



NEWLINK TECHNOLOGY INC.

新紐科技有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9600



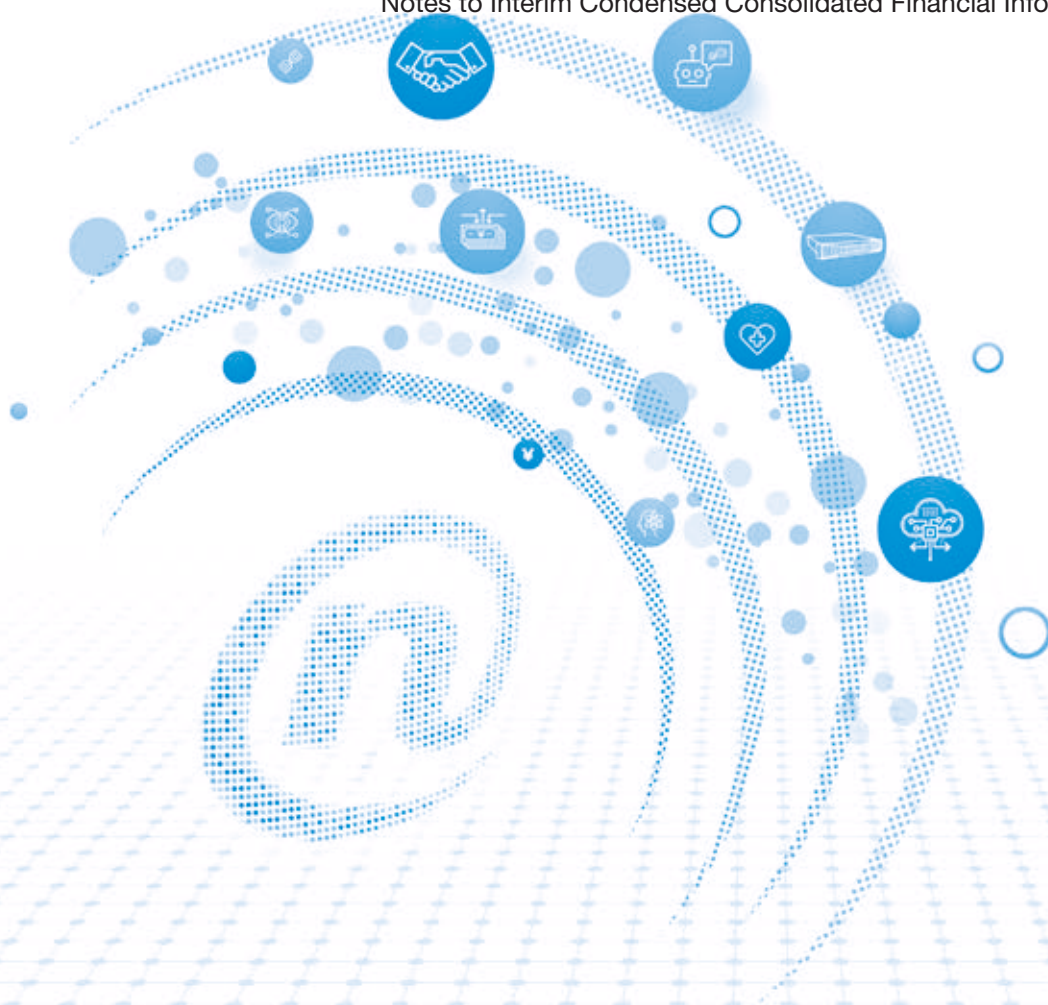
2021

INTERIM REPORT

*For identification purpose only

CONTENTS

Definitions	2
Corporate Information	4
Financial Highlights	6
Management Discussion and Analysis	7
Other Information	15
Independent Review Report	22
Interim Condensed Consolidated Statement of Profit or Loss	23
Interim Condensed Consolidated Statement of Comprehensive Income	24
Interim Condensed Consolidated Statement of Financial Position	25
Interim Condensed Consolidated Statement of Changes in Equity	27
Interim Condensed Consolidated Statement of Cash Flows	28
Notes to Interim Condensed Consolidated Financial Information	30



DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“Beijing Newlink”	Beijing Newlink Technology Co., Ltd. (北京新紐科技有限公司), a limited liability company established under the laws of the PRC on 15 August 2011 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CEO”	chief executive officer of the Company
“CG Code”	the “Corporate Governance Code” as contained in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “Group”, “Newlink Technology” or “we”	Newlink Technology Inc. (新紐科技有限公司*), an exempted company incorporated under the laws of Cayman Islands with limited liability on 8 November 2019, and, except where the context indicated otherwise, all of its subsidiaries or with respect to the period before our Company became the holding company of our current subsidiaries, the business operated by our present subsidiaries or their predecessors (as the case may be)
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhai and Nebula SC
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering of shares in connection with the IPO
“Hainan Newlink”	Hainan Newlink Technology Co., Ltd. (海南新紐科技有限公司), a company incorporated under the laws of the PRC on 1 July 2021 and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IPO”	the Company’s initial public offering of its Shares
“Listing Date”	6 January 2021, on which the Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange

* For identification purposes only

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules
“Mr. Zhai”	Mr. ZHAI Shuchun (翟曙春), the chairman of the Board, executive Director, CEO and one of the Controlling Shareholders
“Nebula SC”	Nebula SC Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on 6 November 2019 and wholly-owned by Mr. Zhai
“Nomination Committee”	the nomination committee of the Board
“Post-IPO Share Option Scheme”	the post-IPO share option scheme conditionally adopted by the Company on 5 December 2020
“Prospectus”	the prospectus of the Company dated 21 December 2020
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	Renminbi, the lawful currency of the PRC
“RPA” or “Robotic Process Automation”	the application of technology that allows IT engineers to configure computer software or a robot to capture and interpret existing applications and data for processing a transaction, manipulating data, triggering responses and communicating with other systems
“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)”	ordinary share(s) of par value US\$0.000001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAI Shuchun (*Chairman and CEO*)
Ms. QIAO Huimin
Ms. QIN Yi
Mr. LI Xiaodong

Independent Non-executive Directors

Mr. TANG Baoqi
Ms. JING Liping
Mr. YE Jinfu

JOINT COMPANY SECRETARIES

Ms. ZHANG Xiushi
Ms. HO Wing Nga (*FCG FCS*)

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. ZHAI Shuchun
Ms. HO Wing Nga (*FCG FCS*)

AUDIT COMMITTEE

Mr. YE Jinfu (*Chairman*)
Mr. TANG Baoqi
Ms. JING Liping

REMUNERATION COMMITTEE

Ms. JING Liping (*Chairwoman*)
Mr. ZHAI Shuchun
Mr. TANG Baoqi

NOMINATION COMMITTEE

Mr. TANG Baoqi (*Chairman*)
Mr. ZHAI Shuchun
Ms. JING Liping

HONG KONG LEGAL ADVISOR

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITOR

Ernst & Young
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay,
Hong Kong

COMPLIANCE ADVISOR

Messis Capital Limited
Room 1606, 16/F, Tower 2
Admiralty Centre
18 Harcourt Road
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

CORPORATE INFORMATION

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

5/F, Tower A, Xueqing Jiachuang Building
Xueqing Road
Haidian District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKS

China CITIC Bank
Beijing Branch
Block A, Investment Plaza
No. 27 Financial Street
Xicheng District, Beijing
PRC

Huaxia Bank
Beijing Zhichun Branch
Lixiang Building
No. 111 Zhichun Road
Haidian District, Beijing
PRC

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre, 183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

Stock code: 9600

WEBSITE

www.xnewtech.com



FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Revenue	67,404	58,755
Gross profit	30,301	24,549
Profit before tax	2,335	4,631
Income tax expenses	(1,104)	(1,577)
Profit for the period	1,231	3,054
	As of	As of
	30 June	31 December
	2021	2020
	RMB'000	RMB'000
Total assets	892,926	258,480
Total liabilities	33,381	59,107
Total equity	859,545	199,373

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Overview

As a leading technology-driven IT solution service provider in China, the Company has a strong R&D system, including an independent software development centre, and collaborates with a number of renowned domestic universities to carry out technological innovation and product research and development in the fields of big data and artificial intelligence based on national laboratories. As at the end of June 2021, the Company's R&D team had rapidly expanded to over 85 R&D personnel. As at the date of this report, the Company owned 60 software copyrights and one patent and had a pending patent application.

By providing traditional software-driven solutions and innovative solutions powered by artificial intelligence and big data analytics, the Company helps customers in the financial industry to realize the digitization of data collation, business inspection, identification and verification, file desensitization and other processes, and further assists them to expand sales, reduce personnel costs and improve work efficiency. The implementation of such solutions can effectively improve the profitability and financial structure of customers in the financial industry. Meanwhile, we also help medical and health regulatory authorities and single or group hospital customers to realize distributed digital management and strengthen capabilities in multi-point monitoring and coordinated management of medical quality of hospitals, assist them to identify and automatically deal with medical risks in advance, and enable digital panoramic display and effective analysis of medical performance. The implementation of such solutions can effectively improve the medical quality management of our customers in the medical industry. In addition, we provide human resource management systems, budget management systems, project management systems and other related solutions for companies in the e-commerce, logistics and other industries, and will further research and develop and introduce Robotic Process Automation solutions suitable for SME customers after the RPA integrated machine with high-applicability hits the market.

Business Review

Based on the seasonality of our project cycle, the first half of years have usually been slow seasons for the business. However, the revenue and the gross profit margin recorded improvement in the first half of 2021 as compared to the corresponding period of previous year. In the first half of 2021, the Company recorded a revenue of RMB67.4 million, representing an increase of 14.6% compared to the corresponding period in 2020, and a gross profit of RMB30.3 million, representing an increase of 23.7% compared to the corresponding period in 2020. In the first half of 2021, with the normalization of COVID-19 prevention and control, the Company maintained stable business growth and gradually increased marketing and product promotion efforts, and further enhanced its brand awareness and market influence while ensuring the delivery of quality services. Meanwhile, the Company constantly enhanced its technological innovation capabilities and invested in R&D to develop innovative high value-added products that meet policy requirements, market expectations and customer needs. After the Global Offering, in order to continuously optimize the internal governance structure, improve the management level, and balance management capacity building and business development, the Company also increased administrative expenses in attracting and gathering excellent management talents.

MANAGEMENT DISCUSSION AND ANALYSIS

As at the end of June 2021, the traditional software-driven solutions provided by the Company to customers in the financial industry mainly included BEAI platform, unified payment platform system, and UnionPay card access and settlement reconciliation system; innovative solutions mainly included RPA platform, distributed trading platform, and over-the-counter bond book-keeping system. Leveraging its in-depth industry knowledge and extensive technological expertise, the Company customizes solutions according to the needs of financial customers, and consolidates the cooperation with customers by providing them with long-term, quality comprehensive solutions and premium after-sales, product upgrade and redevelopment services. During the six months ended 30 June 2021, in an effort to capitalize on the rapid growth of the RPA sector to speed up the application and promotion of RPA products, the Company signed the Tripartite Strategic Cooperation Agreement on Newlink AI Integrated Machine with iSOFT INFRASTRUCTURE SOFTWARE CO., LTD and Sichuan Huakun Zhenyu Intelligent Technology Co., Ltd. With the end-to-end integrated solutions of iSOFT Infrastructure Software and after a rigorous, standardized and systematic technical research, testing and adaptation process based on quick response to business needs, this cooperation can deeply combine the “Newlink AI Integrated Machine” with Kunpeng processor and apply them together in servers and desktop computers, and leverage Huawei’s technical experience and customer resources accumulated via applications in various industries to accelerate the promotion of “Newlink AI Integrated Machine” in the market.

As at the end of June 2021, the Company’s healthcare IT solutions included a series of products: comprehensive medical quality monitoring products, regional health management products, remote intelligent healthcare products, and comprehensive medical administration products. Among them, the core product medical quality control and safety warning platform is capable of real-time data mining and modeling based on massive medical data and is equipped with risk trend analysis and prediction functions, which is pioneering in the industry.

In the first half of 2021, in addition to continuously launching innovative products and services, the Company set up Xinjiang branch and Hainan subsidiary to tap into the needs of local customers, with a view to increasing the Company’s penetration into regional markets and facilitating its strategic expansion across the country.

Outlook

On 27 July 2021, the Company issued a voluntary announcement regarding the signing of a cooperation framework agreement between Beijing Newlink and ICBC Information and Technology Co., Ltd. (“**ICBC Technology**”), a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited (“**ICBC**”). The parties will establish a partnership in the field of artificial intelligence with complementary advantages in basic capabilities in RPA, intelligent Q&A, intelligent recommendation, knowledge graphs, etc. Based on ICBC Technology’s AI research capabilities and basic products such as intelligent Q&A, intelligent recommendation and knowledge graphs as well as the Group’s product innovation capabilities and customer base in the field of RPA, the parties will offer integrated AI solutions, innovative products and technical services to customers in the financial and healthcare industries (such as ICBC) and governmental entities by combining their respective product advantages, in a joint effort to promote the application of AI in more scenarios and create value for customers in various industries. In the process of cooperation, the parties will jointly invest resources, leverage their respective advantages, and share the benefits of cooperation.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking forward to the second half of 2021, the Company will continue to consolidate its market position in the finance IT solution industry by developing innovative solutions and increasing marketing efforts for innovative products related to RPA solutions. In the meantime, the Company will further develop healthcare IT solutions powered by AI capabilities and big data analysis, adhere to the technology-driven strategic positioning, and further enhance technical strength and core competitiveness.

In addition, the Company will continue to develop key technologies for artificial intelligence and big data analysis applications and enterprise-level SaaS services, and seek strategic alliances or look for target companies with appropriate technologies, customer bases or business models to acquire. During the six months ended 30 June 2021, the Company disclosed the memorandum of intent entered into with the substantial shareholders of Jiangxi Samton Technology Development Co., Ltd.. The Company further disclosed the signing of the acquisition agreement in its announcement dated 15 August 2021. It is expected that through this acquisition (the “**Acquisition**”), the Company will extend its business presence, strengthen the comprehensive competitiveness of its innovative solutions, and broaden and deepen its business development.

FINANCIAL REVIEW

Revenue

Our revenue increased by 14.6% from RMB58.8 million for the six months ended 30 June 2020 to RMB67.4 million for the corresponding period in 2021, primarily due to (1) the increase in our revenue from healthcare big data solutions for healthcare institutions from RMB2.7 million for the six months ended 30 June 2020 to RMB8.7 million for the corresponding period in 2021, and (2) the increase in our revenue from IT solutions for financial institutions from RMB53.1 million for the six months ended 30 June 2020 to RMB58.7 million for the corresponding period in 2021. During the same periods, no revenue from IT solutions for other enterprises was recorded.

The following analysis sets forth a breakdown of our revenue by industry sector of end users for the six months ended 30 June 2020 and 2021, respectively.

IT solutions for financial institutions

Our revenue generated from IT solutions for financial institutions increased by 10.5% from RMB53.1 million for the six months ended 30 June 2020 to RMB58.7 million for the corresponding period in 2021, primarily due to (1) the increase in the number of our customers in the finance industry from 43 for the six months ended 30 June 2020 to 64 for the corresponding period in 2021, and (2) a growing demand from our enlarging customer base to adapt to their new business scenarios and regulatory requirements.

IT solutions for healthcare institutions (Healthcare big data solutions)

Our revenue generated from healthcare big data solutions increased significantly from RMB2.7 million for the six months ended 30 June 2020 to RMB8.7 million for the corresponding period in 2021, primarily due to (1) the increase in the number of our customers from 11 medical institutions for the six months ended 30 June 2020 to 17 for the corresponding period in 2021, and (2) the launch of our new products in the first half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

IT solutions for other enterprises

No revenue was generated from our IT solutions for other enterprises for the six months ended 30 June 2021, primarily because all the contracts we entered into with other enterprises for IT solutions have expired in 2020. We will continue to provide companies in the e-commerce, logistics and other industries with IT solutions, including human resource management systems, budget management systems, project management systems and other related solutions, boost revenue from this segment by developing generic RPA products and pursue new engagements with these companies.

Cost of sales

Our cost of sales increased by 8.5% from RMB34.2 million for the six months ended 30 June 2020 to RMB37.1 million for the corresponding period in 2021, primarily due to an increase of RMB3.4 million in the expenses for our technical support service suppliers, as a result of (1) an increase of RMB6.6 million in the outsourcing costs in relation to our enhanced outsourcing efforts to lower our labour cost and hence to reduce our unit cost of services, and (2) partially offset by a decrease of RMB3.9 million in our staff costs as we reallocated certain staff to our research and development department.

Gross profit and gross profit margin

As a result of the increase in our revenue for the six months ended 30 June 2021 as compared with the corresponding period in 2020 and the fact that our revenue increased at a greater pace than our cost of sales in the corresponding period, our gross profit increased by 23.7% from RMB24.5 million for the six months ended 30 June 2020 to RMB30.3 million for the corresponding period in 2021. Our gross margin increased from 41.6% for the six months ended 30 June 2020 to 45.0% for the corresponding period 2021, primarily due to our enlarged user base and business scale with enhanced project execution efficiency benefited from the system implementation experience our technical staff accumulated. We improved our employees' productivity and optimized our workforce staffing by cross selling IT solutions to existing customers and allocating technical staff responsible for the existing contracts of the customers to the new contracts for the same customers.

Other income and gains

Other income and gains increased by 83.3% from RMB1.2 million for the six months ended 30 June 2020 to RMB2.2 million for the corresponding period in 2021, primarily due to (1) an increase of RMB0.9 million in our tax refunds as a result of the significant increase in our sales of software products which are eligible for relevant tax return policies, and (2) an increase of RMB0.1 million in our interest income as a result of the increase in our bank deposits.

Selling and distribution expenses

Our selling and distribution expenses increased by 36.8% from RMB3.8 million for the six months ended 30 June 2020 to RMB5.2 million for the corresponding period in 2021, primarily due to (1) an increase of RMB0.8 million in employee-related expenses as we resumed to pay the employee-related expenses in full after the expiration of social insurance exemption policies which were introduced in the first half of 2020 to mitigate the impact of the COVID-19 pandemic, and (2) the increase in our entertainment fees, conference support fees, service fees and travel fees in relation to our enhanced selling and marketing efforts.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Our administrative expenses increased from RMB12.3 million for the six months ended 30 June 2020 to RMB16.0 million for the corresponding period in 2021, primarily due to (1) the increase in service fees incurred by our offshore subsidiaries from RMB0.4 million for the six months ended 30 June 2020 to RMB2.1 million for the corresponding period in 2021, and (2) an increase of RMB1.1 million in employee-related expenses as we increased investment in attracting and gathering excellent management talents to optimize our internal corporate governance structure, improve the management level, and balance management capacity building and business development.

Research and development costs

Our research and development expenses increased by 91.4% from RMB3.5 million for the six months ended 30 June 2020 to RMB6.7 million for the corresponding period in 2021, primarily due to (1) an increase of RMB1.3 million in our staff costs as a result of the expansion of our research and development team in 2021, and (2) an increase of RMB1.6 million in the amortisation of intangible assets.

Other expenses

Other expenses increased by 30.8% from RMB1.3 million for the six months ended 30 June 2020 to RMB1.7 million for the corresponding period in 2021, primarily due to an increase of RMB0.4 million in our impairment loss recognised for trade receivables, which is in line with our business expansion.

Finance costs

Finance costs increased from RMB0.3 million for the six months ended 30 June 2020 to RMB0.6 million for the corresponding period in 2021, primarily due to the increase in our interest costs in connection with our unsecured interest-bearing bank loans in the amount of RMB15.0 million.

Profit before tax

As a result of the foregoing, our profit before tax decreased from RMB4.6 million for the six months ended 30 June 2020 to RMB2.3 million in the corresponding period in 2021.

Income tax expenses

Our income tax expenses decreased by 31.3% from RMB1.6 million for the six months ended 30 June 2020 to RMB1.1 million for the corresponding period in 2021, primarily due to the decrease in our taxable income as a result of the decrease in our profit before tax.

Profit for the six months ended 30 June 2021

As a result of the foregoing, our net profit decreased by 61.3% from RMB3.1 million for the six months ended 30 June 2020 to RMB1.2 million for the corresponding period in 2021. We recorded a relatively small net margin of 1.8% for the six months ended 30 June 2021, primarily because we incurred listing expenses of RMB7.4 million in such period.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-HKFRS measure

To supplement our consolidated financial statements which are presented in accordance with HKFRSs and consistent with the measures adopted by our industry peers listed on the Stock Exchange, we also use a non-HKFRS measure, adjusted net profit, as an additional financial measure, which is not required by, or presented in accordance with, HKFRSs. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted net profit may not be comparable to similarly titled measures presented by other companies, as companies may not calculate adjusted net profit in the same manner. The use of such non-HKFRS measure has limitations as an analytical tool, because it does not reflect all items of income and expense that affect our operations, such as the impact of listing expenses. The item that is adjusted for may continue to be incurred and should be considered in the overall understanding and assessment of our operating performance. You should not consider adjusted net profit in isolation, or as substitute for analysis of, our results of operations or financial position as reported under HKFRSs. Adjusted net profit, as we present it, represents our profit for the year/period excluding the effect of listing expenses.

The following table reconciles our adjusted net profit presented to the most directly comparable financial measure calculated and presented in accordance with HKFRSs.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	1,231	3,054
Add:		
Listing expenses	7,446	8,222
Adjusted net profit	8,677	11,276

Our adjusted net profit decreased by 23.0% from RMB11.3 million for the six months ended 30 June 2020 to RMB8.7 million for the corresponding period in 2021. Our adjusted net margin, a non-HKFRS measure, was 19.2% and 12.9% for the six months ended 30 June 2020 and 2021, respectively.

Liquidity, capital resources and capital structure

For the six months ended 30 June 2021, our primary uses of cash are to fund our working capital requirements and research and development of our IT solutions. We financed our capital expenditures and working capital requirements principally with cash generated from our operations, bank borrowings and the net proceeds from the Global Offering.

MANAGEMENT DISCUSSION AND ANALYSIS

Our bank borrowings as of 30 June 2021 amounted to RMB15.0 million, among which, (1) the bank borrowings of RMB10.0 million will be mature on 18 October 2021, with fixed interest rate of 5.0% per annum, and (2) the bank borrowings of RMB5.0 million will be mature on 19 May 2022, with fixed interest rate of 4.6% per annum. All the bank borrowings as of 30 June 2021 were denominated in Renminbi. All of our bank borrowings were primarily used for our daily operation and business expansion.

The Company continued to maintain a healthy and sound financial position. Our net current assets significantly increased from approximately RMB172.4 million as of 31 December 2020 to approximately RMB816.2 million as of 30 June 2021. Our cash and cash equivalents significantly increased from approximately RMB69.1 million as of 31 December 2020 to approximately RMB666.7 million as of 30 June 2021.

Exposure to exchange rate fluctuation

All of our operations are in China with all of our transactions being settled in Renminbi. We did not experience any impact or difficulties in liquidity on our operations resulting from currency exchange and we made no hedging transaction or forward contract arrangement during the six months ended 30 June 2021. In this respect, we are not exposed to any significant foreign currency exchange risk. However, our management will closely monitor foreign exchange risk to ensure that appropriate measures are implemented in a timely and effective manner.

Capital commitments

For the six months ended and as of 30 June 2021, we did not have any capital commitments.

Contingent liabilities

As of 30 June 2021, we did not have any material contingent liability, guarantee or any litigation or claim of material importance, pending or threatened against any member of our Group.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus and the announcement of the Company dated 13 May 2021, as of 30 June 2021, we did not have other future plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

For the six months ended 30 June 2021, we did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Significant investments and acquisition of capital assets

For the six months ended 30 June 2021, we did not hold any significant investments nor made any significant acquisition of capital assets.

Charge on Group's assets

As of 30 June 2021, we had no charges on our assets.

Key Financial and Business Performance Indicators

The key financial and business performance indicators comprise profitability growth and return on equity. Details of our profitability growth are shown in the paragraph headed "Profit for the six months ended 30 June 2021" and "Non-HKFRS measure" in this section of this report.

Our return on equity decreased from 16.6% for 2020 to 0.1% for the six months ended 30 June 2021, primarily due to the significant increase in our total equity and the decrease in our net profit.

Our gearing ratio decreased from 7.5% as of 31 December 2020 to 1.7% as of 30 June 2021, primarily due to the significant increase in our total equity. The calculation of gearing ratio is based on total borrowings divided by total equity as of 30 June 2021 and multiplied by 100.0%.

Employees

As of 30 June 2021, we had 468 employees. The staff costs including Directors' emoluments were approximately RMB46.0 million for the six months ended 30 June 2021.

Remuneration of the Group's employees includes basic salary, bonuses and cash subsidies. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

We recognize the importance of keeping the Directors updated with the latest information of duties and obligations of a director of a company whose shares are listed on the Stock Exchange and the general regulatory and environmental requirements for such listed company. To meet this goal, we are committed to our employees' continuing education and development.

We provide pre-employment and regular continuing trainings to our employees, which we believe are effective in equipping them with the skill set and work ethics that we require. Also, we continuously provide comprehensive trainings to our technical staff, equipping them with knowledge and skills to perform a variety of functions on different projects and allowing us to quickly find qualified and suitable replacement internally in the event of employee's demission.

OTHER INFORMATION

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As of 30 June 2021, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long position in Shares of the Company

Name of Director	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the Company's issued share capital⁽¹⁾
Mr. ZHAI	Interest in a controlled corporation	327,600,000	40.95%

Note:

- (1) The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as of 30 June 2021.

Save as disclosed above and to the best knowledge of the Directors, as of 30 June 2021, none of the Directors or the chief executive of the Company has any interests and/or short positions in the shares, underlying shares or 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 he/she was taken or deemed to have under such provisions of the SFO) or which were required, 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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As of 30 June 2021, to the best knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would be required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO:

Long position in Shares of the Company

Name	<i>Note</i>	Capacity/Nature of Interest	Number of Shares interested	Approximate percentage of the Company's issued share capital ⁽³⁾
Nebula SC		Beneficial owner	327,600,000	40.95%
Mr. ZHAI	(1)	Interest of a controlled corporation	327,600,000	40.95%
Earnest Kai Holdings Limited		Beneficial owner	218,400,000	27.30%
Mr. YUAN Yukai	(2)	Interest of controlled corporations	218,400,000	27.30%

Notes:

- (1) Mr. ZHAI is deemed to be interested in the entire interests held by Nebula SC, a company wholly-owned by him.
- (2) Mr. YUAN Yukai is deemed to be interested in the entire interests held by Earnest Kai Holdings Limited, a company wholly-owned by him.
- (3) The percentage represents the number of Shares interested divided by the number of the Company's issued Shares as at of 30 June 2021.

Save as disclosed above and to the best knowledge of the Directors, as of 30 June 2021 no person had registered an interest or a short position in the Shares or underlying Shares as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of its Shareholders and corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

Compliance with Corporate Governance Code

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the principles and code provisions set out in the CG Code as the basis of the Company's corporate governance practices. Since the Listing Date and up to 30 June 2021, the Company has complied with the code provisions under the CG Code, save and except for the deviation to paragraph A.2.1 of the CG Code below.

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. The roles of the Chairman and Chief Executive Officer of the Company are held by Mr. Zhai. With extensive experience in the information technology industry, Mr. Zhai is responsible for the overall strategic planning and general management of the Group and is instrumental to our growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group and ensures consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority of the Company will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. In light of the above, the Board considers that the deviation from code provision A.2.1 of the CG Code is appropriate in the circumstances of the Company.

OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the requirements of the Model Code during the period from the Listing Date and up to 30 June 2021.

The Group's employees, who are likely to be in possession of inside information of the Group, have also been subject to the Model Code for securities transactions. No incident of non-compliance of the Model Code by the employees was noted by the Company during the period from the Listing Date and up to 30 June 2021.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee was established with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three members, namely Mr. Ye Jinfu, Mr. Tang Baoqi and Ms. Jing Liping, with Mr. Ye Jinfu being the chairman of the Audit Committee.

The financial information for the six months ended 30 June 2021 set out in the interim results announcement and this report is unaudited but has been reviewed by the Company's external auditor, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity," and by the Audit Committee. The Audit Committee has reviewed this report and was satisfied that the Company's unaudited financial information contained in this report was prepared in accordance with applicable accounting standards.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group, and discussed matters in relation to, among others, risk management, internal control and financial reporting of the Group with management and the Company's external auditor. The Audit Committee is of the view that the interim financial results for the six months ended 30 June 2021 have complied with relevant accounting standards, rules and regulations, and have been officially and properly disclosed.

POST-IPO SHARE OPTION SCHEME

On 5 December 2020, the Company adopted the Post-IPO Share Option Scheme, which falls within the ambit of, and is subject to, the regulations under Chapter 17 of the Listing Rules.

The purpose of the Post-IPO Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

OTHER INFORMATION

Qualified participants of the Post-IPO Share Option Scheme include (i) any employee (whether full time or part time) of the Company or its subsidiaries, including any officer or executive Director, (ii) any independent non-executive Director, and (iii) any consultant of the Company or its subsidiaries as the Board may in its absolute discretion select.

The Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme shall not exceed 80,000,000 Shares, representing 10.00% of the total issued share capital of the Company on the Listing Date and the date of this interim report.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Post-IPO Share Option Scheme will remain in force for a period of 10 years from 5 December 2020 and the options granted have a 10-year exercise period. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price of share options under the Post-IPO Share Option Scheme is determined by the Board, but shall not be less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

No share options were granted under the Post-IPO Share Option Scheme during the six months ended 30 June 2021 and were outstanding as at 30 June 2021.

A summary of the terms of the Post-IPO Share Option Scheme has been set out in the section headed "D. Post-IPO Share Option Scheme" in Appendix IV of the Prospectus.

OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on 6 January 2021, whereby 200,000,000 new Shares were issued at the offer price of HK\$4.36 each by the Company. The net proceeds (after deduction of underwriting fees and commissions and related costs and expenses) received by the Company from the Global Offering amounted to approximately HK\$790.4 million (the "IPO Proceeds").

In order to better utilize the financial resources of the Group and to capture favourable investment opportunities, on 15 August 2021, the Board resolved to change the use of approximately HK\$316.0 million out of the remaining unutilized IPO Proceeds as of 30 June 2021, which were originally allocated for the use as disclosed in the Prospectus (the "Re-allocation"). The Board considered that the Re-allocation was in the best interests of the Group and the Shareholders as a whole. For details of the reasons for and benefits of the Re-allocation, please refer to the Company's announcement dated 15 August 2021. The following table sets out the details of the IPO Proceeds originally raised, utilized and unutilized amount of the IPO proceeds as of the dates indicated and the re-allocated IPO Proceeds:

	Original allocation of the IPO Proceeds		As of 30 June 2021		Balance of the unutilized IPO Proceeds after the Re-allocation as of 30 June 2021		Expected timeline for the use of unutilized proceeds ⁽¹⁾
	Percentage	Amount	Utilized	Unutilized	Percentage	Amount	
	%	HK\$ million	amount HK\$ million	amount HK\$ million	%	HK\$ million	
For developing new solutions and upgrading existing solutions	80.0	632.3	18.7	613.6	54.2	414.6	
– to develop and upgrade our medical quality control and safety warning system	20.0	158.1	9.8	148.3	12.1	92.3	
– to develop our clinical pathway management system	20.0	158.1	2.4	155.7	13.9	106.5	
– to develop our telemedicine system	10.0	79.0	–	79.0	7.4	56.4	By December 2025
– to develop a new solution of intelligent healthcare platform	10.0	79.0	3.4	75.6	7.0	53.6	
– to upgrade our RPA solution	20.0	158.1	3.1	155.0	13.8	105.8	
For enhancing the sales and marketing efforts	10.0	79.1	6.3	72.8	4.5	34.8	
For working capital and other general corporate purposes	10.0	79.0	–	79.0	0.0	0.0	
Funds proposed to be used for the Acquisition	–	–	–	–	41.3	316.0	
Total	100.0	790.4	25.0	765.4	100.0	765.4	

Note:

- (1) The expected timeline for utilising the unutilized funds is based on the best estimation of the future market condition made by the Group. It may be subject to change based on the current and future development of market conditions.

OTHER INFORMATION

For the avoidance of doubt, if the Acquisition is not materialized, the use of the IPO Proceeds is expected to remain the same as originally allocated.

INTERIM DIVIDENDS

The Board has resolved not to recommend the payment of interim dividends for the six months ended 30 June 2021 to the Shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the period from the Listing Date and up to ended 30 June 2021.

CONTINUING DISCLOSURE OBLIGATION 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.

SUBSEQUENT EVENTS

On 1 July 2021, Hainan Newlink was incorporated under the laws of the PRC with a registered share capital of RMB10.0 million, as a wholly-owned indirect subsidiary of the Company. With the incorporation of Hainan Newlink, we will further explore the needs of customers in Southeast coastal regions, expand business foothold in the regions and strengthen the Company's cultivation and penetration of regional markets. In the meanwhile, the incorporation of Hainan Newlink also aims at laying out the healthcare IT business in the Hainan Free Trade Port Zone, further leveraging the benefits brought by favourable policies and seizing opportunities to empower and facilitate the business expansion of the Group.

On 15 August 2021, the Company entered into a share purchase agreement with shareholders of Samton (Cayman) Holdings Limited (the "**Target Company**") to acquire the entire issued share capital of the Target Company at a maximum consideration of RMB486 million, upon the completion of which the Target Company will become a wholly-owned subsidiary of the Company. For details, please refer to the announcements of the Company dated 13 May 2021 and 15 August 2021, respectively.

Save as disclosed above, there were no other significant events of the Group occurred subsequent to the six months ended 30 June 2021.

INDEPENDENT REVIEW REPORT

To the board of directors of Newlink Technology Inc.

(Incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 23 to 48, which comprises the condensed consolidated statement of financial position of Newlink Technology Inc. (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

23 August 2021

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
REVENUE	4	67,404	58,755
Cost of sales	5	(37,103)	(34,206)
Gross profit		30,301	24,549
Other income and gains		2,184	1,210
Selling and distribution expenses		(5,153)	(3,770)
Administrative expenses		(15,956)	(12,269)
Research and development costs	5	(6,745)	(3,472)
Other expenses		(1,677)	(1,317)
Finance costs		(619)	(300)
PROFIT BEFORE TAX	5	2,335	4,631
Income tax expense	6	(1,104)	(1,577)
PROFIT FOR THE PERIOD		1,231	3,054
Attributable to:			
Owners of the parent		1,232	3,053
Non-controlling interests		(1)	1
		1,231	3,054
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	8	RMB0.16 cents	RMB0.51 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	For the six months ended 30 June		
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
PROFIT FOR THE PERIOD		1,231	3,054
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		(536)	(990)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(536)	(990)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		(536)	(990)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		695	2,064
Attributable to:			
Owners of the parent		696	2,063
Non-controlling interests		(1)	1
		695	2,064

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	As of 30 June 2021 RMB'000 (Unaudited)	As of 31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment	9	3,523	2,361
Right-of-use asset	10	9,018	9,222
Contract assets	13	1,424	1,402
Long-term deposits		1,726	1,478
Intangible assets	11	31,657	18,195
Deferred tax asset		580	333
Total non-current assets		47,928	32,991
CURRENT ASSETS			
Trade receivables	12	135,425	107,248
Contract assets	13	38,227	40,507
Prepayments, deposits and other receivables		4,661	8,603
Cash and cash equivalents	14	666,685	69,131
Total current assets		844,998	225,489
CURRENT LIABILITIES			
Trade payables	15	3,413	6,265
Contract liabilities		1,379	1,371
Other payables and accruals	16	1,774	22,870
Lease liabilities	10	3,748	2,639
Interest-bearing bank borrowings	17	15,000	15,000
Tax payable		3,487	4,917
Total current liabilities		28,801	53,062
NET CURRENT ASSETS		816,197	172,427
TOTAL ASSETS LESS CURRENT LIABILITIES		864,125	205,418

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

	<i>Notes</i>	As of 30 June 2021 RMB'000 (Unaudited)	As of 31 December 2020 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities	10	4,580	6,045
Total non-current liabilities		4,580	6,045
Net assets		859,545	199,373
EQUITY			
Equity attributable to owners of the parent			
Share capital	18	5	4
Reserves		858,034	197,862
		858,039	197,866
Non-controlling interests		1,506	1,507
Total equity		859,545	199,373

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the parent								
	Share capital RMB'000 <i>(Note 18)</i>	Share premium RMB'000	Merger reserves RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (audited)	4	75,463	27,468	10,615	(488)	84,804	197,866	1,507	199,373
Profit for the period	-	-	-	-	-	1,232	1,232	(1)	1,231
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	(48)	-	(48)	-	(48)
Total comprehensive income for the period	-	-	-	-	(48)	1,232	1,184	(1)	1,183
Issue of shares	1	726,636	-	-	-	-	726,637	-	726,637
Share issue expenses	-	(67,648)	-	-	-	-	(67,648)	-	(67,648)
At 30 June 2021 (unaudited)	5	734,451*	27,468*	10,615*	(536)*	86,036*	858,039	1,506	859,545

	Attributable to owners of the parent								
	Share capital RMB'000 <i>(Note 18)</i>	Share premium RMB'000	Merger reserves RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020 (audited)	4	71,996	50,000	6,420	-	56,970	185,390	1,507	186,897
Profit for the period	-	-	-	-	-	3,053	3,053	1	3,054
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	-	-	-	-	(990)	-	(990)	-	(990)
Total comprehensive income for the period	-	-	-	-	(990)	3,053	2,063	1	2,064
Deemed distribution to shareholders in group reorganisation	-	-	(73,539)	-	-	-	(73,539)	-	(73,539)
Capital contribution by then shareholders of a subsidiary	-	-	51,008	-	-	-	51,008	-	51,008
Capital contribution by shareholders of the Company	-	3,467	-	-	-	-	3,467	-	3,467
At 30 June 2020 (audited)	4	75,463*	27,469*	6,420*	(990)*	60,023*	168,389	1,508	169,897

* These reserve accounts comprise the consolidated reserves of RMB858,034,000 and RMB168,385,000 in the consolidated statements of financial position as at 30 June 2021 and 30 June 2020, respectively.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,335	4,631
Adjustments for:			
Finance costs		619	300
Bank interest income	5	(139)	(100)
Fair value gains on financial assets at fair value through profit or loss		–	(129)
Depreciation of property and equipment	5	434	315
Amortisation of other intangible assets	5	3,075	1,330
Depreciation of right-of-use assets	5	2,081	2,194
Rent concessions	5	–	(330)
Loss on disposal of items of property and equipment		–	20
Foreign exchange differences, net		(142)	(11)
Impairment losses recognised for trade receivables	5	1,329	1,030
Impairment losses recognised for contract assets	5	341	203
		9,933	9,453
Increase in long-term deposits		(248)	–
Increase in trade receivables		(29,506)	(27,796)
Decrease/(increase) in contract assets		1,917	(6,626)
Increase in prepayments, deposits and other receivables		(1,767)	(2,476)
Decrease in amounts due from related parties		–	2,232
Decrease in trade payables		(2,852)	(883)
Increase/(decrease) in contract liabilities		8	(1,172)
Decrease/(increase) in other payables and accruals		(21,096)	3,153
Cash used in operations		(43,611)	(24,115)
Interest received		139	100
Income tax paid		(2,781)	(3,810)
Interest paid		(372)	–
Interest element of rental payments		(246)	(300)
Net cash flows used in operating activities		(46,871)	(28,125)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Notes	For the six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Audited) RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment	9	(1,595)	(81)
Additions to other intangible assets	11	(16,537)	(3,522)
Purchases of financial assets at fair value through profit or loss		–	(28,640)
Receipt of financial assets at fair value through profit or loss		–	28,769
Net cash flows used in investing activities		(18,132)	(3,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		5,000	–
Repayment of bank loans		(5,000)	–
Capital contribution by the then shareholders of a subsidiary		–	14,008
Capital contribution by shareholders of the Company		–	59,481
Deemed distribution to shareholders in group reorganisation		–	(73,539)
Principal portion of lease payments		(2,233)	(2,042)
Proceeds from issue of shares		726,638	–
Share issue expenses		(61,942)	–
Net cash flows from/(used in) financing activities		662,463	(2,092)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		597,460	(33,691)
Cash and cash equivalents at beginning of period		69,131	57,339
Effect of foreign exchange rate changes, net		94	(979)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		666,685	22,669
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	666,685	22,669
Cash and cash equivalents as stated in the statement of cash flows	14	666,685	22,669

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

1. BASIS OF PRESENTATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 are not relevant to the preparation of the Group's financial statements.

The nature and impact of the new and revised HKFRSs are described below:

- (a) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the period ended 30 June 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the covid-19 pandemic. The amendments did not have any significant impact on the financial position and performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the financial institutions segment providing comprehensive and integrated solutions for our customers in the finance industry, such as banks, trust companies and other financial institutions;
- (b) the medical institutions segment providing medical quality control and safety warning system that enable hospitals to analyse key clinical data, improve clinical effectiveness and lower the risk of medical malpractice; and
- (c) the others segment providing IT solutions to customers from industries other than financial institutions and hospitals.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of gross profit.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Six months ended 30 June 2021	Financial institutions RMB'000 Unaudited	Medical institutions RMB'000 Unaudited	Others RMB'000 Unaudited	Total RMB'000 Unaudited
Segment revenue (note 4)				
Sales to external customers	58,707	8,697	–	67,404
Segment results	21,740	8,561	–	30,301
<i>Reconciliation:</i>				
Other income and gains				2,184
Selling and distribution expenses				(5,153)
Administrative expenses				(15,956)
Research and development costs				(6,745)
Other expenses				(1,677)
Finance costs				(619)
Profit before tax				2,335

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2020	Financial institutions RMB'000 Audited	Medical institutions RMB'000 Audited	Others RMB'000 Audited	Total RMB'000 Audited
Segment revenue (note 4)				
Sales to external customers	53,053	2,720	2,982	58,755
Segment results	21,208	1,100	2,241	24,549
<i>Reconciliation:</i>				
Other income and gains				1,210
Selling and distribution expenses				(3,770)
Administrative expenses				(12,269)
Research and development costs				(3,472)
Other expenses				(1,317)
Finance costs				(300)
Profit before tax				4,631

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020.

	Financial institutions RMB'000	Medical institutions RMB'000	Others RMB'000	Total RMB'000
Segment assets				
30 June 2021 (unaudited)	140,150	5,542	29,384	175,076
31 December 2020 (audited)	107,722	35,784	5,652	149,158
Segment liabilities				
30 June 2021 (unaudited)	1,379	–	–	1,379
31 December 2020 (audited)	1,337	34	–	1,371

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Geographical information

During the period, the Group operated within one geographical segment because all of its revenue was generated in Mainland China and all of its long-term assets/capital expenditure were located/incurred in Mainland China. Accordingly, no geographical segment information is presented.

Information about major customers

Aggregated revenue of approximately RMB21,361,000 (2020: RMB28,607,000) was derived from sales by the financial institutions and medical institutions segments to the following single customers, which individually accounted for more than 10% of the Group's total revenue.

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Customer A	11,021	9,085
Customer B	10,340	13,304
Customer C	N/A*	6,218

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue for the respective period.

4. REVENUE

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the six months ended 30 June 2021	Financial institutions RMB'000	Medical institutions RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Software development services	46,648	1,929	–	48,577
Technical and maintenance services	8,105	–	–	8,105
Sale of standard software	3,954	6,768	–	10,722
Total revenue from contracts with customers	58,707	8,697	–	67,404
Timing of revenue recognition				
Goods transferred at a point in time	3,954	6,768	–	10,722
Services transferred over time	54,753	1,929	–	56,682
Total revenue from contracts with customers	58,707	8,697	–	67,404

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

4. REVENUE (CONTINUED)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the six months ended 30 June 2020	Financial institutions RMB'000	Medical institutions RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Software development services	43,473	2,720	1,368	47,561
Technical and maintenance services	8,778	–	–	8,778
Sale of standard software	802	–	1,614	2,416
Total revenue from contracts with customers	53,053	2,720	2,982	58,755
Timing of revenue recognition				
Goods transferred at a point in time	802	–	1,614	2,416
Services transferred over time	52,251	2,720	1,368	56,339
Total revenue from contracts with customers	53,053	2,720	2,982	58,755

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Software development services	1,210	1,384
Technical and maintenance services	161	116
	1,371	1,500

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

5. PROFIT BEFORE TAX

The Group's profit before tax from continuing operations is arrived at after charging/(crediting):

	<i>Notes</i>	For the six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Cost of services rendered		37,103	34,206
Research and development costs:			
Deferred expenditure amortised	11	929	117
Current year expenditure		5,816	3,355
		6,745	3,472
Employee benefit expense (including directors' and chief executives' remuneration):			
Wages and salaries		39,094	34,029
Pension scheme contributions (defined contribution scheme)		6,660	5,146
		45,754	39,175
Depreciation of property and equipment		434	315
Depreciation of right-of-use assets		2,081	2,194
Rent concessions		–	(330)
Amortisation of intangible assets	11	3,075	1,330
Impairment losses recognised for trade receivables	12	1,329	1,030
Impairment losses recognised for contract assets	13	341	203
Bank interest income		(139)	(100)
Listing expenses		7,446	8,222
Auditors' remuneration		50	28

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Pursuant to the PRC Enterprise Income Tax ("EIT") Law and the respective regulations, the subsidiaries in Mainland China are subject to income tax at a statutory rate of 25% for the reporting periods.

A preferential tax treatment is available to Beijing Newlink, which was recognised as a High and New Technology Enterprise in October 2017 in Mainland China and a lower corporate income tax of 15% has been applied since then. The certificate of High and New Technology Enterprise has to be renewed every three years and Beijing Newlink has to re-apply for it every six years. The applicable tax rate was 15% for the relevant periods.

Hong Kong profits tax have been provided at the rate of 16.5% on the Group's assembled profit derived from Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The major components of the income tax expense for the period are as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current tax – Mainland China	1,351	1,784
Deferred tax	(247)	(207)
Total tax charge for the period	1,104	1,577

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

7. DIVIDENDS

No dividends have been paid or declared by the Group during the period ended 30 June 2021 (2020: nil).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of 794,444,444 (2020: 600,000,000) ordinary shares in issue during the six months ended 30 June 2021 and 2020.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share and diluted earnings per share for the six months ended 30 June 2021 and 2020 has been retrospectively adjusted for the effect of capitalisation issue as described more fully in note 18.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2021 and 2020.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	1,232	3,053
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	794,444,444	600,000,000
Basic and diluted earnings per share	RMB0.16 cents	RMB0.51 cents

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

9. PROPERTY AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets with at a cost of RMB1,595,000 (30 June 2020: RMB83,000), including electronic devices and leasehold improvements.

10. LEASES

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group had additions to office buildings payments of RMB1,878,000 (six months ended 30 June 2020 : nil).

(b) Lease liabilities

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Lease liabilities:	8,328	8,684
Current portion	3,748	2,639
Non-current portion	4,580	6,045

11. INTANGIBLE ASSETS

	Software license RMB'000	Deferred development costs RMB'000	Total RMB'000
30 June 2021 (unaudited)			
At 1 January 2021:			
Cost	18,217	5,504	23,721
Accumulated amortisation	(4,738)	(788)	(5,526)
Net carrying amount	13,479	4,716	18,195
At 1 January 2021, net of accumulated amortisation	13,479	4,716	18,195
Additions	9,130	7,407	16,537
Amortisation provided during the period (note 5)	(2,146)	(929)	(3,075)
At 30 June 2021, net of accumulated amortisation	20,463	11,194	31,657
At 30 June 2021:			
Cost	27,347	12,911	40,258
Accumulated amortisation	(6,884)	(1,717)	(8,601)
Net carrying amount	20,463	11,194	31,657

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

11. INTANGIBLE ASSETS (CONTINUED)

	Software license RMB'000	Deferred development costs RMB'000	Total RMB'000
31 December 2020 (audited)			
At 1 January 2020:			
Cost	12,439	899	13,338
Accumulated amortisation	(2,198)	–	(2,198)
Net carrying amount	10,241	899	11,140
At 1 January 2020, net of accumulated amortisation	10,241	899	11,140
Additions	5,778	4,605	10,383
Amortisation provided during the year	(2,540)	(788)	(3,328)
At 31 December 2020, net of accumulated amortisation	13,479	4,716	18,195
At 31 December 2020:			
Cost	18,217	5,504	23,721
Accumulated amortisation	(4,738)	(788)	(5,526)
Net carrying amount	13,479	4,716	18,195

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

12. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the recognition date of gross trade receivables and net of provision, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 90 days	36,677	46,507
91 to 180 days	16,169	14,592
181 days to 1 year	42,342	22,627
1 year to 2 years	32,704	23,522
2 years to 3 years	7,533	–
	135,425	107,248

13. CONTRACT ASSETS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contract assets	40,360	42,277
Impairment	(709)	(368)
	39,651	41,909
Analysed into:		
Current portion	38,227	40,507
Non-current portion	1,424	1,402

Contract assets are initially recognised for revenue earned from software development services as the receipt of consideration is conditional on the successful acceptance by the customers. Upon completion of the contracts and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 30 June 2021 was the result of the increase in completion of the contracts and acceptance by the customer in the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

13. CONTRACT ASSETS (CONTINUED)

The expected timing of recovery or settlement for contract assets as at 30 June is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within one year	38,227	40,507
After one year	1,424	1,402
Total contract assets	39,651	41,909

The movements in the loss allowance for impairment of contract assets are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
At beginning of period/year	368	58
Provision for expected credit losses	341	310
At end of period/year	709	368

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

13. CONTRACT ASSETS (CONTINUED)

An impairment analysis is performed at each reporting date using a loss rate approach to measure expected credit losses. The loss rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases, and groupings of various customer segments with similar loss patterns (i.e., customer type and rating). These loss trends determined by referencing to credit rating data are then adjusted for current conditions and expectations about the future. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets based on loss-rate statistics:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Expected credit loss rate	1.76%	0.87%
Gross carrying amount (RMB'000)	40,360	42,277
Expected credit losses (RMB'000)	709	368

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

14. CASH AND CASH EQUIVALENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cash and bank balances	666,685	69,131
Denominated in:		
RMB	28,663	68,393
US\$	15,232	687
HK\$	622,790	51

As at 30 June 2021, the cash and bank balances of the Group denominated in RMB amounted to RMB666,685,000 (2020: RMB69,131,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

15. TRADE PAYABLES

An aging analysis of the trade payables as at the end of each of the reporting periods, based on the invoice date, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 3 months	2,090	6,248
3 to 6 months	–	3
6 months to 1 year	1,309	–
Over 1 year	14	14
	3,413	6,265

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

16. OTHER PAYABLES AND ACCRUALS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Salaries and welfare payables	–	8,527
Other tax payables	550	2,401
Audit fee	500	1,703
Listing fee	488	10,128
Other payables	236	111
	1,774	22,870

Other payables are non-interest-bearing and repayable on demand.

17. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	30 June 2021 RMB'000 (Unaudited)	Effective interest rate (%)	Maturity	31 December 2020 RMB'000 (Audited)
Current						
Bank loans – unsecured	4.6-5	2021-2022	15,000	5-5.2	2021	15,000
			15,000			15,000

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

18. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Islands as an exempted company with limited liability on 8 November 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On the same day, 300 and 200 shares of the Company were issued to Nebular SC Holdings Limited and Earnest Kai Holdings Limited, which were wholly-owned by Mr. Zhai Shuchun and Mr. Yuan Yukai, respectively.

On 29 November 2019, the Company issued 5.0505 shares with a par value of US\$1.00 each to Silver Cooperation RP Info Consulting Co., Ltd.

On 30 December 2019, each of the issued and unissued shares of the Company with a par value of US\$1.00 was subdivided into 1,000,000 shares with a par value of US\$0.000001 each, after which, the authorised share capital of the Company was US\$50,000 divided into 50,000,000,000 shares with par value of US\$0.000001 each.

On 30 December 2019, immediately after the subdivision of shares, the Company issued (i) 22,422,000 shares with a par value of US\$0.000001 each to Silver Cooperation RP Info Consulting Co., Ltd., (ii) 10,989,000 shares with a par value of US\$0.000001 each to Tampu Technology Limited, (iii) 5,494,500 shares with a par value of US\$0.000001 each to Charlie Waffle Holdings Limited, and (iv) 5,494,500 shares with a par value of US\$0.000001 each to Well Fancy Development Ltd.

On 30 December 2019 and immediately after the subdivision of shares, 50,549,500 shares were issued to existing shareholders of the Company from the capital reserve account of the Company, after which, the issued number of shares increased to 600,000,000.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

18 SHARE CAPITAL (CONTINUED)

Shares

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Authorised:		
50,000,000,000 ordinary shares of US\$0.000001 each	349	349
Issued and fully paid:		
600,000,000 ordinary shares of US\$0.000001 each	4	4
200,000,000 ordinary shares of US\$0.000001 each	1	–

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Par value US\$	Issued capital US\$	Issued capital RMB'000
As at 1 January 2019	–	–	–	–
Upon establishment	500	1	500	3
Issue of shares on 29 November 2019	5	1	5	–*
Share subdivision (1/1,000,000)	505,049,995	–	–	–
After share subdivision	505,050,500	0.000001	505	3
Issue of shares on 30 December 2019	44,400,000	0.000001	44	1
Capitalisation issue	50,549,500	0.000001	51	–*
As at 31 December 2019 and 2020	600,000,000	0.000001	600	4
Issue of shares on 6 January 2021	200,000,000	0.000001	200	1
As at 30 June 2021	800,000,000	0.000001	800	5

* Less than RMB1,000

On 6 January 2021, the Company was listed on the Main Board of Stock Exchange with the stock code 09600 and made an offering of 200,000,000 ordinary shares at a price at HK\$4.36 per share.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

19. COMMITMENTS

The Group did not have any significant commitments at the end of the reporting period.

20. RELATED PARTY TRANSACTIONS

Name of related party	Relationship with the Group
Beijing Guanruitong E-Commerce Technology Company Limited ("Guanruitong")	Entity controlled by the controlling shareholder
Beijing Yunwang Wanwei Technology Company Limited ("Yunwang")	Entity controlled by the controlling shareholder
Mr. Zhai Shuchun	The controlling shareholder and chief executive
Mr. Yuan Yukai	A shareholder

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following material related party transactions during the periods:

a) Transactions with a related party

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Purchase of office supplies from Guanruitong	–	21
	–	21

The purchase of office supplies from the related party were made according to the prices and terms agreed between the parties.

b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group did not have outstanding balances with related parties at 30 June 2021.

As at 30 June 2021, the Company had amounts due from subsidiaries of RMB98,859,000 and due to a subsidiary of RMB1,685,000. These balances are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2021

20. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Audited)
Salaries, allowances and benefits in kind	1,110	616
Pension scheme contributions	146	97
	1,256	713

21. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 30 June 2021, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has determined that the carrying amounts of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, amounts due from related parties, amounts due from/to shareholders, trade payables, lease liabilities, and financial liabilities included in other payables and accruals reasonably approximate to their fair values because these financial instruments are mostly short-term in nature.

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

22. EVENTS AFTER THE REPORTING PERIOD

On 1 July 2021, Hainan Newlink was incorporated under the laws of the PRC with a registered share capital of RMB10.0 million, as a wholly-owned indirect subsidiary of the Company. With the incorporation of Hainan Newlink, we will further explore the needs of customers in Southeast coastal regions, expand business foothold in the regions and strengthen the Company's cultivation and penetration of regional markets. In the meanwhile, the incorporation of Hainan Newlink also aims at laying out the healthcare IT business in the Hainan Free Trade Port Zone, further leveraging the benefits brought by favourable policies and seizing opportunities to empower and facilitate the business expansion of the Group.

On 15 August 2021, the Company entered into a share purchase agreement with shareholders of Samton (Cayman) Holdings Limited (the "Target Company") to acquire the entire issued share capital of the Target Company at a maximum consideration of RMB486 million, upon the completion of which the Target Company will become a wholly-owned subsidiary of the Company. For details, please refer to the announcements of the Company dated 13 May 2021 and 15 August 2021, respectively.

Save as disclosed above, there were no other significant events of the Group occurred subsequent to the six months ended 30 June 2021.