

Registered Number: 10276524

LL PAY UK LIMITED

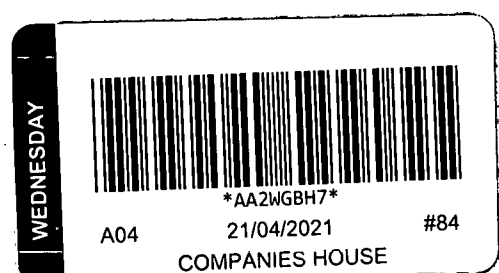
AMENDED ACCOUNTS (AUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2019

***Re-Submitted to Replace the Original Accounts (Unaudited)**

***Prepared at the Same Date of the Original Accounts**

***The Only Valid Statutory Accounts of LL PAY UK LIMITED**



To whom it may concern,

We are the office of Board of Directors and the cross-border finance department of Lianlian Group, and currently writing to ask if you can kindly amend the accounts of our UK company – LL PAY UK LIMITED with company number 10276524.

To be clear, the accounts we filed for fiscal year 2019 was mis-chosen as the total exemption full accounts, so that no audited reports could be submitted as it has been required. **All the numbers included in the current statutory accounts are accurate and valid, but it does not include any notes to the financial statement, the directors' report, and other pages.**

For this reason, we followed your instruction and would like to provide the audited report to replace the original accounts.

Sincerely appreciated.

Registered number: 10276524

LL PAY UK LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

LL PAY UK LIMITED

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LL PAY UK LIMITED

COMPANY INFORMATION

| | |
|-----------------------------|--------------------------------------------------------------------------------------|
| Directors | X S Zhu D R Messenger |
| Company secretary | Online Corporate Secretaries Limited |
| Registered number | 10276524 |
| Registered office | Suite 1 Lower Ground Floor One George Yard London EC3V 9DF |
| Independent auditors | PricewaterhouseCoopers LLP Central Square 29 Wellington St Leeds LS1 4DL |

LL PAY UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors presents the Strategic Report of LL Pay UK Limited (the "Company") for the year ended 31 December 2019.

Business review

LL Pay UK Limited was established in 2016 and obtained authorisation from the Financial Conduct Authority ('FCA') to provide money remittance services on 30 April 2018. LL Pay UK Limited has a year end of 31 December 2019. The Company is part of LianLian Group which is one of the largest non-banking third party payment service providers in China. The Company is principally engaged in provision of payment processing services to assist the chinese merchant clients of LianLian International Company Limited to receive payment for goods purchased by their customers and also make payments to the tax authorities on their behalf. Chinese Merchants sell their products via online platforms (e.g. Amazon), to customers including those in the UK and Europe. Revenue has increased significantly this year to £1,766,156 (2018: £637,580) since more merchants use LianLian channel to collect and pay on the platform, which also raise the volume of transactions.

During the year the 300,000 shares of £1 each was issued to LianLian Hong Kong Company Limited in order to raise fund to cover future operating expenses. Further LianLian Group is in the process of restructuring the cross border business entities and hence as part of the same process LL PAY UK Limited has been sold to LianLian Pay Global Limited for USD 394,849 on 05 August 2020.

Principal risks and uncertainties

The principal risk of the Company arises from the single business structure and the single customer group. The impact of uncertainty comes from if Brexit were to affect current cross border policies. If Brexit were to change this policy, the Company might not be able to use FCA license to provide services to the rest of the European Union countries. To ensure business continuity and mitigate any potential impact, the Company is applying for an EMI license with the Central Bank of Ireland in Ireland. This license will allow the Company to provide it's services to the rest of European Union countries in case the current cross border policies were to change.

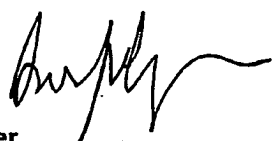
Credit risk

The main credit risk for the Company is its exposure to exchange movements. This is managed and monitored by the management.

Financial key performance indicators

Administrative expense increased by 139% to £350,522 due to the appointment of 3 employees in the year. In addition, business consulting fees were generated from business development.

This report was approved by the board and signed on its behalf by:



D R Messenger
Director

Date: 22 January 2021

LL PAY UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the audited financial statements of LL Pay UK Limited (the "Company") for the year ended 31 December 2019.

Principal activities

The Company is principally engaged in provision of payment processing services to assist the chinese merchant clients of LianLian International Company Limited to receive payment for goods purchased by their customers and also make payments to the tax authorities on their behalf.

Results and dividends

The profit for the financial year amounted to £46,034 (2018: loss £2,657).

The net assets for the year ended 31 December 2019 were £369,779 (2018: £23,745).

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: £Nil).

Future development

The Company is working on expanding the services to be offered in Europe. Some of the services the Company intends to provide in Europe are: person to person remittance service, mobile wallet services and VAT payment services among others.

Financial risks management

The financial risks management of the Company is discussed in the Strategic Report on page 2.

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

W Brown (resigned 3 December 2019)
G R Clark (resigned 3 December 2019)
Q Huang (resigned 3 December 2019)
X S Zhu
D R Messenger (appointed 3 December 2019)
J A Oviedo (appointed 3 December 2019, resigned 22 March 2020)

Going concern

The Company is viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Impact of COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures for employees like social distancing and working from home.

At this stage, the impact on its business and results is quite limited. The Company will continue to follow the various national institutes policies and advice and in parallel will do its utmost to continue the operations in the best and safest way possible without jeopardizing the health of people.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:



D R Messenger
Director

Date: 22 January 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LL PAY UK LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, LL Pay UK Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LL PAY UK LIMITED (CONTINUED)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LL PAY UK LIMITED (CONTINUED)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
22 January 2021

LL PAY UK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|--------------------------------------------------------------------|------|----------------|----------------|
| Turnover | 4 | 1,766,156 | 637,580 |
| Cost of sales | | (1,382,849) | (483,802) |
| Gross profit | | 383,307 | 153,778 |
| Administrative expenses | | (350,522) | (146,747) |
| Other operating income | 5 | - | 957 |
| Operating profit | 6 | 32,785 | 7,988 |
| Interest receivable and similar income | 9 | 23,670 | - |
| Interest payable and similar expenses | 10 | (5,841) | (10,645) |
| Profit/(loss) before taxation | | 50,614 | (2,657) |
| Tax on profit/(loss) | 11 | (4,580) | - |
| Profit/(loss) for the financial year | | 46,034 | (2,657) |
| Total comprehensive income/(expense) for the financial year | | 46,034 | (2,657) |

The notes on pages 12 to 21 form part of these financial statements.

**BALANCE SHEET
AS AT 31 DECEMBER 2019**

| | Note | 2019 £ | 2018 £ |
|-------------------------------------------------------------|------|------------------|----------------|
| Current assets | | | |
| Debtors | 12 | 472,713 | 321,826 |
| Cash at bank and in hand | 13 | 1,020,392 | 33,763 |
| | | <u>1,493,105</u> | <u>355,589</u> |
| Creditors: amounts falling due within one year | 14 | (1,123,326) | (331,844) |
| Net current assets | | <u>369,779</u> | <u>23,745</u> |
| Total assets less current liabilities and Net assets | | <u>369,779</u> | <u>23,745</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 350,000 | 50,000 |
| Profit and loss account | 17 | 19,779 | (26,255) |
| Total shareholders' funds | | <u>369,779</u> | <u>23,745</u> |

The financial statements on pages 8 to 20 were approved and authorised for issue by the board and were signed on its behalf by:



D R Messenger
Director

Date: 22 January 2021

The notes on 12 to 21 form part of these financial statements.

LL PAY UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Called up share capital | Profit and loss account | Total shareholders' funds |
|-----------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------------|
| | £ | £ | £ |
| At 1 January 2018 | 50,000 | (23,598) | 26,402 |
| Comprehensive expense for the financial year | | | |
| Loss for the financial year | - | (2,657) | (2,657) |
| Total comprehensive expense for the financial year | - | (2,657) | (2,657) |
| At 31 December 2018 and 1 January 2019 | 50,000 | (26,255) | 23,745 |
| Comprehensive income for the financial year | | | |
| Profit for the financial year | - | 46,034 | 46,034 |
| Total comprehensive income for the financial year | - | 46,034 | 46,034 |
| Contributions by and distributions to owners | | | |
| Shares issued during the financial year | 300,000 | - | 300,000 |
| Total transactions with owners | 300,000 | - | 300,000 |
| At 31 December 2019 | 350,000 | 19,779 | 369,779 |

The notes on pages 12 to 21 form part of these financial statements.

LL PAY UK LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | 2019 £ | 2018 £ |
|-------------------------------------------------------------------------|------------------|-----------------|
| Cash flows from operating activities | | |
| Profit/(loss) for the financial year | 46,034 | (2,657) |
| Adjustments for: | | |
| Interest payable and similar expenses | 5,841 | - |
| Taxation charge | 4,580 | - |
| Decrease/(increase) in debtors | 33,142 | (45,512) |
| Increase in amounts owed by group undertakings | (184,029) | (18,407) |
| Increase in creditors | 470,127 | 59,576 |
| Increase/(decrease) in amounts owed to group undertakings | 316,775 | (35,719) |
| Net cash generated from/(used in) operating activities | 692,470 | (42,719) |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 300,000 | - |
| Interest payable and similar expenses | (5,841) | - |
| Net cash generated from financing activities | 294,159 | - |
| Net increase/(decrease) in cash and cash equivalents | 986,629 | (42,719) |
| Cash and cash equivalents at beginning of financial year | 33,763 | 76,482 |
| Cash and cash equivalents at the end of financial year | 1,020,392 | 33,763 |
| Cash and cash equivalents at the end of financial year comprise: | | |
| Cash at bank and in hand | 1,020,392 | 33,763 |

The notes on pages 12 to 21 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. General information

LL Pay UK Limited (the "Company") is a private company, limited by shares and incorporated in the United Kingdom. The address of its registered office is Suite 1 Lower Ground Floor, One George Yard, London, EC3V 9DF.

The Company is principally engaged in provision of payment processing services to assist the chinese merchant clients of LianLian International Company Limited to receive payment for goods purchased by their customers and also make payments to the tax authorities on their behalf.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

2.2 Going concern

The Company is viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Impact of COVID-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by various governments to contain the virus have affected economic activity. The Company has taken a number of measures to monitor and prevent the effects of the COVID-19 virus such safety and health measures for employees like social distancing and working from home.

At this stage, the impact on its business and results is quite limited. The Company will continue to follow the various national institutes policies and advice and in parallel will do its utmost to continue the operations in the best and safest way possible without jeopardizing the health of people.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.3 Turnover

The turnover of the Company is the service fees received from Lianlian International Company Limited. The service fee is determined at cost plus basis whereby all the cost incurred in provision of payments services attract a 10% mark up except the pass-through costs like bank channel fee.

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.9 Financial Instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.12 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

3. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors do not consider there are any areas of key judgements and estimates.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2019 £ | 2018 £ |
|----------------------|------------------|----------------|
| Cross-border service | <u>1,766,156</u> | <u>637,580</u> |

The revenue represents the service fees received for providing money collection and distribution services for LL International Co. Ltd, which is based in Hong Kong, China.

LL PAY UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

5. Other operating income

| | 2019 £ | 2018 £ |
|------------------------|-----------|-----------|
| Other operating income | - | 957 |

6. Operating profit

The operating profit is stated after charging:

| | 2019 £ | 2018 £ |
|-------------------------|-----------|-----------|
| Operating lease rentals | 64,867 | 64,847 |
| Bank charges | 1,382,849 | 483,802 |

7. Auditors' remuneration

| | 2019 £ | 2018 £ |
|---------------------------------------------------------------------------------------------------|-----------|-----------|
| Fees payable to the Company's auditors for the audit of the Company's annual financial statements | 21,000 | 17,500 |
| Fees payable to the Company's auditors in respect of: | | |
| All other services | 2,520 | 2,400 |

8. Employees

| | 2019 £ | 2018 £ |
|--------------------|-----------|-----------|
| Wages and salaries | 126,077 | - |
| Social security | 8,392 | - |
| Employee benefits | 10,825 | - |
| | 145,294 | - |

The Company has three employees during year 2019. Two UK based directors received emoluments amounting to £48,000 (2018: £30,000). The directors based in China did not receive any remuneration as they are paid by other entities within the LianLian Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Interest receivable and similar income

| | 2019 £ | 2018 £ |
|-----------------------|-----------|-----------|
| Foreign exchange gain | 23,670 | - |

10. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|------------------------|-----------|-----------|
| Foreign exchange loss | - | 10,645 |
| Other interest payable | 5,841 | - |
| | 5,841 | 10,645 |

11. Tax on profit/(loss)

| | 2019 £ | 2018 £ |
|-----------------------------------------------------|-----------|-----------|
| Corporation tax | | |
| Current tax on profit/(loss) for the financial year | 4,580 | - |
| Total current tax | 4,580 | - |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

| | 2019 £ | 2018 £ |
|-----------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit/(loss) before taxation | 50,614 | (2,657) |
| Profit/(loss) before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) | 9,617 | (505) |
| Effects of: | | |
| Utilisation of accumulated losses from prior years | (5,037) | - |
| Tax losses not recognized | - | 505 |
| Total tax charge for the financial year | 4,580 | - |

Factors that may affect future tax charges

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
11. Tax on profit/(loss) (continued)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020), was enacted as part of the Finance Act 2015. In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantially enacted on 17 March 2020. As this law had not been substantively enacted at 31 December 2019 this is a non-adjusting post Balance Sheet event.

12. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 456,017 | 271,988 |
| Other debtors | 12,387 | 38,514 |
| Prepayments and accrued income | 4,309 | 11,324 |
| | <u>472,713</u> | <u>321,826</u> |

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Cash at bank and in hand

| | 2019 £ | 2018 £ |
|--------------------------|------------------|---------------|
| Cash at bank and in hand | <u>1,020,392</u> | <u>33,763</u> |

14. Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|------------------------------------|------------------|----------------|
| Amounts owed to group undertakings | 540,457 | 223,682 |
| Corporation tax | 4,580 | - |
| Other creditors | 567,562 | 73,302 |
| Accruals and deferred income | 10,727 | 34,860 |
| | <u>1,123,326</u> | <u>331,844</u> |

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

15. Financial Instruments

| | 2019 £ | 2018 £ |
|-----------------------------------------------------------------------|------------------|-----------------|
| Financial assets | | |
| Financial assets that are debt instruments measured at amortised cost | <u>8,380</u> | <u>38,514</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>(567,562)</u> | <u>(73,302)</u> |

Financial assets that are debt instruments measured at amortised cost include other debtors.

Financial liabilities measured at amortised cost include trade and other creditors.

16. Called up share capital

| | 2019 £ | 2018 £ |
|--------------------------------------------------------------|----------------|---------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 350,000 (2018: 50,000) Ordinary shares of £1 (2018: £1) each | <u>350,000</u> | <u>50,000</u> |

During the year the 300,000 shares of £1 each was issued to LianLian Hong Kong Company Limited in order to raise fund to cover future operating expenses.

17. Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses, and distributions of the Company.

18. Commitments under operating leases

At 31 December the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 £ | 2018 £ |
|-----------------------|---------------|---------------|
| Not later than 1 year | <u>64,867</u> | <u>54,954</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**
19. Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

During the years ended December 31, 2019 and 2018, related parties that the Company had transactions with are listed as following:

| Name | Relationship with the Company |
|----------------------------------------|---------------------------------------------|
| Lianlian International Company Limited | Controlled by the ultimate holding company* |

*Lianlian International was the immediate holding company before May 31, 2018.

During the year ended December 31, 2019 and 2018, the Company had the following material related party transactions:

| | Year ended December 31, 2019 | Year ended December 31, 2018 |
|--------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <i>Service income charged to a related party</i> | | |
| Lianlian International Company Limited | 1,766,156 | 637,580 |

Balances with related parties are as follows as of December 31, 2019 and 2018:

| | December 31, 2019 | December 31, 2018 |
|------------------------------------------|--------------------------|--------------------------|
| <i>Amounts due from a related party.</i> | | |
| Lianlian International Company Limited | 456,017 | 271,988 |
| <i>Amounts due to a related party.</i> | | |
| Lianlian International Company Limited | 540,457 | 223,682 |

20. Ultimate parent undertaking and controlling party

The immediate parent undertaking; Lianlian Hong Kong Company Limited is the smallest group to consolidate these financial statements and the largest group to consolidate these financial statements is the Lianlian DigiTech Co., Ltd which is the ultimate parent company.

| Name | Place of registered | Registered share capital | Principal activities |
|--------------------------------------------------------|----------------------------|---------------------------------|-----------------------------|
| Controlling Party - Lianlian Hong Kong Company Limited | Hong Kong, China | USD 4,500,000 | Investment holding |
| Ultimate parent - Lianlian DigiTech Co., Ltd | Hangzhou, China | RMB 906,740,299 | Investment holding |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Post balance sheet events

COVID-19

Since the outbreak of the COVID-19 pandemic in the first half of 2020, there has been widespread disruption to the UK and consequently the Group's operations. As the pandemic took effect after the year end, this event has been considered a non-adjusting post Balance Sheet event. The assessment on the ability of the Company to operate as a going concern is disclosed in the accounting policies on page 12.

Change in ownership

LL PAY UK Limited has been sold to LianLian Pay Global Limited for USD 394,849 on 05 August 2020.