联易融 Linklogis

ANNUAL REPORT 2023

Linklogis Inc.
聯易融科技集團

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

CONTENTS

CORPORATE INFORMATION

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

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

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

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

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

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

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

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

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

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Qianhai Shenzhen Hong Kong Cooperation Zone
Nanshan District
ShenZhen, the PRC

Principal Place of Business in Hong Kong
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Wanchai, Hong Kong

Registered office
ICS Corporate Services (Cayman) Limited
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Cayman Islands

Auditor
KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
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Central, Hong Kong

CORPORATE INFORMATION

Legal advisors

As to Hong Kong and U.S. laws

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15 Queen's Road Central
Central, Hong Kong

As to PRC law

Commerce & Finance Law Offices
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Haide 3rd Road
Nanshan District
Shenzhen, 518067
PRC

Compliance advisor

Rainbow Capital (HK) Limited
Office No. 710, 7/F, Wing On House
71 Des Voeux Road Central
Hong Kong

Hong Kong share registrar

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

Principal share registrar and transfer office

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

Principal banks

China Merchants Bank Co., Ltd., Shenzhen Branch
China Merchants Bank Shenzhen Branch Building
2016 Shennan Avenue
Futian District, Shenzhen, PRC

Industrial and Commercial Bank of China Limited,
Shenzhen Branch
No. 1 Jintang Road, Shennan East Road
Luohu District, Shenzhen, Guangdong, PRC

Stock code

9959

Company website

www.linklogis.com

KEY HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

	Year ended December 31,		
	2023	2022	Change (%)
	(RMB in thousands, except percentages)		
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
Non-IFRS measures			
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.

KEY HIGHLIGHTS

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

CHAIRMAN'S STATEMENT

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, SCeChain, 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.

CHAIRMAN'S STATEMENT

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.

CHAIRMAN'S STATEMENT

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.

Mr. Song Qun
Chairman and Chief Executive Officer

FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2023

	Year ended December 31, 2023	2022
	(RMB in thousands)	
Revenue and income from principal activities	**867,764**	924,200
Cost of principal activities	**(341,249)**	(149,665)
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	**58,718**	125,680
(Loss)/profit from operation	**(340,576)**	109,115
Finance costs	**(8,305)**	(30,280)
Share of loss of equity accounted investees	**(75,000)**	(60,893)
(Loss)/profit before taxation	**(423,881)**	17,942
Income tax expense	**(19,417)**	(39,797)
Loss for the year	**(443,298)**	(21,855)
Attributable to:		
Equity shareholders of the Company	**(441,240)**	(13,458)
Non-controlling interests	**(2,058)**	(8,397)

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue and income from principal activities

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

	For the year ended December 31,			
	2023		2022	
	RMB	**%**	*RMB*	%
	(In thousands, except for percentages)			
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	
	RMB	**%**	*RMB*	*%*
	(In thousands, except for percentages)			
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	**Gross profit margin**	Gross profit	Gross profit margin
	RMB	**%**	*RMB*	%
	(In thousands, except for percentages)			
Gross profit and gross profit margin				
Supply Chain Finance Technology Solutions	**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*	*%*
	(In thousands, except for percentages)			
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 assts. 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 join 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 offsetted 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
	(RMB in thousands)	
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**	–
Adjusted (loss)/profit for the year (non-IFRS)	**(286,267)**	196,015

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 annual report 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 16, 17 and 20 to the audited consolidated financial statements in this annual report, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Latest Practicable Date.

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.

DIRECTORS' REPORT

The Board is pleased to present this Directors' report together with the consolidated financial statements of the Group for the year ended December 31, 2023.

Overview of the Board

The Directors who held office during the year ended December 31, 2023 and up to the Latest Practicable Date are:

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

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

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

Biographical details of our Directors are set out in "Directors and Senior Management" at pages 45 to 51 of this annual report.

In accordance with Article 119(a) of the Articles, Mr. Song Qun, Mr. Lin Haifeng and Mr. Zhang Yuhan shall retire at our upcoming annual general meeting. Each of these Directors, being eligible, will offer themselves for re-election at our upcoming annual general meeting.

Changes to information of Directors and chief executives

The changes in the information of Directors and chief executives of the Company since the publication of the 2023 interim report up to the Latest Practicable Date required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are as follows:

Mr. Zhang Yuhan, an non-executive Director of the Company, resigned as a director of Shenzhen Contemporary E-Energy Technology Co., Limited (深圳易能時代科技有限公司) on March 1, 2024.

Save as disclosed above, there have been no other changes in the information of Directors and chief executives of the Company since the publication of the 2023 interim report up to the Latest Practicable Date required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Overview of the Company

General information

The Company was incorporated under the laws of the Cayman Islands on March 13, 2018 as an exempted limited liability company. The Company's Class B Shares were listed on the Main Board of the Stock Exchange on April 9, 2021.

Principal activities

The principal activities of the Group are providing leading technology solution for supply chain finance. Analysis of the principal activities of the Group during the year ended December 31, 2023 is set out in note 4 to the consolidated financial statements.

Business review

A business review of the Group, as required by Schedule 5 to the Companies Ordinance, including a fair review of the Company's business, a description of the principal risks and uncertainties facing the Company, particulars of important events affecting the Company that have occurred since the end of the financial year, an indication of likely future developments in the Group's business, an analysis of the Group's financial performance and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the sections headed "Chairman's Statement" and "Management Discussion And Analysis" of this annual report on pages 7 to 25. These discussions form part of this Directors' report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Subsequent events after the Reporting Period" in this annual report.

Principal risks and uncertainties

There are certain risks and uncertainties involved in the Group's operations. The following list is a summary of certain principal risks and uncertainties facing the Group, some of which are beyond its control. However, it is not an exhaustive list. Investors are advised to refer to the section headed "Risk Factors" in the Prospectus and to make their own judgment or consult their own investment advisors before making any investment in the Shares.

- If the Group cannot continue to innovate or effectively respond to the rapidly evolving technology and market dynamics, its business, financial condition, results of operations and prospects would be materially and adversely affected.

- The Group operates in an emerging and rapidly evolving industry which may not achieve the development as expected. This may subject the Group to various risks and uncertainties and make it difficult to evaluate its future prospects.

- The Group has a limited history in operating certain of its major offerings. The Group's historical results may not be indicative of it future performance.

- The Group has incurred, and in the future may continue to incur, net losses.

- The Group is exposed to credit risks associated with: 1) supply chain asset the Group holds on balance sheet under Supply Chain Finance Technology Solutions, which the anchor enterprises have payment obligation to the Group; 2) self-funded and covered transactions.

- The Group depends on cooperation with its customers and partners and its ability to maintain and grow its customer base, including anchor enterprises and financial institutions. If its customers and partners choose to leverage their in-house R&D capabilities to develop their own supply chain finance technology platforms and solutions or reduce or cease the use of the Group's technology solutions for any other reason, its business, financial condition, results of operations and prospects may be materially and adversely affected.

- The financial institutions that the Group collaborates with are highly regulated, and the tightening of laws, regulations or standards in the financial services industry could harm the Group's business.

- The Group is subject to customer concentration risk.

- The Group operates in an increasingly competitive environment. If it fails to compete effectively, the Group may lose its customers and partners, which could materially and adversely affect its business, financial condition and results of operations.

- Failure to maintain or improve the reliability, performance and availability of the Group's technology capacities, solutions and infrastructures may materially and adversely affect its business, financial condition, results of operations and prospects.

Environmental policies and performance

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth. Details of such are set out in the Environmental, Social and Governance Report published on even date.

Compliance with relevant laws and regulations

During the year ended December 31, 2023 and up to the date of the Latest Practicable Date, the Group has complied with in all material respects the relevant laws and regulations that have a significant impact on the operations of the Group.

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, training schemes, 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.

The Company has also adopted the 2019 Equity Incentive Plan to provide incentives for the Group's employees. Please refer to the section headed "2019 Equity Incentive Plan" in this annual report for further details.

The total remuneration cost incurred by the Group for the year ended December 31, 2023 was RMB536.0 million, as compared to RMB607.7 million for the year ended December 31, 2022.

Major customers

The Group's customers primarily include anchor enterprises and financial institutions. During the year ended December 31, 2023, the Group's single largest customer in terms of revenue and income alone accounted for 13.3% of total revenue and income (2022: 13.1%), whereas the Group's top five customers in terms of revenue and income accounted for 35.3% of total revenue and income (2022: 29.3%).

To the best knowledge of the Directors, none of the Directors, their respective associates, or any of the Shareholders who held more than 5% of the Company's total issued share capital had any interest in any of the Group's five largest customers during the year ended December 31, 2023.

Major suppliers

During the year ended December 31, 2023, the Group's largest supplier accounted for 14.4% of total purchases (2022: 17.8%), whereas the Group's top five suppliers accounted for 33.6% of total purchases (2022: 52.5%).

To the best knowledge of the Directors, none of the Directors, their respective associates, or any of the Shareholders who held more than 5% of the Company's total issued share capital had any interest in any of the Group's five largest suppliers during the year ended December 31, 2023.

Financial Summary

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on pages 188 to 189 of this annual report. This summary does not form part of the audited consolidated financial statements.

Pre-emptive rights

There are no provisions for pre-emptive rights under the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

Tax relief and exemption of holders of listed securities

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

Subsidiaries

Particulars of the Company's subsidiaries are set out in note 15 to the consolidated financial statements.

Property, plant and equipment

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2023 are set out in note 11 to the consolidated financial statements.

None of the Company's properties are held for development and/or sale or for investment purposes.

Share capital and shares issued

Details of movements in the share capital of the Company for the year ended December 31, 2023 are set out in note 27 to the consolidated financial statements.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

Donation

During the year ended December 31, 2023, the Group had not made any charitable donations.

Debenture issued

The Group had not issued any debentures during the year ended December 31, 2023.

Equity-linked agreements

Save as disclosed in the section headed "2019 Equity Incentive Plan" in this annual report, no equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2023.

Dividend

The Board recommended the payment of a final special dividend of HKD0.1 per Share for the year ended December 31, 2023. The final 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 final 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.

Permitted indemnity

Pursuant to the Articles and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. A permitted indemnity provision (as defined in section 467 of the Companies Ordinance) for the benefit of the Directors is currently and was in force for the year ended December 31, 2023.

The Company has arranged appropriate directors' liability insurance coverage for the Directors since the Listing Date.

Distributable reserves

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2023 are set out in the consolidated statement of changes in equity on page 92 and in note 27 to the consolidated financial statements, respectively. The distributable reserve of the Company amounted to RMB8,710.5 million as at December 31, 2023 (December 31, 2022: RMB9,150.6 million).

Loans and borrowings

Details of bank loans and other borrowings of the Group during the year ended December 31, 2023 are set out in note 24 to the consolidated financial statements.

Information relating to the Directors

Directors' service contracts

Each of the executive and non-executive Directors has entered into a service contract with the Company on March 26, 2024 for a term of three years.

Each of the independent non-executive Directors has entered into an appointment letter with the Company on March 26, 2024 for a term of three years.

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has or is proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

Directors' interests in transactions, arrangements or contracts of significance

Save as disclosed in this annual report, none of the Directors or any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2023.

Emoluments of directors and the five highest paid individuals

In compliance with the Corporate Governance Code and Rules 3.25 of the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies.

The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board upon recommendation from the Remuneration Committee.

The Directors and the senior management personnel are eligible participants of the 2019 Equity Incentive Plan, details of which are set out in the Prospectus and note 28 to the consolidated financial statements.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in note 8, note 9 and note 29 to the consolidated financial statements.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Contracts with controlling shareholders

No contract of significance or contract of significance for the provision of services was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the year ended December 31, 2023.

Management contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2023 between the Company and a person other than a Director or any person engaged in the full-time employment of the Company.

Continuing disclosure obligations pursuant to the Listing Rules

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Directors' rights to acquire shares or debentures

Save as disclosed in this annual report, at no time during the year ended December 31, 2023 was the Company or any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

Directors' interests in competing business

Save as disclosed in this annual report, during the year ended December 31, 2023, neither the Controlling Shareholders nor any of the Directors had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

Continuing Connected Transactions

During the year ended December 31, 2023, the Group engaged in a number of continuing agreements and arrangements with its connected persons in its ordinary and usual course of business, which constitute continuing connected transactions under the Listing Rules. Details of such continuing connected transactions of the Group are set out below.

Partially-exempt continuing connected transactions

1. *Cloud Services and Technical Services Framework Agreement with Tencent Cloud*

   The Company entered into a cloud services and technical services framework agreement dated February 24, 2021 with Tencent Cloud (the "**Cloud Services and Technical Services Framework Agreement**"), pursuant to which Tencent Cloud provides the Group with cloud services and other cloud-related technical services to the Group for service fees. Cloud services and other cloud-related technical services include but are not limited to computing and network, cloud servers, cloud database, cloud security, monitoring and management, domain name resolution services, video services, big data and artificial intelligence (AI) and other products and services. The term of the Cloud Services and Technical Services Framework Agreement commenced on February 24, 2021 and expired on December 31, 2023. Tencent Cloud is a subsidiary of Tencent, a substantial shareholder of the Company, and therefore a connected person of the Company.

   Further details of the Cloud Services and Technical Services Framework Agreement are set out in the section headed "Connected Transaction – Partial-Exempt Continuing Connected Transactions – Cloud Services and Technical Services Framework Agreement" of the Prospectus.

   In light of the expiration of term of the Cloud Services and Technical Services Framework Agreement, on October 19, 2023 (after trading hours), Shenzhen Qianhai Huanrong Lianyi Information Technology Co., Ltd. (深圳前海環融聯易信息科技服務有限公司) ("**Huanrong Lianyi Technology**"), a Consolidated Affiliated Entity, entered into a cloud services agreement with Tencent Cloud which commenced on January 1, 2024 and will end on December 31, 2024. Further details of such transaction are set out in the announcement of the Company dated October 19, 2023.

   Reasons for the transactions

   The Group collaborates with Tencent Cloud and leverages their cloud computing infrastructure to enhance its cloud-based applications and technology capabilities. There are limited cloud service providers in the PRC, and Tencent Cloud is a leading market player which provides integrated services for a wide range of technical support and related services, and is able to provide reliable and cost-efficient services in the PRC. Considering the Group's business has undergone and is expected to undergo rapid growth, it believes that obtaining such outsourced services from an integrated service provider is a cost-effective alternative to build all supporting technology infrastructure internally. The Group will be able to reduce unnecessary management resources and costs incurred from the purchase of additional technology hardware and tools, and recruitment of additional full-time information technology and maintenance staff.

The annual cap and actual transaction amount of the continuing connected transactions with Tencent Cloud for the year ended December 31, 2023 are RMB15.0 million and RMB5.8 million, respectively.

2. *Cooperation and Revenue Sharing Agreement*

The Company entered into a cooperation and revenue sharing agreement dated September 15, 2020 with Tencent Computer (the "**Cooperation and Revenue Sharing Agreement**") in relation to the cooperation and revenue sharing of projects (the "**Cooperation Projects**") jointly implemented by Tencent Group and the Group by utilizing the Group's multi-tier AR transfer cloud. Pursuant to the Cooperation and Revenue Sharing Agreement, the Group will implement the Cooperation Projects together with Tencent Group leveraging Tencent Group's technologies and resources and the Group's multi-tier AR transfer cloud.

The term of the Cooperation and Revenue Sharing Agreement is three years which commenced from September 15, 2020.

Further details of the Cloud Services and Technical Services Framework Agreement are set out in the section headed "Connected Transaction – Partial-Exempt Continuing Connected Transactions – Cooperation and Revenue Sharing Agreement" of the Prospectus.

Reasons for the transactions

Through cooperation with Tencent Group in terms of the Cooperation Projects, the Group will be able to bring comprehensive supply chain finance technology solutions to more users and further enhance its market position by leveraging both parties' technology advantages. The Group will benefit from both commercial perspective and technology perspective through co-operation with Tencent Group: (i) from the commercial perspective, Tencent Group is a leading player in China's Internet, social network, media, games and entertainment industries with a large user base; and (ii) from the technology perspective, Tencent Group supports the Group with their leading technology capabilities such as Tencent Cloud's finance-cloud infrastructures, Tencent Group's proprietary online payment system "Tenpay', and Tencent Group's underlying blockchain technology framework. While the Group has developed its own underlying blockchain infrastructure and applications, the cooperation with Tencent Group allows the Group to further enhance its blockchain technology capabilities and to improve the user experience of its customers.

The annual cap and actual transaction amount of the continuing connected transactions with Tencent Computer for the year ended December 31, 2023 are as follows:

	Annual cap for the year ended December 31, 2023	Annual transaction amount for the year ended December 31, 2023
	(in RMB million)	
Amount payable by Tencent Group to the Company under the Cooperation and Revenue Sharing Agreement	2.0	0
Amount payable by the Company to Tencent Group under Cooperation and Revenue Sharing Agreement	2.5	0.1

3. *Cross Industry Corporate Financial Products Cooperation Agreement with WeBank*

Huanrong Lianyi Technology entered into a cross industry corporate financial products cooperation agreement dated June 27, 2023 with WeBank (the "**Corporate Financial Products Agreement**") in relation to the provision of services to WeBank to enable WeBank to provide financing to small-and-medium enterprise (SME) customers in return for services fees. Pursuant to the Corporate Financial Products Agreement, Huanrong Lianyi Technology agreed to provide services to WeBank which leverage the Group's technology capabilities and extensive relationships with participants in the supply chain finance sector and facilitate the SME financing customers acquisition of WeBank, and WeBank agreed in return to pay service fees to Huanrong Lianyi Technology.

The term of the Corporate Financial Products Agreement is from June 27, 2023 to December 31, 2023.

Further details of the Corporate Financial Products Agreement are set out in the announcement of the Company dated June 27, 2023.

In light of the expiration of term of the Corporate Financial Products Agreement, on February 5, 2024 (after trading hours), Huanrong Lianyi Technology entered into the cross industry corporate financial products cooperation agreement with WeBank which commenced on February 5, 2024 and will end on December 31, 2024. Further details of such transaction are set out in the announcement of the Company dated February 5, 2024.

Reasons for the transactions

One of the Group's strategies is to expand and enhance supply chain finance ecosystem, and broaden SMEs' access to financing. The cooperation with WeBank under the Corporate Financial Products Agreement would help the Group expand its supply chain finance ecosystem, enrich product offerings and promote the business growth of the Group.

The annual cap and actual transaction amount of the continuing connected transactions with WeBank for the year ended December 31, 2023 are RMB15.0 million and RMB7.7 million, respectively.

Non-exempt continuing connected transactions

Contractual Arrangements

Background to the Contractual Arrangements

The Group engages mainly in (i) developing, operating and maintaining the websites and online platforms for its Supply Chain Finance Technology Solutions and Emerging Solutions; (ii) commercial factoring during the provision of Supply Chain Finance Technology Solutions and SME Credit Tech Solutions; and (iii) asset securitization (the "**Relevant Businesses**") through the Consolidated Affiliated Entities in the PRC as PRC Laws, or their implementation by relevant government authorities, generally prohibit or restrict foreign ownership in the Relevant Businesses. Currently, PRC Laws restrict foreign ownership of value-added telecommunications service providers.

As a result of the restrictions imposed by PRC Laws and the uncertainties of implementations thereof, it would be impracticable for the Company, as a foreign investor, to own or hold any direct equity interest in Linklogis Digital, the Company's PRC operating entity, which is the parent company of entities holding certain licenses and permits required for the operation of the Company's Relevant Businesses. As a result, the WFOE, Linklogis Supply Chain Services (Shenzhen) Co., Ltd., still maintains entering into the Contractual Arrangements with Linklogis Digital and its shareholders in order to conduct the Relevant Businesses in the PRC and to exercise effective control over the operations of, and enjoy all economic benefits of, the Company's PRC operating entity and the Consolidated Affiliated Entities. Accordingly, the term 'ownership' or the relevant concept, as applied to the Company in this annual report, refers to an economic interest in the assets or businesses through the Contractual Arrangements without holding any equity interest in the Consolidated Affiliated Entities. The Contractual Arrangements, through which the Group is able to exercise control over and derive the economic benefits from the Consolidated Affiliated Entities, are narrowly tailored to achieve its business purpose and minimise the potential for conflict with relevant PRC Laws.

Linklogis Digital is owned as to 33.4023% by Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業(有限合夥)), 16.6605% by Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership) (深圳市本源樂動資本管理中心(有限合夥)), 12.5259% by Linzhi Lichuang Information Technology Co., Ltd. (林芝利創信息技術有限公司), 11.5768% by Linzhi Tencent Investment Management Co., Ltd. (林芝騰訊投資管理有限公司), 11.6449% by Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)), 4.1346% by CITIC Benyuan, Zhejiang Yiwu Leyun Investment Partnership (Limited Partnership) (浙江義烏樂雲投資合夥企業(有限合夥)), 0.6931% by Shanghai Qiangang Investment Management Partnership (Limited Partnership) (上海乾剛投資管理合夥企業(有限合夥)), 6.8567% by Shenzhen Yalangu Investment Development Co., Ltd. (深圳亞藍谷投資發展有限公司) and 2.5052% by Beijing Jiayun Huayu Investment Co., Ltd. (北京嘉運華鈺投資有限公司).

All of the Contractual Arrangements are subject to the foreign ownership restrictions and other restrictions described herein and as set out on pages 234 to 241 of the Prospectus.

Risks relating to the Contractual Arrangements and actions taken to mitigate the risks

We believe the following risks are associated with the Contractual Arrangements. Further details of these risks are set out on pages 94 to 98 of the Prospectus.

- If the PRC government deems that the Group's contractual arrangements with its variable interest entity do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to penalties or be forced to relinquish its interests in those operations.

- Certain provisions in the Contractual Arrangements through which the Group conducts its business operations in the PRC may not be enforceable under PRC laws.

- Substantial uncertainties exist with the PRC foreign investment legal regime and may have a significant impact on the Group's corporate structure and business operation.

- The Group may lose the ability to use and enjoy licenses, approvals and assets held by a Consolidated Affiliated Entity that are material to the Group's business operations if such Consolidated Affiliated Entity declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

- The shareholders, directors and executive officers of the Consolidated Affiliated Entities may potentially have a conflict of interest with us, and they may breach their Contractual Arrangements with the Group or cause such arrangements to be amended in a manner contrary to the Group's interests.

- If the Company exercises the option to acquire equity ownership or assets of Consolidated Affiliated Entities, the ownership or asset transfer may subject the Group to certain limitations and substantial costs.

- The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that the Group owes additional taxes could negatively impact its profitability and the value of Shareholders' investment.

The structuring and implementation of the Contractual Arrangements, including the detailed terms of the Contractual Arrangements, as discussed herein, is designed to mitigate these risks.

Reasons for using the Contractual Arrangements

Developing, operating and maintaining websites and online platforms

Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition) (外商投資准入特別管理措施（負面清單）(2021年版)) (the "**Negative List**"), the provision of value-added telecommunications services (excluding e-commerce, domestic multiparty communication services, store-and-forward services and call center services) falls under the 'restricted' category of the Negative List and foreign investors are restricted from holding more than 50% of the equity interest of enterprises operating such services. Moreover, pursuant to the Administrative Measures on Internet Information Services (互聯網信息服務管理辦法), a commercial Internet information services provider shall obtain a value-added telecommunications business operating license (the "**ICP License**") from the competent telecommunications authorities.

Foreign ownership in value-added telecommunication services is governed by the MIIT according to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) (the "**Foreign-Invested Telecommunications Provisions**") which was recently amended on March 29, 2022 and became effective on May 1, 2022. According to the amended Foreign-Invested Telecommunications Provisions, a foreign investor' s beneficial equity ownership in an entity providing value-added telecommunications services in mainland China is generally not permitted to exceed 50% unless otherwise permitted by laws and regulations. Although the amended Foreign-Invested Telecommunications Provisions removed the prior requirement that major foreign investors holding equity in enterprises providing value-added telecommunications services in mainland China must have a good track record and operational experience in providing these services (the "**Qualification Requirements**"), the PRC government authorities have not promulgated relevant implementation rules in line with these new changes. Accordingly, there are uncertainties as to whether foreign investors without meeting the Qualification Requirements in providing these services may qualify as major foreign investors in value-added telecommunications enterprises. For other details of the limitations on foreign ownership in PRC companies conducting internet information Services, and the applicable licensing and approval requirements under PRC laws and regulations, please see the section headed "Regulatory Overview – Regulations Relating to Value-added Telecommunication Services" of the Prospectus.

Given that the Group's business of developing, operating and maintaining the websites and online platforms for its Supply Chain Finance Technology Solutions and Emerging Solutions involves the operation of commercial Internet information services, which is a sub-category of valued-added telecommunications business, for which an ICP License is required, such business are conducted by, and ICP Licenses are held by, Huanrong Lianyi Technology, Wuhan Linklogis Technology Information Co., Ltd. (武漢聯易融科技信息有限公司) and some other Consolidated Affiliated Entities.

Commercial factoring

We provide commercial factoring service during the provision of Supply Chain Finance Technology Solutions and SME Credit Tech Solutions through Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. (深圳前海聯捷商業保理有限公司), Shenzhen Qianhai Linklogis Commercial Factoring Co., Ltd. (深圳前海聯易融商業保理有限公司) and some other Consolidated Affiliated Entities (the "**Factoring Entities**"). Although the commercial factoring business conducted by the Factoring Entities is not subject to foreign investment restriction under applicable PRC laws and regulations, such business is an indispensable part of the Group's one-stop, end-to-end solution offerings under certain business scenarios in the provision of the Supply Chain Finance Technology Solutions and SME Credit Tech Solutions. Given that the operations of the Group's commercial factoring business is integrated with its provision of Supply Chain Finance Technology Solutions and SME Credit Tech Solutions, it is imperative for the Company to operate its commercial factoring business under the Contractual Arrangements. We are of the view that the Contractual Arrangements are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the reasons as set out in detail on pages 237 to 239 in the Prospectus.

For further details of the limitations on commercial factoring and supply chain finance and technology under PRC laws and regulations, please see the sections headed "Regulatory Overview – Regulations Relating to the Supply Chain Finance and Technology" and "Regulatory Overview – Regulations Relating to the Commercial Factoring" of the Prospectus.

Asset securitization

Notwithstanding that the Group's business of asset securitization conducted through Shenzhen Yirui Investment Development Co., Ltd. (深圳易睿投資發展有限公司) ("**Yirui Investment**") is not subject to foreign investment restriction under the applicable PRC laws and regulations, we are of the view that the Contractual Arrangements in respect of Yirui Investment are narrowly tailored and we have demonstrated genuine efforts to comply with applicable laws and regulations for the reasons as set out in detail on pages 239 to 240 in the Prospectus.

Based on the above, the Company believes that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

Further details of the Contractual Arrangements, the risks relating to the Contractual Arrangements, the relevant PRC laws and regulations and the material terms of the Contractual Arrangements are set out in the Prospectus.

Summary of the Material Terms of the Contractual Arrangements

The Contractual Arrangements in place for the Reporting Period were:

- Exclusive Services Agreement. Pursuant to the restated and amended exclusive services agreement dated November 9, 2020 between WFOE and Onshore Holdco, Onshore Holdco agreed to engage WFOE to provide certain technical support, consultation and other services to itself and its subsidiaries in exchange for an annual service fee;

- Exclusive Option Agreement. Pursuant to the restated and amended exclusive option agreement dated November 9, 2020 among WFOE, the Registered Shareholders, the Other Parties and Onshore Holdco, WFOE has a right to require the Registered Shareholders to transfer any and all of the equity interest/assets of Onshore Holdco they hold to WFOE and/or a third party designated by it, in whole or in part, at any time and from time to time, for a nominal price or at the lowest purchase price that permitted by the PRC laws.

- Equity Pledge Agreement. Pursuant to the restated and amended equity pledge agreement dated November 9, 2020 among WFOE, the Registered Shareholders, the Other Parties and Onshore Holdco, the Registered Shareholders unconditionally and irrevocably pledged all of the equity interests of Onshore Holdco that they own, including any interest or dividend paid for equity interest, to WFOE as a security for the performance of the obligations by Onshore Holdco under the Exclusive Service Agreement and duly performance of other agreements under the Contractual Arrangements except the Exclusive Service Agreement.

- Proxy Agreement and Power of Attorney. Pursuant to the restated and amended proxy agreement and power of attorney dated November 9, 2020 among WFOE, the Registered Shareholders, the Other Parties and Onshore Holdco, the Registered Shareholders irrevocably nominated and appointed WFOE or any of its designated person(s) (including Directors and their successors and liquidators replacing the Directors but excluding any person who is not independent or may give rise to any conflict of interest) as their attorneys-in-fact to exercise certain rights on their behalf.

- Spousal Undertakings. The spouse of each of the Other Parties and the limited partners of Shenzhen Jianhuilian (being 11 employees of the Group) has signed undertakings to the effect that (i) he or she undertakes not to make any assertions in connection with the equity interest of Onshore Holdco indirectly held by the respective other Party (to the extent applicable); (ii) he or she confirms that the performance, amendments and termination of the Contractual Arrangements do not require his or her further authorization or consents; (iii) he or she undertakes to execute all necessary documents and to take all necessary actions to ensure the proper performance of the Contractual Arrangements; (iv) in the event that he or she obtains any equity interests in Onshore Holdco, he shall be bound by the Contractual Arrangements and comply with the obligations thereunder as a shareholder of Onshore Holdco, and upon WFOE's request, he or she shall sign any document in the form and content substantially the same as the Contractual Arrangements; (v) he or she further undertakes that he or she will not take any action that may violate the purpose or intention of the Contractual Arrangements under any circumstances; and (vi) any undertaking, confirmation, consent and authorization he or she makes shall not be invalid, prejudiced or otherwise adversely affected by reason of his or her loss of or restriction on capacity, death, divorce or other similar events.

Further details of the material terms of the Contractual Arrangements are set out on pages 243 to 248 of the Prospectus.

Save as disclosed above, there were no other new Contractual Arrangements entered into, renewed or reproduced during the financial year ended December 31, 2023. Save as disclosed above or in the Prospectus, there was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted for the year ended December 31, 2023.

For the year ended December 31, 2023, none of the Contractual Arrangements had been terminated as none of the restrictions that led to the adoption of the contracts under the Contractual Arrangements has been removed.

A substantial part of the Group's total revenue and income are derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements. For the year ended/As at December 31, 2023, the total revenue and income and the net assets derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements are approximately RMB836.8 million and approximately RMB381.8 million, respectively, as compared with approximately RMB898.9 million and approximately RMB633.6 million for the year ended/as at December 31, 2022.

Listing Rules implications and waivers

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange has granted, subject to certain conditions, a waiver from (i) strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements, (ii) setting a maximum aggregate annual value, i.e. an annual cap, for the fees payable to WFOE under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less, for so long as the Shares are listed on the Stock Exchange.

During the year ended December 31, 2023, save as disclosed in this annual report, no related party transaction disclosed in note 29 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules for which disclosure is required. The Company has complied with the relevant requirements in Chapter 14A of the Listing Rules.

Confirmation from independent non-executive Directors

The Company's independent non-executive Directors have reviewed the abovementioned continuing connected transactions and confirmed that:

(i) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the Cloud Services and Technical Services Framework Agreement, the Cooperation and Revenue Sharing Agreement, the Corporate Financial Products Agreement and the Contractual Arrangements and the transactions carried out under the Contractual Arrangements have been operated so that the revenue generated by Linklogis Digital has been substantially retained by Linklogis Supply Chain Services (Shenzhen) Co., Ltd. (聯易融供應鏈服務(深圳)有限公司);

(ii) in respect of the Contractual Arrangements, no dividends or other distributions have been made by Linklogis Digital to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group during the year;

(iii) in respect of the Contractual Arrangements, no new contracts were entered into, renewed or reproduced between the Group and Linklogis Digital during the year other than the ones disclosed above;

(iv) the continuing connected transactions have been entered into in the ordinary and usual course of business of the Group;

(v) the continuing connected transactions have been entered into on normal commercial terms or better; and

(vi) the continuing connected transactions have been entered into in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Reporting from the Company's independent auditor

KPMG, the auditor of the Company, has confirmed in a letter to the Board, with respect to the abovementioned continuing connected transactions during the year ended December 31, 2023:

(i) nothing has come to their attention that causes KPMG to believe that continuing connected transactions have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes KPMG to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) nothing has come to their attention that causes KPMG to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions;

(iv) with respect to the aggregate amount of each of the continuing connected transactions set out in the list of continuing connected transactions, nothing has come to their attention that causes KPMG to believe that the continuing connected transactions have exceeded the annual cap as set by the Company (where applicable); and

(v) with respect of the continuing connected transactions with Linklogis Digital Technology Group Co., Ltd under the contractual arrangements, nothing has come to their attention that causes them to believe that dividends or other distributions have been made by Linklogis Digital Technology Group Co., Ltd to the holders of the equity interests of Linklogis Digital Technology Group Co., Ltd which are not otherwise subsequently assigned or transferred to the Group.

Auditor

The consolidated financial statements of the Group have been audited by KPMG, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

Subsequent events after the Reporting Period

Save as disclosed in this annual report, no important events affecting the Company occurred since the end of the Reporting Period and up to the Latest Practicable Date.

By order of the Board
Linklogis Inc.
Song Qun
Chairman

Shenzhen, China
April 25, 2024

Directors

Executive Directors

Mr. Song Qun (宋群), aged 58, is the founder, executive Director, Chairman of the Board and Chief Executive Officer of the Company. He is responsible for overall strategic planning, business direction and management of the Group.

Mr. Song has over 30 years of experience in finance, Internet and technology related industries. Mr. Song worked at Australia and New Zealand Banking Group Limited in the early 1990s. From May 1997 to August 2003, Mr. Song worked at JPMorgan Chase Bank and his last position was Vice President in Institutional Trust Services Department in Hong Kong. Mr. Song worked at The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") from August 2003 to December 2009 and his last position was the Global Head of Corporate Trust and Loan Agency Services. From January 2010 to October 2014, Mr. Song worked as the president of China Resources Bank of Zhuhai Co., Ltd. (珠海華潤銀行股份有限公司) ("**CR Bank**"). From March 2015 to February 2016, Mr. Song worked as the strategic consultant at Tencent Group, responsible for providing advice for the financial technology business. Mr. Song is currently an independent non-executive director of Ascential Plc (stock symbol: ASCL), a company listed on the London Stock Exchange.

Mr. Song received his Bachelor's degree in Engineering from Huazhong Institute of Technology (華中工學院) (currently known as Huazhong University of Science and Technology (華中科技大學)) in Wuhan, the PRC, in July 1985. Mr. Song received his Master's degree in Business Administration from the University of Melbourne in Melbourne, Australia, in March 1997.

Mr. Song currently holds directorship in Linklogis Digital, a principal operating entity of the Group, and certain other subsidiaries of the Group.

Mr. Ji Kun (冀坤), aged 48, was appointed as a Director on March 13, 2018 and re-designated as an executive Director on January 7, 2021. Mr. Ji was also appointed as the President on January 7, 2021. Mr. Ji co-founded the Group in 2016. He is responsible for overall business development, as well as the development and implementation of strategic projects of the Group.

Mr. Ji has over 26 years of experience in finance industry. Mr. Ji worked at China Construction Bank (中國建設銀行), later known as China Construction Bank Corporation (中國建設銀行股份有限公司), a company listed on the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939), Shenzhen branch from July 1997 to March 2012. From March 2012 to May 2016, Mr. Ji successively worked as the general manager in the Industry Finance Department and the Corporate Banking Department at the headquarters of CR Bank.

Mr. Ji received his Bachelor's degree in Economics Information Management from China Finance University (中國金融學院) (currently known as the University of International Business and Economics (對外經濟貿易大學)) in Beijing, the PRC, in June 1997.

Mr. Ji currently holds directorship and serves as the general manager in the following principal operating entities of the Group: Linklogis Digital, Huanrong Lianyi Technology, Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd. (深圳前海聯捷商業保理有限公司) and Shenzhen Qianhai Linklogis Commercial Factoring Co., Ltd. (深圳前海聯易融商業保理有限公司). He also holds directorship and serves as the general manager in certain other subsidiaries of the Group.

Ms. Chau Ka King (周家瓊), aged 63, was appointed as a Director on March 13, 2018, and re-designated as an executive Director on January 7, 2021. Ms. Chau was also appointed as the Vice Chairperson of the Board and Chief Risk Officer on January 7, 2021. She is responsible for overall risk control matters, legal, compliance and operations of the Group.

Ms. Chau has over 36 years of experience in the finance industry. From July 1987 to February 1989, Ms. Chau worked as an Assistant Manager of the Commercial Department at Crédit Lyonnais. From February 1989 to September 1990, she served as the Senior Officer of the North China Marketing at Union Bank of Switzerland. From October 1990 to September 1994, she worked at the Corporate Credit Department of Lehman Brothers Asia Holdings Limited, first as an assistant Vice President and subsequently promoted to Vice President. She later transferred to the Treasury Department and worked there from October 1994 to May 1995 with last position as the Vice President. From May 1995 to August 2003, Ms. Chau worked as the Vice President of the Institutional Trust Department at JPMorgan Chase Bank. From August 2003 to August 2010, Ms. Chau worked at HSBC with last position as the Head of Corporate Trust and Loan Agency Services of Asia Pacific. Ms. Chau worked at CR Bank from October 2010 to February 2015, where she was appointed as the Risk and Managing Officer in December 2010, and was appointed as the Vice President in June 2013.

Ms. Chau received her Professional Diploma (equivalent to a Bachelor's degree) in Business Studies (Banking) from Hong Kong Polytechnic (now Hong Kong Polytechnic University) in Hong Kong in November 1983. She received her Master's degree in Applied Finance from Macquarie University in Sydney, Australia, in September 1994.

Ms. Chau currently holds directorship in Linklogis Digital, a principal operating entity of the Group, and certain other subsidiaries of the Group.

Non-executive Directors

Mr. Lin Haifeng (林海峰), aged 47, was appointed as a Director on October 15, 2019 and re-designated as a non-executive Director on January 7, 2021.

Mr. Lin joined Tencent Group in November 2010. He served as the general manager of the Merger and Acquisitions Department at Tencent Group from November 2010 to June 2019, and has been the corporate vice president and head of Financial Technology Group at Tencent Group since June 2019.

Mr. Lin served as a non-executive director of China Literature Limited (閱文集團), a company listed on the Stock Exchange (stock code: 0772), from November 2014 to November 2019. He also served as an executive director of Huayi Tencent Entertainment Company Limited (華誼騰訊娛樂有限公司), a company listed on the Stock Exchange (stock code: 0419), from February 2016 to October 2019. In addition, he served as a non-executive director of Tongcheng-Elong Holdings Limited (同程藝龍控股有限公司), a company listed on the Stock Exchange (stock code: 0780), from January 2016 to November 2019 and a director of Haomai Wealth Management Co., Ltd. (好買財富管理股份有限公司), a company listed on The National Equities Exchange and Quotations (NEEQ: 834418), from December 2019 to April 2023. Mr. Lin has served as a director of Pinduoduo Inc. (拼多多), a company listed on NASDAQ (stock symbol: PDD) since June 2017.

Mr. Lin received his Bachelor's degree in Industrial Foreign Trade from the School of Foreign Economics and Trade (對外經濟貿易學院) at Zhejiang University (浙江大學) in Hangzhou, the PRC, in June 1997. Mr. Lin received his Master's degree in Business Administration from the Wharton School of the University of Pennsylvania in Philadelphia, the United States, in May 2003.

Mr. Zhang Yuhan (張予焓), aged 38, was appointed as a Director on October 9, 2018 and re-designated as a non-executive Director on January 7, 2021.

From April 2010 to July 2012, Mr. Zhang worked at investment banking department at CSC Financial Co., Ltd. (中信建投證券股份有限公司), a company listed on the Stock Exchange (stock code: 6066) and on the Shanghai Stock Exchange (stock code: 601066). Mr. Zhang has been a manager of Benyuan Investment Consulting (Beijing) Company Limited (a wholly-owned subsidiary of CCVP (HK) Limited (中信資本創投(香港)有限公司)) since July 2012.

Mr. Zhang served as a director of Shenzhen Contemporary E-Energy Technology Co., Limited (深圳易能時代科技有限公司) from April 2017 to March 2024. He also served as a director of Beijing Qingyouyile Technology Co., Ltd. (北京青游易樂科技股份有限公司), a company listed on The National Equities Exchange and Quotations (NEEQ: 871292), from June 2020 to October 2021. Mr. Zhang has served as a director of Shenzhen Dongxunda Technology Co., Ltd. (深圳東訊達科技有限公司) since May 2018, a director of CITIC (Shenzhen) Innovative Equity Investment Management Co., Ltd. (中信(深圳)創新股權投資管理有限公司) since October 2018, a director of Kunshan Lingshang Education Development Co., Ltd. (昆山領尚教育發展有限公司) since December 2019.

Mr. Zhang received his Bachelor's degree in Information and Computer Technology and Master's degree in Signal and Information Processing from Beijing University of Posts and Telecommunications (北京郵電大學) in Beijing, the PRC, in July 2007 and March 2010, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Mr. Gao Feng (高峰), aged 60, has been appointed as an independent non-executive Director since March 26, 2021.

Mr. Gao worked at the Deutsche Bank Group from January 1996 to March 2020, with the last position as chief country officer and chairman of Deutsche Bank (China) Limited.

Mr. Gao received his Bachelor of Science degree from the University of Science and Technology of China (中國科學技術大學) in Hefei, the PRC in July 1982. He received his Doctor of Philosophy degree from the State University of New York at Stony Brook, the United States in August 1990. Mr. Gao was a research fellow in Center for Turbulence Research, Stanford University, the United States, from 1990 to 1993.

Mr. Tan Huay Lim (陳懷林), aged 67, has been appointed as an independent non-executive Director since March 26, 2021.

Mr. Tan has more than 41 years of experiences in audit, accounting and finance. He served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

Mr. Tan has extensive experience in auditing companies in a wide range of industries. He was a Banking Partner involved in the audit of financial institutions and was involved in a number of initial public offerings as well as merger and acquisition transactions during his tenure with KPMG. Mr. Tan was the Singapore Head of KPMG Global China Practice from September 2010 to September 2015.

Mr. Tan has been serving as an independent non-executive director of the following companies listed on the main board of Singapore Stock Exchange: Dasin Retail Trust Management Pte. Ltd. (大信商用信託管理有限公司), the manager of Dasin Retail Trust (大信商用信託) (stock symbol: CEDU), since December 2016, Elite Commercial REIT Management Pte. Ltd., the manager of Elite Commercial REIT (stock symbol: MXNU), since January 2020, Sheng Siong Group Ltd. (昇菘集團有限公司) (stock symbol: OV8) since December 2021 and OUE Commercial REIT Management Pte. Ltd., the manager of OUE Commercial REIT (stock symbol: OUEC), since January 2023. Mr. Tan has also been serving as an independent non-executive director of SF REIT Asset Management Limited (順豐房託資產管理有限公司), the manager of SF Real Estate Investment Trust (順豐房地產投資信託基金) (stock code: 2191), a company listed on the main board of Hong Kong Stock Exchange, since April 2021.

Mr. Tan received his Bachelor's degree in Commerce (Accountancy) from Nanyang University (currently known as Nanyang Technological University) in Singapore in August 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants (United Kingdom), and the Certified Practising Accountants (Australia).

Mr. Chen Wei (陳瑋), aged 61, has been appointed as an independent non-executive Director since March 26, 2021.

Mr. Chen has over 20 years of management consulting experience. Mr. Chen worked for Coca-Cola and Nike in marketing and business management. Mr. Chen joined Hay Group from 2001 to 2014 and had successively served as a director, the managing director of Greater China Region, the managing director of Northeastern Asia, a global executive team member and a global board member of Hay Group. Subsequently, he served as the executive vice president and chief human resources officer at China Vanke Co., Ltd. (萬科企業股份有限公司), a company listed on the Stock Exchange (stock code: 2202) and the Shenzhen Stock Exchange (stock code: 000002) from January 2014 to June 2016. He served as the senior vice president of Didi Chuxing Technology Co. from June 2016 to March 2018. He has been serving as an independent non-executive director of Lianhua Supermarket Holdings Co., Ltd. (聯華超市股份有限公司), a company listed on the Stock Exchange (stock code: 0980) since March 2018 and has been appointed as a deputy chairman of CGL Group since February 2023. Mr. Chen served as the director of the Center for Innovation and Entrepreneurship of Peking University HSBC Business School (北京大學匯豐商學院) from March 2018 to February 2023 and has been serving as a Professor of Practice of Peking University HSBC Business School since March 2018.

Mr. Chen received his Bachelor's degree in Psychology from East China Normal University (華東師範大學) in Shanghai, the PRC in August 1984. He received his Master's degree in Workforce Learning and Development from the Pennsylvania State University in Pennsylvania, the United States in December 2000. He completed the Advanced Management Program at Harvard Business School in Cambridge, the United States, in October 2009.

DIRECTORS AND SENIOR MANAGEMENT

Senior management

Our senior management team comprises, among others, Mr. Song, Mr. Ji Kun ("**Mr. Ji**"), and Ms. Chau Ka King ("**Ms. Chau**"), whose respective biographies are set out above.

Mr. Zhong Songran (鍾松然), aged 50, is the Company's Vice President and joined the Group in July 2016. Mr. Zhong is primarily responsible for development and innovation of the Group's supply chain ecosystem business. Mr. Zhong has over 26 years' experience in finance, banking, Internet and technology related industry. Prior to joining the Group, he worked at Bank of China (中國銀行), later known as Bank of China Limited (中國銀行股份有限公司), a company listed on the Stock Exchange (stock code: 3988) and the Shanghai Stock Exchange (stock code: 601988), from July 1997 to June 2005. Mr. Zhong then worked at Tencent Group from August to September 2005. After that, he worked at Boke Information Industry (Shenzhen) Co., Ltd. (later merged into Bank of China Limited) from September 2005 to August 2008. He then worked at Ping An Bank Co., Ltd. (平安銀行股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000001), as a manager from November 2008 to December 2010. Mr. Zhong worked at CR Bank from December 2010 to June 2016, successively serving as an assistant general manager of information technology department, vice general manager of electronic banking department and general manager of Internet finance department.

Mr. Zhong obtained his Bachelor's degree in Computer and Application from Shenzhen University (深圳大學) in Shenzhen, the PRC, in July 1997.

Mr. Li Xiaogang (李小剛) aged 47, is the Company's Vice President and joined the Group in May 2019. Mr. Li is primarily responsible for strategic planning and business direction of the Group's cross-border business. He is also the Chief Executive Officer of Linklogis International. Mr. Li has approximately 21 years' experience in the finance and banking industry. Prior to joining the Group, he served as a client manager in the corporate banking division, Beijing branch, Australia and New Zealand Banking Group, from July 2001 to March 2005. He then worked as an executive director and the Head of Trade Finance, China in the transactional banking division at JPMorgan Chase Bank (China) Co., Ltd. from June 2005 to July 2010. Subsequently, he served as a managing director and Head of Global Trade and Supply Chain Finance, Greater China at Bank of America Merrill Lynch Asia from October 2010 to March 2017. He then served as the vice-president of Wuhan Z-Bank Co., Ltd. (武漢眾邦銀行股份有限公司) from March 2017 to January 2019. Mr. Li obtained his Bachelor of Economics from Central University of Finance and Economics (中央財經大學) in Beijing, the PRC in July 1998. He obtained his Master of Business Administration from Duke University in Durham, the United States in December 2011.

Mr. Zhao Yu (趙宇), aged 36, is the Company's Chief Financial Officer and joined the Group in May 2019. Mr. Zhao is primarily responsible for corporate finance, investor relationship and strategic investment of the Group.

Prior to joining the Group, Mr. Zhao worked at Macquarie Capital Securities Limited from June 2010 to July 2011. He later worked at the investment banking division of Deutsche Bank AG, Hong Kong Branch from July 2011 to July 2014. Subsequently, he served as a Senior Investment Manager at the Merger and Acquisitions Department at Tencent Group from August 2016 to April 2019.

Mr. Zhao obtained his Bachelor's degree in Finance from Guanghua School of Management (光華管理學院) at Peking University (北京大學) in Beijing, the PRC, in July 2010. He obtained his Master's degree in Business Administration from the Sloan School of Management at Massachusetts Institute of Technology in Cambridge, the United States, in June 2016. He has been a CFA charterholder granted by CFA Institute since June 2019.

Joint company secretaries

Ms. Wang Yihan (王一涵), aged 35, was appointed as one of the Company's joint company secretaries on January 7, 2021. Ms. Wang is the Deputy General Manager of the Legal and Compliance Department of the Company and joined the Group in June 2019.

Prior to joining the Group, Ms. Wang worked at Lei Jiang LLC in Cleveland, the United States as an associate attorney from January 2014 to January 2017. She then practiced as a lawyer at Jingtian & Gongcheng (Shenzhen) (北京市競天公誠(深圳)律師事務所) from February 2017 to June 2019.

Ms. Wang obtained her Bachelor's degree in International Economics and Trade from Harbin Institute of Technology (哈爾濱工業大學) in Harbin, the PRC in July 2010. She obtained her Juris Doctor degree from Case Western Reserve University in Cleveland, the United States, in May 2013. She obtained her Master of Philosophy degree from the University of Hong Kong in Hong Kong in December 2017.

Ms. Wang was licensed and admitted by the Appellate Division of the Supreme Court of the State of New York, Third Judicial Department to practice as an attorney and counselor at law in the State of New York, the United States in January 2014. She later passed the National Judicial Examination of the PRC and was qualified by the Ministry of Justice of the PRC to practice law in the PRC in March 2015.

Ms. Zhang Xiao (張瀟) was appointed as one of the Company's joint company secretaries on March 29, 2022. She is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over eleven years of experience in the company secretarial field. She obtained a Bachelor's Degree in Computer Science from The Chinese University of Hong Kong and a Master's Degree in Corporate Governance from Hong Kong Metropolitan University. She is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

OTHER INFORMATION

Weighted voting rights

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

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

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

As at December 31, 2023, the WVR Beneficiary is Mr. Song, who was interested in 267,626,789 Class A Shares and 19,799,907 Class B Shares, representing approximately 57.44% of the voting rights of the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Song held such Class A Shares through Cabnetvic Company Limited ("**Cabnetvic**"), Cabnetwa Company Limited ("**Cabnetwa**") and Cabnetsa Company Limited ("**Cabnetsa**"), and 10,703,387 Class B Shares through Cabnetnt Company Limited ("**Cabnetnt**") and Cabnetvic, all of which are companies directly wholly-owned by Mr. Song. Mr. Song beneficially held 9,096,520 Class B Shares.

Class A Shares may be converted into Class B Shares on a one-to-one ratio. As at December 31, 2023, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company would issue 267,626,789 Class B Shares, representing approximately 13.27% of the total number of issued and outstanding Class B Shares or 11.71% of the issued share capital of the Company.

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

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

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

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

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

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

As at December 31, 2023, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

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

Notes:

(1) The calculations are based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at December 31, 2023.

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

(3) Mr. Ji is deemed to be interested in the total number of Class B Shares held by Joy Kalton Company Limited ("**Joy Kalton**"). Joy Kalton held 46,276,800 Class B Shares and is wholly-owned by Mr. Ji. Mr. Ji is also deemed to be interested in the total number of Shares held by Shirazvic Company Limited ("**Shirazvic**"), which was held 100% by Mr. Ji through Joy Kalton. Shirazvic held 1,870,248 Class B Shares as at December 31, 2023. Mr. Ji was granted RSUs in respect of 8,119,200 Class B Shares under the 2019 Equity Incentive Plan and, in addition, beneficially owned 410,000 Class B Shares.

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

Save as disclosed above, as at December 31, 2023, none of the Directors and chief executives of the Company had any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial shareholders' interests and short positions in shares and underlying shares

As at December 31, 2023, to the best knowledge of the Directors, the following persons (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares (1)
Class A Shares			
Cabnetvic	Beneficial interest	221,212,025(L)	82.66%
Cabnetwa	Beneficial interest	24,781,164(L)	9.26%
Cabnetsa	Beneficial interest	21,633,600(L)	8.08%
Class B Shares			
Tencent Holdings Limited (2)	Interest in controlled corporation	342,121,980(L)	16.96%
Tencent Mobility Limited (2)	Beneficial interest	317,128,920(L)	15.72%
CITIC Capital Holdings Limited ("**CITIC Capital**") (3)	Interest in controlled corporation	226,570,072(L)	11.23%
Mr. Lin Lijun (林利軍) (4)(5)	Interest in controlled corporation	187,528,512(L)	
	Founder of a discretionary trust	15,025,060(L)	
		202,553,572(L)	10.04%

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Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Shares [1]
CITIC Capital MB Investment Limited [3]	Interest in controlled corporation/Beneficial interest	193,246,000(L)	9.58%
Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) [5]	Interest in controlled corporation	187,528,512(L)	9.30%
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) [5]	Interest in controlled corporation	187,528,512(L)	9.30%
Shanghai Loyal Valley Investment Management Co., Ltd (上海正心谷投資管理有限公司) [5]	Interest in controlled corporation	187,528,512(L)	9.30%
Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) [5]	Interest in controlled corporation	187,528,512(L)	9.30%
CCRE Investment Holdings Ltd [3]	Beneficial interest	184,656,000(L)	9.15%
Carltonvic Company Limited [6]	Beneficial interest	174,618,156(L)	8.66%
Trident Trust Company (HK) Limited [6]	Trustee of a trust	174,618,156(L)	8.66%
GIC (Ventures) Private Limited [7]	Interest in controlled corporation	166,620,384(L)	8.26%
GIC Private Limited [7]	Interest in controlled corporation	166,620,384(L)	8.26%
GIC Special Investments Private Limited [7]	Interest in controlled corporation	166,620,384(L)	8.26%
OWAP Investment Private Limited [7]	Beneficial interest	166,620,384(L)	8.26%
Tan Linklogis Limited [5]	Beneficial interest	134,020,512(L)	6.64%

Notes:

(1) The calculations are based on a total number of 267,626,789 Class A Shares and 2,017,357,159 Class B Shares in issue as at December 31, 2023.

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

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

(4) Loyal Valley Capital Advantage Fund LP ("**LVC LP**") holds 28,369,560 Class B Shares. LVC LP is a limited partnership established in the Cayman Islands and ultimately controlled by Mr. Lin Lijun ("**Mr. Lin**"). Accordingly, Mr. Lin is deemed to be interested in the total number of Shares held by LVC LP.

(5) Tan Linklogis Limited ("**LVC Tan**"), Le Linklogis Limited ("**LVC Le**") and Qian Linklogis Limited ("**LVC Qian**") holds 134,020,512, 45,825,600 and 7,682,400 Class B Shares, respectively. Each of LVC Tan, LVC Le and LVC Qian is wholly owned by Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥)) ("**Shanghai Rongmian**"), a limited partnership established in the PRC whose general partner is Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) ("**Shanghai LVC**"). In addition, Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)) ("**LVC Tanying**") is a limited partner of Shanghai Rongmian, which holds 71.46% of the interest of Shanghai Rongmian. Shanghai LVC is in turn wholly owned by Mr. Lin. Accordingly, each of Shanghai Rongmian, Shanghai LVC, LVC Tanying and Mr. Lin is deemed to be interested in the total number of Shares held by LVC Tan, LVC Le and LVC Qian.

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

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

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Save as disclosed above, as at December 31, 2023, to the best knowledge of the Directors, no person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

2019 Equity Incentive Plan

The 2019 Equity Incentive Plan was approved and adopted on January 24, 2019 and subsequently amended and restated on November 25, 2020. Details of the material terms of the 2019 Equity Incentive Plan are set out below.

Purpose

The purpose of the 2019 Equity Incentive Plan is to aid the Company and its affiliates in recruiting and retaining key employees, directors or consultants of outstanding ability and to motivate such employees, directors, or consultants to exert their best efforts on behalf of the Company and its affiliates.

Eligible participants

The administrators appointed by the Board for executing the 2019 Equity Incentive Plan (the "**Committee**") are authorized to grant Awards to employees, Directors or consultants who are selected by the Committee to participate in the 2019 Equity Incentive Plan.

Total number of new Class B Shares available for issue

The maximum aggregate number of Class B Shares which may be issued or transferred pursuant to the 2019 Equity Incentive Plan is 174,618,156 Class B Shares, which represents approximately 8.66% of the total number of Class B Shares in issue as at the Latest Practicable Date.

174,618,156 Class B Shares have been issued to Carltonvic Company Limited, a business company incorporated in the British Virgin Islands and a special purpose vehicle wholly-owned by Trident Trust Company (HK) Limited, the trustee of LLS Trust, established for the purpose of holding Class B Shares pursuant to the 2019 Equity Incentive Plan. Accordingly, as at the Latest Practicable Date, 0 new Class B Shares (representing 0% of the weighted average number of shares of the relevant class in issue as at the Latest Practicable Date) were available for issue.

Awards

The 2019 Equity Incentive Plan provides for (i) options to subscribe for Shares (the "**Options**") and (ii) grants of RSUs (collectively, the "**Awards**").

Options

The terms and conditions of any Option, including the exercise price and the time(s) at which an Option may be exercised, are determined by the Committee and set forth in the Award agreement. Except as otherwise provided in the 2019 Equity Incentive Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable.

The Company had not granted further options under the 2019 Equity Incentive Plan after the Listing and there are no outstanding options under the 2019 Equity Incentive Plan.

RSUs

The Committee is also authorized to make Awards in the form of RSUs in such number and subject to such terms and conditions as determined by the Committee.

The numbers of RSUs available for grant under the 2019 Equity Incentive Plan as at January 1, 2023 and December 31, 2023 are, respectively, 53,806,150 and 56,953,789 Class B Shares.

Maximum entitlement for each participant

Under the 2019 Equity Incentive Plan, there is no specific limit on the maximum number of Shares which may be granted to a single eligible participant but unvested under the 2019 Equity Incentive Plan.

Vesting period

The Awards granted to an eligible participant shall be vested over a four-year period, with a one-year cliff. The Committee at its sole discretion can set additional vesting requirements which may include, but not limited to, criteria based on the eligible participant's duration of employment, the result of the eligible participant's performance assessment or any other criteria selected by the Committee. At any time after grant of an Award, the Committee may by its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Award vests. The Committee shall determine conditions or terms, if any, that must be satisfied before all or part of a vested Option may be exercised or a vested RSU may be settled.

Consideration and purchase price

The 2019 Equity Incentive Plan shall be subject to the administration of the Committee. Subject to any specific designation in the 2019 Equity Incentive Plan, the Committee has the exclusive power, authority and sole discretion to, among others, determine the terms and conditions of any Award granted pursuant to the 2019 Equity Incentive Plan, including, but not limited to, the exercise price of Options or the purchase price of RSUs awarded.

Term and Remaining Life of the 2019 Equity Incentive Plan

The 2019 Equity Incentive Plan commenced on January 24, 2019 and shall terminate fifteen years later, subject to earlier termination by the Committee pursuant to the 2019 Equity Incentive Plan. The remaining life of the 2019 Equity Incentive Plan is approximately 9.5 years.

Details of the outstanding RSUs granted under the 2019 Equity Incentive Plan (to be satisfied by existing Class B Shares) are as follows:

Name	Date of Grant	Vesting Period	Exercise Period	Purchase Price (HKD)	Unvested RSUs as at January 1, 2023	RSUs granted during the Reporting Period	Closing price of Class B Shares immediately before the grant (HKD)	Fair value of RSU at the date of grant (HKD)	RSUs vested during the Reporting Period	RSUs cancelled during the Reporting Period	RSUs lapsed during the Reporting Period	Unvested RSUs as at December 31, 2023
Directors												
Mr. Ji	2020/01/01	4 years	10 years	3.25HKD	1,956,000	0	N/A	1.23 ~ 1.62	978,000	0	0	978,000
	2021/12/02	4 years	10 years	3.25HKD	3,155,400	0	5.87	3.35 ~ 3.61	1,051,800	0	0	2,103,600
Ms. Chau	2020/01/01	4 years	10 years	3.25HKD	1,560,000	0	N/A	1.23 ~ 1.62	780,000	0	0	780,000
	2021/12/02	4 years	10 years	3.25HKD	1,647,000	0	5.87	3.35 ~ 3.61	549,000	0	0	1,098,000
Five highest paid individuals during the Reporting Period in aggregate	2019/01/24	4 years	10 years	3.25HKD	1,006,122	0	N/A	0.63 ~ 0.92	1,006,122	0	0	0
	2020/01/01	4 years	10 years	3.25HKD	2,682,000	0	N/A	1.23 ~ 1.62	1,341,000	0	0	1,341,000
	2020/10/01	4 years	10 years	3.25HKD	120,000	0	N/A	1.68 ~ 2.16	60,000	0	0	60,000
	2021/04/01	4 years	10 years	3.25HKD	4,962,600	0	N/A	14.40 ~ 14.89	1,654,200	0	0	3,308,400
Other grantees in aggregate	2019/01/24	4 years	10 years	3.25HKD	2,568,900	0	N/A	0.63 ~ 0.92	2,456,886	112,014	0	0
	2019/05/05	4 years	10 years	3.25HKD	3,750,000	0	N/A	1.11 ~ 1.18	3,750,000	0	0	0
	2020/01/01	4 years	10 years	3.25HKD	12,746,400	0	N/A	1.23 ~ 1.62	6,287,400	631,800	0	5,827,200
	2020/10/01	4 years	10 years	3.25HKD	2,220,000	0	N/A	1.68 ~ 2.16	1,083,000	204,000	0	933,000
	2021/01/05	4 years	10 years	3.25HKD	2,529,000	0	N/A	1.42 ~ 1.74	843,000	444,000	0	1,242,000
	2021/03/17	4 years	10 years	3.25HKD	45,000	0	N/A	14.52 ~ 15.01	15,000	0	0	30,000
	2021/04/01	4 years	10 years	3.25HKD	16,265,700	0	N/A	14.40 ~ 14.89	5,345,880	1,287,120	0	9,632,700
	2021/04/08	4 years	10 years	3.25HKD	522,000	0	N/A	14.40 ~ 14.82	174,000	0	0	348,000
	2021/04/13	4 years	10 years	3.25HKD	45,000	0	19.9	16.71 ~ 17.09	15,000	0	0	30,000
	2021/05/11	4 years	10 years	3.25HKD	45,000	0	21.3	17.88 ~ 18.43	15,000	0	0	30,000
	2021/05/17	4 years	10 years	3.25HKD	450,000	0	18.32	15.14 ~ 15.53	150,000	0	0	300,000
	2021/06/22	4 years	10 years	3.25HKD	23,910	0	17.04	13.87 ~ 14.30	7,970	0	0	15,940
	2021/06/29	4 years	10 years	3.25HKD	64,109	0	17.56	14.37 ~ 14.79	21,371	0	0	42,738
	2021/07/06	4 years	10 years	3.25HKD	450,000	0	16.48	13.31 ~ 13.74	150,000	300,000	0	0
	2021/07/15	4 years	10 years	3.25HKD	53,355	0	13.4	10.29 ~ 10.77	17,785	0	0	35,570
	2021/07/16	4 years	10 years	3.25HKD	898,380	0	13.14	10.02 ~ 10.50	299,460	0	0	598,920
	2021/07/22	4 years	10 years	3.25HKD	59,242	0	12.12	9.04 ~ 9.55	19,748	0	0	39,494
	2021/08/10	4 years	10 years	3.25HKD	37,867	0	12.76	9.65 ~ 10.13	12,623	0	0	25,244
	2021/08/31	4 years	10 years	3.25HKD	47,490	0	10.84	7.82 ~ 8.32	15,830	0	0	31,660
	2021/09/02	4 years	10 years	3.25HKD	119,212	0	10.7	7.69 ~ 8.19	39,738	0	0	79,474
	2021/09/07	4 years	10 years	3.25HKD	165,202	0	10.78	7.77 ~ 8.26	55,068	0	0	110,134
	2021/09/10	4 years	10 years	3.25HKD	461,880	0	10.34	7.34 ~ 7.83	153,960	0	0	307,920
	2021/09/14	4 years	10 years	3.25HKD	54,712	0	10.08	7.07 ~ 7.59	18,238	0	0	36,474
	2021/09/23	4 years	10 years	3.25HKD	137,595	0	8.67	5.82 ~ 6.31	45,865	0	0	91,730
	2021/12/02	4 years	10 years	3.25HKD	1,441,800	0	5.87	3.35 ~ 3.61	480,600	0	0	961,200
	2022/02/10	4 years	10 years	3.25HKD	314,610	0	7.87	4.94 ~ 5.43	78,653	0	0	235,957
	2022/02/17	4 years	10 years	3.25HKD	224,940	0	7.86	4.93 ~ 5.42	56,235	168,705	0	0
	2022/04/26	4 years	10 years	3.25HKD	3,461,540	0	7.1	4.64 ~ 4.99	1,153,846	0	0	2,307,694
Total	\	4 years	10 years	\	66,291,966	0	\	\	30,182,278	3,147,639	0	32,962,049

Note:

1. There were no grants made during the Reporting Year.

2. In respect of the RSUs granted to Mr. Ji, Ms. Chau, the five highest paid individuals during the Reporting Period in aggregate and other grantees in aggregate, the weighted average closing prices of the Class B Shares immediately before the dates on which the RSUs were vested during the Reporting Period are, respectively, HKD2.64, HKD2.87, HKD3.65 and HKD3.25.

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 Period.

On April 3, 5, 8, 9, 11 and 12, 2024, the Company repurchased a total of 8,399,500 Class B Shares for a consideration of approximately HK$12.4 million (equivalent to approximately RMB11.2 million). There were no other purchase, sale or redemption of the Company's listed securities after the end of the Reporting Year and up to the Latest Practicable Date.

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.

Use of proceeds from the Global Offering

On April 9, 2021, the Class B Shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the Global Offering were approximately HK$8,967.0 million (equivalent to RMB7,509.7 million). As at December 31, 2023, the Group had utilized the net proceeds as set out in the table below:

	Net proceeds from the Global Offering *(RMB million)*	**Unutilized amount as at January 1, 2023** *(RMB million)*	**Utilized amount during the Reporting Period** *(RMB million)*	**Unutilized amount as at December 31, 2023** *(RMB million)*	**Expected timeline for full utilization**
Enhance core technology capabilities and fundamental research and development	2,628.4	1,199.7	353.4	846.3	by December 31, 2026
Expand cross-border operations	1,501.9	616.1	527.6	88.5	by December 31, 2026
Enhance capabilities with respect to sales and marketing, business development and brand building	1,126.5	716.5	385.2	331.3	by December 31, 2026
Future strategic investment and acquisition opportunities	1,501.9	1,146.1	141.3	1,004.8	by December 31, 2026
Working capital and other general corporate purposes	751.0	–	–	–	–
Total	**7,509.7**	**3,678.4**	**1,407.5**	**2,270.9**	

The utilized proceeds as described above were utilized in accordance with the purposes set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The remaining balance of the net proceeds of approximately HK$2,506.0 million (equivalent to RMB2,270.9 million) was placed with banks as of December 31, 2023. The Group will gradually apply the remaining balance in the manner set out in the Prospectus depending on actual business needs and intends to fully utilize the proceeds by December 31, 2026.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2023.

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.

Corporate culture

The vision of the Group is to become the world's leading supply chain finance technology solution provider. The mission of the Group is to re-define and transform supply chain finance through technology and innovation. Core values of the Group include customer-first, integrity, professionalism, innovation and collaboration. Together, the vision, mission and core values of the Group build the unique corporate culture and provide guidance and direction for all business activities of the Group.

To reinforce the corporate culture, the Group strives to maintain high standards of business ethics across all activities and operations. All of the Directors, management and employees of the Group are required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly communicated via trainings to all new staff and various policies of the Group.

For more details about the corporate culture of the Company, please also refer to the Environmental, Social and Governance Report which will be separately presented and published on even date.

Board composition

The Board currently comprises eight members consisting of three executive Directors, two non-executive Directors and three independent non-executive Directors.

During the Reporting Period and up to the Latest Practicable Date, the composition of the Board comprised the following Directors:

Executive Directors
Mr. Song Qun
Mr. Ji Kun
Ms. Chau Ka King

Non-executive Directors
Mr. Lin Haifeng
Mr. Zhang Yuhan

Independent non-executive Directors
Mr. Gao Feng
Mr. Tan Huay Lim
Mr. Chen Wei

The biographical information of the Directors is disclosed under "Directors and Senior Management" on pages 45 to 51 of this annual report.

There are no material/relevant relationships (including financial, business, family) between members of the Board.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Song. Please refer to "Compliance with the Corporate Governance Code" above for further details.

Board meetings and committee meetings

A summary of the attendance record of the Directors at the Company's board meetings, committee meetings and general meetings during the Reporting Period is set out in the following table below:

	Number of meeting(s) attended/Number of meeting(s) held					
Director	Board meeting	Audit committee	Remuneration committee	Nomination committee	Corporate governance committee	General meeting
Mr. Song	4/4	N/A	1/1	1/1	N/A	1/1
Mr. Ji	4/4	N/A	N/A	N/A	N/A	1/1
Ms. Chau	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Lin Haifeng	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Zhang Yuhan	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Gao Feng	4/4	3/3	1/1	1/1	1/1	1/1
Mr. Tan Huay Lim	4/4	3/3	N/A	N/A	1/1	1/1
Mr. Chen Wei	4/4	3/3	1/1	1/1	1/1	1/1

During the Reporting Period, apart from regular Board meetings, the Chairman also held meetings with the independent non-executive Directors without the presence of executive Directors.

Independent non-executive directors

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers each of the independent non-executive Directors to be independent.

Following the Listing, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Appointment and re-election of Directors

Code provision B.2.2 of the Corporate Governance Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors. Every Director (including those appointed for a specific term and the independent non-executive Directors) shall be subject to retirement by rotation at least once every three years.

Each of executive and non-executive Directors has entered into a service contract with the Company on March 25, 2021 for an initial term of three years from the Listing Date and then a service contract with the Company on March 26, 2024 for a second term of three years. Each of the independent non-executive Directors has signed an appointment letter issued by the Company on March 25, 2021 for an initial term of three years from the Listing Date and then an appointment letter issued by the Company on March 26, 2024 for a second term of three years.

Responsibilities, accountabilities and contributions of the Board and management

The Board is the primary decision-making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company. All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The Group's senior management is responsible for the day-to-day management of the Group's business and is responsible for overseeing the general operation, business development, finance, marketing, and operations.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

To ensure independent views and input are available to the Board, which allow the Board to effectively exercises independent judgment to better safeguard Shareholders' interests, the following mechanisms are established, the implementation and effectiveness of which were reviewed at the Board meeting:

1. The independence of the independent non-executive Directors are assessed annually to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board.

2. Three out of the eight Directors are independent non-executive Directors, which exceeds the requirement under Rule 3.10A of the Listing Rules that at least one-third of the Board must be independent non-executive directors. In addition, all Board committees comprise at least a majority of independent non-executive Directors.

3. The Directors and Board committee members have access to independent professional advice on matters relating to the Company where needed at the Company's expense.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Continuous professional development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. Every newly appointed Director receives a formal and comprehensive induction on the first occasion of his/her appointment to ensure full awareness of a Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors' training is a continuing process. The Company updates the Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices. In addition, internally-facilitated briefings and communications with senior management of the Group have been arranged to update the Directors on the Group's performance, position and prospects to enable the Board as a whole to discharge their duties. All Directors are encouraged to attend relevant training courses at the Company's expense.

The training records of the Directors during the year ended December 31, 2023 are summarized as follows:

Directors	**Participated in continuous Professional Development**[1]
Executive Directors	
Mr. Song	✓
Mr. Ji	✓
Ms. Chau	✓
Non-executive Directors	
Mr. Lin Haifeng	✓
Mr. Zhang Yuhan	✓
Independent Non-executive Directors	
Mr. Gao Feng	✓
Mr. Tan Huay Lim	✓
Mr. Chen Wei	✓

Note:

(1) Attended training arranged by the Company or other external parties or read relevant materials.

Board committees

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

Audit Committee

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

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

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

During the Reporting Period, the Audit Committee held three meetings to review the audited annual results and annual report for the year ended 31 December 2022, and the unaudited interim results and interim report of the Group for the six months ended 30 June 2023 and other relevant matters. During the meetings, the Audit Committee also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control (including the internal audit function) with senior management members and the independent auditor of the Company.

Remuneration Committee

The Company established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code.

The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining, with the delegated responsibility, the remuneration packages of individual executive Directors and senior management; and (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give the Directors incentives to perform at the highest levels.

The Remuneration Committee consists of one executive Director, namely Mr. Song, and two independent non-executive Directors, namely, Mr. Gao Feng and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Remuneration Committee.

The Remuneration Committee has adopted the model described in paragraph E.1.2(c)(i) under Appendix C1 (formerly Appendix 14) to the Listing Rules (i.e. to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management members).

During the Reporting Period, the Remuneration Committee held one meeting to review the remuneration policy of the Directors and senior management, determined the remuneration packages of individual executive Directors and senior management, and other related matters.

Details of the Directors' remuneration for the year ended December 31, 2023 are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management (other than the Directors) of the Group by band for the year ended December 31, 2023 is set out below:

Remuneration Bands (HK$)	**Number of Persons**
HK$2,500,001–HK$3,000,000	2
HK$3,500,001–HK$4,000,000	1
Total	3

Nomination Committee

The Company has established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code.

The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

The Nomination Committee consists of one executive Director, namely Mr. Song, and two independent non-executive Directors, namely, Mr. Gao Feng and Mr. Chen Wei. Mr. Gao Feng is the chairman of the Nomination Committee.

During the Reporting Period, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting.

Corporate Governance Committee

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

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

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

During the Reporting Period, the Corporate Governance Committee held one meeting and the following is a summary of work performed:

1. Reviewed the policies and practices of the Company on corporate governance and compliance with legal and regulatory requirements. The policies reviewed include the prevention of insider dealing policy, directors' dealing policy and staff's dealing policy, board diversity policy, shareholders' communication policy and other corporate governance policies.

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

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

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

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

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

7. Reported on the work of the Corporate Governance Committee covering all areas of its terms of reference.

8. Reviewed the written confirmation provided by the WVR Beneficiary that he has been a member of the Board throughout the Reporting Period and no matters under Rule 8A.17 of the Listing Rules have occurred during the Reporting Period; and he has complied with Rules 8A.14, 8A.15, 8A.18 and 8A.24 of the Listing Rules throughout the Reporting Period.

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

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

Board diversity policy

The Company is committed to promoting the culture of diversity and has strived to promote diversity to the extent practicable by taking into consideration a number of factors in the Group's corporate governance structure.

The Company has adopted a board diversity policy which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the board diversity policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Directors have a balanced mix of knowledge and skills, including knowledge and experience in the areas of finance, banking, information technology and investment. They obtained degrees in various areas including business administration, economics, finance, banking, engineering, economics information management, information and computer technology and industrial foreign trade. The board diversity policy is well implemented as evidenced by the fact that there are both female and male Directors ranging from 38 years old to 67 years old with experience from different industries and sectors. Therefore, the Nomination Committee considered the Board has achieved diversity (including gender diversity).

The Board targets to maintain at least the current level of female representation. The Board will continue to seek opportunities to increase the proportion of female members of the Board over time as and when suitable candidates are identified.

To further enhance Board diversity while maintaining an appropriate balance between continuity of experience and Board refreshment, the terms of reference of the Nomination Committee sets out a non-exhaustive list of criteria for the Nomination Committee to assess suitability of a proposed Director candidate.

In addition, the Company will continue to ensure that there is gender diversity when recruiting staff at mid to senior management level so that there will be a pipeline of female senior management and potential successors to the Board in due course. The Group will also continue to emphasize training of female talent and provide long-term development opportunities for female staff.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. During the Reporting Period, the Nomination Committee has reviewed the board diversity policy from time to time and considers that appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives.

Gender diversity

The Company values gender diversity across all levels of the Group.

The gender ratio in the Group's workforce, including the Directors and senior management, as at December 31, 2023 is 42% female: 58% male. The Company has been taking, and will continue to take, steps to promote gender diversity across the workforce, with the ultimate goal of achieving gender parity.

Director nomination policy

The Company has adopted a director nomination policy in accordance with the Corporate Governance Code. The director nomination policy sets out the selection criteria and process and the Board's succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The director nomination policy sets out the factors for assessing the a proposed candidate, including but not limited to the following:

- Integrity and reputation;
- Educational background, professional qualifications and work experience (including part-time jobs);
- Necessary skills and experience;
- Ability to spend sufficient time and energy to handle the Company's affairs; and
- Diversity in all aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and term of office.

The director nomination policy also sets out the procedures for nomination of Directors. The Nomination Committee will propose suitable candidates to the Board for the appointment of a Director in accordance with the following selection criteria and nomination procedures:

(i) the ultimate responsibility for selection and appointment of Directors rests with the entire Board;

(ii) the Nomination Committee shall identify, consider and recommend suitable individuals to the Board to consider and to make recommendations to the Shareholders for election of Directors at a general meeting;

(iii) in assessing the suitability and the potential contribution to the Board of a proposed candidate, the Nomination Committee would reference, among others, the candidates' reputation for integrity, professional qualifications and skills, educational background and work experience, commitment in respect of available time and relevant interest, independence of proposed independent non-executive Directors, and diversity in all aspects; and

(iv) the Nomination Committee shall make recommendations to the Board on the appointment or re-appointment of Directors.

Corporate governance function

The Board has delegated to the Corporate Governance Committee the functions set out in the code provision A.2.1 of the Corporate Governance Code.

The Corporate Governance Committee has reviewed and monitored the Company's policies and practices on corporate governance and make recommendations to the Board, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and the Company's compliance with the Corporate Governance Code and disclosure in this corporate governance report.

Dividend policy

The Company does not have any pre-determined dividend payout ratio. According to the dividend policy, the determination to pay dividends will be made at the discretion of the Board and will be based upon the earnings, cash flow, financial conditions, capital requirements, statutory fund reserve requirements of the Group and any other conditions that the Directors deem relevant.

The Board recommended the payment of a final special dividend of HKD0.10 per Share for the year ended December 31, 2023. The final special dividend is subject to the approval of the Shareholders at the AGM and the final 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.

As at December 31, 2023, no arrangement was reached pursuant to which the Shareholders waived or agreed to waive their dividends.

Whistleblowing and anti-corruption policies

In accordance with D.2.6 of the Corporate Governance Code, the Company has adopted a whistleblowing policy and system. Such policy ensures that employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company. The identity of the whistleblower will be treated with the strictest confidence.

In accordance with D.2.7 of the Corporate Governance Code, the Company has also adopted an anti-corruption policy, with a view to promoting and reinforcing compliance with anti-corruption laws and regulations.

Directors' responsibility in respect of the financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The statement by the auditor of the Company, KPMG, about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 84 to 86 of this annual report.

Risk management and internal control

As a technology solution provider in the supply chain finance market, the Company faces a variety of risks in its daily business operations, including operational risk, credit risk, data privacy risk, legal and compliance risk, internal control risk and business contingency risk.

The Board acknowledges that it has an ongoing responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems. The Board oversees risk management and internal control functions directly and also through the Audit Committee, the risk management committee and senior management.

Risk management

The Company has adopted and implemented comprehensive risk management policies in various aspects of its business operations, which are tailored to the characteristics of its business operations with a focus on effectively detecting, managing, and controlling the risks through big-data driven risk management, comprehensive due diligence and risk analysis, independent information review and multi-level approval process. The Audit Committee, and ultimately the Directors, supervise the implementation of risk management policies.

To effectively identify and mitigate risks, the Company has established a risk management committee which comprises the senior members of the management team across a range of functional departments and all of the three executive Directors, Mr. Song, Mr. Ji and Ms. Chau, details of whose qualifications and experience are set out in the section headed "Director and Senior Management" of this annual report.

To proactively monitor the risks the Company is faced with and ensure its risk management policies are effectively implemented, the risk management committee works closely with other business units and functional departments (such as legal and compliance, finance, product and operation) of the Group and arrange meetings whenever necessary and at least once every month. The risk management committee is responsible for designing and implementing policies and procedures relating to the Company's risk management and internal control appropriate for the Group's business operations.

Internal control

The Board is responsible for establishing the internal control system and reviewing its effectiveness. The Company established an internal control function to develop and maintain an appropriate internal control framework. In addition, an internal audit function was also established to perform independent monitoring responsibilities.

The Company regularly reviews and enhances the internal control system. Below is a summary of the internal control policies, measures and procedures the Company has implemented:

(a) The Company maintains internal procedures to ensure that it has obtained all material requisite licences, permits and approvals for its business operation, and conduct regular reviews to monitor the status and effectiveness of those licences and approvals. Relevant business departments work with related functional departments to obtain requisite governmental approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities within the prescribed regulatory timelines.

(b) To comply with the rapidly evolving laws and regulations in the industries in which the Group operates, there are dedicated teams within the Group to enforce strict internal procedures, which include without limitation monitoring laws and regulations updated from time to time and conducting relevant researches and studies; monitoring notices, instructions and requirements issued by the regulatory authorities and communicating with relevant authorities to obtain further instructions when necessary; collecting external professional opinions on any new laws and regulations when necessary; issuing appropriate plans of compliance and ensuring the implementation of such plans; carrying out supervision, inspection and feedback on the implementation.

(c) The Company has implemented stringent internal control procedures to protect the integrity and security of the data it collects, processes and stores during the course of its business. Internal control procedures with respect to the data integrity and security are applied to all technology solutions, whether they are accessible to the Group's customers through the plug-and-play model or through the integration with the Group's customers' internal systems.

(d) The Directors (who are responsible for monitoring the corporate governance of the Group), with help from the legal advisors of the Company, also periodically review the compliance status with all relevant laws and regulations after Listing.

(e) The Board has established the Audit Committee which provides an independent view of the effectiveness of the financial controls, and internal control and risk management systems of the Group and oversees the audit process.

(f) The Company has engaged Rainbow Capital (HK) Limited as its compliance advisor to provide advice to the Directors and management team on a permanent basis commencing on the Listing Date regarding matters relating to the Listing Rules. The compliance advisor is expected to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

The Board conducted an annual review on the effectiveness of the risk management and internal control system of the Company during the Reporting Period, and considered the system effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources, as well as those relating to the Company's ESG performance and reporting. No significant area of concern that may affect the financial, operational, compliance, control and risk management of the Group has been identified during the Reporting Period.

The Board is responsible for the handling and dissemination of inside information. In order to ensure the market and stakeholders are timely and fully informed about the material developments in the Company's business, the Board has adopted the inside information disclosure policy regarding the procedures of proper information disclosure. As such, the inside information will not be passed on to any external party.

Joint company secretaries

Ms. Wang Yihan and Ms. Zhang Xiao are the Company's joint company secretaries.

All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. Ms. Wang Yihan, a joint company secretary of the Company, has been designated as the primary contact person at the Company who would work and communicate with Ms. Zhang Xiao, also a joint company secretary, on the Company's corporate governance and secretarial and administrative matters. For the Reporting Period, Ms. Wang Yihan and Ms. Zhang Xiao each undertook not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

Auditor's scope of work

The Company's auditor's statement in respect of their reporting responsibilities is set out in the "Independent Auditor's Report" of this annual report.

Auditor's remuneration

A breakdown of the remuneration in respect of audit and non-audit services provided by the auditor to the Company for the Reporting Period is set out below:

Service category	**Fees paid** *(RMB'000)*
Audit services	3,455
Review of interim financial information	1,577
Tax consulting	187
Other services	964
Total	**6,183**

Shareholders' rights

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an extraordinary general meeting by Shareholders and putting forward proposals at general meetings

Pursuant to Article 74 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholder(s) holding, as at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings, and such Shareholder(s) may also add resolutions to the agenda of any general meeting of the Company. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Procedure for Shareholders to propose a person for election as a director

Detailed procedures for Shareholders to propose a person for election as a director of the Company are published on the Company's website.

Putting forward enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Floor 28, Qianhai CTF Finance Tower, 66 Hub Street, Nanshan Street, Qianhai Shenzhen Hong Kong Cooperation Zone Nanshan District, ShenZhen, the PRC (Shenzhen Headquarters)
Email:	ir@linklogis.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. The information of the Shareholder(s) may be disclosed as required by law.

Communication with shareholders and investor relations

The Company considers effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavors to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries with the Company through channels as mentioned above, and provide comments and recommendations to the Directors. Upon receipt of enquiries from shareholders, the Company will respond as soon as practicable. At annual general meetings, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

The Board adopted a shareholders' communication policy on March 22, 2021, with reference to the Corporate Governance Code. The shareholders' communication policy sets forth multiple communication channels for shareholders and the steps taken to handle shareholders' enquiries. The shareholders' communication policy also requires appropriate arrangements to be put in place for the annual general meetings to encourage and facilitate shareholders' participation, and the proceedings of the meetings is monitored and reviewed on a regular basis to ensure that shareholders' needs are best served.

The Board has reviewed the shareholders' communication policy during the Reporting Period and was satisfied with the implementation and effectiveness of the shareholders communication policy on basis that the various shareholder communication channels that the Company has established collectively provide Shareholders with regular, equal and timely access to balanced and understandable information about the Group, which ensures that Shareholders can exercise their rights in an informed manner and allows them, as well as potential investors, to engage actively with the Group.

The Company discloses information and publishes periodic reports and announcements to the public in accordance with the Listing Rules, the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

Significant changes to constitutional documents

During the year ended December 31, 2023, the Company proposed to amend certain provisions of its articles to comply with the core shareholders' protection requirements set out in Appendix A1 (formerly Appendix 3) to the Listing Rules, and such amendments were approved at the annual general meeting of the Company held on June 13, 2023. The latest version of the Articles is available on the websites of the Company and the Stock Exchange.

KPMG

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF LINKLOGIS INC.
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Linklogis Inc. ("the Company") and its subsidiaries ("the Group") set out on pages 87 to 187, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">1) Expected credit loss allowances for supply chain assets</th></tr>
<tr><td colspan="2">Refer to note 16, 19 and 20 to the consolidated financial statements and the accounting policies in note 2(i).</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>As at 31 December 2023, the Group reported RMB101 million of supply chain assets in financial assets measured at amortised cost with RMB50 million of expected credit loss allowances, RMB387 million of financial assets at fair value through other comprehensive income with RMB58 million of expected credit loss allowances, and RMB2,055 million of prepayments, other receivables and other assets with RMB154 million of expected credit loss allowances.

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, the financial situation of the borrowers, and cooperativeness of other creditors.</td><td>Our audit procedures to assess expected credit loss allowances for supply chain assets in financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and prepayments, other receivables and other assets included the following:

• understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of supply chain assets and the measurement of expected credit loss allowances.

• assessing the completeness and accuracy of the underlying data used, including agreeing the total balance of the supply chain assets list used by management to the general ledger; selecting a sample of the supply chain assets on the list to compare individual asset information with that in the underlying agreements and other related documentation.

• assessing the loss stages of the supply chain assets by checking their overdue information, repayment records and performing background research on whether there was any negative news about the anchor-enterprise and supplier on the supply chain on a sampling basis.</td></tr>
</table>

KEY AUDIT MATTERS (continued)

1) Expected credit loss allowances for supply chain assets (continued)	
Refer to note 16, 19 and 20 to the consolidated financial statements and the accounting policies in note 2(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
We identified expected credit loss allowances for supply chain assets in financial assets measured at amortised cost, financial assets at fair value through other comprehensive income and prepayments, other receivables and other assets as a key audit matter because of its significant and extensive judgements are involved in deriving the expected credit loss allowances.	• for key parameters involving estimates or assumptions, understanding and assessing the basis for management's estimates and assumptions and seeking evidence from external sources, including comparing the economic factors used in the model with market information to assess whether they were aligned with market and economic development. • involving KPMG's specialists to assess the appropriateness of the expected credit loss model used by management in determining expected credit loss allowances. • recalculating the amount of expected credit loss allowances. • evaluating whether the disclosures in the consolidated financial statements in relation to expected credit loss allowances comply with the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

2) Fair value of financial instruments

Refer to notes 16, 17, and 30(d) to the consolidated financial statements and the accounting policies in note 2(j).

The Key Audit Matter	How the matter was addressed in our audit
Financial instruments carried at fair value accounted for 15% of the Group's total assets. Changes in the fair value of financial instruments may impact either the profit or loss or other comprehensive income for the year. Financial instruments carried at fair value are all in Level 3 in the fair value hierarchy. The valuation of the Group's financial instruments carried at fair value is based on a combination of market data and valuation models which often require a considerable number of inputs, with one or more significant inputs being unobservable. Estimates need to be developed which can be inherently uncertain due to economic uncertainty and market volatility, which influences market interest rates and results in greater ranges of values in management's assessment of the valuation of financial instruments held respectively. We identified fair value of financial instruments as a key audit matter because complex judgements and estimations are involved in valuing the financial instruments.	Our audit procedures to assess the fair value of financial instruments included the following: • involving KPMG's valuation specialists to assess the appropriateness of the Group's valuations by performing independent valuations on significant unlisted equity investment measured at fair value and comparing our valuations with the Group's valuations. • involving KPMG's specialists to assess the appropriateness of the valuation model used by management in determining fair value of supply chain assets measured at fair value. • evaluating whether the disclosures in the consolidated financial statements in relation to fair value of financial instruments comply with the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

<table>
<tr><td colspan="2">3) Interests in structured entities</td></tr>
<tr><td colspan="2">Refer to note 31 to the consolidated financial statements and the accounting policies in note 2(d).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group is principally involved with structured entities through the securitisation of financial assets, the facilitation of the securitisation by others, and the provision of management services. These structured entities generally finance the purchase of assets by issuing securities or by other means. Structured entities include special purpose vehicles formed specifically for the securitisation transactions, trust plan, etc. as disclosed in note 31 to the consolidated financial statements.

In determining whether a structured entity is required to be consolidated by the Group, management consider the power the Group is able to exercise over the key activities of the entity and the ability to use such power to influence the Group's own returns from the entity. In certain circumstances the Group may be required to consolidate a structured entity even though it has no equity interest therein.

We identified consolidation of structured entities as a key audit matter because the determination of whether a structured entity is required to be consolidated by the Group requires significant management judgement and the determination could have a significant impact on the consolidated statement of financial position.</td><td>Our audit procedures in relation to consolidation of structured entities included the following:

• evaluating the design and implementation of key internal controls over the process in approval and recording interests in structured entities.

• assessing the Group's analysis and conclusions on whether it controls structured entities by inspecting, on a sample basis, the terms of the relevant contracts to assess whether the Group should consolidate a structured entity.

• evaluating whether the disclosures in the consolidated financial statements in relation to interests in structured entities comply with the requirements of the prevailing accounting standards.</td></tr>
</table>

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Lok Man.

KPMG
Certified Public Accountants

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

26 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in RMB'000)

	Note	**2023** **RMB'000**	2022 RMB'000
Revenue and income from principal activities	4	**867,764**	924,200
Cost of principal activities	4	**(341,249)**	(149,665)
Gross profit	4	**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	6(c)	**(214,437)**	(41,823)
Other net income	5	**58,718**	125,680
(Loss)/profit from operation		**(340,576)**	109,115
Finance costs	6(a)	**(8,305)**	(30,280)
Share of loss of equity accounted investees		**(75,000)**	(60,893)
(Loss)/profit before taxation		**(423,881)**	17,942
Income tax expense	7	**(19,417)**	(39,797)
Loss for the year		**(443,298)**	(21,855)

The notes on pages 95 to 187 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

(Expressed in RMB'000)

	Note	2023 RMB'000	2022 RMB'000
Attributable to:			
Equity shareholders of the Company		**(441,240)**	(13,458)
Non-controlling interests		**(2,058)**	(8,397)
Loss for the year		**(443,298)**	(21,855)
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		**70,580**	151,447
Other comprehensive income for the year		**47,805**	153,490
Total comprehensive (loss)/income for the year		**(395,493)**	131,635
Attributable to:			
Equity shareholders of the Company		**(393,484)**	139,935
Non-controlling interests		**(2,009)**	(8,300)
Total comprehensive (loss)/income for the year		**(395,493)**	131,635
Basic/diluted loss per share (RMB per share)	10	**(0.208)**	(0.006)

The notes on pages 95 to 187 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in RMB'000)

	Note	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	11	**27,609**	23,645
Right-of-use assets	12	**86,890**	46,274
Intangible assets	13	**312,043**	288,126
Contract costs		**17,500**	–
Equity accounted investees	14	**251,530**	332,833
Financial assets at fair value through profit or loss	17	**83,709**	62,076
Prepayments, other receivables and other assets	20	**3,104**	5,129
Deferred tax assets	26(b)	**101,761**	67,693
Total non-current assets		**884,146**	825,776
Current assets			
Financial assets at fair value through other comprehensive income	16	**386,910**	496,478
Financial assets at fair value through profit or loss	17	**987,741**	2,482,324
Trade receivables	18	**290,847**	342,114
Contract assets		**11,179**	10,544
Financial assets at amortised cost	19	**50,969**	162,261
Prepayments, other receivables and other assets	20	**2,268,948**	1,713,599
Restricted cash	21	**130,625**	159,873
Cash and cash equivalents	22	**4,719,157**	5,731,387
Total current assets		**8,846,376**	11,098,580
Current liabilities			
Trade payables	23	**102,755**	39,900
Contract liabilities		**10,571**	7,240
Borrowings	24	**34,019**	10,012
Income tax payables	26(a)	**56,916**	50,691
Lease liabilities	12	**9,643**	19,452
Other payables, accruals and other liabilities	25	**322,811**	1,809,857
Provisions		**258**	693
Total current liabilities		**536,973**	1,937,845
Net current assets		**8,309,403**	9,160,735
Total assets less current liabilities		**9,193,549**	9,986,511

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

(Expressed in RMB'000)

	Note	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current liabilities			
Lease liabilities	*12*	**80,758**	29,983
Total non-current liabilities		**80,758**	29,983
Net assets		**9,112,791**	9,956,528
Equity			
Share capital	*27(c)*	**125**	125
Reserves	*27(c)*	**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

Approved and authorised for issue by the board of directors on 26 March 2024.

Director

Director

The notes on pages 95 to 187 form part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

At 31 December 2023

(Expressed in RMB'000)

	Note	**As at 31 December 2023 RMB'000**	As at 31 December 2022 RMB'000
Non-current assets			
Investment in subsidiaries	32(a)	**460,940**	382,736
Prepayments, other receivables and other assets	32(b)	**8,936,924**	9,286,248
Total non-current assets		**9,397,864**	9,668,984
Current assets			
Cash and cash equivalents	32(c)	**14,234**	110,515
Total current assets		**14,234**	110,515
Current liabilities			
Other payables, accruals and other liabilities		**1,779**	3,407
Total current liabilities		**1,779**	3,407
Net current assets		**12,455**	107,108
Total assets less current liabilities		**9,410,319**	9,776,092
Net assets		**9,410,319**	9,776,092
Equity			
Share capital	27(c)	**125**	125
Reserves	27(d)	**9,410,194**	9,775,967
Total equity		**9,410,319**	9,776,092

Approved and authorised for issue by the board of directors on 26 March 2024.

Director

Director

The notes on pages 95 to 187 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

(Expressed in RMB'000)

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000* *27(c)*	Share premium *RMB'000*	Treasury share reserve *RMB'000* *27(d)(iv)*	Capital reserve *RMB'000* *27(d)(i)*	General reserve *RMB'000* *27(d)(ii)*	Foreign exchange reserve and other reserve *RMB'000* *27(d)(iii)*	Accumulated profits/(losses) *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023	**125**	**9,453,423**	**(9)**	**370,680**	**56,510**	**(56,850)**	**133,420**	**9,957,299**	**(771)**	**9,956,528**
Loss for the year	–	–	–	–	–	–	(441,240)	(441,240)	(2,058)	(443,298)
Other comprehensive income for the year	–	–	–	–	–	47,756	–	47,756	49	47,805
Total comprehensive loss for the year	–	–	–	–	–	47,756	(441,240)	(393,484)	(2,009)	(395,493)
Special dividend paid	–	(526,610)	–	–	–	–	–	(526,610)	–	(526,610)
Settlement of restricted share units	–	73	–	(13)	–	–	–	60	–	60
Share-based compensation and other employees benefits	–	–	–	78,306	–	–	–	78,306	–	78,306
Appropriation to general reserve	–	–	–	–	(12,183)	–	12,183	–	–	–
Balance at 31 December 2023	**125**	**8,926,886**	**(9)**	**448,973**	**44,327**	**(9,094)**	**(295,637)**	**9,115,571**	**(2,780)**	**9,112,791**

(Expressed in RMB'000)

	Attributable to equity shareholders of the Company									
	Share capital *RMB'000* *27(c)*	Share premium *RMB'000*	Treasury share reserve *RMB'000* *27(d)(iv)*	Capital reserve *RMB'000* *27(d)(i)*	General reserve *RMB'000* *27(d)(ii)*	Foreign exchange reserve and other reserve *RMB'000* *27(d)(iii)*	Accumulated profits *RMB'000*	Total *RMB'000*	Non- controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2022	126	9,504,128	(9)	217,188	45,128	(210,243)	158,260	9,714,578	7,529	9,722,107
Loss for the year	–	–	–	–	–	–	(13,458)	(13,458)	(8,397)	(21,855)
Other comprehensive income for the year	–	–	–	–	–	153,393	–	153,393	97	153,490
Total comprehensive income for the year	–	–	–	–	–	153,393	(13,458)	139,935	(8,300)	131,635
Settlement of restricted share units	–	7,820	–	(3,485)	–	–	–	4,335	–	4,335
Share-based compensation	–	–	–	156,977	–	–	–	156,977	–	156,977
Appropriation to general reserve	–	–	–	–	11,382	–	(11,382)	–	–	
Repurchase of shares	–	(58,525)	(1)	–	–	–	–	(58,526)	–	(58,526)
Write-off of repurchased shares	(1)	–	1	–	–	–	–	–	–	–
Balance at 31 December 2022	125	9,453,423	(9)	370,680	56,510	(56,850)	133,420	9,957,299	(771)	9,956,528

The notes on pages 95 to 187 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

(Expressed in RMB'000)

	Note	**2023** **RMB'000**	2022 RMB'000
Operating activities			
Cash (used in)/generated from operations	*22(b)*	**(288,391)**	1,919,612
Income tax paid	*26(a)*	**(35,792)**	(59,984)
Net cash (used in)/generated from operating activities		**(324,183)**	1,859,628
Investing activities			
Proceeds from sales of financial investment and interest income of bank deposits		**119,591**	104,671
Purchase of financial investments at fair value through profit and loss		**(30,000)**	(60,076)
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(134,337)**	(170,139)
Payments for investment in equity accounted investees		**(110,434)**	(149,034)
Net cash used in investing activities		**(155,180)**	(274,578)

The notes on pages 95 to 187 form part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2023

(Expressed in RMB'000)

	Note	2023 RMB'000	2022 RMB'000
Financing activities			
Decrease in restricted cash		**–**	510,056
Payment for repurchase of shares		**–**	(58,526)
Dividends paid to equity shareholders of the Company		**(526,610)**	–
Net proceeds from settlement of restricted share units		**60**	4,335
Net proceeds/(repayments) of bank and other financial institution borrowings	22(c)	**24,007**	(1,180,280)
Interest paid	22(c)	**(4,716)**	(27,401)
Capital element of lease rental paid	22(c)	**(25,024)**	(19,582)
Interest element of lease rental paid	22(c)	**(3,589)**	(2,879)
Net cash used in financing activities		**(535,872)**	(774,277)
Net (decrease)/increase in cash and cash equivalents		**(1,015,235)**	810,773
Cash and cash equivalents at the beginning of the year		**5,731,387**	4,927,885
Effects of exchange rate changes on cash and cash equivalents		**3,005**	(7,271)
Cash and cash equivalents at 31 December	22(a)	**4,719,157**	5,731,387

The notes on pages 95 to 187 form part of these 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 13 March 2018 as an exempted company with limited liability under the Companies Act (as consolidated and revised) of the Cayman Islands.

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

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

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") 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. Further details of the material accounting policies adopted are set out in note 2.

2 MATERIAL ACCOUNTING POLICIES

(a) 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.

2 MATERIAL ACCOUNTING POLICIES (continued)

(a) Change in accounting policies (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the consolidated financial statements for the year ended 31 December 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.

(b) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements are the historical cost basis, except for certain financial assets and liabilities measured at fair value through profit or loss and other comprehensive income as explained in note 2(h).

The consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These consolidated financial statements have been approved for issue by the board of directors on 26 March 2024.

(c) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 3.

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(m) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)), unless the investment is classified as held for sale.

(e) Equity accounted investees

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or the Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(i)(iii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

2 MATERIAL ACCOUNTING POLICIES (continued)

(e) Equity accounted investees (continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses (ECL) model to such other long-term interests where applicable (see note 2(i)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss and other comprehensive income (if any). Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial assets.

2 MATERIAL ACCOUNTING POLICIES (continued)

(f) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software or database so that it will be available for use;
- management intends to complete the software or database, and use or sell it;
- there is an ability to use or sell the software or database;
- it can be demonstrated how the software or database will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software or database are available, and
- the expenditure attributable to the software or database during its development can be reliably measured.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(i)(iii)).

Directly attributable costs that are capitalised as part of the software product include the software development staff costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The estimated useful life for the Group's self-developed platforms and software is 5 years.

2 MATERIAL ACCOUNTING POLICIES (continued)

(g) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

2 MATERIAL ACCOUNTING POLICIES (continued)

(g) Leased assets (continued)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment (continued)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Subsequent measurement and gains and losses (continued)

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as measured at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.
- The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

2 MATERIAL ACCOUNTING POLICIES (continued)

(h) Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(i) Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on

- trade and other receivables;
- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income.

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

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

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs (continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECL is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs (i.e. the simplified model). ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group classifies financial instruments into three stages and makes impairment allowances for expected credit losses ("ECL") accordingly, depending on whether credit risk on that financial instruments has increased significantly since initial recognition.

The three risk stages are defined as follows:

Stage 1: A financial instrument of which the credit risk has not significantly increase since initial recognition. The amount equal to 12-month ECL is recognised as loss allowance.

Stage 2: A financial instrument with a significant increase in credit risk since initial recognition but is not considered to be credit-impaired. The amount equal to lifetime ECL is recognised as loss allowance.

Stage 3: A financial instrument is considered to be credit-impaired as at the end of the reporting period. The amount equal to lifetime ECL is recognised as loss allowance.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(i) Non-derivative financial assets (continued)

Basis of calculation of interest income

Interest income recognised is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. The Group also individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Financial guarantee

Financial guarantee are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee issued are initially recognised as a liability at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantee not been available, where reliable estimates of such information can be made. Where consideration is received for receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of assets. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(ii) Financial guarantee (continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(i)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rated adjusted for risk specific to the cash flows.

(iii) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2 MATERIAL ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(iii) Non-financial assets (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price.

Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2 MATERIAL ACCOUNTING POLICIES (continued)

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(r)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(i)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(i)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Employee benefits

Short-term employee benefits and contributions to defined contribution retirement plans:

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to the PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

2 MATERIAL ACCOUNTING POLICIES (continued)

(o) Share-based compensation

A share-based compensation is classified as either an equity-settled share-based compensation or a cash-settled share-based compensation. The term "equity-settled share-based compensation" refers to a transaction in which the Group grants share options or restricted share units ("RSUs") as a consideration in return for services rendered or a transaction in which the Group has no obligation to settle the share-based compensation or the awards granted are self-owned RSUs of its' shareholder.

The fair value of the RSUs granted to employees is recognised as an employee cost with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the binomial option-pricing model, taking into account the terms and conditions upon which the RSUs were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the RSUs, the total estimated fair value of the RSUs is spread over the vesting period, taking into account the probability that the RSUs will vest.

During the vesting period, the number of RSUs that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of RSUs that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

Modifications of an equity-settled share-based payment arrangement are accounted for only if they are beneficial to the employee. If the Group modifies the terms or conditions of the RSUs granted in a manner that reduces the fair value of the RSUs granted, or is not otherwise beneficial to the employee, the Group continues to recognise the services received measured at the grant date fair value of the RSUs granted, unless those RSUs do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date.

2 MATERIAL ACCOUNTING POLICIES (continued)

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or loss and do not give rise to equal taxable and deductible temporary differences (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2 MATERIAL ACCOUNTING POLICIES (continued)

(p) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised. Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
- the same taxable entity; or
- different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

2 MATERIAL ACCOUNTING POLICIES (continued)

(q) Provisions and contingent liabilities (continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue and income recognition

The Group recognises revenue when the Group satisfies a performance obligation by transferring a promised service to a customer. Control of the service refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the service. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time. Control of the services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services. The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple performance obligation, the transaction price will be allocated to each performance obligation based on its relative standalone selling price. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgements on these assumptions and estimates may impact the revenue recognition.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Revenue and income recognition (continued)

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Interest income for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is recognised in profit or loss using effective interest method.

Contract assets and contract liabilities

The Group presents contract assets or contract liabilities depending on the relationship between the satisfaction of its performance obligations and customer's payment in the statement of financial position. The Group offsets the contract assets and contract liabilities under the same contract and presents the net amount.

A contract asset is the right to consideration in exchange for services transferred to the customer that the Group has transferred to a customer when that right is conditioned on something other than the passage of time.

A contract liability is the Group's obligation to transfer services to a customer for which the entity has received consideration (or the amount is due) from the customer, such as prepayment from a customer before the Group transfer services for its performance obligation.

Principal versus agent considerations

The Group determines whether it is a principal or an agent for each specified service promised to the customer based on whether it controls the specified service before that service is transferred to a customer. The Group is a principal if it controls the specified service before that service is transferred to a customer, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified service transferred; or the Group is an agent and it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Revenue and income recognition (continued)

Variable consideration

The amount of consideration agreed in the contract between the Group and the customers may vary due to rebates, incentives and other factors. The Group determines the best estimate of variable consideration using the expected value or the most likely amount. However, the transaction price including variable consideration does not exceed the amount only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Contract modifications

When a modification is incurred in the service contract between the Group and the customer:

(1) The Group accounts for a contract modification as a separate contract if the addition of services and the price are distinct and the increased price of the contract reflects the standalone selling prices of the additional service;

(2) The Group accounts for the contract modification as if it were a termination of the existing contract and by combining the unsatisfied and modified portion of the contract as a new contract, if the contract modification does not meet (1) described above and the remaining services are distinct from the services transferred on or before the date of the contract modification;

(3) The Group accounts for the contract modification as if it were a part of the existing contract. The effect on recognised revenue is recognised as an adjustment to revenue at the date of the contract modification if the contract modification does not meet (1) described above and the remaining services are not distinct from the services transferred at the date of the contract modification.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Revenue and income recognition (continued)

Contract modifications (continued)

The accounting policy for the Group's principal revenue and income sources is set out below:

(i) Revenue and income from Supply Chain Finance Technology Solutions

The Group's Supply Chain Finance Technology Solutions consist of Anchor Cloud and Financial Institution Cloud ("FI Cloud"). Through Anchor Cloud, the Group enable anchor enterprises to achieve digital transformation for supply chain management and optimise payment cycle for parties along the supply chain, including AMS Cloud and Multi-tier Transfer Cloud. Through FI Cloud, the Group help financial institutions digitalise, automate and streamline their supply chain financing service, primarily consisting of ABS Cloud and eChain Cloud. Sometimes, anchor enterprises or financial institutions will request customisation of Supply Chain Finance Technology Solutions' platforms based on their demands and business operations, so the Group also provides application development and maintenance services of platforms. Transaction prices are agreed in the contracts. Fees for transactions enabled by the Supply Chain Finance Technology Solutions are usually charged based on the amount of such transactions that they enable and contractually agreed rates expressed as a percentage of the volume of the supply chain assets processed. If contracts are identified with multiple performance obligations, each distinct performance obligation is separately accounted for and the total consideration is allocated to each performance obligation based on the relative standalone selling prices at contract inception. If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services.

In connection with the AMS Cloud and ABS Cloud, the Group also engages in the acquisition of underlying supply chain assets from the suppliers due from anchor enterprises and the transfer of such assets to special purpose vehicles formed specifically for such securitisation transactions. These supply chain assets are measured according to accounting policies for financial instruments as disclosed in note 2(h)&(i), and relevant profit or loss is presented in revenue and income from principal activities. In connection with Multi-tier Transfer Cloud and eChain Cloud, the Group recognises revenue based on the progress towards complete satisfaction of a performance obligation and the volume of the supply chain assets that processed with an agreed percentage during the period.

2 MATERIAL ACCOUNTING POLICIES (continued)

(r) Revenue and income recognition (continued)

Contract modifications (continued)

(ii) Revenue and income from Emerging Solutions

The Group's Emerging Solutions consist of Cross-border Cloud and Small and medium-sized enterprises ("SME") Credit Tech Solutions. Through Cross-border Cloud, the Group provide a suite of intelligent solutions that help anchor enterprises and financial institutions facilitate supply chain finance and payment for corporates engaged in cross-border trade activities. SME Credit Tech Solutions are comprised of a suite of data-driven credit analytics solutions that help financial institutions provide financing for anchor enterprises' SME suppliers and distributor. In these circumstances where the financing transactions are funded by financial institutions, the Group generates revenues by charging service fees pursuant to agreements between the Group and the financial institutions where the fees are usually expressed as a percentage of the volume of supply chain assets processed (in the case of Cross-border Cloud) or as a percentage of the amount of financing extended by the financing institutions (in the case of SME Credit Tech Solutions). If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the service.

In certain circumstances, the Group also uses own capital to fund certain of the financing transactions enabled by Emerging Solutions, in which case the Group generate revenue and income from the interest income earned on these transactions.

(s) Share capital

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any company within the Group purchases the Company's RSUs, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the equity shareholders of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the equity shareholders of the Company.

2 MATERIAL ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the foreign exchange reserve.

(u) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

2 MATERIAL ACCOUNTING POLICIES (continued)

(u) Related parties (continued)

(2) An entity is related to the Group if any of the following conditions applies: (continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing these financial statements. The material accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the significant judgements and estimates used in the preparation of these financial statements.

(a) Transfer of financial assets

In its normal course of business, the Group transfers its financial assets through various types of transactions including transfers, securitisation and regular way sales. The Group applies significant judgement in assessing whether it has transferred these financial assets which qualify for a full or partial derecognition.

The Group analyses the contractual rights and obligations in connection with such transfers to determine whether the derecognition criteria are met based on the following considerations:

- whether it has transferred the rights to receive contractual cash flows from the financial assets or the transfer qualifies for the "pass through" of those cash flows to independent third parties.

- the extent to which the associated risks and rewards of ownership of the financial assets are transferred. Significant judgment is applied in the Group's estimation with regard to the cash flows before and after the transfers and other factors that affect the outcomes of the Group's assessment on the extent that risks and rewards are transferred.

When carrying out its asset-backed securitisation transaction and supply chain asset transfer transactions, the subsidiaries of the Group need to make significant judgment on the extension of transfer of the risks and returns of the ownership of the financial assets. The judgment will have impact on whether the relevant transaction meets the conditions of the transfer of the financial assets and their subsequent measurement.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(b) Fair value measurement of financial instruments using valuation techniques

The fair value of financial instruments that are not traded in an active market, such as unlisted equity investment measured at fair value, supply chain assets held for sales, asset-backed securities measured at fair value and financial liability measured at fair value through profit or loss, are determined using valuation techniques. The valuation techniques include discounted cash flow model, market comparable model, adjusted recent transaction price and so on.

When using valuation techniques to determine the fair value of financial instruments, the Group selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transactions of related assets or liabilities, uses the relevant observable inputs as much as possible, including market interest rate, stock price, etc., and uses unobservable input value if the relevant observable inputs cannot be obtained or are not feasible, such as estimation of credit risk, market volatility, liquidity adjustments, and other scenarios etc. The use of different valuation techniques or inputs may result in significant differences in fair value estimate. The fair value generated by valuation technique is also verified with transactions of same or similar financial instruments in observable markets according to market practice.

(c) Consolidation of structured entities

Where the Group acts as asset service agency of or investor in structured entities, the Group makes significant judgement on whether the Group controls and should consolidate these structured entities. When performing this assessment, the Group assesses the Group's contractual rights and obligations in light of the transaction structures, and evaluates the Group's power over the structured entities, performs analysis and tests on the variable returns from the structured entities, including but not limited to direct investment income or loss and service fees earned as the asset service agency, the retention of residual income, and, if any, the liquidity and other support provided to the structured entities. The Group also assesses whether it acts as a principal or an agent through analysis of the scope of its decision-making authority over the structured entities, the remuneration to which it is entitled for asset services, the Group's exposure to variability of returns from its other interests in the structured entities, and the rights held by other parties in the structured entities.

(d) Impairment of financial instruments

The Group uses the ECLs model to assess the impairment of financial instruments. The Group is required to perform significant judgement and estimation and take into account all reasonable and supportable information, including forward-looking information. When making such judgments and estimates, the Group estimates the expected changes in the debtor's credit risk based on historical repayment data combined with macroeconomic indicators and other factors.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(e) Share-based compensation

The fair value of RSUs granted are measured on the respective grant dates based on the fair value of the underlying shares. The Group has used Binomial option-pricing model to determine the fair value of the RSUs as at the grant date. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group or, where applicable, if the performance conditions for vesting will be met at the end of the vesting period. The Group only recognises an expense for those RSUs expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the RSUs and the amount of such RSUs expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

(f) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(g) Capitalisation of development costs

Development costs are capitalised as intangible assets in accordance with the accounting policy for research and development costs in note 2(f). Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At the end of each year, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

(h) Revenue recognition

The Group's contracts with customers usually includes multiple promises. In determining the amount and timing of revenue recognition, revenue recognition process as described in note 2(r) is used, which requires judgment and estimates. These judgments and estimates include determining whether the performance obligations are distinct and determining the standalone selling price for each distinct performance obligation. For the contract of the securitisation transactions with the Group's customers, the Group concludes that the contract includes a combined performance obligation of various services rendered in arranging the securitisation and another performance obligation of asset management service for the resulting asset-backed structures. In instances where the standalone selling price for a performance obligation is not directly observable, such as when the Group do not sell service separately, the Group determines the standalone selling price using information that may include market and other observable inputs.

4 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	2022
	RMB'000	*RMB'000*
Revenue and income from Supply Chain Finance Technology Solutions		
– Anchor Cloud	**523,897**	503,773
– FI Cloud	**299,651**	362,568
	823,548	866,341
Emerging Solutions		
– Cross-border Cloud	**35,120**	34,776
– SME Credit Tech Solutions	**9,096**	23,083
	44,216	57,859
	867,764	924,200

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 31 December 2023 and 2022, respectively.

4 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (continued)

(a) Revenue and income (continued)

Remaining performance obligation

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB994,000 (31 December 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 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	2022
	RMB'000	*RMB'000*
A	**115,087**	121,485

(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 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.

4 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

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.

4 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(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 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 year ended 31 December 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 31 December 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

4 REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(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 the 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 17(ii), 17(iv) and 19.

5 OTHER NET INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income from bank deposits	**126,188**	103,930
Government grants	**24,460**	28,962
Deen gain from dilution of proportion of equity interests in equity accounted investees	**7,692**	–
Foreign exchange differences	**3,005**	(7,271)
Investment losses from disposal of equity interest	**(11,609)**	–
Investment losses from financial investments measured at fair value *(Note)*	**(90,030)**	(335)
Others	**(988)**	394
	58,718	125,680

Note: For the year ended 31 December 2023, loss of RMB92,254,000 (year ended 31 December 2022: nil) was recognized for debt settlements of supply chain assets with anchor enterprises, among which loss amounted to RMB5,654,000 was transferred from other comprehensive income in relation to the debt settlement arrangement for supply chain assets in FVOCI.

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on		
– bank and other financial institution borrowings	**4,716**	27,401
– lease liabilities *(note 12)*	**3,589**	2,879
	8,305	30,280

(b) Staff costs

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

Staff costs of RMB118,506,000 and RMB128,190,000 were capitalised in intangible assets and contract cost for the years ended 31 December 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.

6 (LOSS)/PROFIT BEFORE TAXATION (continued)

(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
	134,473	105,067
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)
	214,437	41,823
Professional service fees	**29,251**	22,921
Auditor's remuneration		
– audit services	**3,455**	3,455
– other services	**2,728**	1,365
	6,183	4,820

7 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 31 December 2023 and 2022.

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

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to income tax at a rate of 25% on the taxable income, except for that: (i) One of the subsidiaries of the Group was recognized as high and new technology enterprises ("HNTE") in the year of 2019 and renewed its HNTE certificate in the year of 2022, and accordingly, was entitled to a preferential income tax rate of 15% in each subsequent three years since the certified year. Thus, this subsidiary was entitled to a preferential income tax rate of 15% for the year ended 31 December 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 31 December 2023. According to the tax relief policy, for a small low-profit enterprise, 25% of the annual taxable income is subject to a preferential income tax rate of 20%.

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

7 INCOME TAX EXPENSE (continued)

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

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

7 INCOME TAX EXPENSE (continued)

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

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
(Loss)/profit before taxation	**(423,881)**	17,942
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	**(3,795)**	(10,121)
Actual income tax expense	**19,417**	39,797

8 DIRECTORS' EMOLUMENTS

		Year ended 31 December 2023						
	Note	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based compensation RMB'000	Total RMB'000
Chairman								
Mr. Song Qun		726	2,192	1,451	50	4,419	–	4,419
Executive directors								
Ms. Chau Ka King		–	–	–	–	–	1,927	1,927
Mr. Ji Kun		–	2,128	864	46	3,038	3,504	6,542
Non-executive directors								
Mr. Lin Haifeng		–	–	–	–	–	–	–
Mr. Zhang Yuhan		–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Gao Feng	(i)	630	–	–	–	630	–	630
Mr. Tan Huay Lim	(i)	360	–	–	–	360	–	360
Mr. Chen Wei	(i)	360	–	–	–	360	–	360
		2,076	4,320	2,315	96	8,807	5,431	14,238

		Year ended 31 December 2022						
	Note	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-total RMB'000	Share-based compensation RMB'000	Total RMB'000
Chairman								
Mr. Song Qun		690	2,136	1,104	55	3,985	–	3,985
Executive directors								
Ms. Chau Ka King		237	707	341	8	1,293	3,740	5,033
Mr. Ji Kun		–	2,087	600	45	2,732	6,734	9,466
Non-executive directors								
Mr. Lin Haifeng		–	–	–	–	–	–	–
Mr. Zhang Yuhan		–	–	–	–	–	–	–
Mr. Zhao Yongsheng	(ii)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Gao Feng		599	–	–	–	599	–	599
Mr. Tan Huay Lim		342	–	–	–	342	–	342
Mr. Chen Wei		342	–	–	–	342	–	342
		2,210	4,930	2,045	108	9,293	10,474	19,767

8 DIRECTORS' EMOLUMENTS (continued)

(i) Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei were retired and re-elected as independent non-executive directors of the Company on 13 June 2023.

(ii) Mr. Zhao Yongsheng resigned as a non-executive director with effect from 29 March 2022.

(iii) No directors' termination benefits subsisted at the end of the years or at any time during the years ended 31 December 2023 and 2022. No consideration provided to or receivable by third parties for making available directors' services subsisted at the end of the years or at any time during the years ended 31 December 2023 and 2022.

There were no loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and connected entities subsisted at the end of the years or at any time during the years ended 31 December 2023 and 2022.

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2023 and 2022.

(iv) During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments for the year ended 31 December 2023, one individual (year ended 31 December 2022: one individual) is a director whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other four individuals (year ended 31 December 2022: four individuals) with the highest emoluments are as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Salaries and other emoluments	**6,506**	6,494
Discretionary bonuses	**2,681**	1,368
Retirement scheme contributions	**182**	177
Share-based compensation	**15,130**	28,679
	24,499	36,718

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (continued)

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following band:

	For the year ended 31 December	
	2023	2022
	Number of individuals	*Number of individuals*
Nil – HKD1,000,000	**–**	–
HKD1,000,001 – HKD1,500,000	**–**	–
HKD1,500,001 – HKD2,000,000	**–**	–
HKD2,000,001 – HKD2,500,000	**–**	–
HKD2,500,001 – HKD3,000,000	**–**	–
HKD3,500,001 – HKD4,000,000	**–**	–
HKD4,000,001 – HKD4,500,000	**–**	–
HKD4,500,001 – HKD5,000,000	**1**	–
HKD5,000,001 – HKD5,500,000	**1**	–
HKD5,500,001 – HKD6,000,000	**–**	–
HKD6,000,001 – HKD6,500,000	**1**	1
HKD6,500,001 – HKD7,000,000	**–**	–
HKD7,000,001 – HKD7,500,000	**–**	1
HKD7,500,001 – HKD8,000,000	**–**	1
HKD8,000,001 – HKD8,500,000	**1**	–
HKD8,500,001 – HKD9,000,000	**–**	–
HKD9,000,001 – HKD9,500,000	**–**	–
HKD9,500,001 – HKD10,000,000	**–**	–
HKD10,000,001 – HKD10,500,000	**–**	1
HKD10,500,001 – HKD11,000,000	**–**	–
HKD11,000,001 – HKD11,500,000	**–**	–
HKD11,500,001 – HKD12,000,000	**–**	–
HKD12,000,001 – HKD12,500,000	**–**	–
HKD12,500,001 – HKD13,000,000	**–**	–
HKD13,000,001 – HKD13,500,000	**–**	–
HKD13,500,001 – HKD14,000,000	**–**	–
HKD14,000,001 – HKD14,500,000	**–**	–
HKD14,500,001 – HKD15,000,000	**–**	–
HKD15,000,001 – HKD15,500,000	**–**	–
HKD15,500,001 – HKD16,000,000	**–**	–
HKD16,000,001 – HKD16,500,000	**–**	–
HKD16,500,001 – HKD17,000,000	**–**	–
	4	4

10 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 31 December	
	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)	**(0.208)**	(0.006)

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 31 December 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 31 December 2023 and 2022 were the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB'000	Computer and electric equipment RMB'000	Office furniture and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
Cost:					
As at 1 January 2022	18,130	30,106	3,107	–	51,343
Additions	141	7,844	161	1,042	9,188
Disposals	–	(15)	(2)	–	(17)
As at 31 December 2022	18,271	37,935	3,266	1,042	60,514
As at 1 January 2023	**18,271**	**37,935**	**3,266**	**1,042**	**60,514**
Additions	**15,178**	**670**	**2,022**	**–**	**17,870**
Disposals	**–**	**(666)**	**(389)**	**–**	**(1,055)**
As at 31 December 2023	**33,449**	**37,939**	**4,899**	**1,042**	**77,329**
Accumulated depreciation:					
As at 1 January 2022	(9,825)	(12,451)	(924)	–	(23,200)
Charge for the year	(4,016)	(8,897)	(661)	(103)	(13,677)
Disposals	–	8	–	–	8
As at 31 December 2022	(13,841)	(21,340)	(1,585)	(103)	(36,869)
As at 1 January 2023	**(13,841)**	**(21,340)**	**(1,585)**	**(103)**	**(36,869)**
Charge for the year	**(4,607)**	**(8,400)**	**(540)**	**(248)**	**(13,795)**
Disposals	**–**	**632**	**312**	**–**	**944**
As at 31 December 2023	**(18,448)**	**(29,108)**	**(1,813)**	**(351)**	**(49,720)**
Net book value:					
As at 31 December 2023	**15,001**	**8,831**	**3,086**	**691**	**27,609**
As at 31 December 2022	4,430	16,595	1,681	939	23,645

As at 31 December 2023 and 2022, no property, plant and equipment was under mortgage or not in use.

No impairment losses on property, plant and equipment were recognized during the years ended 31 December 2023 and 2022.

12 LEASES

Amounts recognised in the consolidated statements of financial position are indicated as below:

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Right-of-use assets		
Buildings	**86,890**	46,274
Lease liabilities		
Current	**9,643**	19,452
Non-current	**80,758**	29,983
	90,401	49,435

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

	Office buildings *RMB'000*
As at 1 January 2022	64,273
Addition	2,478
Charge for the year	(20,477)
As at 31 December 2022	46,274
As at 1 January 2023	**46,274**
Addition	**91,852**
Derecognition	**(25,862)**
Charge for the year	**(25,374)**
As at 31 December 2023	**86,890**

12 LEASES (continued)

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

	As at 31 December 2023		As at 31 December 2022	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Less than 1 year	**9,643**	**14,260**	19,452	21,438
After 1 year but within 2 years	**18,094**	**21,713**	15,922	17,339
After 2 years but within 5 years	**62,664**	**68,667**	14,061	14,393
Subtotal	**90,401**	**104,640**	49,435	53,170
Total future interest expenses		**(14,239)**		(3,735)
Present value of lease liabilities		**90,401**		49,435

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	For the year ended 31 December	
	2023 *RMB'000*	2022 *RMB'000*
Depreciation charge of right-of-use assets	**25,374**	20,477
Interest expense on lease liabilities *(note 6(a))*	**3,589**	2,879
Expense relating to short-term leases	**409**	404
	29,372	23,760

13 INTANGIBLE ASSETS

	Self-developed platforms and softwares *RMB'000*
Cost:	
As at 1 January 2023	**445,355**
Additions	**119,221**
As at 31 December 2023	**564,576**
Accumulated amortisation:	
As at 1 January 2023	**(157,229)**
Charge for the year	**(95,304)**
As at 31 December 2023	**(252,533)**
Net book value:	
As at 31 December 2023	**312,043**

	Self-developed platforms and softwares *RMB'000*
Cost:	
As at 1 January 2022	284,404
Additions	160,951
As at 31 December 2022	445,355
Accumulated amortisation:	
As at 1 January 2022	(86,316)
Charge for the year	(70,913)
As at 31 December 2022	(157,229)
Net book value:	
As at 31 December 2022	288,126

There were no intangible assets which were not yet available for use as at 31 December 2023 and 2022.

No impairment losses on intangible assets were recognised during the years ended 31 December 2023 and 2022.

14 EQUITY ACCOUNTED INVESTEES

(a) The information of the associates of the Group at the end of each reporting date

Name of associate		Place of incorporation and operation	Registered or paid-in capital	Equity interest held by the Group As at 31 December 2023 %	As at 31 December 2022 %	Principal activities
Sinopharm Rosina (Shanghai) Commercial Factoring Co., Ltd. ("Sinopharm Rosina")	(i)	PRC	RMB510 million	**N/A**	19.608	Pharma-focused supply chain finance business
Go Asset Management Limited ("Go Asset")		Cayman Islands	USD3 million	**30.000**	30.000	Assets management service
Greenland Linklogis Group Holdings Pte. Ltd.	(ii)	Singapore	SGD211 million	**20.000**	20.000	Digital banking services
Anhui Zhongbaida Supply Chain Management Co., Ltd.	(iii)	PRC	RMB50 million	**20.000**	20.000	Supply chain management

(i) On 22 November 2023, Linklogis Hong Kong Limited (the "Vendor"), a wholly-owned subsidiary of the Company, Sinopharm Holdings (China) Financial Leasing Co., Ltd. (the "Purchaser") and the other vendors entered into an equity transfer agreement, pursuant to which, among others, the Vendor has agreed to sell, and the Purchaser has conditionally agreed to acquire, 19.608% equity interest held by the Vendor in Sinopharm at a consideration of RMB111,918,000. The disposal of the equity interest generated a loss of RMB11,609,000.

(ii) During the year ended 31 December 2023, the Group invested an additional SGD10,000,000 (equivalent to approximately RMB53,772,000) to Greenland Linklogis Group Holdings Pte. Ltd., and the portion of interest hold by the Group remains the same after the investment.

(iii) In February 2022, the Group entered into a shareholder agreement with certain investors to hold 20.000% interests and voting right of Anhui Zhongbaida Supply Chain Management Co., Ltd., a limited liability company incorporated in PRC in September 2020. And thus has significant influence on Anhui Zhongbaida Supply Chain Management Co., Ltd..

14 EQUITY ACCOUNTED INVESTEES (continued)

(a) The information of the associates of the Group at the end of each reporting date (continued)

The associates are accounted for using the equity method in the consolidated financial statements.

Summarised financial information in respect of the associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed as below:

	As at 31 December 2023 *RMB'000*				As at 31 December 2022 *RMB'000*			
	Greenland Linklogis Group Holdings Pte. Ltd.	Sinopharm Rosina *(i)*	Go Asset	Anhui Zhongbaida Supply Chain Management Co., Ltd.	Greenland Linklogis Group Holdings Pte. Ltd.	Sinopharm Rosina	Go Asset	Anhui Zhongbaida Supply Chain Management Co., Ltd.
Total assets	2,676,399	N/A	14,374	7,693	820,682	4,347,212	17,524	8,512
Total liabilities	(1,889,061)	N/A	(170)	(65)	(163,707)	(3,778,932)	(279)	(166)
Net assets	787,338	N/A	14,204	7,628	656,975	568,280	17,245	8,346

	For the year ended 31 December 2023 *RMB'000*				For the year ended 31 December 2022 *RMB'000*			
	Greenland Linklogis Group Holdings Pte. Ltd.	Sinopharm Rosina *(i)*	Go Asset	Anhui Zhongbaida Supply Chain Management Co., Ltd.	Greenland Linklogis Group Holdings Pte. Ltd.	Sinopharm Rosina	Go Asset	Anhui Zhongbaida Supply Chain Management Co., Ltd.
Revenue and income	46,062	182,055	4,197	–	7,442	151,900	4,569	–
(Loss)/profit for the year	(158,251)	36,081	(3,314)	(718)	(123,319)	20,947	(1,774)	(1,649)
Other comprehensive income	1,377	–	–	–	–	–	–	–
Total comprehensive (loss)/income for the year	(156,874)	36,081	(3,314)	(718)	(123,319)	20,947	(1,774)	(1,649)
Reconciliation to the Group's interest in the associate								
Group's effective interests	20.000%	N/A	30.000%	20.000%	20.000%	19.608%	30.000%	20.000%
Group's share of net assets	157,468	N/A	4,261	9,527	131,395	111,428	5,174	9,670
Carrying amount in the consolidated financial statements	153,634	N/A	6,184	9,527	130,765	120,702	6,727	9,670

(i) Linklogis Hong Kong Limited's equity interest in the investee has been disposed on 22 November 2023. The report discloses the profit and loss and total comprehensive income of the investee for the period from 1 January 2023 to the date of disposal.

14 EQUITY ACCOUNTED INVESTEES (continued)

(b) The information of the joint venture of the Group at the end of each reporting date

Name of joint venture	Place of incorporation and business	Registered or paid-in capital	Equity interest held by the Group As at 31 December 2023 %	As at 31 December 2022 %	Principal activities
Olea Global Pte. Ltd.	Singapore	USD73.7 million	**37.992**	40.000	Supply chain finance

In March 2023, 3,700,000 shares from the employee incentive plan of Olea Global Pte. Ltd. ("Olea") were granted to and exercised by its employees. As the result, the Group's equity interest in Olea was diluted to 37.992%, corresponding to a deen gain of RMB7,692,000 from dilution of proportion of equity interests in Olea. The Group's voting rights in Olea decreased from 50% to 46.901% after share dilution.

In December 2023, the Group invested an additional USD8,000,000 (equivalent to approximately RMB56,662,000) to Olea, and the portion of interest hold by the Group remains the same after the investment.

Summarised financial information in respect of the joint venture, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed as below:

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Total assets	**373,482**	291,776
Total liabilities	**(109,053)**	(78,879)
Net assets	**264,429**	212,897

14 EQUITY ACCOUNTED INVESTEES (continued)

(b) The information of the joint venture of the Group at the end of each reporting date (continued)

	For the year ended 31 December 2023	For the year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue and income	**12,138**	2,983
Loss for the year	**(125,708)**	(105,166)
Total comprehensive loss for the year	**(125,708)**	(105,166)
Reconciliation to the Group's interest in the joint venture		
Group's effective interests	**37.992%**	40.000%
Group's share of net assets	**100,462**	85,159
Carrying amount in the consolidated financial statements	**82,185**	64,969

The Group assessed at the end of each year whether there is any indication that its interests in the associates and join venture may be impaired. If any such indication exists, the Group estimated the recoverable amount of the investment. As at 31 December 2023 and 2022, there was no indication of such impairment.

15 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries of the Group as at 31 December, 2023 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name	Place and date of incorporation/ establishment	Nature of legal entity	Issued shares/ paid-in capital	Held by the Company	Held by the subsidiary	Principal activity and place of operation
Linklogis Hong Kong Limited ("Linklogis Hong Kong")	Hong Kong 6 April 2018	Limited liability company	HKD1	100%	–	Investment holding Hong Kong
Linklogis Supply Chain Services (Shenzhen) Co., Ltd.* (聯易融供應鏈服務(深圳)有限公司)	PRC 24 July 2018	Limited liability company	USD400,000,000	–	100%	Supply chain finance technology solutions PRC
Linklogis International Company Limited	Hong Kong 7 March 2019	Limited liability company	USD9,250,000	–	85%	Supply chain finance technology solutions Hong Kong
Linklogis (Singapore) Pte. Ltd.	Singapore 2 August 2021	Limited liability company	SGD500,000	–	85%	Supply chain finance technology solutions Singapore
Lianyisheng Supply Chain Services (Wuhan) Co., Ltd.* (聯易盛供應鏈服務(武漢)有限公司)	PRC 25 December 2019	Limited liability company	USD200,000,000	–	100%	Supply chain finance technology solutions PRC
Linklogis Digital Technology Group Co., Ltd.* (聯易融數字科技集團有限公司)	PRC 5 February 2016	Limited liability company	RMB235,655,390	–	100%	Supply chain finance technology service PRC
Shenzhen Qianhai Huanrong Lianyi Commercial Factoring Co., Ltd.* (深圳前海環融聯易商業保理有限公司)	PRC 6 May 2016	Limited liability company	RMB150,000,000	–	100%	Supply chain finance technology solutions PRC
Shenzhen Qianhai Linklogis Commercial Factoring Co., Ltd.* (深圳前海聯易融商業保理有限公司)	PRC 12 May 2016	Limited liability company	RMB1,000,000,000	–	100%	Supply chain finance technology solutions PRC
Shenzhen Qianhai Huanrong Lianyi Information Technology Services Co., Ltd.* (深圳前海環融聯易信息科技服務有限公司)	PRC 25 July 2016	Limited liability company	RMB300,000,000	–	100%	Supply chain finance technology service PRC
Shenzhen Qianhai Rongda Commercial Factoring Co., Ltd.* (深圳前海融達商業保理有限公司)	PRC 30 August 2016	Limited liability company	RMB300,000,000	–	100%	Supply chain finance technology solutions PRC
Shenzhen Qianhai Lianjie Commercial Factoring Co., Ltd.* (深圳前海聯捷商業保理有限公司)	PRC 24 November 2016	Limited liability company	RMB1,000,000,000	–	100%	Supply chain finance technology solutions PRC
Wuhan Linklogis Technology Information Co., Ltd.* (武漢聯易融科技信息有限公司)	PRC 28 August 2019	Limited liability company	RMB50,000,000	–	100%	Supply chain finance technology service PRC
Shenzhen Yirui Investment Development Co., Ltd.* (深圳易睿投資發展有限公司)	PRC 26 November 2019	Limited liability company	RMB10,000,000	–	100%	Investment management PRC
Shenzhen Lianyirong Smart-Bee Technology Co., Ltd (深圳聯易融小微蜂科技有限公司)	PRC 16 December 2020	Limited liability company	RMB50,000,000	–	100%	Supply chain finance technology solutions PRC
Shenzhen Qianhai Lianhui Commercial Factoring Co., Ltd. (深圳前海聯匯商業保理有限公司)	PRC 4 July 2018	Limited liability company	RMB50,000,000	–	100%	Supply chain finance technology service PRC

* The official names of these entities are in Chinese. The English names are for identification purpose only.

None of the subsidiaries had issued any debt securities during the year of 2023.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income of the Group are mainly 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 *RMB'000*	2022 *RMB'000*
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
At the end of the year	**386,910**	496,478

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

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

(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 31 December 2023	**–**	**386,910**	**–**	**386,910**
The movements of loss allowance:				
As at 1 January	**4,329**	**13,551**	**–**	**17,880**
Transfer				
Transfer to lifetime ECL not credit-impaired	**(540)**	**540**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**(3,207)**	**(460)**	**3,667**	**–**
Charge for the year	**(582)**	**44,409**	**1,145**	**44,972**
Write-offs	**–**	**–**	**(4,812)**	**(4,812)**
As at 31 December	**–**	**58,040**	**–**	**58,040**

	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 31 December 2022	250,832	245,646	–	496,478
The movements of loss allowance:				
As at 1 January	185	9,931	–	10,116
Transfer				
Transfer to lifetime ECL not credit-impaired	–	–	–	–
Transfer to lifetime ECL credit-impaired	–	–	–	–
Charge for the year	4,144	3,620	–	7,764
As at 31 December	4,329	13,551	–	17,880

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 and the tax impact for impairment allowance charged for the year in income tax expense was RMB1,941,000 (year ended 31 December 2022: credit of RMB1,941,000).

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**As at 31 December 2023 RMB'000**	As at 31 December 2022 RMB'000
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 31 December 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 (31 December 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) (31 December 2022: USD26,144,000, equivalent to approximately RMB182,086,000); and (3) the supply chain assets in Anchor Cloud of RMB149,282,000 (31 December 2022: RMB181,719,000). During the year ended 31 December 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 31 December 2023 comprised the carrying amount of (1) senior tranches of asset-back securities of RMB22,121,000 (31 December 2022: RMB18,054,000); and (2) junior tranches of asset-back securities of RMB60,653,000 (31 December 2022: RMB67,995,000).

(iv) The balance as at 31 December 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) (31 December 2022: USD16,459,000, equivalent to approximately RMB114,631,000).

18 TRADE RECEIVABLES

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

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 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
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	**(3,259)**	(1,175)
Trade receivables, net	**290,847**	342,114

19 FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature

	As at 31 December 2023 RMB'000	As at 31 December 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

19 FINANCIAL ASSETS AT AMORTISED COST (continued)

(b) Summarised by stages and allowance for impairment losses

	As at 31 December 2023			
	Stage 1 *RMB'000*	**Stage 2** *RMB'000*	**Stage 3** *RMB'000*	**Total** *RMB'000*
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 31 December 2022			
	Stage 1 *RMB'000*	Stage 2 *RMB'000*	Stage 3 *RMB'000*	Total *RMB'000*
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

19 FINANCIAL ASSETS AT AMORTISED COST (continued)

(c) Summarised by overdue days

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

	As at 31 December 2022			
	Overdue by 1 to 90 days (inclusive)	Overdue by 90 days to 1 year (inclusive)	Overdue by 1 year to 2 years (inclusive)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Supply chain assets				
– SME Credit Tech Solutions	3,535	17,800	16,696	38,031

19 FINANCIAL ASSETS AT AMORTISED COST (continued)

(d) The movements of loss allowance

	2023			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January	**8,956**	**446**	**25,871**	**35,273**
Transfer				
Transfer to lifetime ECL credit-impaired	**(5,960)**	**1,729**	**4,231**	**–**
Charge for the year	**(1,318)**	**12,775**	**3,155**	**14,612**
Exchange differences	**11**	**–**	**–**	**11**
Write-offs	**–**	**–**	**(324)**	**(324)**
As at 31 December	**1,689**	**14,950**	**32,933**	**49,572**

	2022			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	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 31 December	8,956	446	25,871	35,273

20 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Non-current			
Long-term deferred expenses		**3,104**	5,129
Current			
Receivables from anchor enterprises	(a)	**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	25	**38,300**	40,600
Loan to a third party	(b)	**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		**(157,662)**	(4,458)
Total		**2,268,948**	1,713,599

20 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)

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

(a) 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 31 December 2022, all receivables from anchor enterprises were classified as stage 1.

As at 31 December 2023, the gross amount and the impairment allowance in stage 2 was RMB1,994,803,000 and RMB154,190,000, respectively, which included 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 31 December 2023 and 2022.

(b) Loan to a third party

On 24 May 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 the associate of the Group before 22 November 2023. According to the repayment arrangement, the loan was expected to be recovered in the forthcoming year.

21 RESTRICTED CASH

	Note	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Escrow accounts	(i)	123,196	153,005
Others		7,429	6,868
Total		130,625	159,873

(i) The bank balances in the escrow accounts can only be used in specified activities as stipulated in the agreements with the counterparties.

22 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Cash at bank	4,652,935	5,675,794
Cash at other financial institutions	66,222	55,593
	4,719,157	5,731,387

22 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of (loss)/profit before taxation to cash used in operations

	Note	For the year ended 31 December 2023 RMB'000	2022 RMB'000
(Loss)/profit before taxation		**(423,881)**	17,942
Adjustments for:			
Depreciation and amortisation charges	*6(c)*	**134,473**	105,067
Finance costs	*6(a)*	**8,305**	30,280
Impairment loss	*6(c)*	**214,437**	41,823
Share of loss of equity accounted investees and unrealised profits arising from transactions with equity accounted investees		**80,197**	70,516
Interest income from bank deposits	*5*	**(126,188)**	(103,930)
Investment losses from disposal of equity interest in equity accounted investees	*5*	**11,609**	–
Gain from deem disposal of equity interests in equity accounted investees	*5*	**(7,692)**	–
Investment (gains)/losses from financial investments measured at fair value		**(2,224)**	335
Loss from disposal of property, plant and equipment		**111**	9
Share-based compensation and other employees benefits	*6(b)*	**78,371**	156,977
Foreign exchange difference	*5*	**(3,005)**	7,271
Operating profit before changes in working capital		**(35,487)**	326,290
Changes in working capital:			
Decrease/(increase) in financial assets at fair value through profit or loss		**1,503,929**	(75,612)
Decrease/(increase) in trade receivables		**49,183**	(88,264)
Decrease in financial assets at fair value through other comprehensive income		**66,801**	1,221,493
Decrease in financial assets at amortised cost		**96,680**	286,232
Increase in prepayments, other receivable and other assets		**(556,996)**	(827,485)
Decrease/(increase) in restricted cash		**29,248**	(2,459)
Increase in contract assets		**(635)**	(10,543)
Increase in contract costs		**(17,500)**	–
Increase/(decrease) in contract liabilities		**3,331**	(11)
Increase/(decrease) in trade payables		**62,855**	(38,210)
(Decrease)/increase in other payables		**(1,489,800)**	1,128,181
Changes in working capital		**(252,904)**	1,593,322
Cash (used in)/generated from operations		**(288,391)**	1,919,612

22 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows in financing activities.

	Borrowings *RMB'000* *Note 24*	Lease liabilities *RMB'000* *Note 12*	Total *RMB'000*
As at 1 January 2023	10,012	49,435	59,447
Changes from financing cash flows:			
Net proceeds of borrowings	24,007	–	24,007
Interests paid	(4,716)	–	(4,716)
Capital element of lease rentals paid	–	(25,024)	(25,024)
Interest element of lease rentals paid	–	(3,589)	(3,589)
Total changes in financing cash flows	19,291	(28,613)	(9,322)
Other Changes			
Finance cost	4,716	3,589	8,305
Increase in lease liabilities during the year	–	65,990	65,990
As at 31 December 2023	34,019	90,401	124,420

22 CASH AND CASH EQUIVALENTS (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings *RMB'000* *Note 24*	Lease liabilities *RMB'000* *Note 12*	Total *RMB'000*
As at 1 January 2022	1,190,292	66,539	1,256,831
Changes from financing cash flows:			
Net repayments of borrowings	(1,180,280)	–	(1,180,280)
Interests paid	(27,401)	–	(27,401)
Capital element of lease rentals paid	–	(19,582)	(19,582)
Interest element of lease rentals paid	–	(2,879)	(2,879)
Total changes in financing cash flows	(1,207,681)	(22,461)	(1,230,142)
Other Changes			
Finance cost	27,401	2,879	30,280
Increase in lease liabilities during the year	–	2,478	2,478
As at 31 December 2022	10,012	49,435	59,447

23 TRADE PAYABLES

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

As at 31 December 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.

23 TRADE PAYABLES (continued)

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

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

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

24 BORROWINGS

	As at 31 December 2023		As at 31 December 2022	
	Effective interest rate	***Balance RMB'000***	*Effective interest rate*	*Balance RMB'000*
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 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Within 1 year and included in current liabilities	**34,019**	10,012

25 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
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	20	**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.

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Movement of current taxation in the consolidated statements of financial position

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Balance of income tax provision relating to prior years	**50,691**	60,058
Provision for income tax expense for the year	**42,017**	50,617
Provisional income tax expense paid	**(35,792)**	(59,984)
	6,225	(9,367)
Balance of income tax provision relating to relative years	**56,916**	50,691

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(b) Movements of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the reporting years are as follows:

Deferred tax arising from:	Loss allowance *RMB'000*	Changes in fair value of financial instruments *RMB'000*	Tax losses *RMB'000*	Accrued expenses *RMB'000*	Amortisation charge of intangible assets *RMB'000*	Depreciation charge of right-of-use assets *RMB'000*	Total *RMB'000*
As at 1 January 2023	**28,093**	**(9,942)**	**21,421**	**13,015**	**11,233**	**3,873**	**67,693**
Credited/(charged) to profit or loss	**3,983**	**11,013**	**1,139**	**1,916**	**6,346**	**(1,797)**	**22,600**
Credited to other comprehensive income	**–**	**11,468**	**–**	**–**	**–**	**–**	**11,468**
As at 31 December 2023	**32,076**	**12,539**	**22,560**	**14,931**	**17,579**	**2,076**	**101,761**
As at 1 January 2022	30,082	(7,532)	11,963	14,887	6,252	3,843	59,495
(Charged)/credited to profit or loss	(1,989)	212	9,458	(1,872)	4,981	30	10,820
Charged to other comprehensive income	–	(2,622)	–	–	–	–	(2,622)
As at 31 December 2022	28,093	(9,942)	21,421	13,015	11,233	3,873	67,693

(c) Deferred tax assets not recognised

The Group has not recognised deferred tax assets in respect of unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits of these certain subsidiaries will be available against which unused tax losses can be utilised. Based on management's assessment, the Group did not recognise deferred income tax assets of RMB45,411,000 and RMB6,931,000 in respect of losses amounting to RMB188,241,000 and RMB31,037,000 that can be carried forward against future taxable income as of 31 December 2023 and 2022.

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements of the Company's components in equity

	Note	Share capital RMB'000	Treasury share reserve RMB'000	Share premium RMB'000	Capital reserves RMB'000	Foreign exchange reserve and other reserve RMB'000	Accumulated profits/ (losses) RMB'000	Total equity RMB'000
		27(c)			27(d)(i)	27(d)(iii)		
Balance at 1 January 2022		126	–	9,504,128	(64,041)	(257,725)	97,105	9,279,593
Loss for the year		–	–	–	–	–	(399,898)	(399,898)
Other comprehensive income for the year		–	–	–	–	793,611	–	793,611
Total comprehensive income for the year		–	–	–	–	793,611	(399,898)	393,713
Settlement of RSUs		–	–	7,820	(3,485)	–	–	4,335
Share-based compensation and other employees benefits		–	–	–	156,977	–	–	156,977
Repurchase of shares		–	(1)	(58,525)	–	–	–	(58,526)
Write-off of repurchased shares		(1)	1	–	–	–	–	–
Balance at 31 December 2022 and 1 January 2023		125	–	9,453,423	89,451	535,886	(302,793)	9,776,092
Profit for the year		–	–	–	–	–	86,366	86,366
Other comprehensive loss for the year		–	–	–	–	(3,895)	–	(3,895)
Total comprehensive income for the year		–	–	–	–	(3,895)	86,366	82,471
Special dividend declared		–	–	(526,610)	–	–	–	(526,610)
Settlement of RSUs		–	–	73	(13)	–	–	60
Share-based compensation and other employees benefits		–	–	–	78,306	–	–	78,306
Balance at 31 December 2023		125	–	8,926,886	167,744	531,991	(216,427)	9,410,319

(b) Dividends

Subsequent to the end of the reporting period, a final special dividend in respect of the year ended 31 December 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 17 June 2024 and the final special dividend is expected to be payable on 29 July 2024 to the shareholders whose names appear on the register of members of the Company on 8 July 2024.

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

27 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Ordinary shares	**125**	125

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

	Par Value	**As at 31 December 2023**	As at 31 December 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 31 December 2023, there is no change in the number of ordinary shares of the Company.

During the year ended 31 December 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.

(d) Nature and purpose of reserves

(i) Capital reserve

(1) During the year ended 31 December 2023, approximately RMB78,049,000 (year ended 31 December 2022: RMB156,977,000) and RMB257,000 (year ended 31 December 2022: nil) of capital reserve arises from the amortisation of fair value of un-vested RSUs, and other employees benefits, respectively.

(2) During the year ended 31 December 2023, 20,000 shares of vested RSUs (year ended 31 December 2022: 1,528,000) were settled under the share award scheme of the Company. Thus, approximately RMB13,000 of capital reserve (year ended 31 December 2022: RMB3,485,000) was transferred to share premium and approximately RMB60,000 of share premium (year ended 31 December 2022: RMB4,335,000) was recognised which arose from the consideration exceeding par value of the settled shares.

27 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(ii) General reserve

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

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

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

As at 31 December 2023, general reserve amounted to RMB44,327,000 (31 December 2022: RMB56,510,000) was accordingly provided.

(iii) Foreign exchange reserve

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

(iv) Treasury share reserve

The treasury share reserve represents the par value of 163,976,000 shares of class B ordinary shares (31 December 2022: 163,996,000 shares of class B ordinary shares) for the share-based compensation held by a special purpose vehicle which is controlled by the Company.

28 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors, the Company has adopted an equity incentive plan in 2019. During the year ended 31 December 2023, no shares of RSUs (year ended 31 December 2022: 4,245,810 shares of RSUs with an exercise price of HKD3.25 per share) were granted to eligible participants by the Company under the equity incentive plan. The RSUs of each batch granted are vested over a four-year period equally, on condition that employees achieved either service conditions without any performance requirements or both service conditions and certain performance target. The expiration date for subscription of the RSUs is 10 years from the grant date. The RSUs may be settled, to the extent then vested, at the election of the grantees prior to the expiration date.

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

	2023	2022
At the beginning of the year	**110,189,832**	110,197,112
Exercised	**(20,000)**	(1,527,650)
Granted	**–**	4,245,810
Forfeited	**(3,147,639)**	(2,725,440)
At the end of the year	**107,022,193**	110,189,832

29 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

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

29 RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

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

	2023 *RMB'000*	2022 *RMB'000*
Salaries, wages and other benefits	**14,206**	14,339
Contributions to defined contribution scheme	**202**	210
Share-based compensation	**7,788**	15,789
Key management personnel remuneration	**22,196**	30,338

(c) Related parties' transactions

	2023 *RMB'000*	2022 *RMB'000*
Charged by related parties		
– Cloud services and technical services*	**5,750**	5,349
– Corporation and revenue sharing*	**147**	458
	5,897	5,807
Provided to related parties		
– Technology service	**19,897**	35,513
– Supply chain financing service	**137**	234
– Interest income	**30**	–
– Corporation and revenue sharing*	**7,690**	651
	27,754	36,398

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

29 RELATED PARTY TRANSACTIONS (continued)

(d) Balance with related parties

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Trade related		
Trade receivables	**77,880**	70,263
Prepayments, other receivables and other assets	**45,578**	2,798

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group is exposed to credit, liquidity, currency and interest rate risks arises in the normal course of its business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The credit risks faced by the Group primarily arise from: (1) covered financing transactions and self-funded financing transactions in the Group's solutions; (2) financial assets held under Anchor Cloud and FI Cloud which the anchor enterprises have payment obligation to the Group in the case that the acquisition of underlying assets is financed by short-term bridge loans the Group borrowed from third-party funding providers or the Group's own capital.

In connection with the Group's solutions, the Group enters into various types of arrangements with financial institutions that protect them against losses on the financing they extend to SMEs in covered financing transactions. As at 31 December 2023 and 2022, the maximum exposure to such transactions was approximately RMB487 million and RMB505 million, respectively.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. To identify, monitor and mitigate the credit risks arising from anchor enterprise in transactions enabled by Anchor Cloud and FI Cloud, the Group has developed a credit risk review team and a credit risk management committee who are responsible for managing these risks through data-driven risk management, transaction review and approval process and comprehensive risk analysis. The Group selects the anchor enterprises by taking into account various criteria such as their credit ratings, industries, locations and market rankings. The Group finance the acquisition of underlying assets using (i) the short-term bridge loans that the Group borrows from third-party funding providers and (ii) the Group's own capital.

Individual credit evaluations are performed on all anchor enterprises requiring credit over a certain amount. These evaluations focus on the anchor enterprises' external credit rating, and take into account information specific to the anchor enterprises as well as pertaining to the economic environment in which the anchor enterprises operate. Credit terms of trade receivables due from anchor enterprises are agreed in the contracts and varied based on the Group's individual credit evaluations of the specific anchor enterprises. The Group possessed the legal title of the underlying supply chain assets as a collateral for the receivables from anchor enterprises.

The Group utilises data-driven risk management measures to recognise, mitigate and manage the credit risks associated with SMEs in the financing transactions enabled by SME Credit Tech Solutions and Cross-border Cloud. To generate analysis on SMEs, the Group inspects their background information, business trend, the quality of their partnering anchor enterprises, historical performance, market reputation and relative negative information on governmental and judicial databases. The Group determines the maximum amount they may use to support the Group's self-funded financing transactions based on the information collected from SMEs, including the submitted invoices and a variety of other assessment criteria, such as their locations, credit histories or whether they are involved in any legal proceedings.

The Group measures loss allowances for trade and other receivables from customers and anchor enterprises at an amount equal to lifetime ECLs, which is calculated with reference to the customer's external credit rating. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer and anchor enterprise segments, the loss allowance based on past due status is not further distinguished between the Group's different customer and anchor enterprise bases.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The Group's exposure to credit risk arising from restricted cash and cash and cash equivalents is limited because they are mainly deposit in banks with credit rating of AAA and above, for which the Group considers to have low credit risk.

The Group's exposure to credit risk and ECLs for financial assets at fair value through other comprehensive income, financial assets at amortised cost, trade receivables and other receivables are disclosed to notes 16, 18, 19 and 20 respectively.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities as at 31 December 2023 and 2022 of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2023 Contractual undiscounted cash outflow				
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Trade payables	102,755	–	–	102,755	102,755
Borrowings	34,709	–	–	34,709	34,019
Other payables and accruals	284,511	–	–	284,511	284,511
Lease liabilities	14,260	21,713	68,667	104,640	90,401
Total	436,235	21,713	68,667	526,615	511,686
Financial guarantee issued	486,626	–	–	486,626	–

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

	As at 31 December 2022 Contractual undiscounted cash outflow				
	Within 1 year or on demand *RMB'000*	More than 1 year but less than 2 years *RMB'000*	More than 2 years but less than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Trade payables	39,900	–	–	39,900	39,900
Borrowings	10,313	–	–	10,313	10,012
Other payables and accruals	1,769,257	–	–	1,769,257	1,769,257
Lease liabilities	21,438	17,339	14,393	53,170	49,435
Total	1,840,908	17,339	14,393	1,872,640	1,868,604
Financial guarantee issued	504,826	–	–	504,826	–

(c) Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Company's functional currency is USD and SGD. The Company's primary subsidiaries were incorporated and operate in the PRC and these subsidiaries considered RMB as their functional currency.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

The Group operates mainly in the PRC with most of the transactions settled in RMB. The management considers that the business is not exposed to significant foreign exchange risk as there are no significant recognised assets or liabilities of the Group denominated in the currencies other than the respective functional currencies of the Company and its subsidiaries. The following table details the Group's exposure at the end of the years to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity which they related to. For presentation purpose, the amounts of the exposure are shown in RMB, translated using the spot rate at each year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded. The currencies giving rise to this risk are primarily US dollars and Hong Kong dollars.

	Exposure to foreign currencies As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Cash and cash equivalents	**19,794**	78,542
Trade receivables	**512**	15,439
Prepayments, other receivables and other assets	**152,613**	38,520
Financial assets at fair value through profit or loss	**26,675**	10,688
Trade payables	**(12)**	(3)
Other payables, accruals and other liabilities	**(5,963)**	(3,524)
Net exposure arising from recognised assets and liabilities	**193,619**	139,662

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

(i) Currency risk (continued)

The following table indicates the instantaneous change in the Group's profit or loss before taxation and accumulated profit or loss that would arise if foreign exchange rates on which the Group has significant exposure at the end of the reporting year had changed at that date, assuming all other risk variables remained constant.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
	(decrease)/ increase	*(decrease)/ increase*
Changes in profit or loss before taxation		
Foreign exchange rates increases by 500 bps	**9,681**	6,983
Foreign exchange rates decreases by 500 bps	**(9,681)**	(6,983)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to cash flow interest rate risk in relation to bank balances and variable-rate borrowings. The Group takes on exposure to the effects of fluctuation in the prevailing market interest rates on the cash flow risks. The Group is also exposed to fair value interest rate risk in relation to fixed-rate supply chain assets and fixed-rate borrowings.

Management monitors the related interest exposure closely to ensure the interest rate risks are maintained at an acceptable level. The level of mismatch of interest rate repricing that may be undertaken is monitored closely.

The Group's exposures to interest rates on financial assets and liabilities are mainly concentrated on the fluctuation of the People's Bank of China rate arising from bank balances and bank borrowings in which the directors of the Company considered the effect is immaterial.

The Group's majority interest-bearing liabilities at 31 December 2023 and 2022 are fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the respective years.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

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

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

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

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Fair value hierarchy of the financial instruments of the Group at each year end is as below:

Fair value hierarchy:

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

	As at 31 December 2022			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Unlisted equity investment	–	–	62,076	62,076
Supply chain assets	–	–	2,281,644	2,281,644
Asset-backed securities	–	–	86,049	86,049
Others	–	–	114,631	114,631
Financial assets at fair value through profit or loss	–	–	2,544,400	2,544,400
Financial assets at fair value through other comprehensive income	–	–	496,478	496,478

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

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

	2023 RMB'000	2022 RMB'000
Unlisted equity investment		
At 1 January	62,076	2,000
Payment for purchase	30,000	60,076
Net unrealised gains recognised in profit or loss during the year	(8,367)	–
At 31 December	83,709	62,076
Supply chain assets		
At 1 January	2,281,644	1,826,327
Payment for purchase	30,988,972	32,604,562
Net unrealised gains recognised in profit or loss during the year	(75,140)	27,804
Transfer and settlement	(32,414,486)	(32,177,049)
At 31 December	780,990	2,281,644
Asset-backed securities		
At 1 January	86,049	291,385
Payment for purchase	253,011	238,667
Net unrealised gains recognised in profit or loss during the year	2,025	(5,837)
Transfer and settlement	(258,311)	(438,166)
At 31 December	82,774	86,049
Others		
At 1 January	114,631	101,103
Payment for purchase	–	–
Net unrealised gains recognised in profit or loss during the year	7,574	4,995
Exchange differences	1,772	8,834
Transfer and settlement	–	(301)
At 31 December	123,977	114,631
Total net unrealised gains for the year included in the profit or loss for assets held at the end of the year	(73,908)	26,962

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

The movement of financial assets at fair value through other comprehensive income is disclosed in note 16 to the consolidated financial statements.

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

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

The Group determines the fair value of unlisted equity investment, supply chain assets, the asset-backed securities and other investment portfolio in financial assets at fair value through profit or loss as well as supply chain assets in financial assets at fair value through other comprehensive income by using discounted cash flow model. The significant unobservable inputs are the risk-adjusted discount rates, which ranged from 6.60% to 19.69% and from 3.15% to 14.39% as of 31 December 2023 and 2022 for financial assets at fair value through profit or loss, and from 10.79% to 20.04% and from 7.68% to 11.06% as of 31 December 2023 and 2022 for financial assets at fair value through other comprehensive income, respectively.

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

	As at 31 December 2023 *RMB'000*	As at 31 December 2022 *RMB'000*
Fair value changes of financial assets at fair value through profit or loss		
Discount rate decrease 1%	**5,594**	10,930
Discount rate increase 1%	**(5,506)**	(10,802)
Fair value changes of financial assets at fair value through other comprehensive income		
Discount rate decrease 1%	**6,326**	1,505
Discount rate increase 1%	**(6,136)**	(1,494)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Fair value measurement (continued)

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

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 31 December 2023 and 2022.

(e) Capital management

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

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

31 TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

Certain subsidiaries of the Group (collectively as the "Supply Chain Finance Technology Services Entities"), transfer supply chain asset to structured entities, which in turn issue various asset-backed securities or notes (hereinafter referred to as "Security") of which the Group had subscribed certain portion of asset-backed securities and accordingly may retain portions of the risks and rewards of the transferred supply chain assets. The outstanding balances of the Security subscribed by the Group were RMB74 million and RMB57 million at 31 December 2023 and 2022, respectively, while the supply chain asset held by the structured entities specially formed for offering the Security mentioned above were RMB21,314 million and RMB23,282 million at 31 December 2023 and 2022, respectively. As a result, the balances of continuing involvement in transferred assets and associated liabilities both amounted to RMB38 million and RMB41 million as at 31 December 2023 and 2022, respectively, which approximately represented the maximum exposure to losses from its involvement in such securitisation arrangements due to holding the Security.

Interests in structured entities

The Group is principally involved with structured entities through financial investments, supply chain asset service and other business. These structured entities generally finance the purchase of assets by issuing securities or by other means. The Group determines whether or not to consolidate these structured entities depending on whether the Group has control over them.

31 TRANSFERS OF FINANCIAL ASSETS (continued)

Interests in structured entities (continued)

(i) Interests in unconsolidated structured entities

The interests held by the Group in unconsolidated structured entities are set out as below:

(a) Structured entities sponsored by the Group

The Group uses structured entities in the ordinary course of its business to achieve different business objectives, such as charging service fees from third-party investors for supply chain assets service to structured entities.

The balances of the interests of the Group in such unconsolidated structured entities, which were classified as financial assets at fair value through profit or loss, as at each of the end of the years are set out as below:

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Asset-backed securities	**80,410**	58,847

The balances of the supply chain asset held by the structured entities specially formed for offering the security mentioned above as at 31 December 2023 and 2022 amounted to RMB23,604 million and RMB24,802 million, respectively. The Group is not contractually obliged to provide financing to these unconsolidated structured entities and the maximum risk exposure of the Group for holding these interests approximate their carrying amount.

31 TRANSFERS OF FINANCIAL ASSETS (continued)

Interests in structured entities (continued)

(i) Interests in unconsolidated structured entities (continued)

(b) Structured entities sponsored by other institutions

For structured entities sponsored by other institutions, the Group has not provided any services or any financial support to such entities. The interests held by the Group in the structured entities sponsored by other financial institutions through direct investments as at each of the end of the years are set out as below:

	As at 31 December 2023	As at 31 December 2022
	RMB'000	*RMB'000*
Asset-backed securities	**2,364**	9,148
Financial investment in a segregated portfolio	**123,977**	114,631
Total	**126,341**	123,779

(ii) Consolidated structured entities

The Group consolidated a special purpose vehicle, Carltonvic Company Limited which was established for the purpose of holding awarded shares pursuant to the share incentive plan of the Company and controlled by the Company.

32 FINANCIAL POSITION OF THE COMPANY

(a) Investment in subsidiaries

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Deemed investment arising from share-based compensation	**460,940**	382,736

(b) Prepayments, other receivables and other assets

	Note	**As at 31 December 2023** ***RMB'000***	As at 31 December 2022 *RMB'000*
Receivables from subsidiaries		**7,782,530**	8,137,091
Loans to subsidiaries	*(i)*	**1,149,446**	1,144,345
Others		**4,948**	4,812
Total		**8,936,924**	9,286,248

(i) The Company has provided several interest free loans to subsidiaries to supplement their daily operating funds. These intra-group loans are denominated in USD, RMB and SGD. As at 31 December 2023, the loan balances denominated in USD, RMB and SGD are USD10,000,000 (31 December 2022: USD10,000,000), RMB970,000,000 (31 December 2022: RMB970,000,000), SGD20,200,000 (31 December 2022: SGD20,200,000), respectively. The terms of these intra-group loans are 5 years and can be renewed upon mature.

(c) Cash and cash equivalent

	As at 31 December 2023 ***RMB'000***	As at 31 December 2022 *RMB'000*
Cash at bank	**14,234**	110,515

33 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 27(b) of the consolidated financial statements, the Group had no other significant subsequent event after the reporting period.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2023 and which have not been adopted in the consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, Lack of Exchangeability	1 January 2025
Amendments to IFRS 10 and IAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date has now been deferred indefinitely
Amendments to IAS 1, Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1, Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16, Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7, Supplier Finance Arrangements	1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

FIVE YEAR FINANCIAL SUMMARY

Condensed consolidated statement of profit or loss and other comprehensive income

	For the year ended December 31,				
	2019	2020	2021	2022	**2023**
		(RMB'000)			
Revenue	699,593	1,028,541	1,198,013	924,200	**867,764**
Gross profit	362,972	630,378	927,250	774,535	**526,515**
Profit/(loss) from operation	139,914	320,373	318,006	109,115	**(340,576)**
(Loss)/profit before taxation	(1,081,813)	(674,440)	(12,915,271)	17,942	**(423,881)**
Loss for the year	(1,081,974)	(715,482)	(12,990,673)	(21,885)	**(443,298)**
Loss for the year attributable to equity shareholders of the Company	(1,081,638)	(717,056)	(12,991,790)	(13,458)	**(441,240)**
Total comprehensive (loss)/income for the year	(1,064,991)	(768,517)	(13,161,376)	131,635	**(395,493)**
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company	(1,064,655)	(770,091)	(13,162,493)	139,935	**(393,484)**
Basic/diluted loss per share (RMB per share)	(35.06)	(23.24)	(7.784)	(0.006)	**(0.208)**

Condensed consolidated statement of financial position

	As at December 31,				
	2019	2020	2021	2022	**2023**
		(RMB'000)			
Assets					
Non-current assets	282,050	383,791	588,628	825,776	**884,146**
Current assets	3,489,602	5,753,012	11,219,637	11,098,580	**8,846,376**
Total assets	3,771,652	6,136,803	11,808,265	11,924,356	**9,730,522**
Liabilities and equity					
Non-current liabilities	23,616	51,679	61,562	29,983	**80,758**
Current liabilities	6,338,479	9,408,613	2,024,596	1,937,845	**536,973**
Total liabilities	6,362,095	9,460,292	2,086,158	1,967,828	**617,731**
(Deficits)/equity attributable to equity shareholders of the Company	(2,595,281)	(3,329,901)	9,714,578	9,957,299	**9,115,571**
Non-controlling interests	4,838	6,412	7,529	(771)	**(2,780)**
Total (deficits)/equity	(2,590,443)	(3,323,489)	9,722,107	9,956,528	**9,112,791**
Total liabilities and equity	3,771,652	6,136,803	11,808,265	11,924,356	**9,730,522**

DEFINITIONS

"2019 Equity Incentive Plan"	the equity incentive plan of the Company adopted by the Board on January 24, 2019, and amended and restated on November 25, 2020
"Articles" or "Articles of Association"	the articles of association of the Company adopted on and with effect from June 13, 2023, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China and for the purposes of this report 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
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time`
"Company" or "the Company"	Linklogis Inc. (formerly known as Linklogis Financial Holdings Inc.), a company with limited liability incorporated in the Cayman Islands on March 13, 2018
"Consolidated Affiliated Entity(ies)"	Onshore Holdco and its subsidiaries and affiliated entities, the financial accounts of which have been consolidated and accounted for as if they were subsidiaries of the Company by virtue of the Contractual Arrangements

"Contractual Arrangement(s)"	the series of contractual arrangements entered into between, among others, the WFOE, the Onshore Holdco, the Other Parties and/or the Registered Shareholders, as detailed in "Contractual Arrangements" in the Prospectus and as amended, restated, renewed, reproduced or joined from time to time
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Song and the direct and indirect companies through which Mr. Song has an interest in the Company, namely Cabnetvic, Cabnetwa, Cabnetsa and Cabnetnt
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 (formerly Appendix 14) of the Listing Rules as amended from time to time
"Corporate Governance Committee"	the corporate governance committee of the Board
"Director(s)"	the director(s) of the Company
"Global Offering"	the public offering of the Company's Class B Shares as defined and described in the Prospectus
"Group", "we"	the Company, its subsidiaries, and the Consolidated Affiliated Entities (the financial results of which have been consolidated and accounted for as subsidiaries of the Company by virtue of the Contractual Arrangements) from time to time, and in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of the Company at the relevant time
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKFRS"	Hong Kong Financial Reporting Standards
"IFRS"	International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Latest Practicable Date"	April 12, 2024, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining certain information
"Linklogis International"	Linklogis International Company Limited, a limited liability company incorporated in Hong Kong on March 7, 2019, a non-wholly-owned subsidiary of the Company
"Listing"	the listing of the Class B Shares on the Main Board

DEFINITIONS

"Listing Date"	April 9, 2021, the date on which the Class B Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"MIIT"	Ministry of Industry and Information Technology of the PRC
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly Appendix 10) of the Listing Rules
"Mr. Song" or "WVR Beneficiary"	Mr. Song Qun, our founder, executive Director, chairman of the Board, chief executive officer and Controlling Shareholder, as well as the holder of the Class A Shares entitling him to weighted voting rights
"Nomination Committee"	the nomination committee of the Board
"Onshore Holdco" or "Linklogis Digital"	Linklogis Digital Technology Group Co., Ltd. (聯易融數字科技集團有限公司), a limited liability company established in Shenzhen, the PRC on February 5, 2016 and one of the Consolidated Affiliated Entities
"Other Parties"	Mr. Song, Mr. Ji, Ms. Chau, Mr. Jiang Xiyong (蔣希勇) and Ms. Song Ying (宋穎)
"Prospectus"	the prospectus of the Company dated March 26, 2021

"Registered Shareholders"	the registered shareholders of the Onshore Holdco from time to time, namely, Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業(有限合夥)), Shenzhen Yalangu Investment Development Co., Ltd. (深圳亞藍谷投資發展有限公司), Shenzhen Benyuan Ledong Capital Management Center (Limited Partnership) (深圳市本源樂動資本管理中心(有限合夥)), Linzhi Lichuang Information Technology Co., Ltd. (林芝利創信息技術有限公司), Linzhi Tencent Investment Management Co., Ltd. (林芝騰訊投資管理有限公司), Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥)), Zhejiang Yiwu Leyun Investment Partnership (Limited Partnership) (浙江義烏樂雲投資合夥企業(有限合夥)), Shanghai Qiangang Investment Management Partnership (Limited Partnership) (上海乾剛投資管理合夥企業(有限合夥)) and Beijing Jiayun Huayu Investment Co., Ltd. (北京嘉運華鈺投資有限公司)
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period" or "Reporting Year"	the year ended December 31, 2023
"Reserved Matters"	those matters resolutions with respect to which each Share is entitled to one vote at general meetings of the Company pursuant to the Articles of Association, being: (i) any amendment to the Memorandum or Articles of Association, including the variation of the rights attached to any class of shares; (ii) the appointment, election or removal of any independent non-executive Director; (iii) the appointment or removal of the Company's auditors; and (iv) the voluntary liquidation or winding-up of the Company
"RMB"	Renminbi yuan, the lawful currency of China
"RSU"	a restricted share unit award granted or to be granted to a participant under the 2019 Equity Incentive Plan
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the Class A Shares and Class B Shares in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)

DEFINITIONS

"Shenzhen Jianhuilian"	Shenzhen Jianhuilian Investment Partnership (Limited Partnership) (深圳簡慧鏈投資合夥企業 (有限合夥)) (formerly known as "Shenzhen Jianhuilian Investment Management Partnership (Limited Partnership) (深圳簡慧鏈投資管理合夥企業(有限合夥)), a private company with limited liability incorporated under the laws of PRC on February 1, 2016
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"Tencent"	Tencent Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 0700)
"Tencent Cloud"	Tencent Cloud Computing (Beijing) Company Limited# (騰訊雲計算(北京)有限責任公司), a subsidiary of Tencent, a substantial shareholder of the Company
"Tencent Computer"	Shenzhen Tencent Computer Systems Company Limited# (深圳市騰訊計算機系統有限公司), a subsidiary of Tencent, a substantial shareholder of the Company
"Tencent Group"	Tencent, its subsidiaries and its controlled affiliated entities
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States
"weighted voting rights" or "WVR"	has the meaning ascribed to it under the Listing Rules
"WeBank"	WeBank Co., Ltd.# (深圳前海微眾銀行股份有限公司), a company established under the laws of the PRC, an associate of Tencent and a connected person of the Company
"WFOE"	Linklogis Supply Chain Services (Shenzhen) Co., Ltd.# (聯易融供應鏈服務(深圳)有限公司), a limited liability company established in Shenzhen, the PRC on July 24, 2018 and a wholly-owned subsidiary of the Company
"%"	per cent

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

For identification purposes only