99 LOYALTY LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2022

The directors present herewith their annual report and the audited consolidated financial statements for the year ended 31 December, 2022.

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 23 to the consolidated financial statements.

Consolidated financial statements

The financial performance of the Group for the year ended 31 December, 2022 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 67.

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December, 2022.

Directors

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

Zhang Li	
Christopher John Ryan	
Yu Haoming	
Ross Kenneth Benson	
Simon Kenneth Woodfull	
Chen Huan	(appointed on 27 January 2022)
Sheng Yundong	(appointed on 31 May 2022)
Wen Tao	(resigned on 31 May 2022)

In accordance with the Company's articles of association, the 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.

Equity-linked agreements

In November 2017, the Group obtained three equity-linked loans with principal amounts of Australian dollar ("A$") 950,000 (equivalent to RMB4,974,105), RMB6,250,000 and RMB5,000,000 (collectively "Equity-linked Loans I") respectively for general working capital purpose. Equity- linked Loans I carry a coupon rate of 10% per annum, which are paid quarterly in arrears on 17 February 2018, 17 May 2018, 17 August 2018 and 17 November 2018. The lenders of Equity-linked Loans I are entitled to unlisted call options which would provide the lenders the right to acquire a maximum of total 31,429,825 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 17 November 2020.

In November 2018, the Company and a subsidiary redeemed part of the Equity-linked Loans I at a price equal to the sum of principal amount of RMB4,056,026 upon maturity. The terms and conditions of the principal amount of outstanding Equity-linked Loans I of RMB12,168,079 ("the Modified Equity-linked Loans I") were amended and modified. The Maturity Date of Modified Equity-linked Loans I was extended by four months, from 17 November 2018 to 17 March 2019.

The coupon rate is adjusted from 10% to 13% per annum. The Call Options I were extended by six months and convertible at any time prior to 17 May 2021. Except for the above, all other terms and conditions of the Modified Equity-linked Loans I remain unchanged from the original terms.

In January 2018, the Group obtained an equity-linked loan with principal amount of A$250,000 (equivalent to RMB1,271,050) ("Equity-linked Loan II") for general working capital purpose. Equity-linked Loan II carries a coupon rate of 10% per annum, which is paid quarterly in arrears on 22 April 2018, 22 July 2018, 22 October 2018 and 22 January 2019. The lender of Equity-linked Loan II is entitled to unlisted call options which would provide the lender the right to acquire a maximum of total 3,000,000 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 22 January 2021.

In February 2018, the Group obtained an equity-linked loan with principal amount of RMB1,500,000 ("Equity-linked Loan III") for general working capital purpose. Equity-linked Loan III carries a coupon rate of 10% per annum, which is paid quarterly in arrears on 20 May 2018, 20 August 2018, 20 November 2018 and 20 February 2019. The lender of Equity-linked Loan III is entitled to unlisted call options which would provide the lender the right to acquire a maximum of total 3,000,000 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 20 February 2021.

During the year ended 31 December 2019, the Group has redeemed the entire outstanding balances of Modified Equity-linked Loans I, Equity-linked Loan II and Equity-linked Loan III at a price equal to the sum of principal amounts upon their maturity. During the year ended 31 December 2021, all unlisted call options were not exercised and were lapsed.

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.

In 2022, the Group generated revenues of RMB236.32 million and gross profits of RMB228.02 million. The Group's total revenues was increased by 13%, which was a result of the consistently rapid business growth in insurance brokerage segment. The revenue generated from insurance insurance-related business services contributed approximate 83% of total revenue to the Group. 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 Groups' insurance related business improvement in recent years.

The Group reported a net loss of RMB64.8 million (equivalent to appropriately AUD14.08 million). The loss was attributed to an increase in selling expenses for rapid growth of insurance brokerage services, and for a total impairment loss of RMB15.0 million on intangible assets and the impairment loss of RMB24.0 million on the other receivables.

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 and banks. 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.

In 2022, China and the rest of the world continuously faced impacts and challenges caused by the COVID-19 and its variants. China's Gross Domestic Product ("GDP") in 2022 demonstrated a sluggish growth, and the year-on-year growth rate was down to 2.9% in the fourth quarter, from 3.9% in the third quarter, 0.4% in the second quarter, 4.8% in the first quarter. According to the National Bureau of Statistics, total amount of GDP surpassed RMB121 trillion, which rose by an average of 3%. Based on the GDP forecasts provided by IMF and many economic analysis institutions, China's economy will grow by 5.2% in 2023.

2022 is the second 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.

In January 2022, China Banking and Insurance Regulatory Commission successively issued new regulations to protect consumers and bring about more orderly growth and development for insurance industry. The new regulation started to be implemented in May 2022. It is expected that a concentration and rationalisation of the industry structure will lead the Group, as a licensed insurance brokerage service provider to benefiting from the new regulatory environment.

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.

Business review (continued)

Risk factors

- Risks with the macro economy:
  Although China's GDP grew at an average rate of 3% in 2022, it showed a downward trend quarterly. In 2023, China's GDP is estimated to be 5.2%. As a comprehensive index related to employment, investment, consumption, import and export, the fluctuation of GDP growth shows that 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, and the continuing impacts of COVID19 among cities. 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.

- 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:
  Many of the Group's business partners are financial institutions, such as banks and 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 Group's business partners will decrease, which will adversely affect the Group's business development. In 2022, we have experienced our business partners in financial service industry having been impacted by newly introduced data security and financial risk control related regulations. The Group will always maintain vigilance to these changes and develop appropriate business strategies to deal risks that arise.

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.

Business review (continued)

Risk factors (continued)

- 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.

  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, 12 June, 2023

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 67, which comprise the consolidated statement of financial position as at 31 December, 2022, 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, 2022, 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 recorded a loss for the year of approximately RMB64.8 million for the year ended 31 December 2022. 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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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.

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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)

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, 12 June, 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2022

	Note	2022 RMB	2021 RMB
Revenue	7	236,323,981	208,131,952
Cost of sales		(8,308,318)	(1,084,154)
Gross profit		228,015,663	207,047,798
Other revenue	8	3,070,452	5,165,310
Other gains and losses, net	9	(4,353,615)	3,299,281
Selling and distribution expenses		(213,720,794)	(181,438,472)
Administration expenses		(41,139,039)	(55,915,048)
Loss arising from derecognition of financial assets measured at amortised cost	21(b)	(24,192,243)	(36,378,870)
Reversal/(provision) for impairment losses on trade and other receivables	36(a)	313,503	(633,585)
Operating loss		(52,006,073)	(58,853,586)
Finance costs	10	(14,121,033)	(14,790,879)
Loss before income tax	11	(66,127,106)	(73,644,465)
Tax credit/(expense)	13	1,305,260	(587,117)
Loss for the year and total comprehensive income for the year		(64,821,846)	(74,231,582)
Loss per share (RMB)	14		
- Basic		(0.056)	(0.064)
- Diluted		(0.056)	(0.064)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER, 2022

	Note	2022 RMB	2021 RMB
Non-current assets			
Property, plant and equipment	16	3,621,291	10,796,414
Intangible assets	17	32,823,201	49,941,021
Goodwill	18	-	-
Other receivables	21	114,000,000	115,000,000
Deferred tax assets	26	-	1,177,508
		150,444,492	176,914,943
Current assets			
Inventories	20	6,016,518	5,373,910
Trade and other receivables	21	257,178,749	288,940,778
Amount due from a related party	19	30,687	20,278
Amount due from a director	19	760,000	-
Tax recoverable		4,355,850	4,619,565
Cash and cash equivalents	22	27,403,569	27,752,548
		295,745,373	326,707,079
Current liabilities			
Trade and other payables	23	47,577,818	59,465,523
Contract liabilities	7	77,625,572	61,605,971
Amount due to a director	19	-	40,000
Bank and other loans	25	102,462,500	89,000,000
Lease liabilities	29	1,934,618	5,705,670
Taxation		165,546	1,009,739
		229,766,054	216,826,903
Net current assets		65,979,319	109,880,176
Total assets less current liabilities		216,423,811	286,795,119

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2022

	Note	2022 RMB	2021 RMB
Non-current liabilities			
Lease liabilities	29	-	2,935,939
Deferred tax liabilities	26	2,759,421	5,372,944
		2,759,421	8,308,883
Net assets		213,664,390	278,486,236
Equity			
Share capital	27	313,675,893	313,675,893
Reserves	28	(100,011,503)	(35,189,657)
Total equity		213,664,390	278,486,236

The consolidated financial statements were approved by the Board of Directors on 12 June, 2023.

Ross Kenneth Benson
Director

Sheng Yundong
Director

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2022

	2022 RMB	2021 RMB
Operating activities		
Loss before tax	(66,127,106)	(73,644,465)
Adjustments for:		
Depreciation of property, plant and equipment	4,302,803	7,538,232
Written off of property, plant and equipment	-	52,717
Written off of intangible assets	-	64,726
Gain on lease modification	(417,991)	-
Amortisation of intangible assets	2,264,900	3,387,760
Amortisation of deferred initial differences on derivative financial liabilities	-	30,738
Interest income	(178,654)	(245,651)
Interest expense	14,121,033	14,790,879
Impairment loss on goodwill	-	3,440,400
Impairment loss on other intangible assets	15,000,000	12,785,709
(Reversal)/provision for impairment loss of trade receivables	(313,503)	633,585
Change in fair value of derivative financial instruments	-	(852,468)
Loss arising from derecognition of financial assets measured at amortised cost	24,192,243	36,378,870
Exchange loss/(gain), net	47,713	(26,869)
Operating (loss)/profit before changes in working capital	(7,108,562)	4,334,163
Increase in inventories	(642,608)	(5,220,304)
Decrease in trade and other receivables	8,883,289	54,187,003
Increase/(decrease) in trade and other payables and contract liabilities	4,131,896	(106,861,305)
Decrease in amount due to a related party	(10,409)	(19,212)
Cash flow generated from/(used in) operations	5,253,606	(53,579,655)
Interest received	178,654	245,651
Income tax paid	(711,233)	(5,095,769)
Cash flow generated from/(used in) operating activities	4,721,027	(58,429,773)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2022

	2022 RMB	2021 RMB
Investing activities		
Purchase of property, plant and equipment	(165,138)	(1,346,420)
Purchase of intangible assets	(147,080)	(123,585)
Cash flow used in investing activities	(312,218)	(1,470,005)
Financing activities		
Interest paid	(14,121,033)	(14,790,879)
Repayment of advance from a director	(800,000)	(3,550,000)
Proceeds from borrowings	149,662,500	72,700,000
Repayments of borrowings	(136,200,000)	(78,320,000)
Repayment of principal portion of lease liabilities	(3,251,542)	(5,920,559)
Cash flow used in financing activities	(4,710,075)	(29,881,438)
Net decrease in cash and cash equivalents	(301,266)	(89,781,216)
Cash and cash equivalents at the beginning of the year	22,752,548	112,506,895
Effect of exchange rate changes on cash and cash equivalents	(47,713)	26,869
Cash and cash equivalents at the end of the year	22,403,569	22,752,548

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2022

	Share capital RMB (Note 27)	Statutory reserve* RMB (Note 28)	Other reserve* RMB (Note 28)	Accumulated losses* RMB	Total RMB
Balance at 1 January 2021	313,675,893	5,583,721	(2,500,000)	35,958,204	352,717,818
Profit for the year and total comprehensive income for the year	-	-	-	(74,231,582)	(74,231,582)
Transfer to statutory reserve	-	974,023	-	(974,023)	-
Balance at 31 December 2021	313,675,893	6,557,744	(2,500,000)	(39,247,401)	278,486,236
Profit for the year and total comprehensive income for the year	-	-	-	(64,821,846)	(64,821,846)
Transfer to statutory reserve	-	536,979	-	(536,979)	-
Balance at 31 December 2022	313,675,893	7,094,723	(2,500,000)	(104,606,226)	213,664,390

* These reserve accounts comprise the consolidated deficit of RMB100,011,503 (2021: reserves of RMB35,189,657) 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 amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to HKFRSs, *Annual Improvements to HKFRSs 2018-2020*

The application of the 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.

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
• HKFRS 17, Insurance Contracts (including the October 2020 and February 2022 Amendments to HKFRS17)	1 January, 2023
• Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*	1 January, 2024
• 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 HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*	1 January, 2023
• Amendments to HKAS 8, *Definition of Accounting Estimates*	1 January, 2023
• Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January, 2023
• 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

3. Going concern

The Group incurred a net loss of RMB64,821,846 for the year ended 31 December, 2022 and had accumulated losses of RMB100,011,503 as at 31 December, 2022 which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the above results, the directors of the Company have adopted going concern basis in the preparation of the consolidated financial statements of the Group based on that the Group had net current assets of RMB65,979,319 as at 31 December 2022 and the following factors:

- the Group can generate sufficient cash flows from future operations to cover its operating costs and to meet its financing commitments;
- the Group can recover sufficient advance from its investing activities; and
- the Group can obtain sufficient financing from financial institutions through the existing facilities;

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)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognised and derecognised on the trade date when the Group commits itself to purchase or sell an asset and are initially measured at fair value plus or minus, in the case of financial assets or liabilities other than those measured at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

Measuring fair value
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value of a financial instrument on initial recognition is normally the transaction price, unless it is estimated by using a valuation technique when part of the consideration given or received is for something other than the instruments. After initial recognition, the fair value of a financial instrument quoted in an active market is based on the unadjusted quoted price and, for financial instruments not quoted in an active market, the Group establishes the fair value of such financial instruments by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Classification
Financial instruments are categorised into the following classifications for the measurement after initial recognition:

(i) Amortised cost

Investments held for the collection of contractual cash flows which represent solely payments of principal and interest are measured at amortised cost. Interest income from the investment is calculated using the effective interest method.

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

Investments other than in equity securities where the contractual cash flows comprise solely payments of principal and interest and where the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale are measured at FVOCI (recycling). Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from the fair value reserve to profit or loss.

The Group can make an election for investments in equity securities not held for trading purposes to be designated, on initial recognition, as FVOCI (non-recycling) such that all subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis and only if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve until the investment is disposed of, when the amount accumulated can be transferred directly to retained earnings. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVOCI, are recognised in profit or loss as other income.

4. Significant accounting policies (continued)

Financial instruments (continued)

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

Investments are measured at fair value at profit or loss (FVTPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI. Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Derecognition

A financial asset is derecognised when the Group's contractual rights to future cash flows from the financial asset expire or when the Group transfers the contractual rights to future cash flows to a third party. A financial liability is derecognised only when the liability is extinguished.

Credit losses from financial instruments

HKFRS 9 implements an impairment methodology called the Expected Credit Loss ("ECL") model which requires an entity to assess the expected (rather than incurred) credit losses on certain categories of financial assets. The Group's assets subject to the ECL model are financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits and trade and other receivables and debt securities). Financial assets measured at FVTPL by the Group are not subject to the ECL assessment.

The Group measures the ECL allowance for an asset in one of these categories at an amount equal to the 12 month ECL, providing the credit risk of that asset has not increased significantly since initial recognition. These are losses that are expected to result from possible default events within the 12 months after the reporting date. If the credit risk of the asset has increased significantly since initial recognition then the Group will measure the ECL allowance as the lifetime expected credit loss. These are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime ECL allowance for all trade receivables. For all other financial instruments the ECL is determined as 12 month ECL unless there has been a significant increase in credit risk since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Credit losses are measured as the present value of the expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive), an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes. In measuring ECLs and whether there has been a change in credit risk, the Group takes into account the time value of money and reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

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

4. Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether its tangible non-financial assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less cost of disposal to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash generating unit). If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

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.

4. Significant accounting policies (continued)

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.

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.

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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.

4. Significant accounting policies (continued)

Financial instruments (continued)

Impairment loss on financial assets (continued)

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.

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.

<u>Financial liabilities at FVTPL</u>

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at FVTPL, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited. Financial liabilities may be designated upon initial recognition as at FVTPL if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise, except for the gains and losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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.

Convertible loan notes

The component of convertible loan notes that exhibits characteristics of a liability is recognised as a liability in the consolidated statement of financial position, net of transaction costs. On issuance of convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible notes; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

If the conversion option of convertible loan notes exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible loan notes is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible loan notes based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the statement of profit or loss.

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.

4. Significant accounting policies (continued)

Financial instruments (continued)

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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in 4(f)(ii); and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of HKFRS 15.

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.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

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 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 2021 and 2022.

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

	2022 RMB	2021 RMB
Revenue from contracts with customers		
- Commission and service income	227,483,501	207,049,382
- Sale of merchandises	8,840,480	1,082,570
	236,323,981	208,131,952

Timing of revenue recognition

	2022 RMB	2021 RMB
Revenue recognised at point in time	236,323,981	208,131,952

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

	2022 RMB	2021 RMB
Receivables	105,386,691	142,463,130
Contract liabilities	77,625,572	61,605,971

The contract liabilities mainly relate to the advance considerations received from customers. Contract liabilities as at 1 January 2022 was RMB61,605,971 (1 January 2021: RMB152,446,550), of which RMB61,605,971 (2021: RMB152,446,550) was recognised as revenue during the year and the contract liabilities as at 31 December 2022 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

	2022 RMB	2021 RMB
Interest income - Bank deposits	178,654	245,651
Government grants*	1,367,104	3,474,226
Others	1,524,694	1,445,433
	3,070,452	5,165,310

* 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

	2022 RMB	2021 RMB
Exchange gain/(loss), net	(47,713)	26,869
Change in fair value of derivative financial instruments (note 24)	-	852,468
Reversal of Value-added Tax ("VAT") payable (note 23)	10,224,994	18,646,053
Impairment loss on goodwill	-	(3,440,400)
Impairment loss on other intangible assets	(15,000,000)	(12,785,709)
Gain on lease modification	417,991	-
Gain on deregistration of subsidiaries	51,113	-
	(4,353,615)	3,299,281

10. Finance costs

	2022 RMB	2021 RMB
Interest on bank loans	197,480	240,444
Interest on other loans	13,601,555	13,546,554
Interest on lease liabilities	321,998	1,003,881
	14,121,033	14,790,879

11. Loss before income tax

Loss before income tax is arrived at after charging:

	2022 RMB	2021 RMB
Auditor's remuneration	264,000	916,366
Cost of inventories recognised as an expense	8,308,318	741,753
Employee costs (including directors) comprise:		
- Contribution on defined contribution retirement plan	8,824,333	10,405,143
- Salaries and staff benefits	34,084,298	41,827,773
	42,908,631	52,232,916
Short-term leases expenses	400,878	195,565
Amortisation of intangible assets (note 17)	2,264,900	3,387,760
Depreciation of property, plant and equipment (note 16)		
- Owned property, plant and equipment	1,158,399	1,378,311
- Right-of-use-assets	3,144,404	6,159,921
	4,302,803	7,538,232

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:

	2022 RMB	2021 RMB
Directors' fees	1,065,220	1,065,216
Salaries, bonuses, allowances and benefits	1,886,520	2,340,000
Contribution on defined contribution retirement plan	298,564	217,529
	3,250,304	3,622,745

13. Taxation

	2022 RMB	2021 RMB
Current tax – PRC		
- Tax for the year	130,755	2,088,916
Deferred tax (note 26)	(1,436,015)	(1,501,799)
	(1,305,260)	587,117

Hong Kong Profits Tax is calculated at 16.5% (2021: 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% (2021: 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% (2021: 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 2022, the validity period of Shanghai Handpal 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:

	2022 RMB	2021 RMB
Loss before income tax	(66,127,106)	(73,644,465)
Tax calculated at the PRC EIT	(16,531,777)	(18,394,230)
Effect of non-taxable and non-deductible items, net	7,271,344	13,982,593
Effect of tax losses not recognised	6,421,361	5,245,915
Others	1,533,812	(247,161)
	(1,305,260)	587,117

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

	2022 RMB	2021 RMB
Loss for the purposes of basic earnings per share	(64,821,846)	(74,231,582)
Effect of dilutive potential ordinary shares - call options	-	(821,730)
Loss for the purpose of diluted earnings per share	(64,821,846)	(75,053,312)

Number of shares

	2022	2021
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	-	12,209,277
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,159,682,763	1,171,892,040

15. Dividend

No dividend was paid or proposed during the year ended 31 December 2021 and 2022, nor has any dividend been proposed since the end of reporting period.

16. Property, plant equipment

	Leasehold improvements	Electronic and office equipment	Motor vehicle	Buildings leased for own use	Total
	RMB	RMB	RMB	RMB	RMB
Cost					
At 1 January, 2021	4,313,666	13,068,674	1,229,060	17,141,668	35,753,068
Additions	781,716	29,204	535,500	673,536	2,019,956
Write off	-	(782,492)	-	-	(782,492)
At 31 December, 2021	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
Accumulated depreciation					
At 1 January, 2021	(4,270,552)	(10,407,253)	(1,229,060)	(3,478,796)	(19,385,661)
Charge for the year	(46,296)	(1,236,589)	(95,426)	(6,159,921)	(7,538,232)
Write off	-	729,775	-	-	729,775
At 31 December, 2021	(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)
Net book value					
At 31 December, 2022	762,733	551,094	312,839	1,994,625	3,621,291
At 31 December, 2021	778,534	1,401,319	440,074	8,176,487	10,796,414

17. Intangible assets

	Licensing arrangement RMB (note (b))	Insurance license RMB (note (c))	Computer software RMB	Total RMB
Cost				
At 1 January, 2021	55,760,000	27,000,000	6,497,409	89,257,409
Additions	-	-	123,585	123,585
Write off	-	-	(388,350)	(388,350)
At 31 December, 2021	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
Accumulated amortisation				
At 1 January, 2021	(14,094,890)	(3,240,000)	(5,866,888)	(23,201,778)
Charge for the year	(1,858,667)	(1,080,000)	(449,093)	(3,387,760)
Write off	-	-	323,624	323,624
Impairment loss	(12,785,709)	-	-	(12,785,709)
At 31 December, 2021	(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)
Carrying amounts				
At 31 December, 2022	11,181,200	21,600,000	42,001	32,823,201
At 31 December, 2021	27,020,734	22,680,000	240,287	49,941,021

Notes:

(a) Amortisation expenses have been included in:

	2022 RMB	2021 RMB
Consolidated statement of profit or loss and other comprehensive income:		
- Administration expenses	2,264,900	3,387,760

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 2022, the licensing agreement has a remaining amortisation period of 20 years (2021: 21 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 2022, the Insurance License has a remaining amortisation period of 20 years (2021: 21 years).

(d) During the year ended 31 December 2022, 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 an impairment loss on licensing arrangement of RMB15,000,0000 was recognised for the year ended 31 December 2022 (2021: RMB12,785,709).

18. Goodwill

	2022 RMB	2021 RMB
As at 1 January	-	3,440,400
Impairment loss	-	(3,440,400)
As at 31 December	-	-

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% (2020: 22%). Cash flows beyond the five-year period are extrapolated using an estimated average growth rate of 5% (2020: 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 from a related party and amount due from/(to) a director

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

Name of the related	31 December 2022 RMB	Maximum amount outstanding during the year RMB	31 December 2021 RMB	Maximum amount outstanding during the year RMB	1 January 2021 RMB
Superio Pty Limited	30,687	30,687	20,278	20,278	1,066

(b) As at 31 December 2022 and 2021, the amount due from/(to) a director represent an amount due from/(to) Zhang Li which was unsecured, interest-free and repayable on demand.

Name of the director	31 December 2022 RMB	Maximum amount outstanding during the year RMB	31 December 2021 RMB	Maximum amount outstanding during the year RMB	1 January 2021 RMB
Zhang Li	760,000	760,000	-	-	-

20. Inventories

	2022 RMB	2021 RMB
Marketing merchandise	6,016,518	5,373,910

21. Trade and other receivables

		2022 RMB	2021 RMB
Non-current			
Other receivable from Handpay	(b)	114,000,000	115,000,000
Current			
Trade receivables	(a)	105,386,691	142,463,130
Prepayments to suppliers		108,747,588	81,122,776
Other prepayments		9,148,138	11,275,157
Deposits		1,028,787	1,683,546
Other receivables		10,867,545	7,396,169
Other receivable from Handpay	(b)	22,000,000	45,000,000
		257,178,749	288,940,778

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% (2021: 17% to 22.5%) 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 25(b)). At 31 December 2022, trade receivables of RMB20,000,000 (2021: RMB57,255,661) 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 2022 and 2021.

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 2021 and 2022, 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 31 December 2023 and 30 June 2026 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 RMB24,192,243 (2021: RMB36,378,870) between the carrying amount of the outstanding other receivable from Handpay of RMB160,192,243 (2021: RMB196,378,870) 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 RMB136,000,000 (2021: RMB160,000,000).

22. Cash and cash equivalents

	2022 RMB	2021 RMB
Cash and cash equivalents	27,403,569	27,752,548
Less: Deposit restricted for insurance brokerage work (note)	(5,000,000)	(5,000,000)
	22,403,569	22,752,548

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. Trade and other payable

	2022 RMB	2021 RMB
Trade payables	26,224,115	41,903,474
Accruals and other payables (note)	21,353,703	17,562,049
	47,577,818	59,465,523

Note:

The Group is in progress to finalise certain tax treatment in relation to VAT amounted to RMB nil as at 31 December 2022 (2021: RMB10,281,220) filing with relevant tax authority in the PRC. As at 31 December 2022, VAT amounted to RMB10,224,994 (2021: RMB18,646,053) was reversed in accordance with relevant regulation in the PRC and recognised as other gain for the year ended 31 December 2022 (note 9).

24. Derivative financial instruments

Equity-linked Loans I

In November 2017, the Group obtained three equity-linked loans with principal amounts of Australian Dollars ("A$") 950,000 (equivalent to RMB4,974,105), RMB6,250,000 and RMB5,000,000 (collectively "Equity-linked Loans I") respectively for general working capital purpose. Equity-linked Loans I carry a coupon rate of 10% per annum, which are paid quarterly on 17 February 2018, 17 May 2018, 17 August 2018 and 17 November 2018 ("Maturity Date I"). The lenders of Equity-linked Loans I are entitled to unlisted call options ("Call Options I") which would provide the lenders the right to acquire a maximum of total 31,429,825 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 17 November 2020.

On 17 November 2018, the Company redeemed part of the Equity-linked Loans I at a price equal to the sum of principal amount of RMB4,056,026 upon its maturity. The terms and conditions of the principal amount of RMB12,168,079 (the "Modified Equity-linked Loans I") were amended and modified (the "Modification"). The Maturity Date I of Modified Equity-linked Loans I is extended by four months, from 17 November 2018 to 17 March 2019. The coupon rate is adjusted from 10% to 13% per annum. The Call Options I are extended by six months and convertible at any time prior to 17 May 2021. Except for the above, all other terms and conditions of the Modified Equity-linked Loans I remain unchanged from the original terms.

Equity-linked Loan II

In January 2018, the Group obtained an equity-linked loan with principal amount of A$250,000 (equivalent to RMB1,271,050) ("Equity-linked Loan II") for general working capital purpose. Equity-linked Loan II carries a coupon rate of 10% per annum, which is paid quarterly on 22 April 2018, 22 July 2018, 22 October 2018 and 22 January 2019 ("Maturity Date II"). The lender of Equity-linked Loan II is entitled to unlisted call options ("Call Options II") which would provide the lender the right to acquire a maximum of total 2,500,000 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 22 January 2021.

24. Derivative financial instruments (continued)

Equity-linked Loan III

In February 2018, the Group obtained an equity-linked loan with principal amount of RMB1,500,000 ("Equity-linked Loan III") (together with the Equity-linked Loans I and Equity-linked Loan II referred as the "Equity-linked Loans") for general working capital purpose. Equity-linked Loan III carries a coupon rate of 10% per annum, which is paid quarterly on 20 May 2018, 20 August 2018, 20 November 2018 and 20 February 2019 (together with the Maturity Date I and Maturity Date II referred as the "Maturity Dates"). The lender of Equity-linked Loan III is entitled to unlisted call options (together with the Call Options I and Call Options II referred as the "Call Options") which would provide the lender the right to acquire a maximum of total 3,000,000 CDIs of the Company at a fixed price of A$0.1 per option at any time prior to 20 February 2021.

In the event Call Options are exercised by the lenders prior to Maturity Dates, the proceeds from Call Options exercised will be repaid by the Group to the lenders as a loan reduction of the principal within 30 days of receipt of the proceeds of Call Options exercised from the lenders. During the period, no Call Options have been exercised and converted into CDI of the Company by lenders.

The Group determined that the feature of Call Options will not result in settlement by the exchange of a fixed amount of cash for a fixed number of the Company's shares. Each of the Equity-linked Loans is separately recognised as derivative financial liabilities consisting of Call Options, and a liability component consisting of a straight debt element. The Call Options are separated into two portions where options with a term same as the liability components ("Initial Options"); and standalone options with a term of two years subject to the condition if the lenders forfeit the liability components by exercising Initial Options ("Subsequent Options").

In the opinion of the management, the total transaction prices of Equity-linked Loans I, Equity-linked Loan II and Equity-linked Loan III of RMB16,224,105, RMB1,271,050 and RMB1,500,000 respectively were not the best evidence of their aggregated fair values as the total fair values of Equity-linked Loans I, Equity-linked Loan II and Equity-linked Loan III at initial recognition determined by a firm of independent professional valuer, based on Binominal model that does not only use data from observable markets, were RMB25,405,571, RMB1,827,887 and RMB1,954,025 respectively.

The total loss on initial recognition of Call Options and debt elements determined by the initial differences between fair values and transaction price are deferred and allocated to the carrying amounts of Call Options and debt elements respectively. After initial recognition, the deferred initial differences are recognised as gains or losses only to the extent that they arise from a change in a factor (including time) that market participants would take into account when pricing the Equity-linked Loans. The unamortised deferred initial differences as at 31 December 2020 amounted to RMB30,738 and was fully amortised during the year ended 31 December 2021.

The Modification of Equity-linked Loans I is accounted for as an extinguishment of the original financial liabilities of the Equity-linked Loans I as the discounted present value of the cash flow of the Modified Equity-linked Loans I is more than 10% difference from the discounted present value of the cash flow of the outstanding Equity-linked Loans I prior to the Modification. The difference between the carrying amounts of the outstanding Equity-linked Loans I prior to the Modification and the amount recognised as new financial liabilities, being the fair values of the Modified Equity-linked Loans I, has been recognised in other gains or losses during the year ended 31 December 2018. The total fair values of Modified Equity-linked Loans I at the date of the Modification determined by a firm of independent professional valuer, based on Binominal model that does not only use data from observable markets, were RMB14,994,150.

24. Derivative financial instruments (continued)

In 2019, the Group has redeemed the entire outstanding balances of Modified Equity- linked Loans I, Equity-linked Loan II and Equity-linked Loan III at a price equal to the sum of principal amounts upon their maturity. The derivative financial liabilities as at 31 December 2021 of RMB30,738 represent the fair values of Subsequent Options. During the year ended 31 December 2022, all Subsequent Options were not exercised and were lapsed.

The carrying values and movements of derivative financial liabilities which are the Call Options of Equity-linked Loans are as follows:

	Derivative Financial liabilities RMB
Carrying amount as at 1 January 2021	821,730
Change in fair value of derivative financial liabilities (note 9)	(852,468)
Amortisation of deferred initial differences on derivatives financial liabilities	30,738
Carrying amount as at 31 December 2021 and 2022	-

The change in the fair value of the derivative financial liabilities during the year ended 31 December 2022 results in a fair value gain of nil (2021: RMB852,468) (note 9). For more detailed information in relation to the fair value measurement of derivative financial liabilities, please refer to note 36.

25. Bank and other loans

		2022 RMB	2021 RMB
Bank loan - unsecured	(a)	14,000,000	4,000,000
Other loans - secured	(b)	65,000,000	56,000,000
Other loans - unsecured	(c)	23,462,500	29,000,000
		102,462,500	89,000,000

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

	2022 RMB	2021 RMB
Within one year or on demand	102,462,500	89,000,000

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

	2022 RMB	2021 RMB
RMB	102,462,500	89,000,000

25. Bank and other loans (continued)

Notes:

(a) As at 31 December 2022, the effective interest rate of the Group's unsecured bank loans were ranging from 3.7% to 5% per annum (2021: 4%).

As at 31 December 2022, bank loan of RMB5,000,000 (2021: RMB40,000,000) was guaranteed by Zhang Ying Jin and his wife.

(b) As at 31 December 2022, the effective interest rates of the Group's secured other loans were ranging from 15% to 17% per annum (2021: 15% to 18%).

As at 31 December 2022, other loans of RMB65,000,000 (2021: RMB56,000,000) 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 21(a)).

(c) As at 31 December 2022, the effective interest rates of the unsecured other loans were ranging from 10% to 15% per annum (2021: 10% to 15%).

As at 31 December 2022, the Group's unsecured other loan of RMB9,500,000 (2021: RMB12,700,000) 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 1 January 2021, 31 December 2021 and 2022	1,177,508
Charged to profit or loss for the year	(1,177,508)
As at 31 December 2022	-

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 2022. As at 31 December 2022, the Group has unrecognised tax losses of RMB34,272,204 (2021: RMB32,220,539). 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.

26. Deferred taxation (continued)

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
As at 1 January 2021	6,874,743
Charged to profit or loss for the year	(1,501,799)
As at 31 December 2021	5,372,944
Credited to profit or loss for the year	(2,613,523)
As at 31 December 2022	2,759,421

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 2022, no deferred tax liability has been recorded on temporary differences of RMB16,705,895 (2021: RMB10,187,872) 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 2021, 31 December 2021 and 31 December 2022	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 2021.

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 2021	38,017,007
Loss for the year	(77,523,549)
At 31 December 2021	(39,506,542)
Loss for the year	(36,815,592)
As at 31 December 2022	(76,322,134)

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 2022, the Group had 6 lease contracts (2021: 7) with the fixed monthly rent ranging from RMB1,250 to RMB258,625 (2021: RMB1,500 to RMB411,352).

Right-of-use assets

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

	2022	**2021**
	RMB	**RMB**
Buildings leased for own use, carried at depreciated cost	1,994,625	8,176,487

29. Lease (continued)

Future lease payments are due as follows:

	Minimum lease payments RMB	Interest RMB	Present value RMB
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
As at 31 December 2021			
Not later than one year	6,230,965	525,295	5,705,670
Later than one year and not later than two years	3,061,675	141,735	2,919,940
Later than two years and not later than five years	16,667	668	15,999
	9,309,307	667,698	8,641,609

The present value of future lease payments are analysed as:

	2022 RMB	2021 RMB
Current liabilities	1,934,618	5,705,670
Non-current liabilities	-	2,935,939
	1,934,618	8,641,609

	2022 RMB	2021 RMB
Short term lease expense	400,878	195,565
Aggregate undiscounted commitments for short term leases	298,762	52,320

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 (2021: nil).

31. Statement of financial position of the Company

	2022 RMB	2021 RMB
Non-current assets		
Intangible asset	11,181,201	27,020,734
Interests in subsidiaries	97,090,535	97,090,535
Other receivables	114,000,000	115,000,000
Goodwill	-	-
	222,271,736	239,111,269
Current assets		
Other receivables	9,085,880	26,599,615
Amounts due from subsidiaries	9,848,766	15,454,182
Amount due from shareholder	130,687	20,278
Cash and cash equivalents	1,058,130	831,602
	20,123,463	42,905,677
Current liabilities		
Other payables	2,282,019	2,474,651
Net current assets	17,841,444	40,431,026
Total assets less current liabilities	240,113,180	279,542,295
Non-current liabilities		
Deferred tax liabilities	2,759,421	5,372,944
Net assets	237,353,759	274,169,351
Equity		
Share capital	313,675,893	313,675,893
Accumulated losses	(76,322,134)	(39,506,542)
Total equity	237,353,759	274,169,351

The financial statements were approved by the Board of Directors on 12 June, 2023.

Ross Kenneth Benson
Director

Sheng Yundong
Director

32. Interests in subsidiaries

	2022 RMB	2021 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 2022 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	PRC, 14 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%
上海易河信息技术有限公司	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	16 PRC, 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%

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. 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	2022 RMB	2021 RMB
Superio Pty Limited	Professional services fee	1,182,453	1,626,942
Nanping Yingjie Enterprise Management Partnership	Interest expense	1,158,897	1,616,944

34. Notes to the consolidated statement of cash flows

(a) Cash and cash equivalents comprise

	2022 RMB	2021 RMB
Cash available on demand	22,403,569	22,752,548

(b) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB (notes 25(a))	Other loans RMB (notes 25(b)&(c))	Lease liabilities RMB (note 29)	Amount due to a director RMB	Equity-linked Loans RMB (note 24)
At 1 January 2021	20,000,000	74,620,000	13,888,632	3,590,000	821,730
Changes from cash flows:					
Proceeds from borrowings	4,000,000	68,700,000	-	-	-
Repayments of borrowings	(20,000,000)	(58,320,000)	-	-	-
Repayment of advance from a director	-	-	-	(3,550,000)	-
Lease payments	-	-	(5,920,559)	-	-
Interest paid	(240,444)	(13,546,554)	(1,003,881)	-	-
Other changes:					
Change in fair value	-	-	-	-	(852,468)
Interest expenses	240,444	13,546,554	1,003,881	-	-
Additions in leases liabilities	-	-	673,536	-	-
Amortisation of deferred initial differences on derivatives financial liabilities	-	-	-	-	30,738
At 31 December 2021	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	-	-

35. 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:

	2022 RMB	2021 RMB
Total debts	102,462,500	89,040,000
Total shareholders' equity	213,664,390	278,486,236
Gearing ratio	48%	32%

36. 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 40% (2021: 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.

36. 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 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
As at 31 December 2021			
Neither past due nor impaired	0.2%	85,323,620	170,646
Less than 1 month past due	1.0%	26,237,460	262,375
1 to 3 months past due	2.0%	28,607,810	572,156
More than 3 months	5.7%	3,498,852	199,435
		143,667,742	1,204,612

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:

	2022 RMB	2021 RMB
Balance at 1 January	1,204,612	571,027
Reversal/(provision) for impairment loss determined under HKFRS 9	(313,503)	633,585
Balance at 31 December	891,109	1,204,612

Decrease in long overdue trade receivables resulted in an increase in reversal of loss allowance of RMB313,503 during the year ended 31 December 2022.

36. 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 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	-	-
At 31 December 2021					
Trade and other payables	54,357,805	54,357,805	54,357,805	-	-
Amount due to a director	40,000	40,000	40,000	-	-
Bank and other loans	89,000,000	94,157,903	94,157,903	-	-
Lease liabilities	8,641,609	9,309,307	6,230,965	3,061,675	16,667
Total	152,039,414	157,865,015	154,786,673	3,061,675	16,667

(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 notes 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.

36. 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:

	2022 RMB	2021 RMB
Denominated in HK$		
Cash and bank balances, net exposure	341,742	318,089
Denominated in A$		
Cash and bank balances, net exposure	184,118	18,448

	Increase/ (decrease) in foreign exchange rates %	Effect on profit for the year ended 31 December 2022 accumulated loss RMB	Increase/ (decrease) in foreign exchange rates %	Effect on profit for the year ended 31 December 2021 accumulated loss RMB
HK$	+5%	17,087	+5%	15,904
	-5%	(17,087)	-5%	(15,904)
A$	+5%	9,206	+5%	922
	-5%	(9,206)	-5%	(922)

37. 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 2022 and 2021 may be categorised as follows:

	2022 RMB	2021 RMB
Financial assets		
Assets measured at amortised cost:		
Trade and other receivables	253,283,023	311,542,845
Amount due from a related party	30,687	20,278
Amount due from a director	760,000	-
Cash and bank balances	27,403,569	27,752,548
	329,669,522	339,315,671
Financial liabilities		
Liabilities measured at amortised cost:		
Trade and other payables	43,633,331	54,357,805
Amount due to a director	-	40,000
Lease liabilities	1,934,618	8,641,609
Bank and other loans	102,462,500	89,000,000
	148,030,449	152,039,414