



Fintech Chain Limited

ARBN 158 702 400

ASX PRELIMINARY FINAL REPORT 31 MARCH 2020

Lodged with the ASX under Listing Rule 4.3A

This preliminary final report covers the consolidated entity consisting of Fintech Chain 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 accounts which are in the process of being audited.

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**FINTECH CHAIN LIMITED AND ITS CONTROLLED ENTITIES
YEAR ENDED 31 MARCH 2020**

Details of the reporting period and the previous corresponding period

Reporting period: Year ended 31 MARCH 2020

Prior corresponding period: Year ended 31 MARCH 2019

Results for announcement to the market

Key information

| | Year ended 31 MARCH 2020 RMB'000 | Year ended 31 MARCH 2019 RMB'000 | % change |
|---|---|---|----------|
| Revenue | 35,638 | 44,186 | -19% |
| Profit from ordinary activities after income tax expense attributable to members | 3,930 | 2,894 | 36% |
| Net profit attributable to members | 4,316 | 3,020 | 43% |

Brief explanation of figures reported above to enable the figures to be understood

Key features of the result include:

- The Company generated net profit and total comprehensive income of RMB3.9 million for FY2020, an increase of 36% over the previous year despite of Coronavirus (COVID-19) pandemic.
- Due to the impact of the Coronavirus (COVID-19) epidemic, revenue growth from T-linx™ related products and services was slower than anticipated being RMB28.8 million to RMB35.6 million. The revenue for FY2020 related entirely to T-linx™ related products and services. Revenue for FY2019 included by both T-linx™ related products and services and blockchain technology services. As a result, revenue decreased by RMB8.5 million, or 19% to RMB35.6 million in FY2020 and gross profit decreased by RMB7.1 million, or 25% to RMB21.6 million
- Other income and net gains slightly decreased from RMB0.57 million to RMB0.52 million.
- Decreased selling expenses and general and administrative expenses results from strengthened expense control and reduced net foreign exchange losses favourably impacted FY2020 profit.
- The gain on change of fair value of embedded derivatives of convertible bonds and finance costs is due to the issue of longer-term convertible bonds.
- The Company generated a profit of RMB0.0066 per share, compared to RMB0.0047 per share in the previous financial year.
- The Company did not propose any dividend distribution or buy back during the year.

Unaudited preliminary consolidated statement of profit or loss and other comprehensive income

Please refer to page 8

Unaudited preliminary consolidated statement of financial position

Please refer to page 9

Unaudited preliminary consolidated statement of changes in equity

Please refer to page 10

Unaudited preliminary consolidated statement of cash flows

Please refer to page 11

Additional dividend information

The Company has not declared any dividends.

Dividend reinvestment plan

The Company has no dividend reinvestment plan.

Net tangible asset backing

Net tangible asset backing per ordinary share at :

31 March 2020 : RMB (2,17) cents

31 March 2019 : RMB (2.89) cents

Control gained or lost over entities during the year

(a) Names of where control was gained in the year

None

(b) Names of where control was lost in the year

| Name of entity | Date control lost |
|---|--------------------------|
| Xiamen Tao-taogu Information Technology Co., Ltd.* (廈門市淘淘谷信息技術有限公司) | 14 November 2019 |
| Neimenggu Taotaogu Information Technology Services Co., Ltd.* (內蒙古淘淘谷信息技術服務有限公司) | 20 November 2019 |

* The English translation of the Company name is for reference only. The official name of the companies is in Chinese.

Details of associates and joint venture entities

| Name of entity | Ownership percentage |
|--|----------------------|
| Shenzhen Intelligent Preferential Pay Company Limited* (深圳市智惠付信息技术有限公司) | 37.5% |
| Shenzhen Dashouhou Information Technology Co., Ltd.* (深圳市大售后信息技术有限公司) | 47.5% |
| TTG Fintech Services Limited | 40% |

* The English translation of the Company name is for reference only. The official name of the companies is in Chinese.

Other significant information

The Company and the corresponding counterparties agreed to extend the HKD15,000,000, RMB3,000,000 and AUD500,000 in convertible bond maturity dates for a further three, one and one years to 28 April 2023, 31 December 2020 and 31 December 2020 respectively.

Foreign entities

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards.

Commentary on the operations and results

About FTC

FTC is a leading Fintech provider of Integrated Payment Acquiring infrastructure for banks and Industry Application Solutions (collectively named T-Linx™ System) in Greater China. In the Company's nine-year development history, FTC has always adhered to the development direction of serving banks and financial institutions. FTC has exclusively served China UnionPay Merchant Services Co., Ltd. ("China UMS") for five years, which has provided important industry recognition for the development of T-Linx™ system acceptance in the marketplace. FTC currently holds more than 150 Invention Patents and Intellectual Property Rights.

Since 2016, FTC has promoted T-Linx™ in entering the banking market. FTC now serves more than 700 banks (including China Merchants Bank, Ping An Bank and Beijing Rural Credit Cooperative Union), indirectly serves over 5 million merchants. Management is pleased with the recognition of FTC and as a result T-Linx™ within banking industry.

All FTC's newly acquired bank customers have adopted the profit-sharing model based on transaction volume within the T-Linx™ system. This business model is a new fintech service framework for banks. Bank customers have also been actively promoting T-Linx™ business and adapting to this new business model.

During the adaptation period, it usually takes no more than 12 months for bank customers to settle income generated by T-Linx™ business with FTC. Management believes this model will be widely adopted by more banks, and with the active cooperation of banks, management expects that such adaptation period will reduce. Management expects that in the coming years, greater T-Linx™ transaction volume processing (more banks use T-Linx™) and faster settlement of T-Linx™ earnings will allow the company to generate considerable stable positive cash flows.

Commentary on the operations and results (Cont'd)

Income model

(1) Provision of services

- (i) Information technology services from T-linx™ integrated payment business is calculated as a percentage (currently at a rate of 2 basis points) of the total transaction payment volume processed under FTC's T-Linx™ system within T-Linx™ supported financial institutions and Merchants network.
- (ii) System development services, include:
 - T-linx™ integrated payment business and system development for banks.
 - blockchain technology services includes token management system development, token wallet system development, development of fast payment system and processing of blockchain credit and digital tokens.
- (iii) Provision of services arising from point-of-sale machines from T-linx™ integrated payment business includes rent and maintenance income of point-of-sale machines to the customers of Company's client.

(2) Sale of point-of-sale machines

FTC's business channel

(1) T-linx™ integrated payment business

T-Linx™ earns FTC: (i) transaction fees; (ii) system development fees; (iii) system maintenance fees; and (iv) proceeds from sales of POS machine.

In addition, our FTC's T-Linx™ empowers banks to transform all their banking services into an Open Banking marketplace, while strictly adhering to all requisite regulatory compliance, and ensuring reliability, accuracy and ease of use at all time. It brings advantages for banks including (i) Increasing low-cost savings; (ii) Increasing intermediary service income; (iii) Reducing operation costs.

T-Linx™ effectively extends banking system attributes from banks to merchants/ SMEs/ core enterprises and customers, hence establishing a valuable Bank-Merchant-Consumer network.

Business-to-Customer (B2C) embraces all daily consumption payments made by various means: cards, card instalments, QR codes (WeChat Pay, Alipay, Union Pay), NFC (Union Pay, ApplePay, etc.), various bank APPs, face recognition, voice recognition, photonics payment, fingerprint payment, coupons, loyalty points, etc.

Business-to-Business (B2B) embraces all business payments, financial services and value-added services, among business entities (merchants/SMEs/core enterprises) and along supply chains both up-stream and down-stream, in various business/industry sectors.

Commentary on the operations and results (Cont'd)

FTC's business channel (Cont'd)

(1) T-linx™ integrated payments business (Cont'd)

Newly developed business channel

(i) Consumer Coupon Issuance & Verification

The Company's T-Linx™ "Consumer Coupon Issuance & Verification" function has now been introduced in Ganzhou City, Jiangxi Province and is receiving positive customer response. This function involves closed-loop implementation and management of consumer coupons, electronic consumer coupon generation, digital issuance, real name management, usage scenario implementation, usage management, retrieval and cancellation mechanism, complaint resolution, statistical evaluation, data mining, all having the aim of achieving economic mobility. This function assists the local government issue consumer coupons to the public for the purpose of stimulating consumption.

(ii) Cashless management of revenue and expenditure

T-Linx™ supports banks in expanding the "management of cash free revenue and expenditure" for their clients in the hospital and pharmacy sectors. FTC during the quarter won an important bid to provide, in partnership with Huangling County Rural Credit Cooperative in Shaanxi province, services aimed at rebuilding and upgrading the expenditure systems at a major hospital. The contract value for FTC is RMB1.84million.

(2) Blockchain technology services

FTC is well experienced in the development of financial technology and research and development surrounding financial blockchain technology and having commenced the commercialisation of its blockchain services in early calendar 2016. FTC is ranked in China's top 10 operators in terms of blockchain technology as measured by its number of invention patent number holdings.

(3) System development and technology support services

As an integrated payment solutions provider, FTC is committed to the ongoing system development and standby support for its banking clients.

FTC implements leading financial and blockchain technologies, and is committed to the following goals:

1. Establishing a compliant, efficient and secure switching network to support and facilitate the circulation of various currencies and assets. This switching network integrates a variety of payment methods, including various types of cards (debit cards, credit cards, and prepaid cards), QR code accounts, various digital tokens, and supports the compliant swap of fiat currencies and various digital tokens.
2. FTC's T-Linx™ system serves transaction acquisition and fund settlements between banks and merchants. It effectively promotes the future Token Cashification theory. In strict compliance with the financial regulations in China, it supports those digital token issuers and its digital token wallets businesses as such the highly regulated market which has resulted in various digital tokens being circulated and used compliantly and legally as fiat currencies. This in turn brings added revenue to FTC.

Commentary on the operations and results (Cont'd)

Outlook

The successful rollout programme and adoption of T-Linx™ by both China Merchants Bank and Rural Credit Bank's customers over FY2020 has led to FTC's T-Linx™ adoption in a greater number of industries and provinces in China. This will lead to increased aggregate transaction volume through the Bank-Merchant network at the provincial, city and country levels.

FTC now serves more than 700 banks and FTC believes this traction is the start of continuous growth in revenue for the remainder of calendar 2020. It will gain further traction given the planned roll out through remaining Rural Credit Banks in China as many as possible.

The revenue for FY2020 resulted from the exploitation of T-linx™ related products and services being our main business stream. In FY2020, FTC executed a new contract with Shenzhen branch of China Construction Bank which is a Tier 1 financial institution in China. In addition, FTC engaged Rural Credit Union in Guangdong Province, Shanxi Province, Gaoyang County in Hebei Province, Xinjiang Shanshan, Xinjiang Weili and Xinjiang Gongliu in Xinjiang Province. Notwithstanding the impact of the Coronavirus (COVID-19) epidemic, revenue from T-linx™ has grown albeit more slowly than anticipated from RMB28.8 million in FY2019 to RMB35.6 million in FY2020. Despite some of the current economic recessionary conditions management expects revenue from T-linx™ to continue growing steadily in FY2021.

We are still experimenting both channels of "Consumer Coupon Issuance & Verification and Cashless management of revenue and expenditure". However, the preliminary result is encouraging. FTC's management is planning to divert more resources to focus and develop these channels and expects that they can provide another opportunity during the Coronavirus (COVID-19) pandemic period hopefully to compensate the impact on the revenue under the current difficult business environment.

Management is pleased with the recognition of FTC and T-Linx™ from banking industry and local government.

FTC is focused on expanding its overall banking market share in Greater China and eventually overseas, while consolidating its leading position in the Greater China Banking sector. FTC will continue to improve and enhance its T-Linx™ related products and services with a view to increasing revenue and gross profit.

**UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

| | Notes | 2020 RMB | 2019 RMB |
|---|-------|---------------------|--------------|
| Revenue | 2 | 35,637,780 | 44,185,839 |
| Cost of sales and services rendered | | (14,077,464) | (15,545,319) |
| Gross profit | | 21,560,316 | 28,640,520 |
| Other income and gain, net | 5 | 516,779 | 571,244 |
| Selling expenses | | (3,401,628) | (4,443,472) |
| General and administrative expenses | | (17,461,768) | (22,887,959) |
| Gain on extinguishment during the period arising from modification of convertible bonds | | 990,026 | - |
| Gain on modification of convertible notes payables | | 262,586 | - |
| Unrealised gain on change of fair value of embedded derivatives of convertible bonds | | 4,767,768 | 4,260,882 |
| Share of losses of associates | | - | (427,015) |
| Loss on disposal of subsidiaries | | (235,502) | - |
| Finance costs | | (3,068,182) | (2,820,032) |
| Profit before tax | | 3,930,395 | 2,894,168 |
| Income tax | | - | - |
| Profit and total comprehensive income for the year | | 3,930,395 | 2,894,168 |
| Profit (loss) and total comprehensive income (expense) for the year attributable to: | | | |
| Owners of the Company | | 4,316,197 | 3,020,434 |
| Non-controlling interests | | (385,802) | (126,266) |
| | | 3,930,395 | 2,894,168 |
| Earnings per share (RMB) | | | |
| Basic | | 0.0066 | 0.0047 |
| Diluted | | 0.0066 | 0.0047 |

**UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2020**

| | Notes | 2020 RMB | 2019 RMB |
|--|-------|---------------------|---------------------|
| NON-CURRENT ASSETS | | | |
| Plant and equipment | | 1,049,828 | 3,535,445 |
| Intangible assets | | 176,972 | 318,131 |
| Investments in associates | 6 | - | - |
| Right-of-use assets | | - | - |
| Deposits and other receivables | | 1,617,528 | 1,396,128 |
| | | 2,844,328 | 5,249,704 |
| CURRENT ASSETS | | | |
| Inventories | | 544,906 | 119,897 |
| Trade and other receivables | | 21,408,369 | 11,312,296 |
| Bank balances and cash | | 3,791,018 | 2,289,152 |
| | | 25,744,293 | 13,721,345 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 14,332,853 | 9,344,363 |
| Contract liabilities | | 3,507,514 | 948,394 |
| Other borrowing | | 2,304,759 | 2,071,228 |
| Convertible bonds – current | | 12,223,522 | 5,402,852 |
| Lease liabilities – current | | - | - |
| | | 32,368,648 | 17,766,837 |
| NET CURRENT LIABILITIES | | (6,624,355) | (4,045,492) |
| TOTAL (LIABILITIES) ASSETS LESS CURRENT LIABILITIES | | (3,780,027) | 1,204,212 |
| NON-CURRENT LIABILITIES | | | |
| Convertible bonds – non current | | 10,143,319 | 19,544,460 |
| Lease liabilities – non current | | - | - |
| Other payable | | 28,657 | 159,253 |
| | | 10,171,976 | 19,703,713 |
| NET LIABILITIES | | (13,952,003) | (18,499,501) |
| CAPITAL AND RESERVES | | | |
| Share capital | 8 | 87,189,117 | 87,189,117 |
| Reserves | | (99,903,235) | (104,593,788) |
| Equity attributable to owners of the Company | | (12,714,118) | (17,404,671) |
| Non-controlling interests | | (1,237,885) | (1,094,830) |
| TOTAL DEFICIT | | (13,952,003) | (18,499,501) |

APPENDIX 3

UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

| | Attributable to owners of the Company | | | Sub-total RMB | Non- controlling interests RMB | Total deficit RMB |
|--|---------------------------------------|-----------------------------------|------------------------------|---------------------|---|-------------------------|
| | Share capital RMB | Share option reserve RMB | Accumulated losses RMB | | | |
| At 1 April 2018 | 78,734,856 | 4,382,617 | (112,650,757) | (29,533,284) | (968,564) | (30,501,848) |
| Profit (loss) and total comprehensive income (expense) for the year | - | - | 3,020,434 | 3,020,434 | (126,266) | 2,894,168 |
| Conversion of convertible bonds to ordinary shares | 8,454,261 | - | - | 8,454,261 | - | 8,454,261 |
| Recognition of equity-settled share-based payments | - | 653,918 | - | 653,918 | - | 653,918 |
| At 31 March 2019 | 87,189,117 | 5,036,535 | (109,630,323) | (17,404,671) | (1,094,830) | (18,499,501) |
| Profit (loss) and total comprehensive income (expense) for the year | - | - | 4,316,197 | 4,316,197 | (385,802) | 3,930,395 |
| Lapse of share options | - | (13,233) | 13,233 | - | - | - |
| Recognition of equity-settled share-based payments | - | 374,356 | - | 374,356 | 242,747 | 242,747 |
| At 31 March 2020 | 87,189,117 | 5,397,658 | (105,300,893) | (12,714,118) | (1,237,885) | (13,952,003) |

APPENDIX 4**UNAUDITED PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

| | 2020 RMB | 2019 RMB |
|--|---------------------|--------------------|
| NET CASH FROM (USED IN) OPERATING ACTIVITIES | 1,615,226 | (7,984,747) |
| NET CASH USED IN INVESTING ACTIVITIES | (113,360) | (1,809,688) |
| NET CASH FROM FINANCING ACTIVITIES | - | 10,484,943 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,501,866 | 690,508 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | 2,289,152 | 1,598,644 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash | 3,791,018 | 2,289,152 |

NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of Fintech Chain Limited (the “Company”) and its subsidiaries (the “Group”).

Basis of preparation

The financial information included in this document for the financial year ended 31 March 2020 is in the process of being audit. The financial information does not constitute the Group full financial statements for the year ended 31 March 2020, which will be approved by the Board, reported on by the auditor and filed with the Australian Securities Exchange.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). As Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term 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”), are derived from and consistent with IFRSs, the consolidated financial statements also comply with HKFRSs. The consolidated financial statements also comply with the requirements of the Hong Kong Companies Ordinance.

The unaudited financial information set out on page 13 to 19 for the year ended 31 March 2020 has been prepared on the basis of accounting policies and methods of computation consistent with those applied in the 31 March 2019 financial statements contained within the Annual Report of the Group.

As required, and unless otherwise stated, comparative statutory financial information for the Group has been presented for the 2019 financial year.

All amounts are express in RMB unless otherwise stated. The Group’s presentation currency is RMB. The functional currency of the majority of its operation is RMB.

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. REVENUE

For the year ended 31 March 2020

Disaggregation of revenue from contracts with customers

| | 2020 | 2019 |
|--|-------------------|--------------|
| | Total | Total |
| | RMB | RMB |
| Types of goods and services | | |
| Provision of system development services | 13,726,740 | 15,288,664 |
| Provision of information technology services | 9,391,001 | 23,503,884 |
| Provision of point-of-sale machines services | 1,607,327 | 2,146,225 |
| Sale of point-of-sale machine | 10,912,712 | 3,247,066 |
| Total | 35,637,780 | 44,185,839 |
| Timing of revenue recognition | | |
| Over time | 13,726,740 | 15,288,664 |
| A point of time | 21,911,040 | 28,897,175 |
| Total | 35,637,780 | 44,185,839 |
| Geographical markets | | |
| Mainland China | 35,637,780 | 22,617,264 |
| Hong Kong | - | 21,568,575 |
| Total | 35,637,780 | 44,185,839 |

3. SEGMENT INFORMATION

The Group manages its business by divisions which are organised from the services perspective.

Information reported to the board of directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group's operating activities are attributable to a single operating segment as the revenue are derived entirely from provision of system development services, information technology services, sale of point-of-sale machines and services arising from point-of-sale machines. Accordingly, no segment analysis is presented other than entity-wide disclosures.

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

3. SEGMENT INFORMATION - Continued

Information about major customers

An analysis of revenue from customers contributing 10% or more of the Group's total revenue is as follows:

| | 2020 | 2019 |
|------------|------------------|------------------|
| | RMB | RMB |
| Customer A | N/A ¹ | 6,766,918 |
| Customer B | 3,699,406 | 6,374,179 |
| Customer C | N/A ¹ | 7,466,674 |
| Customer D | N/A ¹ | 7,384,497 |
| Customer E | 4,613,208 | N/A ¹ |
| Customer F | 4,212,661 | N/A ¹ |

¹ The corresponding revenue did not continuing over 10% of the total revenue of the Group.

4. DIVIDEND

The directors do not recommend the payment of any dividend for the year ended 31 March 2020 (2019: Nil).

5. OTHER INCOME AND GAINS, NET

| | 2020 | 2019 |
|---|----------------|---------|
| | RMB | RMB |
| Interest income on bank deposits | 4,661 | 5,318 |
| Sundry income | 190,180 | 154,456 |
| Government grants | 60,789 | 411,470 |
| Subsidy | 78,561 | - |
| Gain on disposal of plant and equipment | 97,425 | - |
| Sales scrap inventory | 85,163 | - |
| | 516,779 | 571,244 |

6. INVESTMENT IN ASSOCIATES

| | 2020 | 2019 |
|--|--------------------|-------------|
| | RMB | RMB |
| Cost of investments | 5,478,419 | 5,478,419 |
| Share of post-acquisition losses and other comprehensive expense | (5,478,419) | (5,478,419) |
| Share of net assets | - | - |

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. INVESTMENT IN ASSOCIATES - Continued

The particulars of the associates of the Group, which is unlisted corporate entity, is as follows:

| Name of associate | Place of incorporation and type of legal entity | Principal activities and place of operation | Registered Capital/ Ordinary Share RMB | Proportion of ownership interest held by the Group | | Proportion of voting rights held by the Group | |
|--|---|---|--|--|-------|---|-------|
| | | | | 2020 | 2019 | 2020 | 2019 |
| Shenzhen Intelligent Preferential Pay Company Limited* ("IPP") (深圳市智惠付信息技術有限公司) | PRC, limited liability company | Provision of e-commerce, information technology consultancy services, electronic promotion services and electronic messaging information services | 2,000,000 | 37.5% | 37.5% | 37.5% | 37.5% |
| Shenzhen Dashouhou Information Technology Co., Ltd.* (深圳市大售后信息技術有限公司) | PRC, limited liability company | Provision of E-commerce system development and information technology services | 1,000,000 | 47.5% | 47.5% | 47.5% | 47.5% |
| TTG Fintech Services Limited | Hong Kong, limited liability company | Provision of E-commerce system development and information technology services | 1,000,000 | 40% | 40% | 40% | 40% |

* The English translation of the Company name is for reference only. The official name of the companies is in Chinese.

Summarised financial information of material associate

Summarised financial information of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs and HKFRSs.

| IPP | 2020 RMB | 2019 RMB |
|---|--------------------|-------------|
| Non-current assets | 4,447,658 | 4,447,658 |
| Current assets | 1,449,916 | 1,441,592 |
| Current liabilities | (9,139,396) | (9,125,713) |
| Equity | (3,241,822) | (3,236,463) |
| Revenue | 3,001,104 | 3,001,104 |
| Loss and total comprehensive expense for the year | (4,113,652) | (4,108,293) |
| Dividends received from the associate during the year | - | - |

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. INVESTMENT IN ASSOCIATES - Continued

Reconciled of the above summarised financial information to the carrying amount of the interest in an associates recognised in the consolidated financial statements:

| | 2020 | 2019 |
|---|--------------------|-------------|
| | RMB | RMB |
| Net liabilities of IPP | (3,241,822) | (3,326,463) |
| Proportion of the Group's ownership interest in IPP | 37.5% | 37.5% |
| Carrying amount of the Group's interest in IPP | - | - |

Aggregate information of associates that are not individually material

| | 2020 | 2019 |
|--|-------------|---------|
| | RMB | RMB |
| Aggregate carrying amount of individually immaterial associates in the consolidated financial statements | - | 100,079 |
| Aggregate amount of the Group's share of these associates: Loss and total comprehensive income for the year | (24) | (426) |

| | 2020 | 2019 |
|--|------------------|-----------|
| | RMB | RMB |
| The unrecognised share of loss of associate for the year | 84,069 | 1,470,730 |
| Cumulative unrecognised share of loss of associates | 1,697,972 | 1,614,302 |

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries as at 31 March 2020 are as follows:

| Name of subsidiary | Place of establishment and business | Principal activities | Particulars of issued and paid up registered capital | Proportion of ownership interest held by the Company | | | |
|--|-------------------------------------|--|---|--|-----------------|---------------|-----------------|
| | | | | Directly 2020 | Indirectly 2020 | Directly 2019 | Indirectly 2019 |
| Shenzhen Tao-taogu Information Technology Co., Ltd.* (深圳市淘淘谷信息技術有限公司) ("STIT") | The PRC | Provision of system development and information technology services | Paid up registered capital of HK\$77,000,000 (2019: HK\$77,600,000) | 100% | - | 100% | - |
| Shenzhen Tao-taogu E-commerce Co., Limited.* (深圳市淘淘谷信息電子商務有限公司) ("STEC") | The PRC | Provision of E-commerce system development and information technology services | Paid up registered capital of RMB1,000,000 (2019: RMB1,000,000) | - | (Note (a)) | - | (Note (a)) |
| Shenzhen Tao-taogu Investment Co., Limited.* (深圳市淘淘谷投資有限公司) ("ST Investment") | The PRC | Provision of Investment management and consultancy services | Paid up registered capital of RMB1,000,000 (2019: RMB1,000,000) | - | (Note (b)) | - | (Note (b)) |
| Xiamen Tao-taogu Information Technology Co., Ltd.* (廈門市淘淘谷信息技術有限公司) ("XTIT") (Note d) | The PRC | Provision of system development and information technology services | Paid up registered capital of RMB206,000 (2019: RMB206,000) | - | - | - | 67% |
| Jiangxi Tao-taogu E-commerce Co., Limited.* (江西淘淘谷電子商務有限公司) ("JTEC") | The PRC | Investment holding | Paid up registered capital of RMB200,000 (2019: RMB200,000) | - | 92% | - | 92% |
| Jiangxi Kelaihui E-commerce Co., Limited.* (江西客來惠信息技術有限公司) ("JKLH") | The PRC | Sales of accessories of point-of-sales machine | Nil paid up registered capital (2019: Nil) | - | 92% | - | 92% |
| Neimenggu Taotaogu Information Technology Services Co., Ltd.* (內蒙古淘淘谷信息技術服務有限公司) (Note e) ("NTIT") | The PRC | Provision of system development and information technology services | Paid up registered capital of RMB30,000 (2019: RMB30,000) | - | - | - | 100% |

* English name for identification purpose only

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected results, assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

Notes:

- (a) On 2 July 2013, STIT, a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with Mr. Xiong Qiang, a director and a shareholder of the Company and Ms. Ling Fang, the wife of Xiong Qiang to obtain control in STEC, a company established in the PRC. The Group does not hold any ownership interests in STEC. However, based on the terms of the Agreement under which STEC was acquired, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct STEC's activities that most significantly affect these returns.
- (b) The Group does not hold any ownership interests in ST Investment. However, based on the terms of agreement under which ST Investment was established, the Group receives substantially all of the returns related to its operations and net assets and has the current ability to direct ST Investment's activities that most significantly affect these returns.
- (c) (i) As at 31 March 2020, the registered capital of STIT was HK\$77,000,000 (2019: HK\$77,000,000) of which HK\$66,600,000 was paid up.
- (ii) As at 31 March 2020, the registered capital of STEC was RMB2,000,000 (2019: RMB2,000,000) of which RMB1,000,000 000 (2018: RMB1,000,000) was paid up.
- (iii) As at 31 March 2020, the registered capital of XTIT was RMB1,000,000 000 (2019: RMB1,000,000) of which RMB206,000 was paid up.
- (iv) As at 31 March 2020, the registered capital of JTEC was RMB2,000,000 (2019: RMB2,000,000) of which RMB200,000 was paid up.
- (v) As at 31 March 2020, the registered capital of NTIT was RMB100,000 (2019: RMB100,000) of which RMB30,000 was paid up.
- (d) The Group deregistered XTIT on 14 November 2019.
- (e) The Group deregistered NTIT on 20 November 2019.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

| Principal activities | Principal place of business | Number of subsidiaries | |
|----------------------------|-----------------------------|------------------------|----------|
| | | 2020 | 2019 |
| Not yet commenced business | Hong Kong | <u>3</u> | <u>3</u> |

**NOTES TO THE UNAUDITED PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. SHARE CAPITAL

| | Number of ordinary shares | HK\$ | RMB equivalent |
|--|--|--------------------|---------------------------|
| Issued and fully paid: | | | |
| At 1 April 2018 | 642,245,705 | 107,210,929 | 78,734,856 |
| Conversion of convertible bonds (note i) | 8,523,886 | 9,983,936 | 8,454,261 |
| <hr/> | | | |
| At 31 March 2019, 1 April 2019 and 31 March 2020 | 650,769,591 | 117,194,865 | 87,189,117 |

Notes:

- (i) On 13 July 2018, the Company's convertible bonds with principal value of RMB8,000,000 were converted into 8,009,236 ordinary shares of the Company at the conversion price of AUD0.2 (equivalent to RMB0.99) per share.

On 18 July 2018, the Company's convertible bonds with principal value of HK\$600,000 were converted into 514,650 ordinary shares of the Company at the conversion price of AUD0.2 (equivalent to RMB0.99) per share.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

9. STATUS OF AUDIT OR REVIEW

This report is based on accounts which are in the process of being audited or subject to review.