ANNUAL REPORT 2021

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

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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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15 Queen's Road Central, Central
Hong Kong

Compliance adviser
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Principal share registrar and transfer office
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Principal banks
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1/F, China Merchants International Financial Centre A
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Stock code
9959

Company website
www.linklogis.com

KEY HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

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

Note:

(1) Percentage points

KEY BUSINESS HIGHLIGHTS

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

Notes:

(1) The number of customers for a given year refers to the total number of customers that had at least one revenue-generating contract with the Group during that year. The number of partners for a given year includes both (i) the Group's customers who enter into revenue-generating contracts with the Group; and (ii) other businesses who do not enter into revenue-generating contracts with the Group but are served through the Group's solutions during that year.

(2) The retention rate is calculated by dividing the number of customers in the previous year who remain as the Group's customers in the current year by the total number of customers in the previous year.

(3) Percentage points.

(4) To calculate the net expansion rate for the current year, we first identify our customers in the previous year. We then calculate the net expansion rate for such current year as the quotient obtained by dividing the revenue and income generated by the same group of customers in the current year by the revenue and income they generated in the previous year.

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

2021 Annual Results Summary

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

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

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

CHAIRMAN'S STATEMENT

Business Review

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

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

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

Supply Chain Finance Technology Solutions

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

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

Anchor Cloud

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

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

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

FI Cloud

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

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

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

Emerging Solutions

Cross-border Cloud

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

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

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

SME Credit Tech Solutions

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

Technology Development

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

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

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

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

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

International Expansion

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

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

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

CHAIRMAN'S STATEMENT

Business Outlook

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

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

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

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

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

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

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

Mr. Song Qun
Chairman and Chief Executive Officer

FINANCIAL PERFORMANCE FOR THE YEAR ENDED DECEMBER 31, 2021

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

Revenue and income from principal activities

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

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

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

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

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

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

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

Cost of principal activities

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

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

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

Gross profit and gross profit margin

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

	For the year ended December 31,			
	2021		2020	
	Gross profit	**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	**871,455**	**76.5**	547,046	59.4
Emerging Solutions	**55,795**	**94.0**	83,332	77.4
Total	**927,250**	**77.4**	630,378	61.3

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

Research and development expenses

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

Sales and marketing expenses

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

Administrative expenses

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

Share-based compensation

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

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

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

Impairment loss

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

Other net income

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

Profit from operation

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

Finance costs

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

Share of (loss)/profit of equity accounted investees

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

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

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

Income tax expense

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

Loss for the year

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

Non-IFRS Measures

To supplement our consolidated financial statements presented in accordance with IFRS, we use adjusted profit for the year, EBITDA and adjusted EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. We believe that these non-IFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance.

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

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

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

Reconciliation of loss to adjusted profit for the year:

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

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

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

Notes:

(1) Share-based compensation relates to the share options/restricted share units that we granted under our share incentive plan, which is a non-cash expense that is commonly excluded from similar non-IFRS measures adopted by other companies in our industry.

(2) Fair value changes of redeemable convertible preferred shares and ordinary shares with preferential rights represent the losses arising from change in fair value of our issued redeemable convertible preferred shares and ordinary shares with preferential rights before the initial public offering of the Class B Shares, which were recognised as financial liabilities at fair value through profit or loss. Such changes will no longer exist after the automatic conversion of our redeemable convertible preferred shares and ordinary shares with preferential rights to ordinary shares upon the Listing and are non-cash in nature and are not directly related to our operating activities.

(3) Listing related expenses relates to the Global Offering, which is one-off in nature and not directly related to our operating activities.

Credit exposure

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

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

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

See also “Risk Factors – We are exposed to credit risks associated with certain offerings of our emerging Solutions”, “Risk Factors – We may be subject to risks in connection with the warehoused accounts receivable in the securitization offerings enabled by ABS Cloud” and “Business – Risk Management and Internal Control – Credit Risk Management” in the Prospectus for additional details.

Liquidity and source of funding

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

Significant investments

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

Material acquisitions and disposals

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

Borrowings

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

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

Pledge of assets

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

Subsequent events after the Reporting Period

On January 4, April 11 and April 19, 2022, the Company repurchased a total of 1,144,500 Class B Shares for a consideration of approximately HK$7.9 million (equivalent to approximately RMB6.5 million).

There were no other subsequent events after the end of Reporting Period and up to the Latest Practicable Date.

Future plans for material investments or capital asset

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

Gearing ratio

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

Foreign exchange exposure

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

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

Contingent liabilities

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

Capital commitment

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

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, 2021.

Overview of the Board

The Directors who held office during the year ended December 31, 2021 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)
Mr. Zhao Yongsheng (趙永生) *(resigned on March 29, 2022)*

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

Biographical details of the Directors are set out in "Directors and Senior Management" at pages 49 to 55 of this annual report.

In accordance with Article 119(a) of the Articles, Mr. Song Qun, Mr. Ji Kun and Ms. Chau Ka King shall retire at our upcoming annual general meeting. Each of these Directors, being eligible, will offer themselves for re-election at the upcoming annual general meeting.

Changes to directors' information

The changes in the information of Directors and chief executives of the Company since the publication of the 2021 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, has resigned 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) on October 13, 2021.

Mr. Tan Huay Lim ("**Mr. Tan**"), an independent non-executive Director, has resigned as an independent non-executive director of ASL Marine Holdings Ltd. and Koufu Group Limited on November 1, 2021 and March 31, 2022 respectively. He has been appointed as an independent non-executive director of Sheng Siong Group Ltd, a company listed on Singapore Stock Exchange, on December 22, 2021.

Notwithstanding the fact that Mr. Tan currently has independent non-executive directorships with five other listed companies, Mr. Tan confirmed that he will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director in the Company based on the following: (i) his involvement in other listed companies as independent non-executive director primarily requires him to oversee their management independently, rather than allocation of substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) notwithstanding his current engagement as an independent non-executive director of five other listed companies, he has maintained a consistently high attendance in board meetings, meetings of board committees and general meetings of the abovementioned listed companies during the respective relevant financial periods reported in the latest available annual reports; (iii) none of the listed companies that he has directorship engagement with has questioned or complained about his time devoted to such listed companies. Based on the foregoing, the Company believes that Mr. Tan will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director of the Company.

Save as disclosed above, there have been no other changes in the information of Directors and chief executives of the Company since the Listing Date 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, 2021 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 "Chairman's Statement" and "Management Discussion And Analysis" on pages 7 to 27 of this annual report. 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 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 hold 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 COVID-19 pandemic presents challenges to our business operations and the business operations of our customers and partners thus in turn having an adverse impact on our business, results of operations and financial condition.

- 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 with which the Group collaborates 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 will be set out in the Environmental, Social and Governance Report to be published.

Compliance with relevant laws and regulations

During the year ended December 31, 2021 and up to the date of this annual report, 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, 2021, the Group had a total of 910 employees. The following table sets forth a breakdown of our employees by function as of December 31, 2021.

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

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

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, 2021 was RMB547.1 million, as compared to RMB257.1 million for the year ended December 31, 2020.

During the year ended December 31, 2021, the Group did not experience any significant labour arbitration or litigation or any difficulty in recruiting employees.

Major customers

The Group's customers primarily include anchor enterprises and financial institutions. During the year ended December 31, 2021, the Group's single largest customer in terms of revenue and income alone accounted for 8.7% of total revenue and income (2020: 12.8%), whereas the Group's top five customers in terms of revenue and income accounted for 27.4% of total revenue and income (2020: 34.7%).

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, 2021.

Major suppliers

During the year ended December 31, 2021, the Group's largest supplier accounted for 10.1% of total purchases (2020: 11.4%), whereas the Group's top five suppliers accounted for 32.6% of total purchases (2020: 28.7%).

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, 2021.

Financial Summary

A summary of the audited consolidated results and the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements, is set out on pages 197 to 198 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 1 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, 2021 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, 2021 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 had maintained the prescribed percentage of public float under the Listing Rules.

Donation

During the year ended December 31, 2021, the Group made charitable donations of RMB 1 million.

Debenture issued

The Group had not issued any debentures during the year ended December 31, 2021.

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 period from the Listing Date up to December 31, 2021.

Dividend

The Board did not recommend the distribution of a final dividend for the Reporting Period. No dividend was paid or declared by the Company or other members of the Group during the year ended December 31, 2020.

No Shareholder has waived or agreed to waive any dividends for the Reporting Period.

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 469 of the Companies Ordinance) for the benefit of the Directors is currently and was in force for the year ended December 31, 2021.

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, 2021 are set out in the consolidated statement of changes in equity on page 95 and in note 27 to the consolidated financial statements, respectively. The distributable reserve of the Company amounted to RMB9,343.5 million as at December 31, 2021 (December 31, 2020: nil).

Loans and borrowings

Details of bank loans and other borrowings of the Group as at December 31, 2021 are set out in note 23 to the consolidated financial statements.

Information relating to the Directors

Directors' service contracts

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.

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.

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, 2021.

Emoluments of directors and the five highest paid individuals

In compliance with the Corporate Governance Code, 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 2019 Equity Incentive Plan, details of which are set out in the Prospectus.

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

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

Contracts with controlling shareholders

Save as set out in "Continuing Connected Transactions" and the Underwriting Agreements (as defined in the Prospectus), no contract of significance or contract of significance for the provision of services has been 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, 2021.

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, 2021 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 other 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, 2021 was the Company or any of its subsidiaries, fellow subsidiaries or its holdings 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 and except for the interests of the Controlling Shareholders in the Group, during the year ended December 31, 2021, 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, 2021, 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 Group 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 will expire 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.

Reasons for the transactions

The Group collaborates with Tencent Group 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 Group 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.

Pricing Policies

Before entering into any technical service agreement pursuant to the Cloud Services and Technical Services Framework Agreement, the Company will assess its business needs and compare the service fee rates proposed by Tencent Group with the rates offered by other comparable service providers. In addition, the Company will take into account a number of factors, including but not limited to (i) the quality and stability of cloud services and technical services of different service providers; and (ii) the service fee rates. The Company will only enter into a technical service agreement with Tencent Group when the service fee rates proposed by Tencent Group are in line with or lower than the market rates and the agreement is in the best interests of the Company and the Shareholders as a whole.

The service fee proposed by Tencent Group is based on a predetermined pricing mechanism set by Tencent Group, which is published on Tencent Cloud's website and similar to fee rates offered to other third parties. The service fee rates of the cloud services and technical services vary depending on the exact type of services involved and projects utilize such services, to be specific, (i) cloud server service fee is charged monthly or per unit of data consumed, and the service fee rate is determined by taking into consideration of servers, bandwidth, etc.; (ii) the service fee of cloud security is charged based on different packages and the fee rates of packages are determined based on bandwidth, servers and specific security services included in such packages; and (iii) the data storage service fee is charged based on the data consumed.

The annual cap and actual transaction amount of the continuing connected transactions with Tencent Cloud for the year ended December 31, 2021 are RMB7.0 million and RMB6.8 million, respectively.

Listing Rule implications

The transactions contemplated under the Cloud Services and Technical Services Framework Agreement are conducted in the ordinary and usual course of business on normal commercial terms, and it is expected that the highest of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of such transactions will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but are subject to reporting, annual review and announcement requirements.

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. Tencent Computer is a subsidiary of Tencent, a substantial shareholder of the Company, and therefore a connected person of the Company. 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 revenue arising out of the Cooperation Projects shall be shared between the Group and Tencent Group and shall be determined in accordance with the following formula:

Net proceeds × revenue sharing percentage

Pursuant to the Cooperation and Revenue Sharing Agreement, the party responsible for leading and promoting a Cooperation Project is the leading party of such Cooperation Project (the "**Leading Party**"). Net proceeds refer to the aggregate amount of fees received by the Leading Party from relevant customers for the implementation of the Cooperation Projects after the deduction of relevant cost such as cost incurred by the Leading Party for the promotion of such Cooperation Project. The revenue sharing percentage shall be decided by the Leading Party based on arm's length negotiations between the parties by taking into consideration of contributions made by each party to the relevant Cooperation Project, such as client resources and products/services provided for such Cooperation Project. During the years ended December 31, 2018, 2019 and 2020, respectively, the revenue sharing percentage was generally 50% (our Group): 50% (Tencent Group).

The term of the Cooperation and Revenue Sharing Agreement is three years commencing 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.

Pricing Policies

The exact prescribed revenue sharing percentage for individual Cooperation Project will be determined by the relevant party after arm's length negotiation between the relevant parties. The Company will take into account a number of factors, including but not limited to (i) the revenue sharing percentages the Company offers to independent third parties on similar projects; (ii) the brand influence and user base of Tencent Group; and (iii) the underlying blockchain technology framework and other value-added services Tencent Group will provide for the Cooperation Projects, such as online payment system.

The annual cap and actual transaction amount of the continuing connected transactions with Tencent Computer for the year ended December 31, 2021 are as follows:

	Annual cap for the year ended December 31, 2021	Annual transaction amount for the year ended December 31, 2021
	(in RMB million)	
Amount payable by Tencent Group to the Company under the Cooperation and Revenue Sharing Agreement	1.0	0.0
Amount payable by the Company to Tencent Group under the Cooperation and Revenue Sharing Agreement	1.5	0.9

Listing Rule implications

The transactions contemplated under the Cooperation and Revenue Sharing Agreement are conducted in the ordinary and usual course of business on normal commercial terms, and it is expected that the highest of the applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of such transactions will exceed 0.1% but will be lower than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, these transactions are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules, but are subject to reporting, annual review and announcement requirements.

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 (in addition to imposing a qualification requirement on the foreign owners).

As a result of the restrictions imposed by PRC Laws, the Company, as a foreign investor, is unable 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., entered 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 described herein and as set out in 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 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 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.

For further 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, Shenzhen Qianhai Weq Block Chain Technology Co., Ltd. (深圳前海微企區塊鏈科技有限公司), 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**") and Wuhan Linklogis Technology Information Co., Ltd. (武漢聯易融科技信息有限公司) (collectively the "**Information Service Operating Entities**").

Commercial factoring

We provide commercial factoring service during the provision of Supply Chain Finance Technology Solutions and SME Credit Tech Solutions through 11 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.

The extent to which the Contractual Arrangements relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements are subject to the restrictions as set out on pages 234 to 240 of the Prospectus.

Qualification requirements

PRC laws restrict foreign ownership of value-added telecommunication services providers (in addition to imposing a qualification requirement on the foreign owners). Article 10 of the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (the "**FITE Regulations**") provides that a major foreign investor which invests in a value-added telecommunications business in the PRC must possess prior experience in, and a proven track record of good performance of, operating value-added telecommunications businesses overseas (the "**Qualification Requirements**"). Foreign investors that meet these requirements must obtain approvals from the MIIT which retain discretion in granting such approvals.

The MIIT issued a Guidance Memorandum on the Application Requirements for Establishing Foreign-invested Value-added Telecommunications Enterprises in the PRC (the "**Guidance Memorandum**"). According to this Guidance Memorandum, a foreign investor applicant is required to provide, as proof of the satisfaction of the Qualification Requirements, a description of the value-added telecommunications services previously provided by itself or its direct shareholder, supported by, among other things, screenshots of licence and filings previously obtained and websites and apps previously operated, as well as previous telecommunication business licences issued by the relevant local authorities (unless no licence is required in the relevant jurisdiction). The Guidance Memorandum, however, does not provide any further guidance on the proof, records or documents required to support the proof satisfying the Qualification Requirements.

Efforts and actions undertaken to comply with the Qualification Requirements

Notwithstanding the above, the Company has adopted a specific plan and will continue to expend genuine efforts and financial resources towards meeting the Qualification Requirements. It will remain abreast of any regulatory developments and continuously assess whether the Group meets the Qualification Requirements, with a view to unwinding the Contractual Arrangements wholly or partially as and when practicable and permissible under the prevailing PRC laws.

The Company is implementing a business plan with a view to building up a track record of overseas telecommunication business operations for the purposes of being qualified, as early as possible, to acquire the entire equities in the Information Service Operating Entities when it is possible to do so. The Company believes that such business plan represents its commitment and a meaningful endeavour to demonstrate compliance with the Qualification Requirements. The Company is in the process of expanding its overseas value-added telecommunications business through its offshore subsidiaries. In particular, the Group has taken the following concrete steps to ensure compliance with the Qualification Requirements:

- Linklogis International has been incorporated in Hong Kong since March 2019 for the purposes of establishing and expanding the Group's overseas operations;
- the Group has established an overseas website to provide the Cross-border Cloud services to offshore enterprises and is in the process of expanding such cross-border services; and
- the Group is in the process of registering trademarks outside the PRC for the promotion of its businesses overseas.

The officer from the MIIT also confirmed that the above steps are generally deemed helpful to prove that the Qualification Requirements have been fulfilled.

Based on the above, and subject to the discretion of competent authority, the Company has been advised by PRC legal advisors that the above steps are generally regarded as relevant and reasonable factors to prove that the Qualification Requirements have been fulfilled.

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, 2021. Save as disclosed above and 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, 2021.

For the year ended December 31, 2021, 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.

Substantially all of the Group's total revenue and net assets are derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements. For the year ended December 31, 2021, the total revenue and net asset derived from the Consolidated Affiliated Entities that are subject to the Contractual Arrangements are approximately RMB1,198.0 million and approximately RMB9,722.1 million, respectively, as compared with approximately RMB1,028.5 million and approximately RMB3,323.5 million for total revenue and net liabilities, respectively, as at December 31, 2020.

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, 2021, 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.

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 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.

Confirmation 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, 2021:

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

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

(v) with respect of the disclosed continuing connected transactions with Linklogis Digital 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 to the holders of the equity interests of Linklogis Digital 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 29, 2022

Directors

Executive Directors

Mr. Song Qun (宋群), aged 56, 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 approximately 30 years of experience in finance, Internet and technology related industries. Mr. Song worked at Australia and New Zealand Banking Group Limited in 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 46, 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 23 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 61, 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 33 years of experience in 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 45, 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. Mr. Lin has served as a director of Pinduoduo Inc. (拼多多), a company listed on NASDAQ (stock symbol: PDD) since June 2017. He is also 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), since December 2019.

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 37, 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 has been a director of Shenzhen Ejiayou Information Technology Co., Ltd. (深圳易加油信息科技有限公司) since April 2017, 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. 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 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 58, 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 65, was appointed as an independent non-executive Director on March 26, 2021.

Mr. Tan has more than 30 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: Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司) (stock symbol: BWM) since July 2016, an independent director of 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 and Sheng Siong Group Ltd. (昇菘集團有限公司) (stock symbol: OV8) since December 2021. 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 is a director of Green Link Digital Bank Pte. Ltd., a private company incorporated in Singapore, in which the Company has an indirect equity interest of 20%, since May 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 59, has been appointed as an independent non-executive Director since March 26, 2021.

Mr. Chen has almost 20 years of management consulting experience. Mr. Chen worked for Coca-Cola and Nike in marketing and general management earlier in his business career. 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 February 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. Mr. Chen has been serving as a Professor of Practice of Peking University HSBC Business School (北京大學匯豐商學院) and the director of the Center for Innovation and Entrepreneurship 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.

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 48, is the Chief Technology Officer and joined the Group in July 2016. Mr. Zhong is primarily responsible for research, development and innovation of the products and technologies of the Group. Mr. Zhong has over 23 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 45, 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 20 years' experience in 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 34, 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 33, was appointed as one of the Company's joint company secretaries on January 7, 2021. Ms. Wang is the Company's Senior Legal Expert 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), is a senior manager of SWCS Corporate Services Group (Hong Kong) Limited. She has over eight 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.

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 relation to which each Share is entitled to one vote.

The WVR structures to enable 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 will enable 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 the 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, 2021, the WVR Beneficiary is Mr. Song, who indirectly held 269,866,906 Class A Shares and 9,380,770 Class B Shares, representing approximately 57.22% of the voting rights of the Company with respect to shareholders' 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 such Class B Shares through Cabnetnt Company Limited ("**Cabnetnt**"), all of which are companies directly wholly-owned by Mr. Song.

Class A Shares may be converted into Class B Shares on a one-to-one ratio. As of December 31, 2021, the Company had converted 3,304,658 Class A Shares into Class B Shares. As of December 31, 2021, upon the conversion of all the issued and outstanding Class A Shares into Class B Shares, the Company would issue 269,866,906 Class B Shares, representing approximately 13.3% of the total number of issued and outstanding Class B Shares or 11.7% 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, 2021, 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 share(1)
Mr. Song(2)	Interest in a controlled corporation	269,866,906 Class A Shares	100.00%
Mr. Song(3)	Interest in a controlled corporation	8,463,270 Class B Shares	
	Beneficial Owner	917,500 Class B Shares	
		9,380,770 Class B Shares	0.46%
Mr. Ji(4)(5)	Interest in a controlled corporation	46,276,800 Class B Shares	
	Beneficial Owner	8,529,200 Class B Shares	
		54,806,000 Class B Shares	2.69%
Ms. Chau(5)(6)	Interest in a controlled corporation	96,372,000 Class B Shares	
	Beneficial Owner	5,726,000 Class B Shares	
		102,098,000 Class B Shares	5.02%

Notes:

(1) The calculations are based on a total number of 269,866,906 Class A Shares and 2,034,243,042 Class B Shares in issue as at December 31, 2021.

(2) Mr. Song is deemed to be interested in the total number of Shares held by Cabnetvic, Cabnetwa, and Cabnetsa, each of which is wholly-owned by him. 223,452,142 Class A Shares, 24,781,164 Class A Shares, and 21,633,600 Class A Shares were held by Cabnetvic, Cabnetwa and Cabnetsa, respectively.

(3) Mr. Song is deemed to be interested in the total number of Shares held by Cabnetvic and Cabnetnt, each of which is wholly-owned by him. Cabnetvic and Cabnetnt held 3,304,658 Class B Shares and 5,158,612 Class B Shares, respectively.

(4) 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.

(5) 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.

(6) 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 17,701,200 Class B Shares and is wholly-owned by Ms. Chau. Ms. Chau is also deemed to be interested in the total number of Class B Shares held by Shirazvic Company Limited ("**Shirazvic**"), which is held as to approximately 35.29% by Ms. Chau through Let It Bee. Shirazvic held 78,670,800 Class B Shares.

(7) Ms. Chau Ka King 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, 2021, 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' and other persons' interests and short positions in shares and underlying shares

As at December 31, 2021, 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 Share(1)
Class A Shares			
Cabnetvic	Beneficial interest	223,452,142	82.80%
Cabnetwa	Beneficial interest	24,781,164	9.18%
Cabnetsa	Beneficial interest	21,633,600	8.02%
Class B Shares			
Tencent Holdings Limited(2)	Interest in controlled corporation	342,121,980	16.82%
Tencent Mobility Limited(2)	Beneficial interest	317,128,920	15.59%
CITIC Capital Holdings Limited ("**CITIC Capital**")(3)	Interest in controlled corporation	226,570,072	11.14%
Mr. Lin Lijun (林利軍)(4)(5)(6)	Interest in controlled corporation	187,528,512	
	Founder of a discretionary trust	28,369,560	
		215,898,072	10.61%
Ms. Gong Ruilin (龔瑞琳)(5)	Interest of spouse	215,898,072	10.61%
CITIC Capital MB Investment Limited(3)	Interest in controlled corporation/Beneficial interest	193,246,000	9.50%

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate % of interest in each class of Share[1]
Shanghai Rongmian Information Technology Partnership (Limited Partnership) (上海融勉信息技術合夥企業(有限合夥))[6]	Interest in controlled corporation	187,528,512	9.22%
Shanghai Tanying Investment Partnership (Limited Partnership) (上海檀英投資合夥企業(有限合夥))[6]	Interest in controlled corporation	187,528,512	9.22%
Shanghai Loyal Valley Investment Management Co., Ltd (上海正心谷投資管理有限公司)[6]	Interest in controlled corporation	187,528,512	9.22%
Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥))[6]	Interest in controlled corporation	187,528,512	9.22%
CCRE Investment Holdings Ltd[3]	Beneficial interest	184,656,000	9.08%
Carltonvic Company Limited[7]	Beneficial interest	174,618,156	8.58%
Trident Trust Company (HK) Limited[7]	Trustee of a trust	174,618,156	8.58%
GIC (Ventures) Private Limited[8]	Interest in controlled corporation	166,620,384	8.19%
GIC Special Investments Private Limited[8]	Interest in controlled corporation	166,620,384	8.19%
GIC Private Limited[8]	Interest in controlled corporation	166,620,384	8.19%
OWAP Investment Private Limited[8]	Beneficial interest	166,620,384	8.19%
Tan Linklogis Limited[4]	Beneficial interest	134,020,512	6.59%

Notes:

(1) The calculations are based on a total number of 269,866,906 Class A Shares and 2,034,243,042 Class B Shares in issue as at December 31, 2021.

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

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

(4) Loyal Valley Capital Advantage Fund LP ("**LVC LP**") held 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) Ms. Gong Ruilin ("**Ms. Gong**") is the spouse of Mr. Lin. Accordingly, Ms. Gong is deemed to be interested in the total number of Shares held by Mr. Lin.

(6) Tan Linklogis Limited ("**LVC Tan**"), Le Linklogis Limited ("**LVC Le**") and Qian Linklogis Limited ("**LVC Qian**") held 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 Lijun (林利軍) ("**Mr. Lin**") is deemed to be interested in the total number of Shares held by LVC Tan, LVC Le and LVC Qian.

(7) 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.

(8) 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 Private Limited, which is in turn wholly-owned by GIC Private Limited. 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.

OTHER INFORMATION

Save as disclosed above, as at December 31, 2021, 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. The 2019 Equity Incentive Plan is not governed by Chapter 17 of the Listing Rules. 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.

Participants

The administrators appointed by the Board for executing the 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.

Maximum number of Shares

The maximum aggregate number of Class B Shares which may be issued or transferred the 2019 Equity Incentive Plan is 174,618,156 Class B Shares, which represents approximately 8.60% of the total number of Class B Shares in issue as at the date of this report.

Awards

The 2019 Equity Incentive Plan provides for awards of options to subscribe for Shares (the "**Options**") and receive a grant 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.

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.

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 administrators appointed by the Board for executing the 2019 Equity Incentive Plan pursuant to the 2019 Equity Incentive Plan. The remaining life of the 2019 Equity Incentive Plan is approximately 11.5 years.

Outstanding RSUs under the 2019 Equity Incentive Plan

The table below shows the details of movements of RSUs granted to the Directors and other employees under the 2019 Equity Incentive Plan during the Reporting Period. Each of the Awards granted shall be vested over a four-year period, with a one-year cliff.

Name	Date of Grant	Vesting Period (subject to other conditions under the 2019 Equity Incentive Plan)	Number of Shares underlying the RSUs outstanding as at January 1, 2021	RSUs granted since January 1, 2021 and up to December 31, 2021	RSUs vested since January 1, 2021 and up to December 31, 2021	RSUs cancelled since January 1, 2021 and up to December 31, 2021	RSUs lapsed since January 1, 2021 and up to December 31, 2021	Number of Shares underlying the RSUs outstanding as at December 31, 2021
Directors								
Mr. Ji	January 1, 2020 to December 2, 2021	4 years	3,912,000	4,207,200	978,000	0	0	7,141,200
Ms. Chau	January 1, 2020 to December 2, 2021	4 years	3,120,000	2,196,000	780,000	0	0	4,536,000
Senior management (other than executive directors)								
Mr. Zhong Songran	January 1, 2020 to December 2, 2021	4 years	2,412,000	1,915,200	603,000	0	0	3,724,200
Mr. Li Xiaogang	October 1, 2020 to December 2, 2021	4 years	1,560,000	7,200	390,000	0	0	1,177,200
Mr. Zhao Yu	May 5, 2019	4 years	11,250,000	0	3,750,000	0	0	7,500,000
376 other employees of the Group	January 24, 2019 to December 2, 2021	4 years	45,810,174	48,366,140	10,737,330	12,884,400	0	70,554,584

Further details of the 2019 Equity Incentive Plan are set out in the Prospectus.

OTHER INFORMATION

Purchase, sale or redemption of the Company's listed securities

During the period from the Listing Date up to December 31, 2021, the Company repurchased a total of 31,579,000 Class B Shares (the "**Shares Repurchased**") on the Stock Exchange at an aggregate consideration (including transaction cost) of approximately HK$296,988,925. Particulars of the Shares Repurchased are as follows:

Month of Repurchase	No. of Class B Shares Repurchased	Price paid per Class B Share Highest	Lowest	Aggregate Consideration
		(HK$)	*(HK$)*	*(HK$)*
July	11,681,000	13.12	10.32	139,282,840
August	884,500	10.9	10.34	9,441,030
September	7,519,000	11.08	7.7	70,220,085
October	1,797,500	9.99	7.46	15,297,410
November	6,819,000	9.11	5.96	46,096,835
December	2,878,000	6.68	5.33	16,650,725
Total	31,579,000			296,988,925

As of December 31, 2021, the number of Class B Shares in issue was reduced by 28,215,000 shares since the Listing Date as a result of the cancellation of the Shares Repurchased. Upon cancellation of the Shares Repurchased, Mr. Song, being the WVR Beneficiary, simultaneously reduced his WVR in the Company proportionately by way of converting his Class A Shares into Class B Shares on a one-to-one ratio pursuant to 8A.21 of the Listing Rules, such that the proportion of Shares carrying WVR of the Company shall not be increased, pursuant to the requirements under 8A.13 and 8A.15 of the Listing Rules.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the period from the Listing Date up to December 31, 2021.

Material litigation

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2021. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the period from the Listing Date up to the Latest Practicable Date.

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 approximately RMB7,509.7 million). As at December 31, 2021, the Group had utilized the net proceeds as set out in the table below:

	Net proceeds from the Global Offering *(RMB million)*	Proportion	Utilized during the period from the Listing Date to December 31, 2021 *(RMB million)*	Unutilized amount as at December 31, 2021 *(RMB million)*	Expected timeline of full utilization of the balance
Enhance core technology capabilities and fundamental research and development	2,628.4	35%	1,053.9	1,574.5	before December 31, 2026
Expand cross-border operations	1,501.9	20%	501.7	1,000.2	before December 31, 2026
Enhance capabilities with respect to sales and marketing, business development and brand building	1,126.5	15%	174.9	951.6	before December 31, 2026
Future strategic investment and acquisition opportunities	1,501.9	20%	146.7	1,355.2	before December 31, 2026
Working capital and other general corporate purposes	751.0	10%	751.0	–	–
Total	7,509.7	100%	2,628.2	4,881.5	

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.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2021.

Compliance with the Corporate Governance Code

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

Since the Listing Date and up to the year ended December 31, 2021, the Company had complied with all the provisions of the Corporate Governance Code, save for the following deviation.

Code provision A.2.1 (which has been re-arranged as code provision C.2.1 since January 1, 2022) 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 founder of the Group and has extensive experience in the business operations and management of the Group. The Board believes that vesting the roles of both chairperson and chief executive officer to Mr. Song has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning. This structure will enable the Company to make and implement decisions promptly and effectively.

The 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. The Board will reassess the division of the roles of chairperson and the chief executive officer from time-to-time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of the Group as a whole.

Compliance with the Model Code

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

The Company has adopted the Model Code as the code of conduct regarding the Directors' dealings in the securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they have complied with the provisions of the Model Code since the Listing Date up to December 31, 2021.

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 year ended December 31, 2021 and up to the Latest Practicable Date, the composition of the Board comprised the following Directors:

Executive Directors
Mr. Song Qun *(Chairman)*
Mr. Ji Kun
Ms. Chau Ka King

Non-executive Directors
Mr. Lin Haifeng
Mr. Zhang Yuhan
Mr. Zhao Yongsheng *(resigned on March 29, 2022)*

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 49 to 55 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 period from the Listing Date to December 31, 2021 is set out in the following table below:

Director	Board meeting (1)	Audit committee	Remuneration committee	Nomination committee	Corporate governance committee	General meeting (2)
	Number of meeting(s) attended/Number of meeting(s) held					
Mr. Song	3/3	N/A	1/1	0/0	N/A	0/0
Mr. Ji	3/3	N/A	N/A	N/A	N/A	0/0
Ms. Chau	3/3	N/A	N/A	N/A	N/A	0/0
Mr. Lin Haifeng	3/3	N/A	N/A	N/A	N/A	0/0
Mr. Zhang Yuhan	3/3	N/A	N/A	N/A	N/A	0/0
Mr. Zhao Yongsheng	3/3	N/A	N/A	N/A	N/A	0/0
Mr. Gao Feng	3/3	1/1	1/1	0/0	1/1	0/0
Mr. Tan Huay Lim	3/3	1/1	N/A	N/A	1/1	0/0
Mr. Chen Wei	3/3	1/1	1/1	0/0	1/1	0/0

Notes:

(1) Code provision C.5.1 of the Corporate Governance Code recommends, but does not require, that the Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals. The Company recently listed on the Stock Exchange on April 9, 2021, from which date the Corporate Governance Code has been applicable to the Company. Since the Listing Date and until December 31, 2021, the Company held 3 board meetings. Nevertheless, the Board has been in regular communication with one another and, going forward, will continue to meet regularly to update themselves on the Company's affairs.

(2) No general meeting was held during the period from the Listing Date to December 31, 2021.

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 A.4.1 (which has been deleted since January 1, 2022) of the Corporate Governance Code stipulated that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 (which has been amended and re-arranged as code provision B.2.2 since January 1, 2022) of the Corporate Governance Code stated that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and 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. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

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 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.

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.

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, 2021 are summarized as follows:

Directors	Participated in continuous Professional development *Note*
Executive Directors	
Mr. Song Qun	✓
Mr. Ji Kun	✓
Ms. Chau Ka King	✓
Non-executive Directors	
Mr. Lin Haifeng	✓
Mr. Zhang Yuhan	✓
Mr. Zhao Yongsheng (resigned on March 29, 2022)	✓
Independent Non-executive Directors	
Mr. Gao Feng	✓
Mr. Tan Huay Lim	✓
Mr. Chen Wei	✓

Note: 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 period from the Listing Date to December 31, 2021, the Audit Committee met once to review the unaudited interim results and interim report of the Group for the six months ended 30 June 2021. During the meeting, the Audit Committee also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company and internal control (include 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 the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; 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 second model described in paragraph B.1.2(c) under Appendix 14 to the Listing Rules (i.e. make recommendation to the Board on the remuneration packages of individual executive Directors and senior management members).

During the period from the Listing Date to December 31, 2021, the Remuneration Committee met once to review the remuneration policy and structure of the Directors and senior management, discuss the grant of awarded shares pursuant to the Company's share award scheme, and other related matters.

Details of the Directors' remuneration for the year ended December 31, 2021 are set out in note 8 to the consolidated financial statements.

The remuneration of the senior management (other than Directors) of the Group by band for the year ended December 31, 2021 is set out below:

Remuneration Bands (HK$)	Number of Persons
HK$0–HK$1,000,000	0
HK$1,000,001–HK$1,500,000	0
HK$1,500,001–HK$2,000,000	0
HK$2,000,001–HK$2,500,000	0
HK$2,500,001–HK$3,000,000	1
HK$3,000,001–HK$3,500,000	0
HK$3,500,001–HK$4,000,000	1
HK$4,000,001–HK$4,500,000	0
HK$4,500,001–HK$5,000,000	0
HK$5,000,001–HK$5,500,000	0
HK$5,500,001–HK$6,000,000	1
HK$6,000,001–HK$6,500,000	0
HK$6,500,001–HK$7,000,000	0
HK$7,000,001–HK$7,500,000	0
HK$7,500,001–HK$8,000,000	0
HK$8,000,001–HK$8,500,000	0
Total	3

Nomination Committee

The Company has established the Nomination Committee in compliance with 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 of Directors 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.

As the Company was listed on April 9, 2021, the Nomination Committee did not hold any meetings during the period from the Listing Date to December 31, 2021. The annual meeting of the Nomination Committee was held on March 28, 2022 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.

The following is a summary of work performed by the Corporate Governance Committee during the period from the Listing Date to December 31, 2021:

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, director nomination policy, disclosure of information policy, connected transactions policy, dividend 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.

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 37 years old to 65 years old with experience from different industries and sectors.

The Company also committed to adopting a similar approach to promote diversity within management (including but not limited to the senior management) to enhance the effectiveness of corporate governance as a whole.

The Nomination Committee is delegated by the Board to be responsible for compliance with relevant codes governing board diversity under the Corporate Governance Code. At the annual meeting held on March 28, 2022, the Nomination Committee has reviewed the board diversity policy and considers that appropriate balance has been stricken among the Board members in terms of skills, experience and perspectives.

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.

According to the Director Nomination Policy:

(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 Corporate Governance Committee is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

The Corporate Governance Committee has reviewed and monitored the Company's policies and practices on corporate governance, 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 has not declared or recommended the distribution of dividend for the year ended December 31, 2021.

Directors' responsibility in respect of the financial statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company and the consolidated financial statements of the Group for the year ended December 31, 2021.

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 responsibilities for the audit of the consolidated financial statements is set out in the Independent Auditor's Report on pages 87 to 89 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, anti-money laundering and counter-terrorism financing risk, internal control risk and business contingency risk.

The Board acknowledges that it has an ongoing responsibilty 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 significant amounts of 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 its legal advisors, 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 adviser 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 a review on the effectiveness of the risk management and internal control system of the Company during the period from the Listing Date to December 31, 2021 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.

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 year ended December 31, 2021, 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.

Auditors scope of work

The Company 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 year ended December 31, 2021 is set out below:

Service category	**Fees paid** *(RMB'000)*
Audit services (including audit for the Listing)	5.422
Non-audit services (internal control consulting and tax consulting)	1,489

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

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.

Putting forward proposals at general meetings

The Board is not aware of any provisions allowing the Shareholders to put forward proposals at general meetings of the Company under the Articles and the Companies Law of the Cayman Islands. 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:	36/F, CES Building, No. 3099 Keyuan South Road, Nanshan District, Shenzhen (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. 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 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, 2021, there was no significant change in the Articles. As set out in the Prospectus, the Company adopted the Articles with effect from the Listing Date.

INDEPENDENT AUDITOR'S REPORT

KPMG

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 90 to 196, which comprise the consolidated statement of financial position as at 31 December 2021, 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 to the consolidated financial statements, including a summary of significant accounting policies.

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 2021 and of its consolidated financial performance and its consolidated cash flow 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 jurisdiction where the Company is incorporated, 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.

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 period. 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.

1) Expected credit loss allowances for financial assets measured at amortised cost

Refer to note 18 to the consolidated financial statements and the accounting policies on page 112.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2021, the Group reported RMB509 million of supply chain assets in financial assets measured at amortised cost and RMB29 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. We identified expected credit loss allowances for financial assets measured at amortised cost as a key audit matter because significant and extensive judgements are involved in deriving the expected credit loss allowances.	Our audit procedures to assess expected credit loss allowances of financial assets measured at amortised cost 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 financial assets measured at amortised cost 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 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.

KEY AUDIT MATTERS (continued)

1) Expected credit loss allowances for financial instruments measured at amortised cost (continued)

Refer to note 18 to the consolidated financial statements and the accounting policies on page 112.

The Key Audit Matter	How the matter was addressed in our audit
	• 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 our internal 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.

KEY AUDIT MATTERS (continued)

2) Fair value of financial instruments

Refer to notes 15 and 16 to the consolidated financial statements and the accounting policies on page 119.

The Key Audit Matter	How the matter was addressed in our audit
Financial instruments carried at fair value accounted for 34.93% 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: • assessing the design, implementation and operating effectiveness of key internal controls over the valuation and model approval for financial instruments; • assessing whether the valuation method selected is appropriate with reference to prevailing accounting standards ; • involving our internal valuation specialists to assess the appropriateness of the Group's valuations by performing independent valuations of the financial instruments and comparing our valuations with the Group's valuations; and • assessing the reasonableness of the disclosures in relation to fair value of financial instruments with reference to the prevailing accounting standards.

KEY AUDIT MATTERS (continued)

3) Consolidation of structured entities	
Refer to note 31 to the consolidated financial statements and the accounting policies on page 102.	
The Key Audit Matter	**How the matter was addressed in our audit**
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.	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 determining whether a structured entity is required to be consolidated and the financial reporting for consolidation of 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; and • evaluating the reasonableness of the disclosures in the consolidated financial statements with reference to the prevailing accounting standards.

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 period 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 Choi Ching Hin.

KPMG
Certified Public Accountants

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

29 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

(Expressed in RMB'000)

	Note	**2021** ***RMB'000***	2020 *RMB'000*
Revenue and income from principal activities	*4*	**1,198,013**	1,028,541
Cost of principal activities		**(270,763)**	(398,163)
Gross profit		**927,250**	630,378
Research and development expenses		**(277,409)**	(103,725)
Sales and marketing expenses		**(136,252)**	(86,208)
Administrative expenses		**(220,149)**	(110,006)
Impairment loss	*5(c)*	**(52,642)**	(43,022)
Other net income	*6*	**77,208**	32,956
Profit from operation		**318,006**	320,373
Finance costs	*5(a)*	**(135,144)**	(140,407)
Share of (loss)/profit of equity accounted investees		**(12,148)**	7,517
Fair value changes of financial liabilities measured at fair value through profit or loss	*26*	**(13,085,985)**	(861,923)
Loss before taxation		**(12,915,271)**	(674,440)
Income tax expense	*7*	**(75,402)**	(41,042)
Loss for the year		**(12,990,673)**	(715,482)

The notes on pages 98 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 RMB'000	2020 RMB'000
Attributable to:			
Equity shareholders of the Company		**(12,991,790)**	(717,056)
Non-controlling interests		**1,117**	1,574
Loss for the year		**(12,990,673)**	(715,482)
Other comprehensive income for the year (after tax)			
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		**524**	–
Exchange differences on translation of financial statements of operations outside the mainland China		**(171,227)**	(53,035)
Total comprehensive income for the year		**(13,161,376)**	(768,517)
Attributable to:			
Equity shareholders of the Company		**(13,162,493)**	(770,091)
Non-controlling interests		**1,117**	1,574
Total comprehensive income for the year		**(13,161,376)**	(768,517)
Basic/diluted loss per share (RMB per share)	10	**(7.78)**	(23.24)

The notes on pages 98 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in RMB'000)

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current assets			
Property, plant and equipment	11	**28,143**	18,525
Right-of-use assets	12	**64,273**	49,528
Intangible assets	13	**198,088**	106,234
Equity accounted investees	14	**230,145**	109,299
Financial assets at fair value through profit or loss	16	**2,000**	2,000
Prepayments, other receivables and other assets	19	**6,484**	37,374
Deferred tax assets	25(b)	**59,495**	60,831
Total non-current assets		**588,628**	383,791
Current assets			
Financial assets at fair value through other comprehensive income	15	**1,904,307**	–
Financial assets at fair value through profit or loss	16	**2,218,815**	1,143,444
Trade receivables	17	**254,075**	225,175
Financial assets at amortised cost	18	**479,790**	658,490
Prepayments, other receivables and other assets	19	**767,295**	2,744,185
Restricted cash	20	**667,470**	394,381
Cash and cash equivalents	21	**4,927,885**	587,337
Total current assets		**11,219,637**	5,753,012
Current liabilities			
Trade payables	22	**78,110**	136,705
Contract liabilities		**7,251**	707
Borrowings	23	**1,177,078**	2,696,879
Income tax payables	25	**60,058**	33,866
Lease liabilities	12	**18,476**	10,915
Other payables, accruals and other liabilities	24	**681,390**	887,686
Provisions		**2,233**	1,128
Financial liabilities measured at fair value through profit or loss	26	**–**	5,640,727
Total current liabilities		**2,024,596**	9,408,613
Net current assets/(liabilities)		**9,195,041**	(3,655,601)
Total assets less current liabilities		**9,783,669**	(3,271,810)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current liabilities			
Borrowings	23	**13,214**	13,158
Lease liabilities	12	**48,063**	38,071
Other payables, accruals and other liabilities	24	**285**	450
Total non-current liabilities		**61,562**	51,679
Net assets/(liabilities)		**9,722,107**	(3,323,489)
Equity			
Share capital	27(a)	**126**	30
Reserves	27(b)	**9,714,452**	(3,329,931)
Total equity/(deficits) attributable to equity shareholders of the Company		**9,714,578**	(3,329,901)
Non-controlling interests		**7,529**	6,412
Total equity/(deficits)		**9,722,107**	(3,323,489)

Approved and authorised for issue by the board of directors on 29 March 2022.

Director

Director

The notes on pages 98 to 196 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2021

(Expressed in RMB'000)

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current assets			
Investment in subsidiaries	32(a)	**225,759**	45,878
Prepayments, other receivables and other assets	32(b)	**9,029,803**	1,933,412
Total non-current assets		**9,255,562**	1,979,290
Current assets			
Cash and cash equivalents	32(c)	**24,383**	2,316
Total current assets		**24,383**	2,316
Current liabilities			
Other payables, accruals and other liabilities		**352**	35
Financial liabilities measured at fair value through profit or loss		**–**	5,640,727
Total current liabilities		**352**	5,640,762
Net current assets/(liabilities)		**24,031**	(5,638,446)
Total assets less current liabilities		**9,279,593**	(3,659,156)
Net assets/(liabilities)		**9,279,593**	(3,659,156)
Equity			
Share capital	27(c)	**126**	30
Reserves	27(c)	**9,279,467**	(3,659,186)
Total equity/(deficits)		**9,279,593**	(3,659,156)

Approved and authorised for issue by the board of directors on 29 March 2022

Director	Director

The notes on pages 98 to 196 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

(Expressed in RMB'000)

	Note	Share capital RMB'000	Treasury share reserve RMB'000	Share premium RMB'000	Capital reserve RMB'000	General reserve RMB'000	Foreign exchange reserve RMB'000	Accumulated (losses)/ profits RMB'000	Other reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total (deficits)/ equity RMB'000
		Attributable to equity shareholders of the Company										
		27(a)	27(b)(v)	27(b)(i)	27(b)(ii)	27(b)(iii)	27(b)(iv)					
Balance at 1 January 2021		30	(9)	–	45,878	34,131	(39,540)	(3,370,391)	–	(3,329,901)	6,412	(3,323,489)
(Loss)/profit for the year		–	–	–	–	–	–	(12,991,790)	–	(12,991,790)	1,117	(12,990,673)
Other comprehensive income for the year		–	–	–	–	–	(171,227)	–	524	(170,703)	–	(170,703)
Total comprehensive income for the year		–	–	–	–	–	(171,227)	(12,991,790)	524	(13,162,493)	1,117	(13,161,376)
Insurance of new shares		29	–	7,522,370	–	–	–	–	–	7,522,399	–	7,522,399
Conversion of convertible redeemable preferred shares and the ordinary shares with preferential rights to ordinary shares		69	–	–	18,726,643	–	–	–	–	18,726,712	–	18,726,712
Settlement of restricted share units		–	–	32,894	(8,571)	–	–	–	–	24,323	–	24,323
Share-based compensation		–	–	–	179,881	–	–	–	–	179,881	–	179,881
Appropriation to general reserve		–	–	–	–	10,997	–	(10,997)	–	–	–	–
Transfers		–	–	2,195,205	(18,726,643)	–	–	16,531,438	–	–	–	–
Repurchase of shares		–	(2)	(246,341)	–	–	–	–	–	(246,343)	–	(246,343)
Write-off of treasury shares		(2)	2	–	–	–	–	–	–	–	–	–
Balance at 31 December 2021		126	(9)	9,504,128	217,188	45,128	(210,767)	158,260	524	9,714,578	7,529	9,722,107

(Expressed in RMB'000)

	Note	Share capital RMB'000	Treasury share reserve RMB'000	Capital reserve RMB'000	General reserve RMB'000	Foreign exchange reserve RMB'000	Accumulated (losses)/ profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total deficits RMB'000
		Attributable to equity shareholders of the Company								
		27(a)	27(b)(v)	27(b)(ii)	27(b)(iii)	27(b)(iv)				
Balance at 1 January 2020		30	(9)	10,407	41,257	13,495	(2,660,461)	(2,595,281)	4,838	(2,590,443)
(Loss)/profit for the year		–	–	–	–	–	(717,056)	(717,056)	1,574	(715,482)
Other comprehensive income for the year		–	–	–	–	(53,035)	–	(53,035)	–	(53,035)
Total comprehensive income for the year		–	–	–	–	(53,035)	(717,056)	(770,091)	1,574	(768,517)
Share-based compensation		–	–	35,471	–	–	–	35,471	–	35,471
Release of general reserve		–	–	–	(7,126)	–	7,126	–	–	–
Balance at 31 December 2020		30	(9)	45,878	34,131	(39,540)	(3,370,391)	(3,329,901)	6,412	(3,323,489)

The notes on pages 98 to 196 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

(Expressed in RMB'000)

	Note	2021 RMB'000	2020 RMB'000
Operating activities			
Cash used in operations	21(b)	**(683,191)**	(2,072,154)
Income tax paid		**(48,049)**	(27,721)
Net cash used in operating activities		**(731,240)**	(2,099,875)
Investing activities			
Proceeds from sales of property, plant and equipment, intangible assets and other non-current assets		**–**	25
Proceeds from sales of financial investment and interest income of bank deposits		**23,148**	40,704
Purchase of financial investments at fair value through profit and loss		**(31,878)**	(67,995)
Purchase of property, plant and equipment, intangible assets and other non-current assets		**(157,193)**	(76,896)
Payments for equity accounted investees		**(146,736)**	(7,128)
Net cash used in investing activities		**(312,659)**	(111,290)

	Note	2021 RMB'000	2020 RMB'000
Financing activities			
Increase in restricted cash		**(286,692)**	(83,142)
Payment for repurchase of shares		**(246,343)**	–
Proceeds from issuance of convertible redeemable preferred shares		**–**	401,929
Net proceeds from issuance of ordinary shares		**7,522,399**	–
Net proceeds from settlement of restricted share units		**24,323**	–
Net (repayments)/proceeds of bank and other borrowings	*21(c)*	**(1,519,444)**	2,558,776
Interest paid	*21(c)*	**(132,185)**	(141,283)
Capital element of lease rental paid	*21(c)*	**(18,489)**	(13,444)
Interest element of lease rental paid	*21(c)*	**(3,260)**	(947)
Repayments for investors' borrowings		**–**	(319,903)
Net cash generated from financing activities		**5,340,309**	2,401,986
Net increase in cash and cash equivalents		**4,296,410**	190,821
Cash and cash equivalents at the beginning of the year		**587,337**	390,027
Effects of exchange rate changes on cash and cash equivalents		**44,138**	6,489
Cash and cash equivalents at the end of the year	*21(a)*	**4,927,885**	587,337

The notes on pages 98 to 196 form part of these 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 significant accounting policies adopted are set out in note 2.

The following list contains only the particulars of subsidiaries as at 31 December 2021 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	Registered 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

1 BASIS OF PREPARATION AND GENERAL INFORMATION (continued)

Company name	Place and date of incorporation/ establishment	Nature of legal entity	Registered capital	Held by the Company	Held by the subsidiary	Principal activity and place of operation
Linklogis International Supply Chain (Shenzhen) Co., Ltd.* (聯易融國際供應鏈(深圳)有限公司)	PRC 26 July 2019	Limited liability company	USD5,000,000	–	85%	Supply chain finance technology solutions PRC
Linklogis (Singapore) Pte. Ltd.	Singapore 2 August 2021	Limited liability company	SGD500,000	–	100%	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	RMB800,000,000	–	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)	Shenzhen, PRC 25 July 2016	Limited liability company	RMB300,000,000	–	100%	Supply chain finance technology service PRC

1 BASIS OF PREPARATION AND GENERAL INFORMATION (continued)

Company name	Place and date of incorporation/ establishment	Nature of legal entity	Registered capital	Held by the Company	Held by the subsidiary	Principal activity and place of operation
Shenzhen Qianhai Yida Commercial Factoring Co., Ltd.* (深圳前海易達商業保理有限公司)	PRC 30 August 2016	Limited liability company	RMB10,000,000	–	100%	Supply chain finance technology solutions 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 Lianda Commercial Factoring Co., Ltd.* (深圳前海聯達商業保理有限公司)	PRC 19 September 2016	Limited liability company	RMB10,000,000	–	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	RMB800,000,000	–	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	RMB10,000,000	–	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

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

2 SIGNIFICANT 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:

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

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

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

(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(i) and note 2(p).

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 29 March, 2022.

(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 SIGNIFICANT 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(n), 2(o) or 2(p) 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 SIGNIFICANT 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(i)) 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(j)), 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(j)(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 SIGNIFICANT 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(j)(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.

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(iii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

– Leasehold improvements	Over the shorter of their useful lives and the remaining lease terms
– Computer and electric equipment	3 years
– Office furniture and equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)(iii)).

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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 (please see note 2(p) for details). 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) 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.

(j) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Non-derivative financial assets (continued)

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).

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs (continued)

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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(i) Non-derivative financial assets (continued)

Significant increases in credit risk (continued)

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) 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(j)(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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment (continued)

(iii) Non-financial assets (continued)

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.

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.

(k) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Fair value measurement (continued)

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.

(l) 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(u)).

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

(m) 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(j)(i).

(n) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Borrowings

Borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method. Borrowing costs are expensed or capitalised in the period in which they are incurred.

(p) Financial liabilities measured at fair value through profit or loss ("Financial liabilities at FVTPL")

The Company issued several series of redeemable convertible preferred shares, the ordinary shares with preferential rights and convertible loans to investors. The instrument holders have the right to require the Company to redeem all of the instruments held by the instrument holders at a predetermined amount upon certain redemption events, which are not all within the control of the Company. Among the ordinary shares issued by the Company, shareholders of certain series of ordinary shares are entitled to a preference amount prior to other ordinary shareholders in the distribution of the Company's net assets upon a deemed liquidation event, which are also not all within the control of the Company. Prior to the Listing, all convertible bonds were settled. Upon the completion of the Listing, all the redeemable convertible preferred shares have been automatically converted into ordinary shares, and the preferential right of certain series of ordinary shares has been terminated.

The Company's contractual obligation to deliver cash or other financial assets to the holder of such instruments upon events that are beyond the control of the Company gives rise to a financial liability, and is designated as financial liabilities measured at fair value through profit or loss at initial recognition. Any transaction costs and subsequent changes in fair value are recognised in the profit or loss section in the consolidated financial statements. Upon the Listing when the preferred shares are converted into ordinary shares and the preferential right of ordinary shareholders is terminated, the carrying amount of such financial liabilities at FVTPL at that time have been transferred to equity.

(q) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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 (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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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.

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.

(u) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Revenue and income recognition (continued)

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.

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.

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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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. 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 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(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 SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) 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.

(v) Share capital

Ordinary shares are classified as equity, except for those with preferential rights as described in note 2(p) which are classified as financial liabilities measured at fair value through profit or loss.

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

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Share capital (continued)

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.

(w) Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

(x) 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) 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 significant 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.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(a) Transfer of financial assets (continued)

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.

(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.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(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.

(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.

3 ACCOUNTING JUDGEMENT AND ESTIMATES (continued)

(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(g). 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(u) 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:

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

Recognition of timing

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

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

(a) Revenue and income (continued)

Remaining performance obligation

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

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

	2021	2020
	RMB'000	*RMB'000*
A	*	131,814

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

(b) Segment reporting

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

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

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

FI Cloud

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

Cross-border Cloud

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

SME Credit Tech Solutions

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

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.

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

(b) Segment reporting (continued)

(i) Segment results (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the 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 2021							
Revenue and income	**674,723**	**463,922**	**1,138,645**	**26,963**	**32,405**	**59,368**	**1,198,013**
Costs	**(174,037)**	**(93,153)**	**(267,190)**	**(2,341)**	**(1,232)**	**(3,573)**	**(270,763)**
Gross profit	**500,686**	**370,769**	**871,455**	**24,622**	**31,173**	**55,795**	**927,250**
For the year ended 31 December 2020							
Revenue and income	474,780	446,043	920,823	25,351	82,367	107,718	1,028,541
Costs	(212,464)	(161,313)	(373,777)	(5,739)	(18,647)	(24,386)	(398,163)
Gross profit	262,316	284,730	547,046	19,612	63,720	83,332	630,378

(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. For information of major operating assets situated in countries and regions other than mainland China, refer to notes 15, 16(ii), 16(iv) and 18.

5 LOSS BEFORE TAXATION

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

(a) Finance costs

	2021 RMB'000	2020 RMB'000
Interest expenses on		
– bank and other financial institution borrowings	**131,828**	127,709
– related parties' borrowings (note 29(c))	**56**	11,751
– lease liabilities (note 12)	**3,260**	947
	135,144	140,407

(b) Staff costs

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

Staff costs of RMB122,941,000 and RMB59,238,000 were capitalised in intangible assets for the years ended 31 December 2021 and 2020, respectively, which amounts are not included in the total amounts disclosed above.

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

5 LOSS BEFORE TAXATION (continued)

(b) Staff costs (continued)

Note: (continued)

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

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

(c) Other items

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

6 OTHER NET INCOME

	2021 RMB'000	2020 RMB'000
Interest income from bank deposits	**22,126**	21,438
Investment gains from financial investments at fair value through profit or loss	**6,274**	1,214
Foreign exchange gains	**44,138**	6,489
Government grants	**5,500**	3,741
Others	**(830)**	74
	77,208	32,956

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 during the year.

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.

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

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

(i) One of the subsidiaries of the Group was recognised as high and new technology enterprises in the year ended 31 December 2019 and, accordingly, was entitled to a preferential income tax rate of 15% for the years ended 31 December 2021 and 2020.

(ii) Two of the subsidiaries of the Group were recognised as supply chain finance solution companies operating in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in the year ended 31 December 2021 and, accordingly, were entitled to a preferential income tax rate of 15% for the year ended 31 December 2021.

7 INCOME TAX EXPENSE (continued)

(iii) One of the subsidiaries of the Group was recognised as small low-profit enterprise since 2019 and, accordingly, was entitled to a tax relief policy. The portion of annual taxable income amount of a small low-profit enterprise, which does not exceed RMB1 million, shall be computed at a reduced rate of 25% as taxable income amount, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income, which exceeds RMB1 million but does not exceed RMB3 million, shall be computed at a reduced rate of 50% as taxable income amount, and be subject to enterprise income tax at 20% tax rate.

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

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

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

7 INCOME TAX EXPENSE (continued)

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

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

8 DIRECTORS' EMOLUMENTS

	Note	Year ended 31 December 2021						
		Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based compensation	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman								
Mr. Song Qun		558	2,117	1,361	51	4,087	–	4,087
Executive directors								
Ms. Chau Ka King		218	1,119	694	15	2,046	1,448	3,494
Mr. Ji Kun		42	1,932	420	39	2,433	1,984	4,417
Non-executive directors								
Mr. Zhang Yuhan		–	–	–	–	–	–	–
Mr. Lin Haifeng		–	–	–	–	–	–	–
Mr. Zhao Yongsheng		–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Gao Feng	(i)	445	–	–	–	445	–	445
Mr. Tan Huay Lim	(i)	254	–	–	–	254	–	254
Mr. Chen Wei	(i)	254	–	–	–	254	–	254
		1,771	5,168	2,475	105	9,519	3,432	12,951

	Note	Year ended 31 December 2020						
		Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based compensation	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Song Qun		–	2,917	1,377	2	4,296	–	4,296
Ms. Chau Ka King		–	1,420	702	–	2,122	2,252	4,374
Mr. Ji Kun		–	1,577	420	3	2,000	2,824	4,824
Mr. Jiang Xi Yong	(ii)	–	1,138	–	3	1,141	1,124	2,265
Mr. Gu Quan	(ii)	–	–	–	–	–	–	–
Mr. Lin Li Jun	(ii)	–	–	–	–	–	–	–
Mr. Zhang Yuhan		–	–	–	–	–	–	–
Mr. Lin Haifeng		–	–	–	–	–	–	–
Mr. Zhao Yongsheng		–	–	–	–	–	–	–
		–	7,052	2,499	8	9,559	6,200	15,759

8 DIRECTORS' EMOLUMENTS (continued)

(i) Mr. Gao Feng, Mr. Tan Huay Lim and Mr. Chen Wei were appointed as independent nonexecutive directors of the Company on 9 April 2021.

(ii) Mr. Jiang Xi Yong, Mr. Gu Quan and Mr. Lin Li Jun were resigned on 27 October 2020.

(iii) No directors' termination benefits subsisted at the end of the years or at any time during the years ended 31 December 2021 and 2020. 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 2021 and 2020.

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 2021 and 2020.

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 2021 and 2020.

(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, none (2020: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the five (2020: two) individuals are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Salaries and other emoluments	**8,198**	4,622
Discretionary bonuses	**2,148**	1,380
Retirement scheme contributions	**192**	5
Share-based compensation	**41,056**	6,036
	51,594	12,043

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	
	2021	2020
	Number of individuals	*Number of Individuals*
Nil – HKD 1,000,000	**–**	–
HKD 1,000,001 – HKD 1,500,000	**–**	–
HKD 1,500,001 – HKD 2,000,000	**–**	–
HKD 2,000,001 – HKD 2,500,000	**–**	–
HKD 2,500,001 – HKD 3,000,000	**–**	–
HKD 3,500,001 – HKD 4,000,000	**–**	–
HKD 4,000,001 – HKD 4,500,000	**–**	–
HKD 4,500,001 – HKD 5,000,000	**–**	–
HKD 5,000,001 – HKD 5,500,000	**–**	–
HKD 5,500,001 – HKD 6,000,000	**–**	–
HKD 6,000,001 – HKD 6,500,000	**–**	1
HKD 6,500,001 – HKD 7,000,000	**–**	–
HKD 7,000,001 – HKD 7,500,000	**–**	–
HKD 7,500,001 – HKD 8,000,000	**–**	–
HKD 8,000,001 – HKD 8,500,000	**–**	1
HKD 8,500,001 – HKD 9,000,000	**–**	–
HKD 9,000,001 – HKD 9,500,000	**1**	–
HKD 9,500,001 – HKD 10,000,000	**–**	–
HKD 10,000,001 – HKD 10,500,000	**–**	–
HKD 10,500,001 – HKD 11,000,000	**1**	–
HKD 11,000,001 – HKD 11,500,000	**–**	–
HKD 11,500,001 – HKD 12,000,000	**–**	–
HKD 12,000,001 – HKD 12,500,000	**1**	–
HKD 12,500,001 – HKD 13,000,000	**1**	–
HKD 13,000,001 – HKD 13,500,000	**–**	–
HKD 13,500,001 – HKD 14,000,000	**–**	–
HKD 14,000,001 – HKD 14,500,000	**–**	–
HKD 14,500,001 – HKD 15,000,000	**–**	–
HKD 15,000,001 – HKD 15,500,000	**–**	–
HKD 15,500,001 – HKD 16,000,000	**–**	–
HKD 16,000,001 – HKD 16,500,000	**–**	–
HKD 16,500,001 – HKD 17,000,000	**1**	–
	5	2

10 BASIC AND DILUTED LOSS PER SHARE

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

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

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

	2021	2020
Net loss attributable to equity shareholders of the Company (RMB'000)	**(12,991,790)**	(717,056)
Retrospectively adjusted weighted average number of ordinary shares issued to equity shareholders of the Company at 31 December	**1,669,048,931**	30,851,300
Basic loss per share attributable to equity shareholders of the Company (in RMB per share)	**(7.78)**	(23.24)

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

For the years ended 31 December 2021 and 2020, the conversion of potential ordinary shares into ordinary shares was not included in the calculation of diluted loss per share as their inclusion would result in anti-dilution. Accordingly, diluted loss per share for each year were the same as basic loss per share.

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Computer and electric equipment	Office furniture and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
As at 1 January 2020	9,128	8,819	1,082	19,029
Additions	3,521	7,687	971	12,179
Disposals	–	–	(45)	(45)
As at 31 December 2020	12,649	16,506	2,008	31,163
As at 1 January 2021	**12,649**	**16,506**	**2,008**	**31,163**
Additions	**5,481**	**13,628**	**1,147**	**20,256**
Disposals	**–**	**(28)**	**(48)**	**(76)**
As at 31 December 2021	**18,130**	**30,106**	**3,107**	**51,343**
Accumulated depreciation:				
As at 1 January 2020	(3,782)	(2,602)	(310)	(6,694)
Charge for the year	(2,281)	(3,471)	(211)	(5,963)
Disposals	–	–	19	19
As at 31 December 2020	(6,063)	(6,073)	(502)	(12,638)
As at 1 January 2021	**(6,063)**	**(6,073)**	**(502)**	**(12,638)**
Charge for the year	**(3,762)**	**(6,379)**	**(459)**	**(10,600)**
Disposals	**–**	**1**	**37**	**38**
As at 31 December 2021	**(9,825)**	**(12,451)**	**(924)**	**(23,200)**
Net book value:				
As at 31 December 2021	**8,305**	**17,655**	**2,183**	**28,143**
As at 31 December 2020	6,586	10,433	1,506	18,525

As at 31 December 2021 and 2020, no property, plant and equipment was under mortgage or not in use.

12 LEASES

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

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Right-of-use assets		
Current	**64,273**	49,528
Lease liabilities		
Current	**18,476**	10,915
Non-current	**48,063**	38,071
	66,539	48,986

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 5 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 2021	**49,528**
Addition	**36,042**
Charge for the year	**(21,297)**
As at 31 December 2021	**64,273**
As at 1 January 2020	8,862
Addition	53,817
Charge for the year	(13,151)
As at 31 December 2020	49,528

12 LEASES (continued)

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

	As at 31 December 2021		As at 31 December 2020	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	**18,476**	**21,325**	10,915	13,078
After 1 year but within 2 years	**18,079**	**20,044**	9,406	11,072
After 2 years but within 5 years	**29,984**	**31,733**	28,665	30,049
Subtotal	**66,539**	**73,102**	48,986	54,199
Total future interest expenses		**(6,563)**		(5,213)
Present value of lease liabilities		**66,539**		48,986

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

	For the year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets	**21,297**	13,151
Interest expense on lease liabilities (note 5(a))	**3,260**	947
Expense relating to short-term leases	**427**	–
	24,984	14,098

13 INTANGIBLE ASSETS

	Self-developed platforms and software *RMB'000*
Cost:	
As at 1 January 2021	**147,467**
Additions	**136,937**
As at 31 December 2021	**284,404**
Accumulated amortisation:	
As at 1 January 2021	**(41,233)**
Charge for the year	**(45,083)**
As at 31 December 2021	**(86,316)**
Net book value:	
As at 31 December 2021	**198,088**

	Self-developed platforms and softwares *RMB'000*
Cost:	
As at 1 January 2020	82,750
Additions	64,717
As at 31 December 2020	147,467
Accumulated amortisation:	
As at 1 January 2020	(17,669)
Charge for the year	(23,564)
As at 31 December 2020	(41,233)
Net book value:	
As at 31 December 2020	106,234

There were no intangible assets which were not yet available for use as at 31 December 2021 and 2020.

No impairment losses on intangible assets were recognized during the years ended 31 December 2021 and 2020.

14 EQUITY ACCOUNTED INVESTEES

(1) Set out below are the information of the associates of the Group at the end of each reporting date:

Name of associate		Place of incorporation and business	Registered capital	Effective interest held by the Group As at 31 December 2021 %	Effective interest held by the Group As at 31 December 2020 %	Principal activities
Sinopharm Rosina (Shanghai) Commercial Factoring Co., Ltd. ("Sinopharm Rosina")	note (i)	PRC	RMB510 million	**19.608**	19.608	Pharma-focused supply chain finance business
Go Asset Management Limited ("Go Asset")	note (ii)	Cayman Islands	USD3 million	**30.000**	30.000	Assets management service
Greenland Linklogis Group Holdings Pte. Ltd.	note (iii)	Singapore	SGD101 million	**20.000**	N/A	Digital banking services

(i) In September 2018, the Group entered into a shareholder agreement with certain investors to set up Sinopharm Rosina a limited liability company incorporated in PRC. The Group holds 19.608% interests and has significant influence over Sinopharm Rosina by appointing one director out of five to the board of Sinopharm Rosina.

(ii) In April 2020, the Group entered into a shareholder agreement with certain investors to set up Go Asset, an exempted company incorporated in Cayman Islands. The Group holds 30.000% interests and voting right and thus has significant influence over Go Asset.

(iii) In June 2021, the Group entered into a shareholder agreement with certain investors to set up Greenland Linklogis Group Holdings Pte. Ltd., a limited liability company incorporated in Singapore. The Group holds 20.000% interests and has significant influence on Greenland Linklogis Group Holdings Pte. Ltd. by appointing one director to the board of Greenland Linklogis Group Holdings Pte. Ltd..

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

14 EQUITY ACCOUNTED INVESTEE (continued)

(1) Set out below are the information of the associates of the Group at the end of each reporting date: (continued)

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 below:

	As at 31 December 2021 *RMB'000*			As at 31 December 2020 *RMB'000*	
	Greenland Linklogis Group Holdings Pte. Ltd.	**Sinopharm Rosina**	**Go Asset**	Sinopharm Rosina	Go Asset
Total assets	**504,576**	**2,963,343**	**25,841**	3,001,184	23,631
Total liabilities	**(73,063)**	**(2,418,997)**	**(3,641)**	(2,479,725)	(128)
Net assets	**431,513**	**544,346**	**22,200**	521,459	23,503
Net assets attributable to the equity shareholders of the company	**431,513**	**544,323**	**22,200**	521,437	23,503

	2021 *RMB'000*			2020 *RMB'000*	
Revenue	**18**	**113,883**	**4,340**	152,619	256
Profit/(Loss) for the year	**(44,995)**	**22,887**	**(1,302)**	38,731	(256)
Other comprehensive income	**–**	**–**	**–**	–	–
Total comprehensive income for the year	**(44,995)**	**22,887**	**(1,302)**	38,731	(256)
Reconciliation to the Group's interest in the associate					
Group's effective interests	**20.000%**	**19.608%**	**30.000%**	19.608%	30.000%
Group's share of net assets of the associate	**86,303**	**106,735**	**6,660**	102,248	7,051
Carrying amount in the consolidated financial statements	**87,237**	**106,735**	**6,660**	102,248	7,051

The Group assessed at the end of each year whether there is any indication that its interests in the associates may be impaired. If any such indication exists, the Group estimated the recoverable amount of the investment. As at 31 December 2021 and 2020, there was no indication of such impairment.

14 EQUITY ACCOUNTED INVESTEE (continued)

(2) Set out below is the information of the joint venture of the Group at the end of each reporting date:

Name of associate	Place of incorporation and business	Registered or paid-in capital	Effective interest held by the Group As at 31 December 2021 %	Effective interest held by the Group As at 31 December 2020 %	Principal activities
Olea Global Pte. Ltd.	Singapore	USD20 million	**40.000**	N/A	Supply chain finance

On 26 August 2021, the Group entered into a shareholder agreement with an investor to set up Olea Global Pte. Ltd., a limited liability company incorporated in Singapore. Olea Global Pte. Ltd. is a joint venture of the Group in which the Group has joint control over the company through 50% of the total voting rights and 40% of ownership interest.

	As at 31 December 2021 *RMB'000*
	Olea Global Pte. Ltd.
Total assets	**165,853**
Total liabilities	**(57,092)**
Net assets	**108,761**
Net assets attributable to the equity shareholders of the company	**108,761**

	2021 *RMB'000*
Revenue	**–**
Loss for the year	**(18,753)**
Other comprehensive income	**–**
Total comprehensive income for the year	**(18,753)**
Reconciliation to the Group's interest in the joint venture	
Group's effective interests	**40.000%**
Group's share of net assets of the joint venture	**43,504**
Carrying amount in the consolidated financial statements	**29,513**

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income of the Group are supply chain assets that the Group held within a business model whose objective is achieved by both collecting contractual cash flows and selling as part of warehousing process.

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

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

Regarding the impairment allowance for the year ended 31 December 2021, RMB185,000 was charged for the financial assets in Stage 1 and RMB9,931,000 was charged for the financial assets in Stage 2.

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

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

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

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

17 TRADE RECEIVABLES

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

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

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

18 FINANCIAL ASSETS AT AMORTISED COST

(a) Analysed by nature:

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

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

18 FINANCIAL ASSETS AT AMORTISED COST (continued)

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

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

18 FINANCIAL ASSETS AT AMORTISED COST (continued)

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

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

18 FINANCIAL ASSETS AT AMORTISED COST (continued)

(c) Summarised by overdue days:

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

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

18 FINANCIAL ASSETS AT AMORTISED COST (continued)

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

	2021			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
As at 1 January	**7,337**	**2,826**	**8,009**	**18,172**
Transfer				
Transfer to lifetime ECL not credit-impaired	**–**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**(977)**	**(292)**	**1,269**	**–**
Charge for the year	**(2,568)**	**2,021**	**41,244**	**40,697**
Recoveries of amounts previously written off	**–**	**–**	**862**	**862**
Exchange differences	**(34)**	**–**	**–**	**(34)**
Write-offs	**–**	**–**	**(30,928)**	**(30,928)**
As at 31 December	**3,758**	**4,555**	**20,456**	**28,769**

	2020			
	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	7,259	2,330	6,242	15,831
Transfer				
Transfer to lifetime ECL not credit-impaired	(16)	16	–	–
Transfer to lifetime ECL credit-impaired	(503)	(2,321)	2,824	–
Charge for the year	612	2,801	37,165	40,578
Recoveries of amounts previously written off	–	–	87	87
Exchange differences	(15)	–	–	(15)
Write-offs	–	–	(38,309)	(38,309)
As at 31 December	7,337	2,826	8,009	18,172

19 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current			
Loan to a non-controlling shareholder of an associate	(i)	–	30,000
Long-term deferred expenses		6,484	7,374
Total		6,484	37,374
Current			
Deposits associated with FI Cloud and SME Credit Tech Solutions		4,000	10,550
Receivables from anchor enterprises	(ii)	582,341	2,592,124
Continuing involvement in transferred supply chain assets	24	39,000	28,000
Prepaid expenses for supply chain financing		26,103	60,613
Loan to a non-controlling shareholder of an associate	(i)	30,000	–
Input value-added-tax ("VAT") to be certified		27,876	28,676
Prepaid software and service expense		6,783	1,223
Others		51,573	23,649
Impairment allowance		(381)	(650)
Total		767,295	2,744,185

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

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

20 RESTRICTED CASH

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Escrow accounts and segregated trust accounts	(i)	156,645	138,801
Pledged deposits	(ii)	510,056	223,364
Segregated bank accounts held by the consolidated trust plans	(iii)	–	24,631
Others		769	7,585
Total		667,470	394,381

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

(ii) The balance represented bank deposits pledged for bank borrowings (note 23).

(iii) The balance represented the cash deposited in custodian bank which was held by the consolidated trust plans. The consolidated trust plans have liquidated upon expiration during the year.

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Cash at bank	4,909,028	585,805
Cash at other financial institutions	18,857	1,532
	4,927,885	587,337

21 CASH AND CASH EQUIVALENTS (continued)

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

	Note	For the year ended 31 December 2021 RMB'000	 2020 RMB'000
Loss before taxation		**(12,915,271)**	(674,440)
Adjustments for:			
Depreciation and amortisation charges	*5(c)*	**76,980**	42,678
Finance costs	*5(a)*	**135,144**	140,407
Impairment losses	*5(c)*	**52,642**	43,022
Share of profit/(loss) of equity accounted investee		**25,890**	(7,517)
Interest income	*6*	**(22,126)**	(21,438)
Investment income	*6*	**(6,274)**	(1,214)
Fair value changes in financial liabilities measured at fair value through profit or loss	*26*	**13,085,985**	861,923
Disposals of property, plant and equipment		**38**	–
Share based compensation	*5(b)*	**179,881**	35,471
Foreign exchange gains	*6*	**(44,138)**	(6,489)
Operating profit before changes in working capital		**568,751**	412,403
Changes in working capital:			
(Increase)/decrease in financial assets at fair value through profit or loss		**(1,038,241)**	260,679
Increase in trade receivable		**(29,031)**	(73,081)
Increase in financial assets at fair value through other comprehensive income		**(1,913,724)**	–
Decrease in financial assets at amortised cost		**137,141**	157,620
Decrease/(increase) in prepayments, other receivable and other assets		**1,836,822**	(2,728,906)
Decrease/(increase) in restricted cash		**13,603**	(32,346)
Increase in contract liabilities		**6,544**	692
(Decrease)/increase in trade payables		**(58,595)**	81,576
Decrease in other payables		**(206,461)**	(150,791)
Changes in working capital		**(1,251,942)**	(2,484,557)
Cash used in operations		**(683,191)**	(2,072,154)

21 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 statements of cash flows as cash flows from financing activities.

	Borrowings *RMB'000* *Note 23*	Lease liabilities *RMB'000* *Note 12*	Financial liabilities measured at fair value through profit or loss *RMB'000* *Note 26*	Total *RMB'000*
As at 1 January 2021	2,710,037	48,986	5,640,727	8,399,750
Changes from financing cash flows:				
Net repayments of borrowings	(1,519,444)	–	–	(1,519,444)
Interests paid	(132,185)	–	–	(132,185)
Capital element of lease rentals paid	–	(18,489)	–	(18,489)
Interest element of lease rentals paid	–	(3,260)	–	(3,260)
Total changes from financing cash flows	(1,651,629)	(21,749)	–	(1,673,378)
Other Change				
Finance cost	131,884	3,260	–	135,144
Increase in lease liabilities from entering into new leases during the year	–	36,042	–	36,042
Changes in fair value	–	–	13,085,985	13,085,985
Conversion into ordinary shares	–	–	(18,726,712)	(18,726,712)
As at 31 December 2021	1,190,292	66,539	–	1,256,831

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21 CASH AND CASH EQUIVALENTS (continued)

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

	Borrowings	Other payables	Lease liabilities	Financial liabilities measured at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 23	*Note 24*	*Note 12*	*Note 26*	
As at 1 January 2020	453,084	19,903	8,613	4,778,804	5,260,404
Changes from financing cash flows:					
Net proceeds of borrowings	2,558,776	–	–	–	2,558,776
Repayment of investor's borrowing	(300,000)	(19,903)	–	–	(319,903)
Interests paid	(141,283)	–	–	–	(141,283)
Capital element of lease rentals paid	–	–	(13,444)	–	(13,444)
Interest element of lease rentals paid	–	–	(947)	–	(947)
Total changes from financing cash flows	2,117,493	(19,903)	(14,391)	–	2,083,199
Other Change					
Finance cost	139,460	–	947	–	140,407
Increase in lease liabilities from entering into new leases during the year	–	–	53,817	–	53,817
Changes in fair value	–	–	–	861,923	861,923
As at 31 December 2020	2,710,037	–	48,986	5,640,727	8,399,750

22 TRADE PAYABLES

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

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

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

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

23 BORROWINGS

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

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

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

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

24 OTHER PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current			
Deferred income from government grant		**285**	450
Current			
Payable to anchor enterprises	*(i)*	**506,726**	691,774
Payable to trust investors		**–**	50,606
Continuing involvement in transferred supply chain assets	*19*	**39,000**	28,000
Accrued payroll and other benefits		**62,641**	47,421
Accrued listing related expenses		**12,264**	13,656
Tax and levies		**18,655**	1,515
Others		**42,104**	54,714
		681,390	887,686

(i) Payable to anchor enterprises relates to the 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.

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Corporate income tax	**60,058**	33,866

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

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

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the 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 2021	**22,204**	**(10,381)**	**2,501**	**40,036**	**2,810**	**3,661**	**60,831**
Credited/(charged) to profit or loss and other comprehensive income	**7,878**	**2,849**	**9,462**	**(25,149)**	**3,442**	**182**	**(1,336)**
As at 31 December 2021	**30,082**	**(7,532)**	**11,963**	**14,887**	**6,252**	**3,843**	**59,495**
As at 1 January 2020	3,976	(1,420)	15,205	28,742	1,216	188	47,907
Credited/(charged) to profit or loss	18,228	(8,961)	(12,704)	11,294	1,594	3,473	12,924
As at 31 December 2020	22,204	(10,381)	2,501	40,036	2,810	3,661	60,831

(c) Deferred tax assets and liabilities 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 RMB8,390,000 and RMB4,214,000 in respect of losses amounting to RMB45,485,000 and RMB19,753,000 that can be carried forward against future taxable income as of 31 December 2021 and 2020.

26 FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Ordinary shares	**126**	30

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

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

(b) Nature and purpose of reserves

(i) Share premium

(1) Upon completion of the IPO, the share premium arising from the issuance of new shares was approximately RMB7,522,370,000. The share issuance costs paid and payable mainly include underwriting commissions, lawyers' fees, reporting accountants' fees and other related costs, which incremental costs were directly attributable to the issuance of the new shares and were treated as a deduction against the share premium arising from the issuance.

(2) During the year ended 31 December 2021, certain shares of restricted share units ("RSUs") were settled. The share premium arising from the settlement of the RSUs was approximately RMB32,894,000.

(3) The transfer of capital reserve into accumulated loss and the share premium is described in note 27(b) (ii) (1).

(4) During the year ended 31 December 2021, the Company has repurchased 31,579,000 issued shares which resulted in a decrease of RMB246,341,000 of share premium.

27 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Nature and purpose of reserves (continued)

(ii) Capital reserve

(1) Approximately RMB18,726,643,000 of capital reserve arises from the conversion of all convertible and redeemable preferred shares and the ordinary shares with preferential rights into class B ordinary shares upon completion of the IPO on 9 April 2021. On 16 December 2021, the board of directors approved of transferring capital reserve of RMB16,531,438,000 which was cumulated changes of the fair value of convertible redeemable preferred shares and the ordinary shares with preferential rights into accumulated loss, and transferring capital reserve of RMB2,195,205,000 which was consideration received above par value of these shares upon issuance into the share premium.

(2) During the year ended 31 December 2021, approximately RMB179,881,000 (year ended 31 December 2020: RMB35,471,000) of capital reserve arises from the amortisation of fair value of un-vested RSUs which the Company granted to certain employees and directors.

(iii) 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 supply chain assets. As at 31 December 2021, the general reserve amounted to RMB45,128,000 (31 December 2020: RMB 34,131,000) was accordingly provided.

(iv) Foreign exchange reserve

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

(v) Treasury share reserve

The treasury share reserve represents the par value of 168,887,632 (31 December 2020: 174,618,156) class B ordinary shares for the share-based compensation held by a special purpose vehicle which is an entity controlled by the Company and par value of 3,364,000 class B ordinary shares (31 December 2020: Nil) repurchased but not yet cancelled by the Company.

27 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) 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*	Accumulated loss *RMB'000*	Total (deficit)/ equity *RMB'000*
		27(a)	*27(b)(v)*	*27(b)(i)*	*27(b)(ii)*		
Balance at 1 January 2020		30	–	–	(270,822)	(2,510,015)	(2,780,807)
Loss for the year		–	–	–	–	(913,820)	(913,820)
Share-based compensation		–	–	–	35,471	–	35,471
Balance at 31 December 2020 and 1 January 2021		30	–	–	(235,351)	(3,423,835)	(3,659,156)
Loss for the year		–	–	–	–	(13,268,223)	(13,268,223)
Insurance of new shares		29	–	7,522,370	–	–	7,522,399
Conversion of convertible redeemable preferred shares and the ordinary shares with preferential rights to ordinary shares		69	–	–	18,726,643	–	18,726,712
Settlement of RSUs		–	–	32,894	(8,571)	–	24,323
Share-based compensation		–	–	–	179,881	–	179,881
Transfers		–	–	2,195,205	(18,726,643)	16,531,438	–
Repurchase of shares		–	(2)	(246,341)	–	–	(246,343)
Write-off		(2)	2	–	–	–	–
Balance at 31 December 2021		126	–	9,504,128	(64,041)	(160,620)	9,279,593

(d) Dividends

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

28 SHARE-BASED COMPENSATION

With the purpose of attracting, motivating, retaining and rewarding certain employees and directors, during the year ended 31 December 2021, total of 56,691,740 shares of RSUs were granted to eligible participants with an exercise price of HKD3.25 per share ("the 2021 Grant") in several batches pursuit to the equity incentive plan of the Company. 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.

The details of the 2021 Grants are set out as below.

(a) *The terms and conditions of the 2021 Grants are as follows:*

Grant date	Number of RSUs	Vesting date	Contractual life of RSUs
– on 5 January 2021	4,752,000	25% shares vested each year equally from the date of grant	10 years
– on 1 March 2021	360,000	25% shares vested each year equally from the date of grant	10 years
– on 2 March 2021	36,000	25% shares vested each year equally from the date of grant	10 years
– on 17 March 2021	60,000	25% shares vested each year equally from the date of grant	10 years
– on 1 April 2021	38,222,400	25% shares vested each year equally from the date of grant	10 years
– on 8 April 2021	732,000	25% shares vested each year equally from the date of grant	10 years
– on 13 April 2021	60,000	25% shares vested each year equally from the date of grant	10 years
– on 11 May 2021	60,000	25% shares vested each year equally from the date of grant	10 years
– on 17 May 2021	600,000	25% shares vested each year equally from the date of grant	10 years
– on 22 June 2021	85,010	25% shares vested each year equally from the date of grant	10 years
– on 29 June 2021	85,480	25% shares vested each year equally from the date of grant	10 years
– on 6 July 2021	600,000	25% shares vested each year equally from the date of grant	10 years
– on 15 July 2021	71,140	25% shares vested each year equally from the date of grant	10 years
– on 16 July 2021	1,197,840	25% shares vested each year equally from the date of grant	10 years
– on 22 July 2021	78,990	25% shares vested each year equally from the date of grant	10 years
– on 10 August 2021	50,490	25% shares vested each year equally from the date of grant	10 years
– on 31 August 2021	63,320	25% shares vested each year equally from the date of grant	10 years
– on 2 September 2021	158,950	25% shares vested each year equally from the date of grant	10 years
– on 7 September 2021	220,270	25% shares vested each year equally from the date of grant	10 years
– on 10 September 2021	615,840	25% shares vested each year equally from the date of grant	10 years
– on 14 September 2021	72,950	25% shares vested each year equally from the date of grant	10 years
– on 23 September 2021	183,460	25% shares vested each year equally from the date of grant	10 years
– on 2 December 2021	8,325,600	25% shares vested each year equally from the date of grant	10 years
Total RSUs granted	56,691,740		

28 SHARE-BASED COMPENSATION (continued)

(b) *Movement in the number of equity instruments under the equity incentive plan*

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

	2021	2020
At the beginning of the year	**75,484,296**	32,149,008
Exercised	**(9,094,524)**	–
Granted	**56,691,740**	48,672,000
Forfeited	**(3,136,800)**	(3,272,520)
Cancelled	**(9,747,600)**	(2,064,192)
At the end of the year	**110,197,112**	75,484,296

(c) *Fair value of the equity instruments and assumptions*

The Group has applied binomial option pricing model to determine the fair value of the RSUs granted. The key assumption used in determining the fair value of RSUs are as follows:

	Fair value at measurement date	Expected volatility (weighted-average)	Expected dividends	Risk-free interest rate
5 January 2021	RMB14.22~RMB17.39	40.94%	–	1.92%
1 March 2021	RMB12.15~RMB12.56	48.61%	–	1.45%
2 March 2021	RMB12.15~RMB12.56	48.61%	–	1.45%
17 March 2021	RMB12.15~RMB12.56	48.61%	–	1.45%
1 April 2021	RMB12.15~RMB12.56	48.61%	–	1.45%
8 April 2021	RMB12.11~RMB12.46	48.90%	–	1.40%
13 April 2021	RMB14.07~RMB14.39	48.86%	–	1.41%
11 May 2021	RMB14.79~RMB15.25	48.67%	–	1.17%
17 May 2021	RMB12.53~RMB12.86	48.73%	–	1.23%

28 SHARE-BASED COMPENSATION (continued)

(c) *Fair value of the equity instruments and assumptions (continued)*

	Fair value at measurement date	Expected volatility (weighted-average)	Expected dividends	Risk-free interest rate
22 June 2021	RMB11.54~RMB11.90	48.86%	–	1.24%
29 June 2021	RMB11.95~RMB12.30	48.89%	–	1.22%
6 July 2021	RMB11.07~RMB11.43	48.83%	–	1.20%
15 July 2021	RMB8.56~RMB8.96	48.82%	–	1.04%
16 July 2021	RMB8.35~RMB8.75	48.81%	–	1.04%
22 July 2021	RMB7.52~RMB7.94	48.73%	–	0.95%
10 August 2021	RMB8.04~RMB8.44	48.34%	–	1.07%
31 August 2021	RMB6.50~RMB6.91	48.15%	–	1.03%
2 September 2021	RMB6.39~RMB6.80	47.96%	–	1.08%
7 September 2021	RMB6.45~RMB6.86	47.87%	–	1.12%
10 September 2021	RMB6.09~RMB6.50	47.83%	–	1.11%
14 September 2021	RMB5.86~RMB6.29	47.83%	–	1.10%
23 September 2021	RMB4.84~RMB5.25	47.95%	–	1.16%
2 December 2021	RMB2.74~RMB2.95	45.10%	–	1.46%

The expected volatility was referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. The valuation was based on the assumption that no dividends will be distributed. The RSUs were granted under service conditions or both service and performance conditions, and management of the Company estimates the probability of attaining the key performance indicators. Changes in the subjective input assumptions could materially affect the fair value estimate.

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
Sinopharm Rosina	Associate of the Group
Go Asset	Associate of the Group
Olea Global Pte. Ltd.	Joint venture of the Group
Greenland Linklogis Group Holdings Pte. Ltd.	Associate of the Group

(b) Key management personnel remuneration

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

	2021 ***RMB'000***	2020 *RMB'000*
Salaries, wages and other benefits	**14,434**	14,602
Contributions to defined contribution scheme	**195**	60
Share-based compensation	**8,768**	13,320
Key management personnel remuneration	**23,397**	27,982

29 RELATED PARTY TRANSACTIONS (continued)

(c) Related parties transactions

	2021 RMB'000	2020 RMB'000
Charged by related parties		
– Software system utilise and service payment	6,837	3,115
– Expenses paid for issuance of assets-backed securities	–	5,056
– Corporation and revenue sharing	867	1,030
– Interest expense for borrowings	56	11,751
– Funding cost for supply chain financing transactions	–	3,605
	7,760	24,557
Provide to related parties		
– Supply chain financing service	2,758	1,028
– Technology service	42,536	–
	45,294	1,028

(d) Balance with related parties

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Trade related		
Trade receivables	44,197	–
Prepayments, other receivables and other assets	8,256	–
Trade payables	107	3,334
Non trade related		
Borrowings	13,214	13,158

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's 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. As at 31 December 2021 and 2020, the maximum exposure to such transactions was approximately RMB980 million and RMB170 million, respectively.

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.

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

(a) Credit risk (continued)

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.

The Group's exposure to credit risk arising from restricted cash and cash and cash equivalents is limited because they are 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, trade receivables, financial assets at amortised cost and other receivables are referred to notes 15, 17, 18 and 19, respectively.

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

(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 2021 and 2020 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 rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2021 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	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade payables	78,110	–	–	–	78,110	78,110
Borrowings	1,215,134	–	–	13,214	1,228,348	1,190,292
Other payables and accruals	681,390	285	–	–	681,675	681,675
Lease liabilities	21,325	20,044	31,733	–	73,102	66,539
Total	1,995,959	20,329	31,733	13,214	2,061,235	2,016,616
Financial guarantee issued	979,998	–	–	–	979,998	–

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

(b) Liquidity risk (continued)

	As at 31 December 2020 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*	More than 5 years *RMB'000*	Total *RMB'000*	Carrying amount *RMB'000*
Trade payables	136,705	–	–	–	136,705	136,705
Borrowings	2,780,793	–	–	13,158	2,793,951	2,710,037
Other payables and accruals	887,686	450	–	–	888,136	888,136
Lease liabilities	13,078	11,072	30,049	–	54,199	48,986
Total	3,818,262	11,522	30,049	13,158	3,872,991	3,783,864
Financial guarantee issued	170,152	–	–	–	170,152	–

(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. The Company's primary subsidiaries and consolidated structured entities were incorporated or set up in the PRC and these subsidiaries and consolidated structured entities 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. 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	
	2021	2020
	RMB'000	*RMB'000*
Cash and cash equivalents	**66,021**	3,949
Trade receivables	**6,019**	–
Prepayments, other receivables and other assets	**29,927**	207,810
Financial assets at amortised cost	**648**	–
Financial assets at fair value through profit or loss	**5,216**	–
Borrowings	**–**	(73,667)
Trade payables	**(12)**	(6)
Other payables, accruals and other liabilities	**(5,307)**	(132,415)
Gross exposure arising from recognized assets and liabilities	**102,512**	5,671

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 before taxation and accumulated loss that would arise if foreign exchange rates 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	
	2021	2020
	RMB'000	*RMB'000*
	(decrease)/ increase	*(decrease)/ increase*
Changes in profit before taxation		
Foreign exchange rates increases by 500 bps	**5,126**	284
Foreign exchange rates decreases by 500 bps	**(5,126)**	(284)

(ii) Interest rate profile

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 2021 and 2020 are fixed rate borrowings. Thus, the Group is not exposed to significant cash flow interest rate risk during the 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.

Fair value hierarchy:

	As at 31 December 2021			
	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
Unlisted equity investment	–	–	2,000	2,000
Supply chain assets held for sale	–	–	1,826,327	1,826,327
Asset-backed securities	–	–	291,385	291,385
Others	–	–	101,103	101,103
Financial assets at fair value through profit or loss	–	–	**2,220,815**	**2,220,815**
Financial assets at fair value through other comprehensive income	–	–	**1,904,307**	**1,904,307**

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)

	As at 31 December 2020			
	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Unlisted equity investment	–	–	2,000	2,000
Supply chain assets held for sale	–	–	1,009,223	1,009,223
Asset-backed securities	–	–	68,226	68,226
Others	–	–	65,995	65,995
Financial assets at fair value through profit or loss	–	–	1,145,444	1,145,444
Financial liabilities measured at fair value through profit or loss	–	–	5,640,727	5,640,727

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 years in the balance of Level 3 fair value measurements is as follows:

	2021	2020
	RMB'000	*RMB'000*
Unlisted equity investment		
At 1 January	**2,000**	20,849
Payment for purchase	**–**	2,000
Net unrealised gains recognised in profit or loss during the year	**–**	–
Disposals	**–**	(20,849)
At 31 December	**2,000**	2,000
Supply chain assets held for sale		
At 1 January	**1,009,223**	1,310,443
Payment for purchase	**43,648,435**	29,930,179
Net unrealised gains recognised in profit or loss during the year	**20,959**	15,295
Transfer and settlement	**(42,852,290)**	(30,246,694)
At 31 December	**1,826,327**	1,009,223
Asset-backed securities		
At 1 January	**68,226**	26,836
Payment for purchase	**487,100**	43,000
Net unrealised gains recognised in profit or loss during the year	**22,285**	26,226
Transfer and settlement	**(286,226)**	(27,836)
At 31 December	**291,385**	68,226
Others		
At 1 January	**65,995**	–
Payment for purchase	**32,179**	65,249
Net unrealised gains recognised in profit or loss during the year	**2,929**	746
Transfer and settlement	**–**	–
At 31 December	**101,103**	65,995
Total net unrealised gains for the year included in the profit or loss for assets held at the end of the year	**46,173**	42,267

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 refers to note 15 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

Financial assets at fair value through profit or loss

The Group determines the fair value of unlisted equity investment, supply chain assets held for sales, the asset-backed securities and other investment portfolio by using discounted cash flow model. The significant unobservable inputs are the risk-adjusted discount rates, which ranged from 2.13% to 9.94% and from 2.40% to 11.69% as of 31 December 2021 and 2020 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:

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Fair value changes of financial assets at fair value through profit or loss		
Discount rate decrease 1%	**(3,385)**	(1,416)
Discount rate increase 1%	**3,346**	1,399

(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 2021 and 2020.

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

(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 "ABS") 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 such ABS subscribed by the Group were RMB62 million and RMB47 million at 31 December 2021 and 2020, respectively, while the supply chain asset held by the structured entities specially formed for offering the ABS mentioned above were RMB24,238 million and RMB14,730 million at 31 December 2021 and 2020, respectively. As a result, the balances of continuing involvement in transferred assets and associated liabilities both amounted to RMB39 million and RMB28 million as at 31 December 2021 and 2020, respectively, which approximately represented the maximum exposure to losses from its involvement in such securitisation arrangements due to holding ABS.

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 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 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Asset-backed securities	**63,937**	63,151
Total	**63,937**	63,151

The balances of the asset-backed securities of the Group in such unconsolidated structured entities as at 31 December 2021 and 2020 amounted to RMB25,412 million and RMB19,978 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 investments approximate their carrying amount.

31 TRANSFERS OF FINANCIAL ASSETS (continued)

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 2021 ***RMB'000***	As at 31 December 2020 *RMB'000*
Asset-backed securities	**8,483**	5,075
Financial investment in a segregated portfolio	**100,800**	65,995
Total	**109,283**	71,070

Consolidated structured entities

The Group consolidated certain trust plans which were set up by trust companies. The Group controls the trust plans because the Group has power over, is exposed to, or has rights to variable returns through its asset management service provided to these trust plans and has the ability to use its power over these trust plans to affect the amount of the Group's returns. As at 31 December 2021, all consolidated trust plans have liquidated upon expiration during the year.

32 FINANCIAL POSITION OF THE COMPANY

(a) Investment in subsidiaries

	As at 31 December 2021 ***RMB'000***	As at 31 December 2020 *RMB'000*
Deemed investment arising from share-based compensation	**225,759**	45,878

32 FINANCIAL POSITION OF THE COMPANY (continued)

(b) Prepayments, other receivables and other assets

	Note	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Loans to subsidiaries	(i)	**1,129,058**	1,035,249
Receivables from subsidiaries		**7,898,786**	898,163
Others		**1,959**	–
Total		**9,029,803**	1,933,412

(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 2021, the loan balances denominated in USD, RMB and SGD are USD10,000,000 (31 December 2020: USD10,000,000), RMB970,000,000 (31 December 2020: RMB970,000,000), SGD20,200,000 (31 December 2020: nil), 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 2021 RMB'000	As at 31 December 2020 RMB'000
Cash at bank	**24,383**	2,316

33 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 4 January 2022, the Company repurchased a total of 424,500 class B shares for consideration of approximately HK$3.0 million. Except for this, the Group has no other subsequent events after the reporting period.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 and which have not been adopted in these 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 1 and IFRS Practice Statement 2, *Disclosure of accounting policies*	1 January 2023
Amendments to IAS 8, *Definition of accounting estimates*	1 January 2023
Amendments to IAS 12, *Deferred tax related to assets and liabilities arising from a single transaction*	1 January 2023
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022

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.

Condensed consolidated statement of profit or loss and other comprehensive income

	For the year ended 31 December,			
	2018	2019	2020	**2021**
		(RMB'000)		
Revenue	382,733	699,593	1,028,541	**1,198,013**
Gross profit	193,526	362,972	630,378	**927,250**
Profit from operation	54,679	139,914	320,373	**318,006**
Loss before taxation	(1,416,666)	(1,081,813)	(674,440)	**(12,915,271)**
Loss for the year	(1,410,305)	(1,081,974)	(715,482)	**(12,990,673)**
Loss for the year attributable to equity shareholders of the Company	(1,410,305)	(1,081,638)	(717,056)	**(12,991,790)**
Total comprehensive income for the year	(1,413,793)	(1,064,991)	(768,517)	**(13,161,376)**
Total comprehensive income for the year attributable to equity shareholders of the Company	(1,413,793)	(1,064,655)	(770,091)	**(13,162,493)**
Basic/diluted loss per share (RMB per share)	(45.71)	(35.06)	(23.24)	**(7.78)**

FOUR YEAR FINANCIAL SUMMARY

Condensed consolidated statement of financial position

	As at 31 December,			
	2018	2019	2020	**2021**
	(RMB in thousands)			
Assets				
Non-current assets	183,696	282,050	383,791	**588,628**
Current assets	2,944,808	3,489,602	5,753,012	**11,219,637**
Total assets	3,128,504	3,771,652	6,136,803	**11,808,265**
Liabilities and equity				
Non-current liabilities	315,595	23,616	51,679	**61,562**
Current liabilities	4,353,942	6,338,479	9,408,613	**2,024,596**
Total liabilities	4,669,537	6,362,095	9,460,292	**2,086,158**
Total equity/(deficits) attributable to equity shareholders of the Company	(1,541,033)	(2,595,281)	(3,329,901)	**9,714,578**
Non-controlling interests	–	4,838	6,412	**7,529**
Total equity/(deficits)	(1,541,033)	(2,590,443)	(3,323,489)	**9,722,107**
Total liabilities and equity	3,128,504	3,771,652	6,136,803	**11,808,265**

"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"	the articles of association of the Company adopted on March 22, 2021 with effect from the Listing Date, 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 annual 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

DEFINITIONS

"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 and Corporate Governance Report set out in 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

"Information Service Operating Entities"	Shenzhen Qianhai Weq Block Chain Technology Co., Ltd., Shenzhen Qianhai Huanrong Lianyi Technology, and Wuhan Linklogis Technology Information Co., Ltd., which are principally engaged in developing, operating and maintaining the websites and online platforms for the Supply Chain Finance Technology Solutions and Emerging Solution
"Latest Practicable Date"	21 April 2022, 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
"Listing Date"	April 9, 2021, the date on which the Class B Shares were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
"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 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

DEFINITIONS

"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"	the year ended December 31, 2021
"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)
"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 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 right" or "WVR"	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

"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