# 99 LOYALTY LIMITED

## DIRECTORS' REPORT AND
## CONSOLIDATED FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 31 DECEMBER, 2023

The directors present herewith their annual report and the audited consolidated financial statements for the year ended 31 December, 2023.

**Principal activities**

The principal activities of 99 Loyalty Limited ("the Company") is investment holding. There were no significant changes in the nature of the Group's principal activities during the year.

The principal activities of the subsidiaries are set out in note 32 to the consolidated financial statements.

**Consolidated financial statements**

The financial performance of the Group for the year ended 31 December, 2023 and the state of affairs of the Group and the Company at that date are set out in the consolidated financial statements on pages 12 to 68.

**Dividends**

The directors do not recommend the payment of a dividend in respect of the year ended 31 December, 2023.

**Directors**

The directors who held office during the year and up to the date of this report were:

| | |
|---|---|
| Zhang Li | |
| Christopher John Ryan | (resigned on 24 November 2023) |
| Yu Haoming | (resigned on 24 November 2023) |
| Ross Kenneth Benson | |
| Simon Kenneth Woodfull | (resigned on 24 November 2023) |
| Chen Huan | (appointed on 27 January 2022) |
| Sheng Yundong | (appointed on 31 May 2022 and resigned on 18 August 2023) |
| Wen Tao | (resigned on 31 May 2022) |

In accordance with the Company's articles of association, remaining directors retire and, being eligible, offer themselves for re-election.

**Directors of the Company's subsidiaries**

The directors of the Company's subsidiaries included in the consolidated financial statements during the year and up to the date of this report were as follows:

| | | | |
|---|---|---|---|
| Cheng Xiao Ling | Zhang Qi | | Ding Zhi Wei |
| Jiang Chuan Wen | Sheng Yun Dong | | Liu Pan Pan |
| Liu Yan | Zhang Li | | Ma Jian Guo |
| Zhou Hong Lin | Wang Hao Qi | | Zhang Ying Jin |
| Xu Yi Sha | | Shi Haibin | (appointed on 15 September 2022) |
| Qian Jing Wen | (resigned on 15 May 2022) | Wen Tao | (resigned on 31 May 2022) |
| Tong Nan | (resigned on 18 March 2022) | Tang Jian Bin | (resigned on 29 January 2022) |

**Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business**

Zhang Li, a beneficial shareholder in Jiangsu Ofpay E-commerce Limited, held an interest in contracts for the provision of mobile recharge services of Renminbi ("RMB")179,656,131 with Shanghai Handpal Information Technology Co., Ltd ("Shanghai Handpal"), a subsidiary of the Company. The directors are of the opinion that these services are based on standard commercial terms, published prices and conditions similar to those offered to the major customers of the service provider.

Save as disclosed above and elsewhere in the financial statements, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party to and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

**Permitted indemnity provisions**

During the financial year and as at the date of this report, a qualifying indemnity provision made by the Company for the benefit of the directors of the Company is in force.

**Arrangements to purchase shares or debentures**

At no time during the year was the Company, its holding companies, or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Business review

### Business overview and key operating and financial metrics

The Group is a loyalty technology services provider in financial services that enables China's leading insurance companies and other financial institutions to enhance customer loyalty and win new business. It delivers the "technology behind the scenes", integrating seamlessly into the client's own ecosystem. This allows users to interact in the client's ecosystem as per normal, with an enhanced experience. The enterprise client benefits from access to a full suite of technology services, which ranges from security to full analysis, virtual goods and payments.

The Group's Insurance Brokerage Services allows it to leverage its extensive relationships with insurance companies to source market leading insurance products, transform them into virtual goods for use on proprietary online Insurance Broking platform, and distribute them via its network of agents. The Group's Insurance Brokerage Services benefit all parties from the platform's efficiency, convenience, transparency, cost and scale. The Group generates revenue by receiving commission from insurance companies on all transactions that are completed via the platform.

The Group's Loyalty and Marketing Services helps clients acquire and retain customers through providing one-stop technology services and system solutions, including program design, platform access, technology and operations support, execution of rewards points redemption, delivery of virtual products and customized marketing scenes, and activities. These service are predominantly used by Chinese insurance companies and other reputed financial institutions.

### Business overview and key operating and financial metrics (continued)

During the year ended 31 December 2023, the Group generated revenues of RMB280.69 million. The Group's total revenues was increased by 19%, which was a result of the consistently rapid business growth in insurance brokerage segment. The low insurance penetration rate in China and the increased consumer awareness of the need for risk protection and insurance products continually contributed to the Group's insurance related business improvement in recent years.

The Group reported a net loss of RMB110.49 million. The loss was attributed to an for rapid growth of insurance brokerage services, and for a loss arising from derecognition of financial assets measured at amortised cost of RMB50.0 million.

Looking forward, given the upbeat tone set by the Central Economic Work Conference for China's economic development in 2024 with sustainable economic growth, it is expected the Chinese government and related parties to encourage the development of markets and enterprises with a full range of policy tools including fiscal and financial levers. The Group will catch the opportunities with core competencies and will actively participate in the development of China's digital economy.

The Group will continuously provide best-fit insurance related services and the loyalty solutions and services integrated with "Technology + Operation + Marketing" to the financial institutions, especially for the insurance companies. The Group will diversify the enterprise clients base across China and will further broaden the scope of virtual products, building on the success already seen with the use of insurance products. The Group expects strong growth from insurance brokerage services being augmented with a recovery in market condition.

**Business review (continued)**

**Environmental policies and compliance**

The Group sources substantially its revenue from China and our operations are therefore impacted by the economic, political and legal factors in the country. The Group strives to capture favorable external factors and comply with all applicable laws, rules and regulations to ensure that our business can be carried out effectively.

During the year ended 31 December 2023, China's Gross Domestic Product ("GDP") in 2023 demonstrated a strong growth, and the year-on-year growth rate was 5.2%. It means the economic is gradually recovering from the pandemic. 2023 is the third year of China's 14th five-year plan. According to the plan, China emphasizes the core position of innovation in China's modernization and take the self-reliance and self-improvement of science and technology as the strategic support for national development. China targets to improve financial support innovation system and vigorously develop the supply chain in financial industries. In addition, China will further promote the digital transformation of China's economic development through the innovation of financial science and technology.

Innovation is always the key driver for economic development, and the Chinese Government is continually encouraging the development of technology creations and internet innovations by granting privileges and policies. Moreover, the government is vigorously promoting "Internet plus" through all aspects of the economy. The Government's favourable view of technology development and innovation supports the development of the Company's business.

**Risk factors**

Risk identification is crucial, neglect of which could adversely impact the Group. External risk factors include:

- Risks with law, rules and regulation:
  The government has implemented relevant laws, rules and regulations in recent years to strictly monitor and regulate the financial service industry, digital industry, and insurance industry, etc., however, there are still some uncertainties in the interpretation and enforcement of relevant laws, rules and regulations. Besides, the Government may issue new laws, rules and regulations to fit in the developing digital business and insurance related business, to require the market players to react promptly. The Group is constantly following up any change in laws, rules and regulations and takes action immediately to avoid any non-compliance.

- Risks with the macro economy:
  China's economy is facing many challenges and uncertainties. Externally, the pace of oversea economic recovery may bring about a series of new changes on China's exporting market. And the war between Russia and Ukraine may have an impact on global and even China's economy. Internally, the recovery of China's household consumption is facing challenges, including debt repayment burden, employment pressure. In response to the above risks and challenges, it needs Chinese government taking steps in all aspects to avoid contraction of total demand. The Group will develop its core competencies to face these challenges and catch opportunities to grow in the digital economy.

**Business review (continued)**

**Risk factors (continued)**

- Risks with suppliers:
  As to certain special categories of products, the stability of supply in the future may be uncertain. For instance, the Group has added petrol cards to its product portfolio, and the ultimate suppliers are those Chinese oil companies who are dominant in the oil industry. If they decide not to distribute petrol cards online any longer, then it will be hard to source substitutes. The oil industry is different from other competitive markets so the attitude of petrol card suppliers toward Internet distribution also constitutes risk.

- Risks with business partners:
  Plenty of Company's business partners are financial institutions, such as insurance companies, the development of which is easily influenced by policy, regulation and economic environment. If the economy declines or the regulations are tightened, the demands of the Company's business partners will decrease, which will adversely affect the Company's business development.

Internal risk factors include:

- Risks in strategic business development:
  The Group pursues long term sustainable interests in the process of business development, which requires large up-front investment and working capital commitment for new projects, prepayments for rewards redemption business, expenditure on marketing activities, etc. There is a time lag to get investment reimbursed and generate considerable profits, which cannot be immediately reflected in short term financial results.

- Risks in knowing consumers:
  Providing comprehensive products and services and meeting the needs of consumers are the Group's competitive advantages. A good understanding of consumers' preferences and habits can also help the Group offer best-fit solutions to business partners. With the development of times, consumers' preferences and behaviors are constantly changing. If the Group do not recognise these changes in time and accurately, it will bring losses to the Group. To leverage the risk, the Group continues learning from the market and improving our core competences to deal with all changes.

- Risks with technology & information:
  With the continuous development of the Group and the continuous increases in business volume, it is necessary to have higher load capacity and faster processing speed. Any failure in maintaining technical infrastructure, upgrading systems, enhancing hardware, and optimizing database may lead to system collapse and affect the normal operation of the business. Slow responses and delay processing will also cause dissatisfaction of business partners and consumers, which will bring long-term losses to the Group.

**Business review (continued)**

**Risk factors (continued)**

To better manage technology & information risks, the Group has established comprehensive risk control and management mechanisms to prevent and quickly response to risks. On quarterly basis, the Chief Technology Officer leads a business risk-alert team, composed of talents from quality and risk control department, business lines, and relevant supportive functions to assessing the risks associated with the external environment, internal operations, and projects on different scenarios, as well as proposing relevant emergency-response plans and procedures in response.

**Employee relations management**

The Group always regards employees as one of its most valuable resources and takes well-defined measures to continually improve employee relationship management. The Group recruits high quality professional in technology, sales and finance fields and provides them with competitive compensation packages. The Group also offers employees various and flexible benefits to deliver a message of employee care. Moreover, the Group helps employees with their career development by providing training and effective, transparent and reasonable promotion mechanisms to ensure fairness and employee satisfaction.

**Business partner relations management**

The Group provides Redemption Management Technology and Interactive Marketing Technology for business partners to help them enhance customer loyalty and win business. Having long-term and solid partnership is a key factor of business success, so the Group is always committed to maintaining and strengthening the partnership while developing new business partners. With the improvement of the Group's capabilities in technology, data mining, research and all other aspects, the Group have a better understanding of the evolving needs of business partners and further strengthened the relationship with them.

**Consumer relations management**

The Group is devoted to offering outstanding consumer service and experience. The Group has a 7*24 hotline and diversified online consumer service platforms such as WeChat terminals to handle inquiries, problems and complaints from consumers on a timely manner. The Group's efficient consumer service team and consumer relations management system are well recognized by consumers, as well as business partners.

**Business review (continued)**

**Merchant relations management**

The Group has a set of merchant management mechanisms including the merchant admittance mechanism which obligates rigorous checking of potential merchants' qualifications, background and industry reputation. The merchant evaluation mechanism which reviews their products and services on a regular basis. The Group actively sources high quality and diversified merchants, boards them onto the platform to improve offerings and provide incentives. For those merchants who fail the admittance and evaluation process, the Group will not include them into the portfolio or will temporarily take their products and services off the platform and send notifications to them requiring immediate rectification for re-evaluation later. In this way, the Group ensures a high-quality merchant mix and product mix.

**Auditor**

A resolution to reappoint Fan, Chan & Co. Limited as auditor of the Company will be put at the forthcoming annual general meeting.

For and on behalf of the Board

Ross Kenneth Benson
Chairman
Dated, 17 June 2024

# INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

*Opinion*

We have audited the consolidated financial statements of 99 Loyalty Limited and its subsidiaries ("the Group") set out on pages 12 to 68, which comprise the consolidated statement of financial position as at 31 December, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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, 2023, and of its consolidated financial performance and its consolidated cash flows for the for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with 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"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material Uncertainty Related to Going Concern*

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of RMB110,490,430 for the year ended 31 December, 2023 and had accumulated losses of RMB215,714,488 as at 31 December, 2023. The Group was in a net current liabilities position of RMB5,415,526 as at 31 December 2023. These conditions, along with other matters as set forth in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Other Information*

The directors are responsible for the other information. The other information comprises the information included in the directors' report but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we have obtained the directors' report but have not obtained the remaining other information included in the annual report (the "Remaining Other Information"), which is expected to be made available to us after that date.


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# INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

*Other Information (continued)*

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.

When we read the Remaining Other Information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit and Risk Management Committee and take appropriate action considering our legal rights and obligations.

*Responsibilities of Directors and Those Charged with Governance 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 "HKFRSs" issued by the HKICPA and 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 responsible for overseeing the Group's financial reporting process. The Audit and Risk Management Committee assists the directors in discharging their responsibility in this regard.

*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, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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.

# INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

*Auditor's Responsibilities for the Audit of the consolidated financial statements (continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment 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.

We communicate with the Audit and Risk Management 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.


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# INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

*Auditor's Responsibilities for the Audit of the consolidated financial statements (continued)*

We also provide the Audit and Risk Management Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 directors, 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.

Fan, Chan & Co.

Fan, Chan & Co. Limited
Certified Public Accountants
Leung Kwong Kin
Practising Certificate Number P03702

Hong Kong, 17 June 2024


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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2023

| | Notes | 2023<br>RMB | 2022<br>RMB<br>(Restated) |
|---|---|---|---|
| Revenue | 7 | 280,690,554 | 236,323,981 |
| Cost of sales | | (7,404,448) | (8,308,318) |
| Gross profit | | 273,286,106 | 228,015,663 |
| Other revenue | 8 | 2,542,988 | 3,070,452 |
| Other gains and losses, net | 9 | 230,445 | (4,353,615) |
| Selling and distribution expenses | | (274,534,003) | (213,720,794) |
| Administration expenses | | (38,539,707) | (41,139,039) |
| Loss arising from derecognition of financial assets measured at amortised cost | 21(b) | (50,000,000) | (24,192,243) |
| Loss on disposal of a subsidiary | 33 | (4,445,656) | - |
| (Provision)/reversal for impairment losses on trade and other receivables | 37(a) | (2,714,146) | 313,503 |
| Operating loss | | (94,173,973) | (52,006,073) |
| Finance costs | 10 | (15,186,208) | (14,121,033) |
| Loss before income tax | 11 | (109,360,181) | (66,127,106) |
| Tax (expense)/credit | 13 | (1,130,249) | 2,850,726 |
| **Loss for the year and total comprehensive income for the year** | | (110,490,430) | (63,276,380) |
| **Loss per share (RMB)** | 14 | | |
| - Basic | | (0.095) | (0.055) |
| - Diluted | | (0.095) | (0.055) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
# FOR THE YEAR ENDED 31 DECEMBER, 2023

| | Notes | 2023<br>RMB | 2022<br>RMB<br>(Restated) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | 7,811,301 | 3,621,291 |
| Intangible assets | 17 | 31,116,574 | 32,823,201 |
| Goodwill | 18 | - | - |
| Other receivables | 21 | 86,000,000 | 114,000,000 |
| | | 124,927,875 | 150,444,492 |
| **Current assets** | | | |
| Inventories | 20 | 7,155,787 | 6,016,518 |
| Trade and other receivables | 21 | 244,697,301 | 257,178,749 |
| Amount due from a related party | 19 | - | 30,687 |
| Amount due from a director | 19 | 160,000 | 760,000 |
| Tax recoverable | | 4,355,850 | 4,355,850 |
| Cash and cash equivalents | 22 | 17,347,124 | 27,403,569 |
| | | 273,716,062 | 295,745,373 |
| Assets of disposal group classified as held for sale | 23 | 9,355,266 | - |
| | | 283,071,328 | 295,745,373 |
| **Current liabilities** | | | |
| Trade and other payables | 24 | 83,508,709 | 47,577,818 |
| Contract liabilities | 7 | 66,454,968 | 77,625,572 |
| Amount due to a related party | 19 | 308,986 | - |
| Bank and other loans | 25 | 129,862,500 | 102,462,500 |
| Lease liabilities | 29 | 2,300,998 | 1,934,618 |
| Taxation | | 110,949 | 165,546 |
| | | 282,547,110 | 229,766,054 |
| Liabilities of disposal group classified as held for sale | 23 | 5,939,744 | - |
| | | 288,486,854 | 229,766,054 |
| **Net current (liabilities)/assets** | | (5,415,526) | 65,979,319 |
| **Total assets less current liabilities** | | 119,512,349 | 216,423,811 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2023

| | Notes | 2023 RMB | 2022 RMB (Restated) |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Lease liabilities | 29 | 3,268,508 | - |
| Bank and other loans | 25 | 10,000,000 | - |
| Deferred tax liabilities | 26 | 4,008,154 | 3,258,077 |
| | | 17,276,662 | 3,258,077 |
| Net assets | | 102,235,687 | 213,165,734 |
| **Equity** | | | |
| Share capital | 27 | 313,675,893 | 313,675,893 |
| Reserves | 28 | (211,440,206) | (100,510,159) |
| Total equity | | 102,235,687 | 213,165,734 |

The consolidated financial statements were approved by the Board of Directors on 17 June 2024.

Ross Kenneth Benson
Director

Zhang Li
Director

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER, 2023

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Operating activities** | | |
| Loss before tax | (109,360,181) | (66,127,106) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,166,977 | 4,302,803 |
| Loss/(gain) on lease modification | 57,664 | (417,991) |
| Gain on disposal of property, plant and equipment | (304,034) | - |
| Amortisation of intangible assets | 1,706,627 | 2,264,900 |
| Interest income | (183,215) | (178,654) |
| Interest expense | 15,186,208 | 14,121,033 |
| Impairment loss on other intangible assets | - | 15,000,000 |
| Provision/(reversal) for impairment loss of trade receivables | 2,714,146 | (313,503) |
| Loss arising from derecognition of financial assets measured at amortised cost | 50,000,000 | 24,192,243 |
| Loss on disposal of a subsidiary | 4,445,656 | - |
| Exchange loss, net | 15,926 | 47,713 |
| **Operating loss before changes in working capital** | (32,554,226) | (7,108,562) |
| Increase in inventories | (1,139,269) | (642,608) |
| (Increase)/decrease in trade and other receivables | (21,568,931) | 8,883,289 |
| Increase in trade and other payables and contract liabilities | 25,701,010 | 4,131,896 |
| Increase/(decrease) in amount due to a related party | 339,673 | (10,409) |
| **Cash flow (used in)/generated from operations** | (29,221,743) | 5,253,606 |
| Interest received | 183,215 | 178,654 |
| Income tax paid | (336,653) | (711,233) |
| **Cash flow (used in)/generated from operating activities** | (29,375,181) | 4,721,027 |

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER, 2023

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Investing activities** | | |
| Purchase of property, plant and equipment | (1,532,036) | (165,138) |
| Proceeds from disposal of property, plant and equipment | 365,487 | - |
| Disposal of a subsidiary | (2,554) | - |
| Purchase of intangible assets | - | (147,080) |
| **Cash flow used in investing activities** | (1,169,103) | (312,218) |
| **Financing activities** | | |
| Interest paid | (15,186,208) | (14,121,033) |
| Proceeds from/(repayment of) advance from a director | 600,000 | (800,000) |
| Proceeds from borrowings | 134,862,500 | 149,662,500 |
| Repayments of borrowings | (97,462,500) | (136,200,000) |
| Repayment of principal portion of lease liabilities | (2,309,180) | (3,251,542) |
| **Cash flow generated from/(used in) financing activities** | 20,504,612 | (4,710,075) |
| **Net decrease in cash and cash equivalents** | (10,039,672) | (301,266) |
| Cash and cash equivalents at the beginning of the year | 22,403,569 | 22,752,548 |
| Effect of exchange rate changes on cash and cash equivalents | (15,926) | (47,713) |
| **Cash and cash equivalents at the end of the year** | 12,347,971 | 22,403,569 |
| **Analysis of the balances of cash and cash equivalents:** | | |
| Cash and bank balances as stated in the consolidated statement of financial position | 12,347,124 | 22,403,569 |
| Attributable to assets held for sale | 847 | - |
| | 12,347,971 | 22,403,569 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER, 2023

| | Share capital RMB (Note 27) | Statutory reserve* RMB (Note 28) | Other reserve* RMB (Note 28) | Accumulated losses* RMB | Total RMB |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | 313,675,893 | 6,557,744 | (2,500,000) | (39,247,401) | 278,486,236 |
| Adjustments (note 2) | - | - | - | (2,044,122) | (2,044,122) |
| **Balance at 1 January 2022(restated)** | 313,675,893 | 6,557,744 | (2,500,000) | (41,291,523) | 276,442,114 |
| Loss for the year and total comprehensive expense for the year | - | - | - | (63,276,380) | (63,276,380) |
| Transfer to statutory reserve | - | 536,979 | - | (536,979) | - |
| **Balance at 31 December 2022(restated)** | 313,675,893 | 7,094,723 | (2,500,000) | (105,104,882) | 213,165,734 |
| Loss for the year and total comprehensive expense for the year | - | - | - | (110,490,430) | (110,490,430) |
| Disposal of a subsidiary (note 33) | - | (439,617) | - | - | (439,617) |
| Transfer to statutory reserve | - | 119,176 | - | (119,176) | - |
| **Balance at 31 December 2023** | 313,675,893 | 6,774,282 | (2,500,000) | (215,714,488) | 102,235,687 |

* These reserve accounts comprise the consolidated deficit of RMB211,440,206 (2022: consolidated deficit of RMB100,510,159) in the consolidated statement of financial position.

## 1. General information

99 Loyalty Limited ("the Company") is a limited company incorporated in Hong Kong. The principal place of business is located at 3F, Hong Kong Prosperity Tower, Meng Zi Rd, Huangpu District, Shanghai, 200023. The address of the registered office is located at 27/F., Alexandra House, 18 Chater Road, Central, Hong Kong.

During the year, the principal activity of the Company is investment holding. The principal activities of subsidiaries are described in note 32 to the financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter.

## 2. Application of amendments to Hong Kong Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (""HKFRSs"") and all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collectively includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

In the current year, the Group has applied the following new and amendments to HKFRSs issued by HKICPA that are first effective for the current accounting period of the Group:

- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), *Insurance Contracts*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12 *International Tax Reform- Pillar Two model Rules*

Except the amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the application of other amendments to the standards listed above in the current year has had no material effect on the Group's financial performance and positions for the current and prior year and on the disclosures set out in these consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

## 2. Application of amendments to Hong Kong Financial Reporting Standards(continued)

Impacts of the application of the amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, are discussed below:

### Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

### Impacts of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the consolidated financial statements

The following table summarises the impacts of the changes in accounting policies as a result of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's consolidated statement of profit or loss and other comprehensive expense and loss per share, are as follows:

| | As previously reported RMB | ROU assets Adjustments RMB | As restated RMB |
|---|---|---|---|
| **Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:** | | | |
| **Continuing operations** | | | |
| Loss before taxation | (66,127,106) | - | (66,127,106) |
| Income tax (expense)/credit | 1,305,260 | 1,545,466 | 2,850,726 |
| Loss for the year and total comprehensive expense for the year | (64,821,846) | 1,545,466 | (63,276,380) |
| Loss for the year attributable to owners of the Company | (64,821,846) | 1,545,466 | (63,276,380) |
| Loss per share-basic | (0.056) | 0.001 | (0.055) |

**2. Application of amendments to Hong Kong Financial Reporting Standards(continued)**

***New and amendments to HKFRSs that are mandatorily effective for the current year(continued)***

**Impacts of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the consolidated financial statements(continued)**

The following table summarises the impacts of the changes in accounting policies as a result of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's consolidated statement of financial position at the end of the immediately preceding financial year, i.e. 31 December 2022 and the beginning of the comparative period, 1 January 2022, are as follows:

| | 31/12/2022 (Original stated) RMB | ROU assets Adjustments RMB | 31/12/2022 (Restated) RMB |
|---|---|---|---|
| Deferred tax liabilities | (2,759,421) | (498,656) | (3,258,077) |
| **Total effects on the net assets** | **213,664,390** | **(498,656)** | **213,165,734** |
| Accumulated losses | (104,606,226) | (498,656) | (105,104,882) |
| **Total effects on equity** | **213,664,390** | **(498,656)** | **213,165,734** |

| | 1/1/2022 (Original stated) RMB | ROU assets Adjustments RMB | 1/1/2022 (Restated) RMB |
|---|---|---|---|
| Deferred tax liabilities | (5,372,944) | (2,044,122) | (7,417,066) |
| **Total effects on the net assets** | **278,486,236** | **(2,044,122)** | **276,442,114** |
| Accumulated losses | (39,247,401) | (2,044,122) | (41,291,523) |
| **Total effects on equity** | **278,486,236** | **(2,044,122)** | **276,442,114** |

## 2. Application of amendments to Hong Kong Financial Reporting Standards(continued)

***New and amendments to HKFRSs in issue but not yet effective***

The Group has not applied the following new and amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs would have a material impact on its results of operations and financial position:

| | Effective for accounting periods beginning on or after |
|---|---|
| ● Amendments to HKFRS 10 and HKAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | *To be determined* |
| ● Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback* | 1 January, 2024 |
| ● Amendments to HKAS 1, *Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)* | 1 January, 2024 |
| ● Amendments to HKAS 1, *Non-current Liabilities with Covenants* | 1 January, 2024 |
| ● Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements* | 1 January, 2024 |
| ● Amendments to HKAS 21, *Lack of Exchangeability* | 1 January, 2025 |

## 3. Going concern

The Group incurred a net loss of RMB110,490,430 for the year ended 31 December, 2023 and had accumulated losses of RMB215,714,488 as at 31 December, 2023. The Group was in a net current liabilities position of RMB5,415,526 as at 31 December 2023. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis after taking into consideration of the following circumstances and financial arrangements:

- Subsequent to the end of the reporting period, the Group has obtained additional bank borrowings of RMB15,000,000 which will expire on 29 March 2025;

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

1. The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations. The Directors plan to improve the Group's financial performance by various measures of cost control such as taking steps to reduce discretionary expenses and administrative costs;

2. The Group is in the process of negotiating with banks to refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;

3. The Group is actively considering raising new capital by carrying out fund raising activities including but not limited up to rights issue, open offer, placing of new shares and issuance of convertible note.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

There is a material uncertainty related to the outcomes of the above events or conditions that may cast significant doubt on the Group's ability to continue as a going concern, and, therefore that the Group may not be able to realise in assets and discharge its liabilities in the normal course of business. Should the Group be unable to continue its business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of such adjustments has not yet been reflected in the financial statements.

## 4. Significant accounting policies

### Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are stated at their fair values, as explained in the respective accounting policy as set out below.

The preparation of the consolidated financial statements in conformity with HKFRSs and "HKFRSs" 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 "HKFRSs" and HKFRSs that have significant effect on the consolidated financial statements and estimates with significant risk of material adjustments are discussed in note 5.

## 4. Significant accounting policies (continued)

### Subsidiaries and non-controlling interests

Subsidiaries are 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.

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 and transactions 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 their 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 other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the equity shareholders of the Company.

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.

When the Group loses control of a subsidiary and the disposal is made to a third party, 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. When the disposal is made to another entity which is under common control, the resulting gain or loss is regarded as a capital injection from or deemed distribution to that entity. 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.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses.

## 4. Significant accounting policies (continued)

### Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of business combination is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus amount of any non-controlling interests in the acquiree. Acquisition-related costs are charged to profit or loss in the period in which the costs are incurred and the services are received. The estimated amount for contingent consideration of business combination that is probable and can be measured reliably will be adjusted in cost of business combination. The accounting policy in respect of goodwill arising on business combination is set out in note 3(k) to consolidated financial statements.

If the Group's interests in the net fair value of the acquiree's identifiable assets and liabilities and provisions for contingent liabilities recognised in accordance with HKFRS 3: Business Combinations exceed the cost of the business combination, the Group shall reassess the identification and measurement of the acquiree's identifiable assets acquired and liabilities assumed, non-controlling interests in the acquiree, and the measurement of the cost of the business combination. If, after reassessment, the Group's interests in the net fair value of the acquiree's identifiable assets and liabilities still exceed the cost of the business combination, the excess, being the gain on bargain purchase, is recognised immediately in profit or loss.

### Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

## 4. Significant accounting policies (continued)

### Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods and services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The property, plant and equipment are depreciated using the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| Leasehold improvements | The shorter of lease terms and 5 years |
| Electronic and office equipment | 3 years |
| Motor vehicles | 4 years |
| Buildings leased for own use | Lease terms |

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation on property, plant and equipment is provided to write off the cost of items over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the item) is included in profit or loss in the year in which the item is derecognised.

### Financial instruments

#### *Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), 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.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

## 4. Significant accounting policies (continued)

**Financial instruments (continued)**

***Financial assets (continued)***

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. 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 other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

## 4. Significant accounting policies (continued)

**Financial instruments (continued)**

***Financial assets (continued)***

***Impairment loss on financial assets***

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables, and financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group applies simplified approach in HKFRS 9 to measure loss allowance for all trade receivables at an amount equal to lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a default event occurs when: (1) 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 (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group considers a financial asset to be 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 borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

**4. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Impairment loss on financial assets (continued)***

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

***Financial liabilities***

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, amount due to a director and bank and other loans, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

*Equity instrument*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Under the Hong Kong Companies Ordinance, Cap. 622, shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares is credited to share capital. Commissions and expenses are allowed to be deducted from share capital.

*Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

## 4. Significant accounting policies (continued)

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in-first-out basis. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for lifetime expected credit losses, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at amortised cost less allowance for 12 month expected credit losses.

### 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, with original maturities of three months or less.

### Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost. They are included in current liabilities, except for the amounts that are settled or expected to be paid more than 12 months after the end of the reporting period. These are classified as non-current liabilities.

### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

## 4. Significant accounting policies (continued)

### Leases

### Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

### The Group as a lessee

Except for the recognition exemption, if applicable, right-of-use assets ("ROU assets") and lease liabilities are recognised for all contracts that are, or contain, leases of identified assets at the commencement date of leases. Right-of-use assets are initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Depreciation is calculated using the straight-line method to write off the depreciable amount of each right-of-use asset to profit or loss unless it is included in the carrying amount of another asset. If the ownership of the identified asset will be transferred to the Group by the end of the lease term or the Group will exercise a purchase option, depreciation shall be allocated over the estimated useful life of the right-of-use assets; otherwise, depreciation shall be allocated over the shorter of lease term or the estimated useful life of the right-of-use assets.

The Group applies the short-term lease recognition exemption to leases of vehicles, equipment and furniture and fixtures that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position. The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease liabilities are initially measured at the present value of unpaid lease payments using interest rate implicit to the lease or, if undeterminable, lessee's incremental borrowing rates and subsequently adjusted with interest on and the settlement of the lease liabilities, and the remeasurement arising from any reassessment of the lease liabilities or lease modifications.

*Lease modifications*

the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

## 4. Significant accounting policies (continued)

### Leases (continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

### Revenue

Revenue recognition

*Commission and service income*
Commission and service income is derived from various comprehensive services such as provision of mobile recharge, online game recharge and merchandise sourcing services on mobile and online marketplaces in the Peoples' Republic of China (the "PRC"). Revenue is recognised upon on the completion of sourcing services.

*Sale of merchandises*

The Group's contracts with customers for the sale of merchandises generally include one performance obligation. The Group has concluded that revenue from sale of merchandises should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the merchandises.

No element of financing is deemed present as the revenue are generally made with a credit term of 0 to 45 days, which is consistent with market practice.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of services and sale of merchandises requires judgements and considerations of all relevant facts and circumstances. The Group is a principal in a transaction if the Group obtains control of services/merchandises provided before they are transferred to customers. If control is unclear, when the Group is primarily responsible for fulfilling the promise to provide the specified good or service in a transaction, has inventory risk and/or has latitude in establishing price and selecting supplier, or has several but not all of these indicators, the Group records revenues on a gross basis. Otherwise, the Group records the net amount earned.

Contract liability

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## 4. Significant accounting policies (continued)

### Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss, it is not accounted for.

The deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured based on the expected manner as to how the properties will be recovered.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

### Employee benefits

Salaries, 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 value.

Provision for long service payment is recognised in respect of probable future long services payment expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their services to the Group at the end of the reporting period.

## 4. Significant accounting policies (continued)

### Foreign currencies

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposals of group companies, the exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the profit or loss on disposals.

### Intangible assets (other than goodwill)

Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

| | |
|---|---|
| Licensing arrangement | 30 years |
| Insurance license | 25 years |
| Computer software | 3 to 4 years |

**4. Significant accounting policies (continued)**

**Intangible assets (other than goodwill) (continued)**

Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

**Related parties**

A person or an entity is related to the Group if:

(a) 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.

(b) 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 (a).
 (vii) A person identified in (a)(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 Company or to the Company'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.

**4. Significant accounting policies (continued)**

**Impairment of assets (other than financial assets)**

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- investments in subsidiaries; and
- goodwill.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, 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.

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Provisions and contingent liabilities**

Provisions are recognised for other liabilities of uncertain timing or amount 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.

## 4. Significant accounting policies (continued)

### Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the grant is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments/deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

## 5. Critical accounting estimates and judgements

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results 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.

Except as discussed below, the directors of the Company are of the opinion that there are no significant effects on amounts recognised in the financial statements arising from the judgement used by management.

### Revenue recognition for m-Commerce transaction business

Certain m-Commerce transactions for mobile recharge, online game recharge, and merchandise sourcing services are recognised on a net basis. In assessing the recognition basis, the management concluded that the Group did not obtain control of goods or services provided before they are transferred to customers, while the Group mainly offers the service in sourcing the content providers on behalf of the customers, collecting money on behalf of the content providers as well as customer service to end users through the mobile marketplace. Therefore, the management reports the revenue of these m-Commerce transactions on a net basis.

### Income taxes

The Group is subject to income taxes in the jurisdiction it operates. Significant judgement is required in determining the amount of provision for income taxes as well as deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

## 5. Critical accounting estimates and judgements (continued)

**Depreciation and amortisation**

Property, plant and equipment are depreciated and intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual values. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

**Impairment assessment of property, plant and equipment and intangible assets**

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment and intangible assets, recoverable amounts of these assets need to be determined. The recoverable amount is the greater of the fair value less costs of disposal and the value-in-use. It is difficult to precisely estimate fair value less costs of disposal because quoted market prices for these assets may not be readily available. In determining the value-in-use, expected cash flows generated by the assets are discounted to their present values, which require significant judgement relating to items such as level of sales, selling price, amount of operating costs and discount rate. The Group uses all readily available information in determining amounts that are reasonable approximations of recoverable amounts, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and amount of operating costs.

**Impairment assessment of trade and other receivables**

In considering the impairment losses that may be required for receivables, future cash flows need to be determined. One of the key assumptions that have to be applied is the ability of the debtors to settle the receivables. Although the Group has used all available information to make this estimation, inherent uncertainty exists and actual may be different from the amount estimated.

## 6. Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group's operating activities are attributable to a single operating segment focusing on provision of offering various services.

The Group's chief operating decision maker monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information on assets and liabilities is presented.

Geographical information

All of the Group's operations and assets are located in the PRC (including Hong Kong), in which all of its revenue was derived.

Information about major customers

No revenue are derived from customers which individually contributed more than 10% to the Group's revenue for the year ended 31 December 2022 and 2023.

## 7. Revenue

Revenue includes the net invoiced value of goods sold and commission income earned by the Group. Revenue from contracts with customer within the scope of HKFRS 15 during the year are disaggregated by each significant category of revenue and timing of revenue recognition as follows:

Significant category

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Revenue from contracts with customers** | | |
| - Commission and service income | 272,512,248 | 227,483,501 |
| - Sale of merchandises | 8,178,306 | 8,840,480 |
| | 280,690,554 | 236,323,981 |

Timing of revenue recognition

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Revenue recognised at point in time | 280,690,554 | 236,323,981 |

The following table provides information about trade receivables and contract liabilities from contracts with customers:

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Receivables(note 21) | 106,433,093 | 105,386,691 |
| Contract liabilities | 66,454,968 | 77,625,572 |

The contract liabilities mainly relate to the advance considerations received from customers. Contract liabilities as at 1 January 2023 was RMB77,625,572 (1 January 2022: RMB61,605,971), of which RMB77,625,572 (2022: RMB61,605,971) was recognised as revenue during the year and the contract liabilities as at 31 December 2023 was arising from the advance considerations received from customers.

The Group has applied the practical expedient and decided not to disclose the amount of the remaining performance obligations for contracts as performance obligations under the contracts had an original expected duration of one year or less.

## 8. Other revenue

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Interest income - Bank deposits | 183,215 | 178,654 |
| Government grants* | 1,652,677 | 1,367,104 |
| Others | 707,096 | 1,524,694 |
| | 2,542,988 | 3,070,452 |

* The Group received unconditional discretionary grants from the relevant PRC government authorities in support of enterprises operating in specified industry.

## 9. Other gain and losses, net

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Exchange (loss)/gain, net | (15,926) | (47,713) |
| Reversal of Value-added Tax ("VAT") payable (note 2) | - | 10,224,994 |
| Impairment loss on other intangible assets | - | (15,000,000) |
| (Loss)/gain on lease modification | (57,663) | 417,991 |
| Gain on disposal of property, plant and equipment | 304,034 | - |
| Gain on deregistration of subsidiaries | - | 51,113 |
| | 230,445 | (4,353,615) |

## 10. Finance costs

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Interest on bank loans | 10,369,310 | 197,480 |
| Interest on other loans | 4,487,092 | 13,601,555 |
| Interest on lease liabilities | 329,806 | 321,998 |
| | 15,186,208 | 14,121,033 |

## 11. Loss before income tax

Loss before income tax is arrived at after charging:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Auditor's remuneration | 238,000 | 264,000 |
| Cost of inventories recognised as an expense | 7,404,448 | 8,308,318 |
| Employee costs (including directors) comprise: | | |
| - Contribution on defined contribution retirement plan | 7,103,032 | 8,824,333 |
| - Salaries and staff benefits | 26,957,244 | 34,084,298 |
| | 34,060,276 | 42,908,631 |
| Short-term leases expenses | 233,240 | 400,878 |
| Amortisation of intangible assets (note 17) | 1,706,627 | 2,264,900 |
| Depreciation of property, plant and equipment (note 16) | | |
| - Owned property, plant and equipment | 675,977 | 1,158,399 |
| - Right-of-use-assets | 2,491,000 | 3,144,404 |
| | 3,166,977 | 4,302,803 |

## 12. Benefits and interests of directors

The following information is disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation as follows:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Directors' fees | 271,343 | 1,065,220 |
| Salaries, bonuses, allowances and benefits | - | 1,886,520 |
| Contribution on defined contribution retirement plan | - | 298,564 |
| | 271,343 | 3,250,304 |

## 13. Taxation

| | 2023 RMB | 2022 RMB (Restated) |
|---|---|---|
| Current tax – PRC | | |
| - Tax for the year | 380,172 | 130,755 |
| Deferred tax (note 26) | 750,077 | (2,981,481) |
| | 1,130,249 | (2,850,726) |

Hong Kong Profits Tax is calculated at 16.5% (2022: 16.5%) on estimated assessable profits arising in Hong Kong, except the first HK$2,000,000 of qualified entity's assessable profit is calculated at 8.25% (2022: 8.25%). No provision for Hong Kong Profits Tax has been made as the Company had no assessable profits for the year.

PRC Enterprise Income Tax ("EIT") is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof. By reference to the EIT Law of the PRC as approved by the National People's Congress on 16 March 2007, EIT rate applicable to PRC group companies for the current year is 25% (2022: 25%).

Shanghai Handpal Information Technology Co., Ltd. ("Shanghai Handpal") and Shanghai Handqian Information Technology Co., Ltd. ("Shanghai Handqian") has been accredited as a High-tech Enterprise by the Accrediting Bodies under the Administrative Measures for Determination of High and New Technology Enterprises on 2 December 2019 and is subject to preferential tax rate of 15% for three years commencing from 1 January 2019, on the condition that the annual written approval from the relevant government authorities is obtained.

During the year ended 31 December 2023, the validity period of Shanghai Handpal's High-tech Enterprise certification has been extended from 1 January 2022 to 31 December 2024.

The income tax expense for the year can be reconciled to the loss per the consolidated statement of comprehensive income as follows:

| | 2023 RMB | 2022 RMB (Restated) |
|---|---|---|
| Loss before income tax | (109,360,181) | (66,127,106) |
| Tax calculated at the PRC EIT | (27,340,045) | (16,531,777) |
| Effect of non-taxable and non-deductible items, net | 15,156,536 | 7,271,344 |
| Effect of tax losses not recognised | 8,311,526 | 6,421,361 |
| Others | 5,002,232 | 1,533,812 |
| | 1,130,249 | (1,305,260) |

## 14. Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

Loss

| | 2023<br>RMB | 2022<br>RMB<br>(Restated) |
|---|---|---|
| Loss for the purposes of basic earnings per share | (110,490,430) | (63,276,380) |
| Effect of dilutive potential ordinary shares - call options | - | - |
| Loss for the purpose of diluted earnings per share | (110,490,430) | (63,276,380) |

Number of shares

| | 2023 | 2022 |
|---|---|---|
| Weighted average number of ordinary shares for the purpose of basic loss per share | 1,159,682,763 | 1,159,682,763 |
| Effect of dilutive potential ordinary shares - call options | - | - |
| Weighted average number of ordinary shares for the purpose of diluted loss per share | 1,159,682,763 | 1,159,682,763 |

## 15. Dividend

No dividend was paid or proposed during the year ended 31 December 2022 and 2023, nor has any dividend been proposed since the end of reporting period.

## 16. Property, plant equipment

| | Leasehold improvements | Electronic and office equipment | Motor vehicle | ROU assets | Total |
|---|---|---|---|---|---|
| | RMB | RMB | RMB | RMB | RMB |
| **Cost** | | | | | |
| At 1 January, 2022 | 5,095,382 | 12,315,386 | 1,764,560 | 17,815,204 | 36,990,532 |
| Additions | 165,138 | - | - | - | 165,138 |
| Effect of lease modification | - | - | - | (3,037,458) | (3,037,458) |
| At 31 December, 2022 | 5,260,520 | 12,315,386 | 1,764,560 | 14,777,746 | 34,118,212 |
| Additions | - | 103,008 | 1,429,027 | 6,703,461 | 8,235,496 |
| Write off | - | - | - | (13,960,689) | (13,960,689) |
| Disposal | - | - | (1,229,059) | - | (1,229,059) |
| Effect of lease modification | - | - | - | (817,057) | (817,057) |
| At 31 December, 2023 | 5,260,520 | 12,418,394 | 1,964,528 | 6,703,461 | 26,346,903 |
| **Accumulated depreciation** | | | | | |
| At 1 January, 2022 | (4,316,848) | (10,914,067) | (1,324,486) | (9,638,717) | (26,194,118) |
| Charge for the year | (180,939) | (850,225) | (127,235) | (3,144,404) | (4,302,803) |
| At 31 December, 2022 | (4,497,787) | (11,764,292) | (1,451,721) | (12,783,121) | (30,496,921) |
| Charge for the year | (314,850) | (35,829) | (325,298) | (2,491,000) | (3,166,977) |
| Write off | - | - | - | 13,960,689 | 13,960,689 |
| Disposal | - | - | 1,167,607 | - | 1,167,607 |
| At 31 December, 2023 | (4,812,637) | (11,800,121) | (609,412) | (1,313,432) | (18,535,602) |
| **Net book value** | | | | | |
| At 31 December, 2023 | 447,883 | 618,273 | 1,355,116 | 5,390,029 | 7,811,301 |
| At 31 December, 2022 | 762,733 | 551,094 | 312,839 | 1,994,625 | 3,621,291 |

## 17. Intangible assets

| | Licensing arrangement RMB (note (b)) | Insurance license RMB (note (c)) | Computer software RMB | Total RMB |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January, 2022 | 55,760,000 | 27,000,000 | 6,232,644 | 88,992,644 |
| Additions | - | - | 147,080 | 147,080 |
| At 31 December, 2022 | 55,760,000 | 27,000,000 | 6,379,724 | 89,139,724 |
| Additions | - | - | - | - |
| At 31 December, 2023 | 55,760,000 | 27,000,000 | 6,379,724 | 89,139,724 |
| **Accumulated amortisation** | | | | |
| At 1 January, 2022 | (28,739,266) | (4,320,000) | (5,992,357) | (39,051,623) |
| Charge for the year | (839,534) | (1,080,000) | (345,366) | (2,264,900) |
| Impairment loss | (15,000,000) | - | - | (15,000,000) |
| At 31 December, 2022 | (44,578,800) | (5,400,000) | (6,337,723) | (56,316,523) |
| Charge for the year | (598,627) | (1,080,000) | (28,000) | (1,706,627) |
| Impairment loss | - | - | - | - |
| At 31 December, 2023 | (45,177,427) | (6,480,000) | (6,365,723) | (58,023,150) |
| **Carrying amounts** | | | | |
| At 31 December, 2023 | 10,582,573 | 20,520,000 | 14,001 | 31,116,574 |
| At 31 December, 2022 | 11,181,200 | 21,600,000 | 42,001 | 32,823,201 |

Notes:

(a) Amortisation expenses have been included in:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Consolidated statement of profit or loss and other comprehensive income: | | |
| - Administration expenses | 1,706,627 | 2,264,900 |

**17. Intangible assets (continued)**

(b) In accordance with a licensing agreement entered into between the Group and Shanghai Handpay Information & Technology Co., Ltd ("Handpay") in 2013 and the relevant supplementary agreements entered into in 2015 (together the "Handpay Service Agreements"), the Group acquired all rights, title and interest to the operating results of mobile marketplace. The licensing period is 30 years and RMB55,760,000 was paid by the Group to Handpay in 2013 in accordance with the Handpay Service Agreements. As at 31 December 2023, the licensing agreement has a remaining amortisation period of 19 years (2022: 20 years).

99 mobile marketplace conducts its business mainly in business to business to consumer platforms by linking business partners ("Business Partners") and merchants ("Merchants"), which forms the underlying platforms of all principal business of the Group. Business Partners include large scale companies from the banking, finance, insurance and telecommunication sectors with strong customer bases and merchant resources. Merchants include telecommunication companies, online game providers and travel agents which can provide goods or service to customers through 99loyaltytech.com mobile marketplace.

(c) In 2017, the Group entered into an equity transfer agreement and a series of supplementary agreements (together the "Beijing Dingli Agreements") with the shareholders of Beijing Dingli Insurance Brokers Limited ("Beijing Dingli") ("Dingli Vendors") to acquire 95% equity interests of Beijing at a consideration of RMB27,000,000.

Beijing Dingli is principally engaged in provision of agency services on insurance products in the PRC. The directors have assessed and considered the major asset as obtained from the acquisition of Beijing Dingli was an insurance brokerage license (the "Insurance License"), which would enhance the diversity and flexibility of insurance services and products offered on 99loyaltytech.com mobile marketplace.

In accordance with the Beijing Dingli Agreements, the operations, assets (excluding the Insurance License and a restricted bank balance (note 22) and liabilities of Beijing Dingli existed on the acquisition completion date are beneficially owned by Dingli Vendors after the acquisition completion date whilst Dingli Vendors will not be entitled to any profit or loss of Beijing Dingli after the acquisition completion date irrespective of their holding of 5% equity interests in Beijing Dingli.

In accordance with the Beijing Dingli Agreements, the operations, assets (excluding the Insurance License and a restricted bank balance (note 22) and liabilities of Beijing Dingli existed on the acquisition completion date are beneficially owned by Dingli Vendors after the acquisition completion date whilst Dingli Vendors will not be entitled to any profit or loss of Beijing Dingli after the acquisition completion date irrespective of their holding of 5% equity interests in Beijing Dingli.

As at 31 December 2023, the Insurance License has a remaining amortisation period of 19 years (2022: 20 years).

(d) During the year ended 31 December 2023, management of the Group identified impairment indicator of other intangible assets due to decline performance of the CGU in relation to the Group's provision of services via online marketplace. The Group assessed the recoverable amount of the other intangible assets allocated to the CGU and as a result the carrying amount of the other intangible assets was written down to its recoverable amount. Accordingly no impairment loss on other intangible assets was recognised for the year ended 31 December 2023 (2022: RMB15,000,0000).

## 18. Goodwill

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Cost | | |
| As at 1 January and 31 December | 3,440,400 | 3,440,400 |
| Accumulated impairment losses | | |
| As at 1 January and 31 December | (3,440,400) | (3,440,400) |
| Carrying amount | - | - |

For the purpose of impairment testing, goodwill is allocated to the CGU in relation to the Group's provision of services via online marketplace in the PRC.

As at 31 December 2021, the recoverable amount of the CGU has been determined from value-in-use calculation based on cash flow projections from formally approved budgets covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 22%. Cash flows beyond the five-year period are extrapolated using an estimated average growth rate of 5%, which does not exceed the long-term growth rate for the mobile payment industry in the PRC. The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. Average annual growth rate over the five-year forecast period is based on past performance and management's expectations of market development.

Due to decline performance of the CGU in relation to the Group's provision of services via online marketplace, an impairment loss on goodwill of RMB3,440,400 was recognised for the year ended 31 December 2021 to write down the CGU to its recoverable amount of RMB189,000,000.

## 19. Amount due (to)/from a related party and amount due to a director

(a) The amount due (to)/from a related party represent an amount due (to)/from Superio Pty Limited in which Mr Ross Benson, is the director and key management personnel of the Company, is the beneficial owner. The balance is unsecured, interest-free and repayable on demand.

| Name of the related | 31 December 2023 RMB | Maximum amount outstanding during the year RMB | 31 December 2022 RMB | Maximum amount outstanding during the year RMB | 1 January 2022 RMB |
|---|---|---|---|---|---|
| Superio Pty Limited | (308,986) | - | 30,687 | 30,687 | 20,278 |

(b) As at 31 December 2023 and 2022, the amount due to a director represent an amount due to Zhang Li which was unsecured, interest-free and repayable on demand.

| Name of the director | 31 December 2023 RMB | Maximum amount outstanding during the year RMB | 31 December 2022 RMB | Maximum amount outstanding during the year RMB | 1 January 2022 RMB |
|---|---|---|---|---|---|
| Zhang Li | 160,000 | 760,000 | 760,000 | 760,000 | - |

## 20. Inventories

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Marketing merchandise | 7,155,787 | 6,016,518 |

## 21. Trade and other receivables

| | | 2023 RMB | 2022 RMB |
|---|---|---|---|
| **Non-current** | | | |
| Other receivable from Handpay | (b) | 86,000,000 | 114,000,000 |
| **Current** | | | |
| Trade receivables | (a) | 106,433,093 | 105,386,691 |
| Prepayments to suppliers | | 56,010,973 | 108,747,588 |
| Other prepayments | | 9,325,688 | 9,148,138 |
| Deposits | | 917,925 | 1,028,787 |
| Other receivables | | 71,985,128 | 10,867,545 |
| Other receivable from Handpay | (b) | 24,494 | 22,000,000 |
| | | 244,697,301 | 257,178,749 |

Notes:

(a) Trade receivables arose from m-Commerce transactions and mobile marketing business.

During the year, the Group discounted part of its trade receivables with full recourse to financial institutions. In the event of default by the debtors, the Group is obliged to pay the financial institutions the amount in default. Interest is charged ranging from 15% to 17% (2022: 15% to 17%) on the proceeds received from the financial institutions until the date the debtors pay. The Group is therefore exposed to the risks of credit losses and late payment in respect of the discounted debts.

As the Group retains substantially significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of these trade receivables, and includes the proceeds received from the discounting transactions as other loans (note 25c). At 31 December 2023, trade receivables of RMB58,787,050(2022: RMB20,000,000) have been legally transferred to the financial institutions. The carrying amount of the transferred assets and their associated liabilities approximates their fair values as at 31 December 2023 and 2022.

The Group did not have the authority to determine the disposition of the trade receivables under discounting transactions because these trade receivables have been transferred to the financial institutions legally.

## 21. Trade and other receivables (continued)

(b) Other receivable due from Handpay is mainly derived from the operation of 99 mobile marketplace. In accordance with the Handpay Service Agreements, during the transition period, Handpay would continue to perform all third party contracts entered into with respect to the 99loyaltytech.com mobile marketplace until renewal of existing contracts. Handpay also collects revenue and pay expenses on behalf of the Group.

On 31 December 2022 and 2023, the Company and Handpay agreed a modification on the terms of other receivable from Handpay of RMB196,378,870, under which modified other receivable from Handpay would be settled by instalments with maturity date extended to 30 June 2026 and 31 December 2029 respectively (the "Handpay Modification"). Except for the above, all other terms and conditions of modified other receivable from Handpay remain unchanged from the original terms.

In the opinion of the management, as the Handpay Modification results in a significant extension of the maturity date, it is a substantial modification and accounted for as derecognition of the original financial assets. The difference of RMB50,000,000 (2022: RMB24,192,243) between the carrying amount of the outstanding other receivable from Handpay of RMB136,000,00 (2022: RMB160,192,243) prior to the Handpay Modification and the amount recognised as new financial assets, being the fair value of the modified other receivable from Handpay, has been recognised in the consolidated statement of comprehensive income as loss arising from derecognition of financial asset measured at amortised cost during the year ended 31 December 2022 and 2021 respectively. The fair value of modified other receivable from Handpay at the date of the Handpay Modification determined by a firm of independent professional valuer, based on discounted cash flows method that does not only use data from observable markets, was RMB86,000,000 (2022: RMB136,000,000).

## 22. Cash and cash equivalents

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Cash and cash equivalents | 17,347,124 | 27,403,569 |
| Less: Deposit restricted for insurance brokerage work (note) | (5,000,000) | (5,000,000) |
| | 12,347,124 | 22,403,569 |

Note:
In accordance with relevant provision of Insurance Law of the PRC, Beijing Dingli has placed an amount equal to 10% of its paid-up capital as restricted deposits. On the condition that approval is obtained from China Insurance Regulatory Commission, the deposits can be withdrawn by the Group.

## 23. A disposal group classified as held for sale

During the year ended 31 December 2023, the Directors of the Company resolved to dispose of the entire issued share capital in 上海层畅信息技术有限公司, an indirect wholly-owned subsidiary of the Company ("Shanghai Cengchang") which carried out of provision of services on a mobile marketplace in PRC, and the Group entered into a sale and purchase agreements with an independent third party to dispose the equity interest in Shanghai Cengchang ("the Disposal I") at a consideration of RMBNil. The Directors expect it is highly probable that the assets and liabilities attributable to the business will be sold within twelve months and classified them as a disposal group held for sale and are presented separately in the consolidated statement of financial position.

On 2 January 2024, the Company completed the Disposal I. For details, please see note 39

.

The major classes of assets and liabilities in Splendor Group classified as held for sale are as follows:

| | 2023 |
|---|---|
| | RMB |
| Trade and other receivables | 4,573,003 |
| Amount due from Handpal | 4,781,416 |
| Cash and cash equivalents | 847 |
| | 9,355,266 |
| Other payables | 2,956,935 |
| Contract liabilities | 2,939,335 |
| Tax payables | 43,474 |
| | 5,939,744 |

## 24. Trade and other payable

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Trade payables | 41,285,645 | 26,224,115 |
| Accruals and other payables (note) | 42,223,064 | 21,353,703 |
| | 83,508,709 | 47,577,818 |

Note:

As at 31 December 2023, VAT amounted to RMBNil (2022: RMB10,224,994) was reversed in accordance with relevant regulation in the PRC and recognised as other gain for the year ended 31 December 2023 (note 9).

## 25. Bank and other loans

| | | 2023<br>RMB | 2022<br>RMB |
|---|---|---|---|
| **Current** | | | |
| Bank loan - secured | (a) | 10,000,000 | - |
| Bank loan - unsecured | (b) | 37,400,000 | 14,000,000 |
| Other loans - secured | (c) | 55,000,000 | 65,000,000 |
| Other loans - unsecured | (d) | 27,462,500 | 23,462,500 |
| | | 129,862,500 | 102,462,500 |
| **Non-current** | | | |
| Bank loan - unsecured | (b) | 10,000,000 | - |
| | | 139,862,500 | 102,462,500 |

The Group's bank and other loans are repayable as follows:

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Within one year or on demand | 129,862,500 | 102,462,500 |
| More than one year, but not exceeding two years | - | - |
| More than two year, but not exceeding five years | 10,000,000 | - |

## 25. Bank and other loans (continued)

The carrying amounts of the Group's bank and other loans are denominated in the following currency:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| RMB | 139,862,500 | 102,462,500 |

Notes:

(a) As at 31 December 2023, the effective interest rate of the Group's secured bank loan was 3.45% per annum (2022:Nil).

As at 31 December 2023, the Group's secured bank loan was guaranteed by Zhang Ying Jin and his wife and was secured against intangible assets with a total carrying amount as at 31 December 2023 of approximately RMB10.6 million (2022:Nil).

(b) As at 31 December 2023, the effective interest rate of the Group's unsecured bank loans were ranging from 3.3% to 4.5% per annum (2022:3.7% to 5%).

As at 31 December 2023, unsecured bank loan of RMB30,000,000 (2022: RMB5,000,000) was guaranteed by Zhang Ying Jin and his wife.

(c) As at 31 December 2023, the effective interest rates of the Group's secured other loans were ranging from 15% to 17% per annum (2022: 15% to 17%).

As at 31 December 2023, other loans of RMB55,000,000 (2022: RMB65,000,000) which was guaranteed by Zhang Li represents the amounts of financing obtained from financial institutions in factoring transactions on the Group's trade receivables with full recourse (note 21a).

(d) As at 31 December 2023, the effective interest rates of the unsecured other loans were 15% per annum (2022: 10% to 15%).

As at 31 December 2023, the Group's unsecured other loan of RMBNil (2022: RMB9,500,000) was due to Nanping Yingjie Enterprise Management Partnership ("Nanping Yingjie"), a related company of which Zhang Li was the controlling equity holder.

## 26. Deferred taxation

The component of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years are as follows:

| | Tax losses RMB |
|---|---|
| As at 31 December 2021 and 1 January 2022 | 1,177,508 |
| Charged to profit or loss for the year | (1,177,508) |
| As at 31 December 2022 and 2023 | - |

Deferred tax assets as at 31 December 2021 recognised tax losses carried forward to the extent that utilisation of the related tax losses through the future taxable profits was probable and are reversed due to the period for compensating tax losses have expired as at 31 December 2023. As at 31 December 2023, the Group has unrecognised tax losses of RMB85,176,752 (2022: RMB34,272,204). The tax losses can be utilised for offsetting future taxable profits of the Group, and will be subject to expiry within next five financial years.

The component of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the years are as follows:

| | Fair value adjustment of intangible assets RMB | Right-of-use assets RMB | Total RMB |
|---|---|---|---|
| As at 1 January 2022 | 5,372,944 | - | 5,372,944 |
| Adjustment(note 2) | - | 2,044,122 | 2,044,122 |
| At 1 January, 2022 (restated) | 5,372,944 | 2,044,122 | 7,417,066 |
| Charged to profit or loss for the year | (2,613,523) | (1,545,466) | (4,158,989) |
| As at 31 December 2022(restated) | 2,759,421 | 498,656 | 3,258,077 |
| Credited to profit or loss for the year | (98,773) | 848,850 | 750,077 |
| As at 31 December 2023 | 2,660,648 | 1,347,506 | 4,008,154 |

Under the EIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. As at 31 December 2023, no deferred tax liability has been recorded on temporary differences of RMB17,015,082 (2022: RMB16,705,895) relating to the undistributed earnings of PRC subsidiaries because the Group is in a position to control the dividend policies of these subsidiaries and it is probable that these earnings will not be distributed in the foreseeable future.

## 27. Share capital

| | Number of ordinary shares | RMB |
|---|---|---|
| Issued and fully paid up: | | |
| *Ordinary shares without par value* | | |
| At 1 January 2022, 31 December 2022 and 31 December 2023 | 1,159,682,763 | 1,159,682,763 |

There was no change of share capital during the year.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group regularly reviews and manages the capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, issue new shares or to obtain new bank borrowings. The Group is not subject to any externally imposed capital requirements. The Group's overall strategy remains unchanged from 2022.

## 28. Reserves

The Group

(a) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the PRC subsidiaries, it is required to appropriate 10% of the annual net profits of the PRC subsidiaries, after offsetting any prior years' losses as determined under the relevant PRC accounting standards, to their respective statutory reserves before distributing any net profit. When the balances of the statutory reserves reach 50% of their respective registered capital, any further appropriation is at the discretion of shareholders. Subject to certain restrictions set out in the relevant laws and regulations in the PRC, part of the statutory reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(b) Other reserve

Other reserve represents the gain or loss arising from changes in ownership in interests of a subsidiary that did not result in change in control.

The Company

| | **Retained earnings/ (accumulated losses) RMB** |
|---|---|
| At 1 January 2022 | (39,506,542) |
| Loss for the year | (36,815,592) |
| At 31 December 2022 | (76,322,134) |
| Loss for the year | (131,239,259) |
| As at 31 December 2023 | (207,561,393) |

## 29. Lease

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of buildings in the jurisdictions from which it operates. In those jurisdictions the periodic rent of property leases is fixed over the lease term. As at 31 December 2023, the Group had 10 lease contracts (2022: 6) with the fixed monthly rent ranging from RMB833 to RMB170,927 (2022: RMB1,250 to RMB258,625).

Right-of-use assets

The net book value of the underlying assets of right-of-use assets is as follows:

| | **2023 RMB** | **2022 RMB** |
|---|---|---|
| Buildings leased for own use, carried at depreciated cost | 5,390,026 | 1,994,625 |

## 29. Lease (continued)

Future lease payments are due as follows:

| | Minimum lease payments RMB | Interest RMB | Present value RMB |
|---|---|---|---|
| As at 31 December 2023 | | | |
| Not later than one year | 2,681,948 | 380,950 | 2,300,998 |
| Later than one year and not later than two years | 2,356,765 | 194,536 | 2,162,229 |
| Later than two years and not later than five years | 1,139,733 | 33,454 | 1,106,279 |
| | 6,178,446 | 608,940 | 5,569,506 |
| As at 31 December 2022 | | | |
| Not later than one year | 1,994,061 | 59,443 | 1,934,618 |
| Later than one year and not later than two years | - | - | - |
| Later than two years and not later than five years | - | - | - |
| | 1,994,061 | 59,443 | 1,934,618 |

The present value of future lease payments are analysed as:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Current liabilities | 2,300,998 | 1,934,618 |
| Non-current liabilities | 3,268,508 | - |
| | 5,569,506 | 1,934,618 |

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Short term lease expense | 233,240 | 400,878 |
| Aggregate undiscounted commitments for short term leases | - | 298,762 |

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for terms of one to five years at fixed rental.

## 30. Capital commitment

There is no material capital commitment for the Group at the end of reporting year (2022: nil).

## 31. Statement of financial position of the Company

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Non-current assets** | | |
| Intangible asset | 10,582,574 | 11,181,201 |
| Interests in subsidiaries | 12,090,535 | 97,090,535 |
| Other receivables | 76,768,962 | 114,000,000 |
| | 99,442,071 | 222,271,736 |
| **Current assets** | | |
| Other receivables | 1,683,800 | 9,085,880 |
| Amounts due from subsidiaries | 6,848,766 | 9,848,766 |
| Amount due from shareholder | 441,014 | 130,687 |
| Cash and cash equivalents | 1,952,851 | 1,058,130 |
| | 10,926,431 | 20,123,463 |
| **Current liabilities** | | |
| Other payables | 1,593,354 | 2,282,019 |
| **Net current assets** | 9,333,077 | 17,841,444 |
| **Total assets less current liabilities** | 193,775,148 | 240,113,180 |
| **Non-current liabilities** | | |
| Deferred tax liabilities | 2,660,648 | 2,759,421 |
| **Net assets** | 106,114,500 | 237,353,759 |
| **Equity** | | |
| Share capital | 313,675,893 | 313,675,893 |
| Accumulated losses | (207,561,393) | (76,322,134) |
| Total equity | 106,114,500 | 237,353,759 |

The financial statements were approved by the Board of Directors on 17 June 2024.

Ross Kenneth Benson
Director

Zhang Li
Director

## 32. Interests in subsidiaries

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| Unlisted equity interest, at cost | 126,338,535 | 126,338,535 |
| Provision for impairment | (29,248,000) | (29,248,000) |
| | 97,090,535 | 97,090,535 |

Particulars of the principal subsidiaries at 31 December 2023 are as follows:

| Name | Form of business structure | Place and date incorporation | Place of operation and principal activity | Paid up capital/ registered capital | Percentage of ownership interest Direct | Indirect |
|---|---|---|---|---|---|---|
| Ninety Nine Trading (Shanghai) Co., Ltd. 耐特耐商贸(上海)有限公司 | Limited liability company | PRC, 2 July 2013 | Investment holding in PRC | HKD40,000,000 | 100% | - |
| Kyonichi Trading Limited 京日貿易有限公司 | Limited liability company | Hong Kong, 27 November 2015 | Investment holding | HKD10,000 | 100% | - |
| Aide Trading Limited 艾德貿易有限公司 | Limited liability company | Hong Kong, 28 July 2016 | Investment holding | HKD10,000 | 100% | - |
| Shanghai Xinshunhui Trading Co., Ltd. 上海鑫顺汇商贸有限公司 | Limited liability company | PRC, 27 June 2013 | Investment holding in PRC | RMB30,100,000 | - | 100% |
| Shanghai Handpal 上海瀚之友信息技术服务有限公司 | Limited liability company | PRC, 4 July 2013 | Provision of services on a mobile marketplace in PRC | RMB30,000,000 | - | 100% |
| 上海邦道信息技术有限公司 | Limited liability Company | PRC, 12 January 2016 | Provision of services on a mobile marketplace in PRC | RMB10,000,000 | - | 100% |
| 上海瀚栋信息技术有限公司("Shanghai Handdong")(Note) | Limited liability Company | 14 PRC, September 2016 | Investment holding in PRC | RMB10,000,000 | - | 100% |
| 上海层畅信息技术有限公司 | Limited liability Company | PRC, 14 March 2017 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |

## 32. Interests in subsidiaries (continued)

| Name | Form of business structure | Place and date incorporation | Place of operation and principal activity | Paid up capital/ registered capital | Percentage of ownership interest Direct | Indirect |
|---|---|---|---|---|---|---|
| Beijing Dingli 北京鼎立保险经纪有限责任公司 | Limited liability company | PRC, 13 May 2014 | Provision of insurance brokerage services | RMB50,000,000 | - | 100% |
| 海南安鸿信息技术有限公司 | Limited liability Company | PRC, 19 June 2018 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |
| 天津豐邁資訊技術有限公司 | Limited liability Company | PRC, 12 April 2019 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |
| 上海志華資訊技術有限公司 | Limited liability Company | PRC, 23 April 2019 | Provision of services on a mobile marketplace in PRC | RMB10,000,000 | - | 100% |
| 上海禎菱信息技術有限公司 | Limited liability Company | PRC, 14 January 2020 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |
| 江苏嘉魁信息技术有限公司 | Limited liability Company | PRC, 14 July 2021 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |
| 江苏延僕信息技术有限公司 | Limited liability Company | PRC, 14 July 2021 | Provision of services on a mobile marketplace in PRC | Nil | - | 100% |
| 上海祯鸣贸易有限公司 | Limited liability Company | PRC, 13 October 2021 | Dormant | Nil | - | 100% |
| 上海竞坤信息技术有限公司 | Limited liability Company | PRC, 9 May 2019 | Provision of services on a mobile marketplace in PRC | RMB10,000,000 | - | 100% |
| 上海郎似信息技术服务有限公司 | Limited liability Company | PRC, 1 December 2020 | Provision of marketing services | RMB10,000,000 | - | 100% |
| 上海麒迹国际贸易有限公司 | Limited liability Company | PRC, 2 August 2020 | Trading | RMB1,000,000 | - | 100% |
| 裕富(深圳)商业保理有限公司 | Limited liability Company | PRC, 20 April 2016 | Provision of Financing services | RMB5,000,000 | - | 100% |
| 上海佳然信息技术有限公司 | Limited liability Company | PRC, 09 May 2019 | Provision of marketing services | Nil | - | 100% |
| 中兆国际商业保理(深圳)有限公司 | Limited liability Company | PRC, 20 July 2017 | Provision of financing services | Nil | - | 100% |

## 32. Interests in subsidiaries (continued)

| Name | Form of business structure | Place and date incorporation | Place of operation and principal activity | Paid up capital/ registered capital | Percentage of ownership interest Direct | Indirect |
|---|---|---|---|---|---|---|
| 国汇通融资租赁(深圳)有限公司 | Limited liability Company | PRC, 16 January 2017 | Provision of financing lease services | Nil | - | 100% |
| 上海佳然信息技术有限公司 | Limited liability Company | PRC, 09 May 2019 | Provision of marketing services | Nil | - | 100% |
| 上海诰佑信息技术服务有限公司 | Limited liability Company | PRC, 1 December 2020 | Provision of marketing services | Nil | - | 100% |
| 江西福延信息技术服务有限公司 | Limited liability Company | PRC, 14 December 2020 | Provision of marketing services | Nil | - | 100% |
| 江西嘉鸣信息技术服务有限公司 | Limited liability Company | PRC, 14 December 2020 | Provision of marketing services | Nil | - | 100% |
| 江西苏照信息技术有限公司 | Limited liability Company | PRC, 27 December 2021 | Provision of marketing services | Nil | - | 100% |
| 江西沿图信息技术有限公司 | Limited liability Company | PRC, 27 December 2021 | Provision of marketing services | Nil | - | 100% |
| 江苏盎然贸易有限公司 | Limited liability Company | PRC, 22 December 2021 | Trading | Nil | - | 100% |
| 上海志铂信息技术有限公司 | Limited liability company | PRC, 12 July 2023 | Provision of marketing services | Nil | - | 100% |
| 上海途横信息技术有限公司 | Limited liability company | PRC, 12 July 2023 | Provision of marketing services | Nil | - | 100% |
| 湖南腾希信息技术有限公司 | Limited liability company | PRC, 15 September 2023 | Provision of marketing services | Nil | - | 100% |

Note:

In 2017, Mr. Wang Haoqi signed a trust agreement with the Group to hold the 100% equity interest in Shanghai Handdong for and on behalf of the Group and became the registered shareholder of Shanghai Handdong. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legally enforceable, and complies with the relevant PRC laws and regulations.

## 33. Disposal of a subsidiary

During the year ended 31 December 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose the equity interest in 上海易河信息技术有限公司 ("Shanghai Yihe") ("the Disposal II") at a consideration of RMBNil. Upon completion of the Disposal II, Shanghai Yihe ceased to be wholly owned subsidiaries of the Group. The net assets of Shanghai Yihe at the date of disposal were as follows:

| | 2023<br>RMB |
|---|---|
| Trade and other receivables | 6,857,954 |
| Amount due from Handpal | 9,245,923 |
| Cash and cash equivalents | 2,554 |
| Other payables | (5,230) |
| Contract liabilities | (9,066,562) |
| Amount due to the Group | (2,094,724) |
| Tax payables | (54,642) |
| Net assets disposed of | 4,885,273 |
| | |
| Net assets disposed of | 4,885,273 |
| Reclassification of cumulative translation reserve upon disposal of Shanghai Yihe to profit or loss | (439,617) |
| Loss on disposal | 4,445,656 |

| **Net cash outflow on the Disposal II:** | RMB |
|---|---|
| Cash consideration | - |
| Less: cash and cash equivalents disposed | 2,554 |
| | (2,554) |

## 34. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

(a) Compensation paid to key management personnel of the Group is disclosed in note 12 to the consolidated financial statements.

(b) In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

| Name | Nature of transaction | 2023 RMB | 2022 RMB |
|---|---|---|---|
| Superio Pty Limited | Professional services fee | 118,760 | 1,182,453 |
| Nanping Yingjie Enterprise Management Partnership | Interest expense | 851,042 | 1,158,897 |

## 35. Notes to the consolidated statement of cash flows

(a) Cash and cash equivalents comprise

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Cash available on demand | 12,347,124 | 22,403,569 |

(b) Reconciliation of liabilities arising from financing activities:

| | Bank loans RMB (notes 25a&b) | Other loans RMB (notes 25c&d) | Lease liabilities RMB (note 29) | Amount due to a director RMB | Amount due to a related party RMB |
|---|---|---|---|---|---|
| **At 1 January 2022** | 4,000,000 | 85,000,000 | 8,641,609 | 40,000 | - |
| Changes from cash flows: | | | | | |
| Proceeds from borrowings | 19,000,000 | 130,662,500 | - | - | - |
| Repayments of borrowings | (9,000,000) | (127,200,000) | - | - | - |
| Repayment of advance from a director | - | - | - | (40,000) | - |
| Lease payments | - | - | (3,251,542) | - | - |
| Interest paid | (197,480) | (13,601,555) | (321,998) | - | - |
| Other changes: | | | | | |
| Interest expenses | 197,480 | 13,601,555 | 321,998 | - | - |
| Effect of modification of leases term | - | - | (3,455,449) | - | - |
| **At 31 December 2022** | 14,000,000 | 88,462,500 | 1,934,618 | - | - |
| Changes from cash flows: | | | | | |
| Proceeds from borrowings | 62,400,000 | 72,462,500 | - | - | - |
| Repayments of borrowings | (19,000,000) | (78,462,500) | - | - | - |
| Proceeds from a related party | - | - | - | - | 308,986 |
| Lease payments | - | - | (2,309,180) | - | - |
| Interest paid | (10,369,310) | (4,487,092) | (329,806) | - | - |
| Other changes: | | | | | |
| Interest expenses | 10,369,310 | 4,487,092 | 329,806 | - | - |
| Effect of addition of leases | - | - | 6,703,461 | - | - |
| Effect of modification of leases term | - | - | (759,393) | - | - |
| **At 31 December 2023** | 57,400,000 | 82,462,500 | 5,569,506 | - | 308,986 |

## 36. Capital risk management

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The capital structure of the Group consists of debts, which includes amount due to a director, bank and other loans and equity attributable to owners of the Company (including share capital and reserves). The Group's management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The Group monitors capital using a gearing ratio, which is total debts divided by the total shareholders' equity. Total shareholders' equity comprises all components of equity attributable to the equity holders. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the reporting dates were as follows:

| | 2023<br>RMB | 2022<br>RMB<br>(Restated) |
|---|---|---|
| Total debts | 139,862,500 | 102,462,500 |
| Total shareholders' equity | 102,235,687 | 213,165,734 |
| Gearing ratio | 137% | 48% |

## 37. Financial risk management

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk, interest rate risk and currency risk. These risks are limited by the Group's financial management policies and practices described below.

### (a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group exposed to credit risk from loan and receivables. The Group assesses credit risk based on debtor's past due record, trading history, financial condition or credit rating.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk of financial instruments as 38% (2022: 40%) of the total trade and other receivables was due from the one largest debtor of the Group.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade receivables are due within 0 to 45 days from the date of billing. Normally, the Group does not obtain collateral from customers.

## 37. Financial risk management (continued)

### (a) Credit risk (continued)

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

| | Expected loss rate % | Gross carrying amount RMB | Loss allowance RMB |
|---|---|---|---|
| **As at 31 December 2023** | | | |
| Neither past due nor impaired | 0.2% | 54,990,269 | 109,981 |
| Less than 1 month past due | 1.0% | 3,333,345 | 33,333 |
| 1 to 3 months past due | 2.0% | 3,634,486 | 72,690 |
| More than 3 months | 7.0% | 48,080,248 | 3,389,251 |
| | | 110,038,348 | 3,605,255 |
| **As at 31 December 2022** | | | |
| Neither past due nor impaired | 0.2% | 63,117,903 | 126,236 |
| Less than 1 month past due | 1.0% | 19,409,086 | 194,091 |
| 1 to 3 months past due | 2.0% | 21,162,545 | 423,251 |
| More than 3 months | 5.7% | 2,588,266 | 147,531 |
| | | 106,277,800 | 891,109 |

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

| | 2023 RMB | 2022 RMB |
|---|---|---|
| Balance at 1 January | 891,109 | 1,204,612 |
| (Provision) /reversal for impairment loss determined under HKFRS 9 | 2,714,146 | (313,503) |
| Balance at 31 December | 3,605,255 | 891,109 |

Increase in long overdue trade receivables resulted in an increase in provision of loss allowance of RMB2,714,146 during the year ended 31 December 2023.

## 37. Financial risk management (continued)

### (b) Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities of the Group for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

| | Carrying amount RMB | Total contractual undiscounted cash flow RMB | Within 1 year or on demand RMB | More than 1 year but less than 2 years RMB | More than 2 years but less than 5 years RMB |
|---|---|---|---|---|---|
| **At 31 December 2023s** | | | | | |
| Trade and other payables | 78,279,769 | 78,279,769 | 78,279,769 | - | - |
| Bank and other loans | 139,862,500 | 152,165,380 | 141,450,969 | 410,000 | 10,304,411 |
| Lease liabilities | 5,569,506 | 6,178,446 | 2,681,948 | 2,356,765 | 1,139,733 |
| Amount due to a related party | 308,986 | 308,986 | 308,986 | - | - |
| Total | 224,020,761 | 236,932,581 | 222,721,672 | 2,766,765 | 11,444,144 |
| **At 31 December 2022** | | | | | |
| Trade and other payables | 43,633,331 | 43,633,331 | 43,633,331 | - | - |
| Bank and other loans | 102,462,500 | 111,768,694 | 111,768,694 | - | - |
| Lease liabilities | 1,934,618 | 1,994,061 | 1,994,061 | - | - |
| Total | 148,030,449 | 157,396,086 | 157,396,086 | - | - |

### (c) Interest rate risk

The Group's cash flow interest rate risk mainly arises from bank balances at floating rates as disclosed in notes 22 and 19 while the Group's fair value interest-rate risk mainly arises from bank and other loans at fixed rates as disclosed in note 25. The Group's policy is manage its interest rate risk, working within an agreed framework, to ensure there no unduly exposures to significant interest rate movements and rates are approximately fixed when necessary. The directors considered that the Group's interest rate risk is minimal and the Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of the Group's bank and other loans are disclosed in note 25.

### (d) Currency risk

The following table indicates the approximate change in the Group's (loss)/profit for the year and (accumulated losses)/retained earnings and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number in the sensitivity analysis below indicates a decrease/increase in (loss)/profit and other equity where the RMB weakens against the relevant currency. For a strengthening of the RMB against the relevant currency, there would be an equal and opposite impact on the (loss)/profit and other equity, and the balances below would be negative.

## 37. Financial risk management (continued)

### (d) Currency risk

The carrying amounts of the Group's foreign currency denominated assets and monetary liabilities at the reporting date are as follows respectively:

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Denominated in HK$** | | |
| Cash and bank balances, net exposure | 339,658 | 341,742 |
| **Denominated in A$** | | |
| Cash and bank balances, net exposure | 37,589 | 184,118 |

| | Increase/ (decrease) in foreign exchange rates<br>% | Effect on profit for the year ended 31 December 2023 accumulated loss<br>RMB | Increase/ (decrease) in foreign exchange rates<br>% | Effect on profit for the year ended 31 December 2022 accumulated loss<br>RMB |
|---|---|---|---|---|
| HK$ | +5% | 16,983 | +5% | 17,087 |
| | -5% | (16,983) | -5% | (17,087) |
| A$ | +5% | 1,879 | +5% | 9,206 |
| | -5% | (1,879) | -5% | (9,206) |

## 38. Summary of financial assets and financial liabilities by category

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2023 and 2022 may be categorised as follows:

| | 2023<br>RMB | 2022<br>RMB |
|---|---|---|
| **Financial assets** | | |
| Assets measured at amortised cost: | | |
| Trade and other receivables | 264,442,715 | 252,254,236 |
| Amount due from a related party | - | 30,687 |
| Amount due from a director | 160,000 | 760,000 |
| Cash and bank balances | 17,347,124 | 27,403,569 |
| | 281,949,839 | 280,448,492 |
| **Financial liabilities** | | |
| Liabilities measured at amortised cost: | | |
| Trade and other payables | 78,279,769 | 43,633,331 |
| Amount due to a related party | 308,986 | - |
| Lease liabilities | 5,569,506 | 1,934,618 |
| Bank and other loans | 139,862,500 | 102,462,500 |
| | 224,020,761 | 148,030,449 |

## 39. Event after the reporting period

On 2 January 2024, the Company completed the disposal of Shanghai Cengchang according to the sales and purchase agreement signed during the year ended 31 December 2023, at a consideration of RMBNil. After the completion of the disposal, the Group loses control of Shanghai Cengchang.