

APPENDIX 4D AND HALF YEAR FINANCIAL STATEMENTS

99 LOYALTY LIMITED

ARBN 164 764 729

30 June 2022

Lodged with ASX under Listing Rule 4.2A

This half year report covers the consolidated entity, consisting of 99 Loyalty Limited and its controlled entities. The financial statements are presented in Renminbi (RMB), the official currency of the People's Republic of China, unless otherwise stated.

The report is based on financial statements which have been reviewed by the auditor of the Company.

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Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2022 to 30 June 2022 Previous corresponding period: 1 January 2021 to 30 June 2021

Results for announcement to the market

Key information

	Period ended 30 June 2022 RMB	Period ended 30 June 2021 RMB
Revenue from ordinary operations	97,327,011	98,993,309
Loss/(profit) from ordinary operations after income tax expense	-32,102,958	-16,727,062
Total comprehensive income attributable to members of the Company	-32,102,958	-16,727,062

Revenue from Ordinary Operations

Revenue generated in the first half of FY2022 slightly decreased by 2% from the previous corresponding period, was a result of:

- a) Stringent quarantine policies in Shanghai from late March to early June 2022 which restrained the growth of group revenue: Comprehensive home and community quarantines have been enforced across Shanghai where a significant proportion of the Company's operations take place. The conditions have stifled operations for both on and offline business while household priorities have focused on securing the supply of basic needs reducing demand for other goods including insurance products.
- b) Insurance related revenues realized 31% YOY growth and accounted for 95% of group revenue in H1 2022. The four year consistently strong growth has been due to the Company's continuously making efforts to grow its capabilities and partnership in the insurance sector, the growth of online product creation and distribution, positive secular trends with increasing consumer awareness of the need for risk protection, and low insurance penetration rates.
- c) Loyalty and Marketing remained suppressed on account of previously flagged issues including Covid-19 lockdown impacts, financial risk control regulations, and general economic conditions. In H1 2022, China's GDP only had 2.5% YOY growth with Shanghai's GDP experiencing 5.7% YOY decline, and total China retail sales of consumer goods falling by 0.7%.

Profit from Ordinary Operations after Income Tax Expense

The Company reported a net loss of RMB 32.10 million in the first half of FY2022, which was mainly due to the Company's increase in marketing and channel development to capture market share and enhance brand visibility in the fast growing insurance brokerage services business.

Dividends

No dividends have been paid nor are any dividends proposed to be paid.

Condensed Consolidated Statement of Comprehensive Income

Please refer to Page 2

Condensed Consolidated Statement of Financial Position

Please refer to Page 3

Condensed Consolidated Statement of Changes in Equity

Please refer to Page 5

Condensed Consolidated Statement of Cash Flows

Please refer to Page 6

Additional dividend information

The Company has not declared any dividends.

Dividend reinvestment plan

The Company has no dividend reinvestment plan.

Net tangible asset backing

	30 June 2022 RMB	30 June 2021 RMB
Net tangible asset backing per ordinary security	18.3 cents	22.6 cents

At 30 June 2022, there were 1,159,682,763 shares on issue, which would convert to a net asset backing of RMB 21.2 cents per share compared to a net asset backing of RMB 29.0 cents per share as at 30 June 2021.

Controlled entities acquired or disposed of

The Company didn't acquire or dispose any entity in the first half of FY2022.

Associates and joint venture entities

The Company has no associates or joint venture entities. 2 subsidiaries have been deregistration during period.

Other significant information

Other than the details disclosed herein, there is no other information that needs to be disclosed to investors.

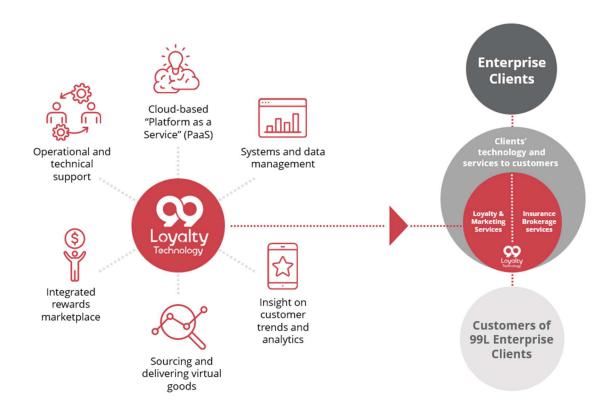
Foreign entities

The reports have been prepared under Hong Kong Accounting Standard 34.

About 99 Loyalty

99 Loyalty Technology delivers a platform and insights that enables China's leading banks and insurance companies to enhance customer loyalty and win new business.

99 Loyalty Technology is a business to business (B2B) enterprise technology solution with greater than 200 enterprise clients. 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 includes from security to full analysis, virtual goods and payments.



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

99 Loyalty Technology'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 banks and Chinese insurance companies.

Audit Qualification or Review

These accounts were subject to a review by the auditor and the review report is attached. The auditor has not raised any issues as a result of the review



(incorporated in Hong Kong with limited liability)

Interim
Condensed Consolidated
Financial Statements
For the six months ended 30 June 2022

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim condensed consolidated financial statements set out on pages 2 to 23, which comprises the condensed consolidated statement of financial position of 99 Loyalty Limited (the "Company") and its subsidiaries as of 30 June 2022 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). The preparation of a report on interim financial information is required to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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



REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF 99 LOYALTY LIMITED

(incorporated in Hong Kong with limited liability)

Conclusion

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

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without qualifying our conclusion, we draw attention to note 2 to the interim condensed consolidated financial statements, which indicates that the Group recorded a loss for the period of RMB32,102,958 for the six months ended 30 June 2022. This condition indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

BDO Limited

Certified Public Accountants

Lui Chi Kin

Practising Certificate Number P06162

BDO (_-Ted

Hong Kong

31 August 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Notes	2022 RMB (unaudited)	2021 RMB (unaudited)
Revenue	6	97,327,011	98,993,309
Cost of sales		(494,660)	(637,063)
Gross profit		96,832,351	98,356,246
Other revenue	7	13,898,667	3,426,853
Other gains and losses, net	8	(14,828,898)	892,056
Selling and distribution expenses		(100,981,101)	(88,351,102)
Administration expenses		(20,502,821)	(27,722,936)
Provision for impairment losses on trade and oth receivables	er	(1,043,732)	(354,908)
Operating loss		(26,625,534)	(13,753,791)
Finance costs	9	(6,845,801)	(7,266,424)
Loss before income tax	10	(33,471,335)	(21,020,215)
Income tax credit	12	1,368,377	4,293,153
Loss for the period and total comprehensive income for the period attributable to the owners of the Company		(32,102,958)	(16,727,062)
Loss per share	13	RMB (unaudited)	RMB (unaudited)
Basic		(0.0277)	(0.0144)
Diluted		(0.0277)	(0.0148)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		5,345,062	10,796,414
Intangible assets	15	33,689,792	49,941,021
Other receivable	16	80,000,000	115,000,000
Deferred tax assets			1,177,508
Total non-current assets		119,034,854	176,914,943
CURRENT ASSETS			
Inventories		4,499,484	5,373,910
Trade and other receivables	16	348,744,551	288,940,778
Amount due from a related party	19	166,010	20,278
Tax recoverable		4,186,811	4,619,565
Cash and bank balances	17	21,235,363	27,752,548
Total current assets		378,832,219	326,707,079
NON-CURRENT LIABILITIES			
Lease liabilities		257,640	2,935,939
Deferred tax liabilities		2,793,856	5,372,944
Total non-current liabilities		3,051,496	8,308,883
CURRENT LIABILITIES			
Trade and other payables	18	90,325,660	59,465,523
Contract liabilities	6	63,678,818	61,605,971
Amount due to a director	19	40,000	40,000
Bank and other loans	20	89,962,500	89,000,000
Lease liabilities		3,382,717	5,705,670
Current tax liabilities		1,042,604	1,009,739
Total current liabilities		248,432,299	216,826,903
NET CURRENT ASSETS		130,399,920	109,880,176
NET ASSETS		246,383,278	278,486,236



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
EQUITY Share capital Reserves	21	313,675,893 (67,292,615)	313,675,893 (35,189,657)
TOTAL EQUITY		246,383,278	278,486,236

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2022 and are signed on its behalf by:

Mr. Ross Benson
Director

Mr. Yundong Sheng, Scott
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Share capital RMB	Statutory reserve RMB	Other reserve RMB	Retained earnings/ (accumulated losses) RMB	Total RMB
Balance at 1 January 2021 (audited)	313,675,893	5,583,721	(2,500,000)	35,958,204	352,717,818
Loss for the period and total comprehensive income for the period				(16,727,062)	(16,727,062)
Balance at 30 June 2021 (unaudited)	313,675,893	5,583,721	(2,500,000)	19,231,142	335,990,756
Balance at 1 January 2022 (audited)	313,675,893	6,557,744	(2,500,000)	(39,247,401)	278,486,236
Loss for the period and total comprehensive income for the period	<u> </u>	<u> </u>		(32,102,958)	(32,102,958)
Balance at 30 June 2022 (unaudited)	313,675,893	6,557,744	(2,500,000)	(71,350,359)	246,383,278



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2022

	2022 RMB (unaudited)	2021 RMB (unaudited)
Net cash generated from/(used in) operating activities	1,749,707	(63,741,644)
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Cash flows from investing activities Purchases of property, plant and equipment Additions of intangible assets	- (88,248)	(547,535)
Net cash used in investing activities	(88,248)	(547,535)
Cash flows from financing activities Repayment of advance from a director Proceeds from borrowings Repayments of borrowings Interests paid Repayment of principal portion of lease liabilities	39,162,500 (38,200,000) (6,845,801) (2,306,105)	(3,400,000) 53,000,000 (42,000,000) (7,266,424) (2,899,566)
Net cash used in financing activities	(8,189,406)	(2,565,990)
Net decrease in cash and cash equivalents	(6,527,947)	(66,855,169)
Cash and cash equivalents at the beginning of period	22,752,548	112,506,895
Effect of exchange rate changes on cash and cash equivalents	10,762	39,587
Cash and cash equivalents at the end of period	16,235,363	45,691,313



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

1. GENERAL

99 Loyalty Limited (the "Company") is a limited liability company incorporated in Hong Kong. Its CHESS Depositary Interests ("CDIs") are listed on the Australian Securities Exchange (stock code: 99L). 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.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries (together with the Company referred as the "Group") are investment holding and provision of financial and operational services on mobile and online marketplaces in the People's Republic of China (the "PRC").

During the six months ended 30 June 2022, performance in certain type of services of the Group was suppressed by flagged issues including restrictions and regulations on financial institutions, Covid-19 lockdown impacts, and general economic conditions in the PRC.

2. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These interim condensed consolidated financial statements for the six months ended 30 June 2022 were approved and authorised by the board of directors on 31 August 2022.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2021 ("2021 annual financial statements"), except for those that relate to new standards or interpretations effective for the first time for periods beginning on 1 January 2022. Details of any changes in accounting policies are set out in note 3.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

2. BASIS OF PREPARATION - Continued

In preparing these interim condensed consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group recorded a loss for the period of Renminbi ("RMB") 32,102,958 for the six months ended 30 June 2022, which may cast significant doubt on the Group's ability to continue as a going concern. Nevertheless, the directors of the Company have adopted going concern basis in the preparation of these interim condensed consolidated financial statements of the Group based on that the Group had net current assets of RMB130,399,920 as at 30 June 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.

Notwithstanding the above, 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. The validity of the going concern basis is dependent upon on the Group's ability to generate sufficient cash flows from its operations according to its operational plans and the recoverability of the other receivable (note 16(b)).

Should the Group be unable to continue its business as a going concern, adjustments would have to be made in these interim condensed 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 these interim condensed consolidated financial statements.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

2. BASIS OF PREPARATION - Continued

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

These interim condensed consolidated financial statements are presented in RMB, unless otherwise stated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2021 annual financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the board of directors is included on page 1.

The financial information relating to the year ended 31 December 2021 that is included in these interim condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the 2021 annual financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

3. CHANGES IN HKFRSS

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

Annual Improvements to HKFRSs Annual Improvements to HKFRSs 2018-2020
Amendments to HKFRS 3 Reference to the Conceptual Framework
Amendments to HKFRS 16 Covid-19-Related Rent Concessions beyond

30 June 2021

Amendments to HKAS 37 Onerous Contracts - Cost of Fulfilling a Contract
Amendments to HKAS 16 Property, Plant and Equipment - Proceeds before

Intended Use

The adoption of these new or amended HKFRSs did not have any material impact on the Group's accounting policies.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the interim condensed consolidated financial statements, significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to 2021 annual financial statements.

5. 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 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.

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

6. REVENUE

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

Significant category

	2022 RMB (unaudited)	2021 RMB (unaudited)
Revenue from contracts with customer - Commission and service income - Sales of merchandise	96,769,872 557,139	98,382,827 610,482
Sates of merchandise	97,327,011	98,993,309
Timing of revenue recognition	2022 RMB (unaudited)	2021 RMB (unaudited)
Revenue recognised at point in time	97,327,011	98,993,309

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

	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
Trade receivables	146,245,689	142,463,130
Contract liabilities	63,678,818	61,605,971

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

7. OTHER REVENUE

	2022 RMB (unaudited)	2021 RMB (unaudited)
Bank interest income Imputed interest income on other receivable Government grants* Others	38,982 12,000,000 882,420 977,265	185,421 - 2,546,011 695,421
	13,898,667	3,426,853

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

8. OTHER GAINS AND LOSSES, NET

	2022 RMB (unaudited)	2021 RMB (unaudited)
Exchange gains, net Gain on lease modification	10,762 160,340	39,588
Impairment loss on intangible assets (note 15)	(15,000,000)	-
Change in fair value of derivative financial liabilities	-	852,468
	(14,828,898)	892,056

9. FINANCE COSTS

	2022 RMB (unaudited)	2021 RMB (unaudited)
Interest on bank loans Interest on other loans Interest on lease liabilities	94,889 6,532,077 218,835	203,333 6,512,150 550,941
	6,845,801	7,266,424



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

10. LOSS BEFORE INCOME TAX

	2022	2021
	RMB	RMB
	(unaudited)	(unaudited)
		-
Auditor's remuneration	265,461	250,026
Cost of inventories recognised as an expense	493,036	460,004
Employee costs (including directors' emoluments)		
comprise:		
- Contribution on defined contribution retirement plan	4,834,752	5,125,987
- Salaries and staff benefits	18,981,454	20,923,805
	23,816,206	26,049,792
	23,010,200	20,017,772
Loss on deregistration of subsidiaries	-	588,173
Short-term leases expenses	76,265	76,886
Amortisation of intangible assets	1,339,477	1,731,637
Depreciation of property, plant and equipment		
- Owned property, plant and equipment	657,571	683,340
- Right-of-use assets	2,258,974	3,069,648
	2,916,545	3,752,988

11. DIRECTORS' EMOLUMENTS

	2022 RMB (unaudited)	2021 RMB (unaudited)
Directors' fees Salaries, bonuses, allowances and benefits Contribution on defined contribution retirement plan	532,600 1,106,500 171,367	532,600 1,080,000 103,242
	1,810,467	1,715,842



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

12. INCOME TAX CREDIT

	2022 RMB (unaudited)	2021 RMB (unaudited)
Current tax - PRC -Tax for the period Deferred tax	33,203 (1,401,580)	433,719 (4,726,872)
Income tax credit	(1,368,377)	(4,293,153)

Notes:

- (a) Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong, except for the first Hong Kong Dollar 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 Group had no assessable profits derived in Hong Kong for the period.
- (b) 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 period is 25% (2021: 25%).
- (c) Shanghai Handpal Information Technology Co., Ltd., a subsidiary of the Group, has been accredited as a High-tech Enterprise by the Accrediting Bodies under the Administrative Measures for Determination of High and New Technology Enterprises in 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

13. LOSS PER SHARE

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

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	2022 RMB (unaudited)	2021 RMB (unaudited)
Loss for the purposes of basic loss per share Effect of dilutive potential ordinary shares	(32,102,958)	(16,727,062)
- call options		(821,730)
Loss for the purpose of diluted loss per share	(32,102,958)	(17,548,792)
Number of shares		
	2022 (unaudited)	2021 (unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share Effect of dilutive potential ordinary shares - call options		

14. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2022, nor has any dividend been proposed since the end of reporting period (2021: nil).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

15. INTANGIBLE ASSETS

	Licensing arrangement RMB	Insurance license RMB	Computer software RMB	Total RMB
Cost				
At 1 January 2022 (audited) Additions	55,760,000	27,000,000	6,232,644 88,248	88,992,644 88,248
At 30 June 2022 (unaudited)	55,760,000	27,000,000	6,320,892	89,080,892
Accumulated amortisation and impairment				
At 1 January 2022 (audited)	28,739,266	4,320,000	5,992,357	39,051,623
Amortisation expense	630,834	540,000	168,643	1,339,477
Impairment loss	15,000,000		-	15,000,000
At 30 June 2022 (unaudited)	44,370,100	4,860,000	6,161,000	55,391,100
Carrying amounts				
At 30 June 2022 (unaudited)	11,389,900	22,140,000	159,892	33,689,792
At 1 January 2022 (audited)	27,020,734	22,680,000	240,287	49,941,021

During the six months ended 30 June 2022, management of the Group identified impairment indicator on the Group's cash generating unit (the "CGU") in relation to the Group's provision of services via online marketplace in the PRC due to decline in its financial performance. The Group assessed the recoverable amount of the CGU to which intangible assets of the Group were allocated and as a result the carrying amount of the CGU was written down to its recoverable amount. Accordingly an impairment loss on licensing arrangement of RMB15,000,000 (note 8) was recognised for the six months ended 30 June 2022 (2021: nil).

The recoverable amount of the CGU as at 30 June 2022 has been determined from value-inuse 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% (31 December 2021: 22%). Cash flows beyond the five-year period are extrapolated using an estimated average growth rate of 5% (31 December 2021: 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

16. TRADE AND OTHER RECEIVABLES

	Notes	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
Non-current			
Other receivable from Shanghai Handpay Information & Technology Co., Ltd			
("Handpay")	(b) _	80,000,000	115,000,000
Current Trade receivables Prepayments to suppliers Other prepayments Deposits Other receivables Other receivable from Handpay	(a) (b) _	146,245,689 88,505,372 12,980,686 659,637 8,353,167 92,000,000	142,463,130 81,122,776 11,275,157 1,683,546 7,396,169 45,000,000
	=	348,744,551	288,940,778

Notes:

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

During the period, 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 15.5% to 18% (31 December 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 of the discounting transactions as other loan (note 20(b)). As at 30 June 2022, trade receivables of RMB66,361,240 (31 December 2021: RMB57,255,661) have been legally transferred to the financial institutions. The carrying amounts of the transferred assets and their associated liabilities approximates their fair values as at 30 June 2022 and 31 December 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

16. TRADE AND OTHER RECEIVABLES - Continued

Notes: - Continued

(b) Other receivable due from Handpay is mainly derived from the operation of mobile marketplace of the Group. According to a licensing arrangement entered between the Group and Handpay in 2013 and the relevant supplementary agreements entered in 2015, during the transition period, Handpay would continue to perform all third party contracts entered into with respect to the mobile marketplace until renewal of existing contracts. Handpay continues to collect revenue and pay expenses on behalf of the Group. The amount was unsecured, interest-free and repayable on demand prior to 31 December 2021.

On 31 December 2021, the Company and Handpay agreed a modification on the terms of other receivable from Handpay, under which modified other receivable from Handpay would be settled by instalments with final instalment due on 31 December 2023 (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 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 RMB160,000,000.

Impairment on trade and other receivables

At 30 June 2022, allowance for impairment of RMB2,248,344 has been recognised in accordance with the Group's assessment (31 December 2021: RMB1,204,612).

The Group's management expects to collect the receivable due from Handpay in full and hence no impairment allowance has been made as at 30 June 2022 (31 December 2021: nil).



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

17. CASH AND BANK BALANCES

	Note	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
Cash and bank balances Less:		21,235,363	27,752,548
Deposit restricted for insurance brokerage work	(a)	(5,000,000)	(5,000,000)
Cash and cash equivalents for the purpose of the condensed consolidated statement of cash flows		16,235,363	22,752,548

Note:

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

18. TRADE AND OTHER PAYABLES

	30 June	31 December
	2022	2021
	RMB	RMB
	(unaudited)	(audited)
Trade payables	73,196,330	41,903,474
Accruals and other payables (note)	17,129,330	17,562,049
	90,325,660	59,465,523

Note:

The Group is in progress to finalise certain tax treatment in relation to filing of Value-added Tax ("VAT") amounted to RMB10,290,542 as at 30 June 2022 (31 December 2021: RMB10,281,220) with relevant tax authority in the PRC. In the opinion of the management, there is possibility that VAT of RMB10,281,220 may be reversed as at 31 December 2022.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

19. AMOUNT DUE FROM A RELATED PARTY AND AMOUNT DUE TO A DIRECTOR

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

The amount due to a director represented amount due to Ms. Zhang Li, Amalisia ("Ms. Zhang"), which was unsecured, interest-free and repayable on demand.

20. BANK AND OTHER LOANS

	Notes	30 June 2022 RMB (unaudited)	31 December 2021 RMB (audited)
Current			
Bank loan - unsecured	(a)	7,000,000	4,000,000
Other loans - secured	(b)	60,000,000	56,000,000
Other loans - unsecured	(c)	22,962,500	29,000,000
Total borrowings	_	89,962,500	89,000,000

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

	30 June 2022	31 December 2021
	RMB (unaudited)	RMB (audited)
Within one year or on demand	89,962,500	89,000,000

The Group's bank and other loans are denominated in RMB.

Notes:

(a) As at 30 June 2022, the effective interest rate of the Group's unsecured bank loan was 4% per annum (31 December 2021: 4%).

As at 30 June 2022, the Group's unsecured bank loan of RMB7,000,000 (31 December 2021: RMB4,000,000) was guaranteed by Ms. Zhang.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

20. BANK AND OTHER LOANS - Continued

Notes:

(b) As at 30 June 2022, the effective interest rates of the Group's secured other loans were ranging from 15.5% to 18% per annum (31 December 2021: 15% to 18%).

As at 30 June 2022, the Group's secured other loans of RMB60,000,000 (31 December 2021: RMB56,000,000) represents the amounts of financing obtained from financial institutions in factoring transactions on the Group's trade receivables with full recourse (note 16(a)).

(c) As at 30 June 2022, the effective interest rates of the Group's unsecured other loans were ranging from 10% to 15% per annum (31 December 2021: 10% to 15%).

As at 30 June 2022, the Group's unsecured other loan of RMB9,000,000 (31 December 2021: RMB12,700,000) was due to Nanping Yingjie Enterprise Management Partnership ("Nanping Yingjie"), a related company of which Ms. Zhang was the controlling equity holder.

21. SHARE CAPITAL

	Number of ordinary shares	RMB
Issued and fully paid-up		
At 1 January 2021 (audited), 31 December 2021 (audited) and 30 June 2022 (unaudited)	1,159,682,763	313,675,893

22. CAPITAL COMMITMENT

There is no significant capital commitment for the Group as at 30 June 2022 (31 December 2021: nil).

23. FAIR VALUE MEASUREMENTS

The fair values of trade and other receivables, cash and bank balances, trade and other payables, amounts due from/(to) a related party and a director, and bank and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

24. RELATED PARTY TRANSACTIONS

Transaction with key management personnel

All members of key management personnel are the directors of the Company. The remuneration paid to them during the period was disclosed in note 11 to the interim condensed consolidated financial statements.

Transactions with other parties

In addition to the transactions and balances disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following material related party transactions:

			2022	2021
		Type of	RMB	RMB
	Note	transactions	(unaudited)	(unaudited)
Superio		Professional		
		services fees	-	440,235
Nanping Yingjie	20(c)	Interest expense	443,836	1,180,367

