
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (1) Share-based compensation relates to the restricted share units that we granted under our share incentive plan, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.
- (2) Share of loss of equity accounted investees arises from our share of losses of equity accounted investees of which the investments are accounted for using equity method in proportion to our equity interests in them, which is a non-cash expense and is not indicative of our core operating results and business outlook.
- (3) Loss from disposal of equity interest of equity accounted investees which was recognised in ‘other net income’ in the consolidation statement of profit and loss and other comprehensive income represents our net loss arising from our loss amounting to RMB11,609,000 from disposal of equity interest of an associate, offset by the gain amounting to RMB7,692,000 from deemed disposal of equity interest of a joint venture during the year ended December 31, 2023. The loss is not expected to result in future cash payments that are recurring in nature and is not indicative of our core operating results and business outlook. Refer to “**Material acquisitions and disposals**” in this announcement for more information about the disposal transaction.

Credit exposure

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

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

As at December 31, 2023, the outstanding balance of supply chain assets held on our balance sheet primarily for warehousing purpose financed by our own capital was RMB2,644.2 million, which are represented within the items of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, prepayment, other receivables and other assets in the balance sheet. We acquired such assets primarily through the warehousing process in securitization offerings, the digital commercial bill based financing solutions and the cross-border supply chain financing solutions, which the anchor enterprises, and in certain products both the anchor enterprises and the suppliers, have payment obligations to us. For warehoused assets staying on our balance sheet beyond a certain timeframe, based on internal procedures set by our risk management team, we either seek investor subscription of such assets when market condition allows, or exercise our rights to require the anchor enterprises, and in certain cases, both the anchor enterprises and suppliers, to fulfill their payment obligations to us.

Since the second half of 2021, as economic growth was under pressure and the debt risks of property developers emerged, investors became more cautious when purchasing supply chain assets. As a result, the average period of warehousing processes increased, particularly in certain circumstances when securitization or financing offerings were delayed or cancelled due to adverse market conditions. Due to the changes in the macroeconomic environment and real estate industry, certain of our anchor enterprise customers' operating conditions worsened, hence were unable to fulfill their abovementioned payment obligations of our warehoused accounts receivable in a timely manner, which caused the likelihood of associated credit risks increased compared to the past. Therefore, we have taken additional risk management and asset recovery measures to monitor and mitigate risks relating to the warehoused supply chain assets held on our balance sheet, and been prudent when making assessment for the expected loss in relation to credit risk associated with such assets. As at December 31, 2023, the total expected loss in relation to credit risk of the warehoused supply chain assets financed by our own capital had been represented within impairment provision for financial assets at fair value through other comprehensive income and other receivables, and changes of fair value for financial assets at fair value through profit or loss. Please refer to note 8, 9 and 12 to the audited consolidated financial statements in this announcement, and "Risk Factors – We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud" and "Business – Risk Management and Internal Control – Credit Risk Management" in the Prospectus for more details.

(ii) *Credit risks associated with self-funded and covered transactions*

We refer to the financing transactions enabled by Emerging Solutions funded using our own capital as “self-funded” transactions. The outstanding amount of self-funded transactions under Cross-border Cloud was RMB3.8 million (RMB3.9 million including accrued interest income) as of December 31, 2023. The outstanding amount of self-funded transactions under SME Credit-tech Solutions was RMB86.6 million (RMB96.7 million including accrued interest income) as of December 31, 2023.

We sometimes enter into contractual arrangements with financial institutions to protect them against potential losses from the financing they extend to the SMEs or suppliers under FI Cloud or Emerging Solutions, in which case we bear the associated credit risk to the extent that we are obligated to perform our obligations under the contractual arrangements. We refer to the financing transactions covered by the foregoing contractual arrangements as “covered” financing transactions. Our total exposure to covered transactions as at December 31, 2023 was RMB486.6 million.

We use the M3+ overdue ratio to monitor the credit performance of self-funded and covered financing transactions. The M3+ overdue ratio as of a given date is calculated by dividing the balance of such financing transactions including accrued interest income that are overdue for more than 90 calendar days, by the balance of such financing transactions including accrued interest income, which represents the balance of financing transactions including accrued interest income that has past due for over 90 calendar days as a percentage of the total balance of such financing transactions including accrued interest income. As at December 31, 2023, the M3+ overdue ratio of self-funded and covered financing transactions was 6.9%.

Liquidity and source of funding

As at December 31, 2023, the Group’s cash and cash equivalents decreased by RMB1,012.2 million from RMB5,731.4 million as at December 31, 2022 to RMB4,719.2 million as at December 31, 2023.

Significant investments

The Group did not make or hold any significant investments (including any investment in an investee company with a value of 5% or more of the Company’s total assets as at December 31, 2023) during the Reporting Year.

Material acquisitions and disposals

On November 22, 2023, Linklogis Hong Kong Limited (“**Linklogis Hong Kong**”), a wholly-owned subsidiary of the Company (as vendor), Sinopharm Holdings (China) Financial Leasing Co., Ltd.* (國藥控股(中國)融資租賃有限公司) (“**Sinopharm**”) (as purchaser) and four other independent third party vendors entered into an equity transfer agreement, pursuant to which, among others, Linklogis Hong Kong agreed to sell, and Sinopharm agreed to acquire, 19.608% equity interest in Sinopharm Rosina (Shanghai) Commercial Factoring Co., LTD.* (國藥融匯(上海)商業保理有限公司) (the “**Target**”) at a consideration of RMB111,918,228.67. The Target was accounted for as an associate of the Group prior to the transaction. Such transaction constituted a major transaction of the Company and further details were set out in the announcement and circular of the Company dated November 22, 2023 and December 13, 2023, respectively. Save as disclosed, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities, associates or joint ventures during the Reporting Year.

Borrowings

The carrying amount of borrowings of the Group as at December 31, 2023 was RMB34.0 million (as at December 31 2022: RMB10.0 million) which were interest-bearing at fixed rates ranging from 3.2% to 3.3% and denominated in RMB. The maturity profile of borrowings is within one year.

As at December 31, 2023, the Group had unutilized banking facility amounting to RMB7,076.0 million (as at December 31, 2022: RMB9,950.0 million).

Pledge of assets

As at December 31, 2023, the Group had no pledged assets.

Subsequent events after the Reporting Year

Save as the announcement of the Company dated February 5, 2024 in relation to the connected transaction in respect of the Cooperation Agreement with WeBank Co., Ltd.* (深圳前海微眾銀行股份有限公司), there were no other significant events after the end of the reporting period and up to the approval date of this announcement.

Future plans for material investments or capital asset

As of December 31, 2023, the Group did not have detailed future plans for material investments or capital assets.

Gearing ratio

As at December 31, 2023, the Group’s gearing ratio (i.e. the total amount of borrowings and lease liabilities divided by total equity, in percentage) was 1.4% (as at December 31, 2022: 0.6%).

Foreign exchange exposure

During the Reporting Year, the Group mainly operated in China and the majority of the transactions were settled in RMB, which is also the functional currency of the Company's primary consolidated affiliated entities. As at December 31, 2023, 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 December 31, 2023 and 2022.

Capital commitment

As at December 31, 2023 and 2022, the Group had no material capital commitment.

Employees and remuneration policy

As at December 31, 2023, the Group had a total of 914 employees. The following table sets forth a breakdown of our employees by function as at December 31, 2023.

Division	Number of employees
Research and development	560
Sales and marketing	150
General administration	204
Total	914

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 legislations, market conditions and both the individual's 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 the Shareholders and to enhance corporate value and accountability.

Compliance with the Corporate Governance Code

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

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

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

Compliance with the Model Code

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

Audit Committee

The audited consolidated results for the year ended December 31, 2023 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 reviewed the accounting principles adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters.

Scope of Work of Auditor

The financial figures in respect of the Group's consolidated statement of financial position as at December 31, 2023, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 as set out in this announcement have been compared by KPMG, the Company's independent auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2023 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on this announcement.

OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries and consolidated entities had purchased or sold any of the Company's listed securities during the Reporting Year.

Material Litigation

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

Dividend

The Board recommended the payment of a special dividend of HKD0.10 per Share for the year ended December 31, 2023. The special dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on June 17, 2024 and the special dividend is expected to be payable on July 29, 2024 to the Shareholders whose names appear on the register of members of the Company on July 8, 2024.

Closure of Register of Members

The AGM will be held on June 17, 2024. The register of members of the Company will be closed from June 12, 2024 to June 17, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no Share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with Tricor Investor Services Limited, the Company's Hong Kong share registrar (the "**Hong Kong Share Registrar**"), at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on June 11, 2024.

The register of members of the Company will also be closed from July 4, 2024 to July 8, 2024, both days inclusive, in order to determine the entitlement of the Shareholders to receive the special dividend, during which period no share transfers will be registered. To qualify for the special dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Hong Kong Share Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on July 3, 2024.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

YEAR ENDED DECEMBER 31, 2023

(Expressed in RMB'000)

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Revenue and income from principal activities	3	867,764	924,200
Cost of principal activities	3	<u>(341,249)</u>	<u>(149,665)</u>
Gross profit	3	526,515	774,535
Research and development expenses		(365,801)	(351,118)
Sales and marketing expenses		(137,835)	(162,582)
Administrative expenses		(207,736)	(235,577)
Impairment loss	4(c)	(214,437)	(41,823)
Other net income		<u>58,718</u>	<u>125,680</u>
(Loss)/profit from operation		(340,576)	109,115
Finance costs	4(a)	(8,305)	(30,280)
Share of loss of equity accounted investees		<u>(75,000)</u>	<u>(60,893)</u>
(Loss)/profit before taxation		(423,881)	17,942
Income tax expense	5	<u>(19,417)</u>	<u>(39,797)</u>
Loss for the year		<u><u>(443,298)</u></u>	<u><u>(21,855)</u></u>
Attributable to:			
Equity shareholders of the Company		(441,240)	(13,458)
Non-controlling interests		<u>(2,058)</u>	<u>(8,397)</u>
Loss for the year		<u><u>(443,298)</u></u>	<u><u>(21,855)</u></u>

		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		(22,775)	2,043
Exchange differences on translation of financial statements of operations outside the mainland China and others		<u>70,580</u>	<u>151,447</u>
Other comprehensive income for the year		<u>47,805</u>	<u>153,490</u>
Total comprehensive (loss)/income for the year		<u>(395,493)</u>	<u>131,635</u>
Attributable to:			
Equity shareholders of the Company		(393,484)	139,935
Non-controlling interests		<u>(2,009)</u>	<u>(8,300)</u>
Total comprehensive (loss)/income for the year		<u>(395,493)</u>	<u>131,635</u>
Basic/diluted loss per share (RMB per share)	6	<u>(0.208)</u>	<u>(0.006)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(Expressed in RMB'000)

		As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
	Note		
Non-current assets			
Property, plant and equipment		27,609	23,645
Right-of-use assets		86,890	46,274
Intangible assets		312,043	288,126
Contract costs		17,500	—
Equity accounted investees		251,530	332,833
Financial assets at fair value through profit or loss	9	83,709	62,076
Prepayments, other receivables and other assets	12	3,104	5,129
Deferred tax assets		101,761	67,693
Total non-current assets		884,146	825,776
Current assets			
Financial assets at fair value through other comprehensive income	8	386,910	496,478
Financial assets at fair value through profit or loss	9	987,741	2,482,324
Trade receivables	10	290,847	342,114
Contract assets		11,179	10,544
Financial assets at amortised cost	11	50,969	162,261
Prepayments, other receivables and other assets	12	2,268,948	1,713,599
Restricted cash		130,625	159,873
Cash and cash equivalents		4,719,157	5,731,387
Total current assets		8,846,376	11,098,580
Current liabilities			
Trade payables	13	102,755	39,900
Contract liabilities		10,571	7,240
Borrowings	14	34,019	10,012
Income tax payables		56,916	50,691
Lease liabilities		9,643	19,452
Other payables, accruals and other liabilities	15	322,811	1,809,857
Provisions		258	693
Total current liabilities		536,973	1,937,845

		As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
	<i>Note</i>		
Net current assets		8,309,403	9,160,735
Total assets less current liabilities		9,193,549	9,986,511
Non-current liabilities			
Lease liabilities		80,758	29,983
Total non-current liabilities		80,758	29,983
Net assets		9,112,791	9,956,528
Equity			
Share capital	16	125	125
Reserves		9,115,446	9,957,174
Total equity attributable to equity shareholders of the Company		9,115,571	9,957,299
Non-controlling interests		(2,780)	(771)
Total equity		9,112,791	9,956,528

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION AND GENERAL INFORMATION

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

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

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

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

2 CHANGE IN ACCOUNTING POLICIES

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

- Amendments to IAS 12, Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 1 and IFRS Practice Statement 2, Disclosure of accounting policies

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

Certain new accounting standards and interpretations have been published that are not mandatory for the consolidated financial statements for the year ended December 31, 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING

(a) Revenue and income

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

	2023 RMB'000	2022 RMB'000
Revenue and income from		
Supply Chain Finance Technology Solutions		
– Anchor Cloud	523,897	503,773
– FI Cloud	299,651	362,568
	<u>823,548</u>	<u>866,341</u>
Emerging Solutions		
– Cross-border Cloud	35,120	34,776
– SME Credit Tech Solutions	9,096	23,083
	<u>44,216</u>	<u>57,859</u>
	<u>867,764</u>	<u>924,200</u>

Recognition of timing

Out of the Group's revenue from contracts with customers, RMB102,829,000 and RMB125,044,000 were recognised over time during the year ended December 31, 2023 and 2022, respectively.

Remaining performance obligation

As at December 31, 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB994,000 (December 31, 2022: RMB1,236,000). This amount represents revenue expected to be recognised in the future from pre-completion service contracts entered into by the customers with the Group. The Group will recognise the expected revenue in the future when or as the work is completed which is expected to occur over the next 12 months.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
A	<u>115,087</u>	<u>121,485</u>

(b) Segment reporting

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

The Group is a technology solution provider for supply chain finance in China and overseas countries and regions. Its cloud-native solutions optimize the payment cycle of supply chain transactions and digitalize the entire workflow of supply chain finance. The Group's technology solutions enable participants in the supply chain ecosystem, including anchor enterprise, financial institutions and small and medium-sized enterprises ("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 strategies is to expand the scope of solution offerings with continuous optimization. It has been launching new products under each business segment to serve broader use cases and target customer Groups in the supply chain ecosystem.

Anchor Cloud

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

FI Cloud

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

Cross-border Cloud

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

SME Credit Tech Solutions

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

(i) Segment results

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

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

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

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 years is set out below.

	Supply Chain Finance			Emerging Solutions			
	Technology Solutions			SME Credit			
	Anchor			Cross-border	Tech		
	Cloud	FI Cloud	Subtotal	Cloud	Solutions	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended							
December 31, 2023							
Revenue and income	523,897	299,651	823,548	35,120	9,096	44,216	867,764
Costs	(138,403)	(194,548)	(332,951)	(3,917)	(4,381)	(8,298)	(341,249)
Gross profit	385,494	105,103	490,597	31,203	4,715	35,918	526,515
For the year ended							
December 31, 2022							
Revenue and income	503,773	362,568	866,341	34,776	23,083	57,859	924,200
Costs	(97,938)	(46,513)	(144,451)	(5,214)	–	(5,214)	(149,665)
Gross profit	405,835	316,055	721,890	29,562	23,083	52,645	774,535

(ii) *Geographic information*

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

The Group's operating assets are mainly situated in mainland China. The information of substantial operating assets situated in countries and regions other than mainland China in Cross-border Cloud is disclosed in notes 9(ii), 9(iv) and 11.

4 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023 RMB'000	2022 RMB'000
Interest expenses on		
– bank and other financial institution borrowings	4,716	27,401
– lease liabilities	3,589	2,879
	<u>8,305</u>	<u>30,280</u>

(b) Staff costs

	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	307,436	289,980
Contributions to defined contribution scheme (<i>Note</i>)	31,715	32,535
Share-based compensation and other employees benefits	78,371	156,977
	<u>417,522</u>	<u>479,492</u>
Included in:		
– Research and development expenses	196,764	232,705
– Sales and marketing expenses	97,400	101,550
– Administrative expenses	123,358	145,237
	<u>123,358</u>	<u>145,237</u>

Staff costs of RMB118,506,000 and RMB128,190,000 were capitalised in intangible assets and contract cost for the years ended December 31, 2023 and 2022, respectively, which amounts are not included in the total amounts disclosed above.

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

(c) **Other items**

	2023 RMB'000	2022 RMB'000
Depreciation and amortisation charges		
– amortisation of intangible assets	95,304	70,913
– depreciation of right-of-use assets	25,374	20,477
– depreciation of property, plant and equipment	13,795	13,677
	<u>134,473</u>	<u>105,067</u>
Impairment loss		
– trade and other receivables	155,288	4,302
– financial assets at fair value through other comprehensive income	44,972	7,764
– financial assets at amortised cost	14,612	31,297
– provision for guarantee liabilities	(435)	(1,540)
	<u>214,437</u>	<u>41,823</u>
Professional service fees	<u>29,251</u>	<u>22,921</u>
Auditors' remuneration		
– audit services	3,455	3,455
– other services	2,728	1,365
	<u>6,183</u>	<u>4,820</u>

5 INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands for the year ended December 31, 2023 and 2022.

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

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on the taxable income, except for that: (i) One of the subsidiaries of the Group was recognized as high and new technology enterprises (“HNTTE”) in the year of 2019 and renewed its HNTTE certificate in the year of 2022, and accordingly, was entitled to a preferential income tax rate of 15% in each subsequent three years since the certified year. Thus, this subsidiary was entitled to a preferential income tax rate of 15% for the year ended December 31, 2023 and 2022. (ii) Several subsidiaries of the Group were small low-profit enterprises as their annual taxable income were not greater than RMB3 million. Accordingly, they were entitled to a tax relief policy for the year ended December 31, 2023. According to the tax relief policy, for small low-profit enterprise, 25% of the annual taxable income is subject to a preferential income tax rate of 20%.

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

(a) **Taxation in the consolidated statement of profit or loss represents:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
PRC corporate income tax	41,787	50,359
Hong Kong profits tax	<u>230</u>	<u>258</u>
	<u>42,017</u>	<u>50,617</u>
Deferred tax		
Origination of temporary differences	(19,597)	(10,820)
Effect of deferred tax balances at January 1 resulting from a change in tax rate	<u>(3,003)</u>	<u>—</u>
	<u>(22,600)</u>	<u>(10,820)</u>
Total	<u><u>19,417</u></u>	<u><u>39,797</u></u>

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

	For the year ended December 31, 2023 RMB'000	For the year ended December 31, 2022 RMB'000
(Loss)/profit before taxation	<u>(423,881)</u>	<u>17,942</u>
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to the jurisdictions concerned	(61,451)	12,899
Tax effects of:		
– Temporary differences for which no deferred tax asset was recognised	60,081	1,161
– Effect of preferential tax rates	(4,841)	(4,318)
– Utilisation of previously unrecognised tax losses	–	(635)
– Income not subject to tax	(6,376)	(5,445)
– Expenses not deductible for income tax purposes	35,799	46,256
– Super-deduction for research and development expenses	<u>(3,795)</u>	<u>(10,121)</u>
Actual income tax expense	<u>19,417</u>	<u>39,797</u>

6 BASIC AND DILUTED LOSS PER SHARE

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

	For the year ended December 31, 2023	2022
Loss attributable to equity shareholders of the Company (RMB'000)	(441,240)	(13,458)
Weighted average number of ordinary shares issued to equity shareholders of the Company for calculation of the basic loss per share	2,121,002,181	2,130,923,002
Basic loss per share (RMB per share)	<u>(0.208)</u>	<u>(0.006)</u>

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

For the year ended December 31, 2023 and 2022, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for the year ended December 31, 2023 and 2022 were the same as basic loss per share.

7 DIVIDENDS

Subsequent to the end of the reporting period, a special dividend in respect of the year ended December 31, 2023 of HKD0.10 per ordinary share has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting of the Company to be held on June 17, 2024 and the special dividend is expected to be payable on July 29, 2024 to the shareholders whose names appear on the register of members of the Company on July 8, 2024.

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

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 secured by the commercial notes issued by the anchor enterprise to the suppliers that the Group held within a business model whose objective is achieved by both collecting contractual cash flows and selling as part of warehousing process.

(a) Movements of the financial assets at fair value through other comprehensive income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At the beginning of the year	496,478	1,904,307
Decrease	(71,613)	(1,410,553)
Changes in fair value	(37,955)	2,724
	<u>386,910</u>	<u>496,478</u>
At the end of the year	<u>386,910</u>	<u>496,478</u>

The Group entered into settlement agreements with several anchor enterprises to settle the Group's supply chain assets included in FVOCI amounted to RMB168,096,000 with the securities (including bonds and asset-back securities) issued by the anchor enterprises amounting to RMB136,884,000. Upon the settlement of the original supply chain assets, these securities were recognised as FVOCI as the Group managed such securities under the same business model as the original supply chain assets.

(b) The movements of loss allowance

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

	2022			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Balance of financial assets at fair value through other comprehensive income as at December 31, 2022	<u>250,832</u>	<u>245,646</u>	<u>–</u>	<u>496,478</u>
The movements of loss allowance:				
As at January 1	185	9,931	–	10,116
Transfer				
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
Charge for the year	<u>4,144</u>	<u>3,620</u>	<u>–</u>	<u>7,764</u>
As at December 31	<u>4,329</u>	<u>13,551</u>	<u>–</u>	<u>17,880</u>

Impairment allowance of financial assets at fair value through other comprehensive income and associated tax impact were recognised in “other comprehensive income for the year” in the consolidated statement of profit or loss and other comprehensive income. The tax impact for impairment allowance charged for the year in income tax expense was RMB1,941,000 (year ended December 31, 2022: credit of RMB1,941,000).

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
	Note		
Non-current			
Unlisted equity investment	(i)	83,709	62,076
Current			
Supply chain assets	(ii)	780,990	2,281,644
Asset-backed securities	(iii)	82,774	86,049
Others	(iv)	123,977	114,631
		987,741	2,482,324

- (i) The unlisted equity investment represented the Group's equity interests in investees on which the Group had no control or significant influence.
- (ii) The balance as at December 31, 2023 comprised the carrying amount of (1) the supply chain assets held for sale in the Supply Chain Finance Technology Solutions of RMB458,251,000 (December 31, 2022: RMB1,917,839,000); (2) the supply chain assets held for sale in the Cross-border Cloud of USD24,490,000 (equivalent to approximately RMB173,457,000) (December 31, 2022: USD26,144,000, equivalent to approximately RMB182,086,000); and (3) the supply chain assets in Anchor Cloud of RMB149,282,000 (December 31, 2022: RMB181,719,000). During the year ended December 31, 2022, the Group entered into a settlement agreement with an anchor enterprise to settle the Group's supply chain assets amounted to RMB188,973,000, which were secured by the commercial notes issued by the anchor enterprise to the suppliers. Pursuant to the terms agreed, the original supply chain assets which were recorded as FVOCI were settled with a receivable right against the anchor enterprise secured by rights to the proceeds of the senior tranches of asset-back securities held by the anchor enterprise.
- (iii) The balance as at December 31, 2023 comprised the carrying amount of (1) senior tranches of asset-back securities of RMB22,121,000 (December 31, 2022: RMB18,054,000); and (2) junior tranches of asset-back securities of RMB60,653,000 (December 31, 2022: RMB67,995,000).
- (iv) The balance as at December 31, 2023 mainly included the carrying amount of the Group's investment in a segregated portfolio managed by Go Asset, which amounted to USD17,504,000 (equivalent to approximately RMB123,977,000) (December 31, 2022: USD16,459,000, equivalent to approximately RMB114,631,000).

10 TRADE RECEIVABLES

	As at December 31, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Service fee receivables	294,106	343,289
Impairment allowance	<u>(3,259)</u>	<u>(1,175)</u>
	<u>290,847</u>	<u>342,114</u>

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

	As at December 31, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Within 3 months (inclusive)	137,456	102,335
3 months to 6 months (inclusive)	16,641	72,881
6 months to 1 year (inclusive)	40,438	130,895
Over 1 year	99,571	37,178
Impairment allowance	<u>(3,259)</u>	<u>(1,175)</u>
Trade receivables, net	<u>290,847</u>	<u>342,114</u>

11 FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Gross amount of financial assets at amortised cost		
Supply chain assets from		
– SME Credit Tech Solutions	96,704	150,709
– Cross-border Cloud	3,837	46,825
Gross amount of financial assets at amortised cost	100,541	197,534
Impairment allowance		
Supply chain assets from		
– SME Credit Tech Solutions	(49,556)	(34,262)
– Cross-border Cloud	(16)	(1,011)
Total impairment allowance	(49,572)	(35,273)
Carrying amount of financial assets at amortised cost	50,969	162,261

(b) Summarised by stages and allowance for impairment losses

As at December 31, 2023				
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Gross amount				
– SME Credit Tech Solutions	34,969	21,251	40,484	96,704
– Cross-border Cloud	3,837	–	–	3,837
Impairment allowance				
– SME Credit Tech Solutions	(1,673)	(14,950)	(32,933)	(49,556)
– Cross-border Cloud	(16)	–	–	(16)
Carrying amount	37,117	6,301	7,551	50,969
As at December 31, 2022				
	Stage 1 <i>RMB'000</i>	Stage 2 <i>RMB'000</i>	Stage 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Gross amount				
– SME Credit Tech Solutions	115,576	637	34,496	150,709
– Cross-border Cloud	46,825	–	–	46,825
Impairment allowance				
– SME Credit Tech Solutions	(7,945)	(446)	(25,871)	(34,262)
– Cross-border Cloud	(1,011)	–	–	(1,011)
Carrying amount	153,445	191	8,625	162,261

(c) Summarised by overdue days

As at December 31, 2023				
	Overdue by 1 to 90 days (inclusive) <i>RMB'000</i>	Overdue by 90 days to 1 year (inclusive) <i>RMB'000</i>	Overdue by 1 year to 2 years (inclusive) <i>RMB'000</i>	Total <i>RMB'000</i>
Supply chain assets				
– SME Credit Tech Solutions	21,251	5,586	34,898	61,735
As at December 31, 2022				
	Overdue by 1 to 90 days (inclusive) <i>RMB'000</i>	Overdue by 90 days to 1 year (inclusive) <i>RMB'000</i>	Overdue by 1 year to 2 years (inclusive) <i>RMB'000</i>	Total <i>RMB'000</i>
Supply chain assets				
– SME Credit Tech Solutions	3,535	17,800	16,696	38,031

(d) The movements of loss allowance

	2023			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at January 1	8,956	446	25,871	35,273
Transfer				
Transfer to lifetime ECL credit-impaired	(5,960)	1,729	4,231	–
Charge for the year	(1,318)	12,775	3,155	14,612
Exchange differences	11	–	–	11
Write-offs	–	–	(324)	(324)
As at December 31	<u>1,689</u>	<u>14,950</u>	<u>32,933</u>	<u>49,572</u>
	2022			
	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	28,769
Transfer				
Transfer to lifetime ECL credit-impaired	(10,560)	(5,606)	16,166	–
Charge for the year	15,479	1,497	14,028	31,004
Recoveries of amounts previously written off	–	–	293	293
Exchange differences	279	–	–	279
Write-offs	–	–	(25,072)	(25,072)
As at December 31	<u>8,956</u>	<u>446</u>	<u>25,871</u>	<u>35,273</u>

12 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

		As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
	Note		
Non-current			
Long-term deferred expenses		<u>3,104</u>	<u>5,129</u>
Current			
Receivables from anchor enterprises	(i)	2,055,461	1,508,314
Receivables from disposal of equity interest of an associate		111,918	–
Loans to staff		63,407	50,980
Continuing involvement in transferred supply chain assets	15	38,300	40,600
Loan to a third party	(ii)	32,715	31,562
Prepaid expenses for Supply Chain Finance Technology Solutions		14,885	13,900
Prepaid software and service expense		13,713	2,280
Input value-added-tax to be certified		11,401	28,771
Others		84,810	41,650
Impairment allowance		<u>(157,662)</u>	<u>(4,458)</u>
Total		<u>2,268,948</u>	<u>1,713,599</u>

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

(i) Receivables from anchor enterprises

Receivables from anchor enterprises mainly arise in the securitisation transactions enabled by Supply Chain Finance Technology Solutions and represent mostly the suppliers' accounts receivables due from anchor enterprises acquired pursuant to contracts between the Group and the anchor enterprises.

As at December 31, 2022, all receivables from anchor enterprises were classified as stage 1.

As at December 31, 2023, the gross amount and the impairment allowance in stage 2 was RMB1,994,803,000 and RMB154,190,000, respectively, which included receivables amounted to RMB1,506,791,000, with impairment allowance amounted to RMB4,347,000, transferred from stage 1.

No receivables were classified as stage 3 as at December 31, 2023 and 2022.

(ii) **Loan to a third party**

On May 24, 2019, a subsidiary of the Company granted a loan amounting to RMB30,000,000 with annual interest rate of 2% to Hong Kong Han Tou Jin Chuang Investment Management Limited (“**Han Tou**”), one of the non-controlling shareholders of Sinopharm Rosina which was an associate of the Group before November 22, 2023. According to the repayment arrangement, the loan was expected to be recovered in the forthcoming year.

13 TRADE PAYABLES

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Expenses payable for issuance of assets-backed securities	99,544	34,294
Others	3,211	5,606
	<u>102,755</u>	<u>39,900</u>

As at December 31, 2023 and 2022, the carrying amounts of trade payables are considered to be the same as their fair values, due to their short-term nature.

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

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Within 3 months (inclusive)	71,204	13,143
Over 3 months	31,551	26,757
	<u>102,755</u>	<u>39,900</u>

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

14 BORROWINGS

	As at December 31, 2023		As at December 31, 2022	
	<i>Effective</i>		<i>Effective</i>	
	<i>interest rate</i>	<i>RMB'000</i>	<i>interest rate</i>	<i>RMB'000</i>
Current				
Bank and other financial institution borrowings				
– Unsecured and unguaranteed	3.2%-3.3%	34,019	4.0%	10,012

All of the above borrowings are carried at amortised cost.

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

	As at December 31, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Within 1 year and included in current liabilities	34,019	10,012

15 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

		As at December 31, 2023 <i>RMB'000</i>	As at December 31, 2022 <i>RMB'000</i>
Current			
Payable to anchor enterprises	(i)	124,936	1,596,746
Accrued payroll and other benefits		77,399	69,908
Continuing involvement in transferred supply chain assets	12	38,300	40,600
Tax and levies		19,010	23,918
Others		63,166	78,685
		322,811	1,809,857

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

16 SHARE CAPITAL

	As at December 31, 2023 RMB'000	As at December 31, 2022 RMB'000
Ordinary shares	<u>125</u>	<u>125</u>

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

	Par Value	As at December 31, 2023	As at December 31, 2022
Number of Class A ordinary shares	USD0.00000833	267,626,789	267,626,789
Number of Class B ordinary shares	USD0.00000833	2,017,357,159	2,017,357,159

During the year ended December 31, 2023, there is no change in the number of ordinary shares of the Company.

During the year ended December 31, 2022: (1) the Company has cancelled 19,126,000 shares of repurchased class B ordinary shares; (2) upon cancellation of the repurchased class B ordinary shares, 2,240,117 shares of class A ordinary shares were converted into 2,240,117 shares of class B ordinary shares on a one-to-one ratio pursuant to 8A.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.linklogis.com). The annual report for the year ended December 31, 2023 will be made available for review on the same websites (and dispatched to Shareholders if requested) in due course.

By order of the Board
Linklogis Inc.
Song Qun
Chairman

Hong Kong, March 26, 2024

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

DEFINITIONS

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

“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China and for the purposes of this 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 our Company with a par value of US\$0.00000833 each, conferring weighted voting rights in our Company such that a holder of a Class A Share is entitled to ten votes per share on any resolution tabled at the Company’s general meetings, save for resolutions with respect to specified reserved matters, in which case they shall be entitled to one vote per share
“Class B Share(s)”	class B ordinary share(s) in the share capital of our Company with a par value of US\$0.00000833 each, conferring a holder of a Class B Share one vote per share on any resolution tabled at the Company’s general meetings
“Company”, “our Company”, or “the Company”	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018
“Director(s)”	the director(s) of our Company
“Group”, “we” or “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
“IFRS”	International Financial Reporting Standards, as issued by the International Accounting Standards Board
“Listing”	the listing of the Class B Shares on the Main Board of the Stock Exchange on April 9, 2021

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

* *For identification purposes only*