



FINTECH CHAIN LIMITED

ARBN 158 702 400

INTERIM REPORT Six months ended 30 September 2023

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 31 March 2023 and any public announcements issued by FINTECH CHAIN LIMITED in accordance with the continuing disclosure requirements of the Australian Securities Exchange Listing Rules.

The interim financial information is presented in Renminbi, the official currency of the People's Republic of China, unless otherwise stated.

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 30 September 2023
(Previous corresponding period half-year ended 30 September 2022)

				RMB'000
Revenue from ordinary activities	down	27.9%	to	21,985
Loss after tax for the period	down	60.0%	to	3,852
Loss for the period attributable to owners of the Company	down	61.3%	to	3,632

Dividends

No dividends were paid or declared during the six months ended 30 September 2023 (2022: Nil)

Explanation of Revenue

Revenue decreased from RMB30.5 million for the six months ended 30 September 2022 to RMB22.0 million for the six months ended 30 September 2023.

Compared to the previous corresponding period, revenue from SaaS cloud services decreased to RMB9.5 million, revenue from SaaS for rights/ interests/ points/ marketing/ promotion decreased to RMB0.3 million and revenue from SaaS for hardware IoT decreased to RMB11.7 million. The decrease in revenue resulted from reduced activity due to the after effects COVID-19 pandemic which has posed great challenges in the China market and as a result FTC.

Comments on above figures

Loss after tax for the six months ended 30 September 2023 was RMB3.9 million, a decrease of RMB5.8 million or 60.0% over the corresponding prior period. The principal reason for the loss was non-cash for credit facilities of impairment losses calculated accordance with accounting standards RMB3.4 million.

Net loss derived during the period included:

1. decrease in gross profit of RMB5.9 million;
2. decrease in general and administrative expenses of RMB1.8 million;
3. increase in impairment losses under expected credit loss model, net of RMB3.4 million;

Selling expenses, research and development expenses, unrealised gain on change of fair value of embedded derivatives of convertible bonds and finance costs has no significant changes compared to corresponding prior period.

The change in the fair value of embedded derivatives and the finance costs incurred by convertible bonds were resulted from non-cash items exchange movements in the principal value of outstanding convertible bonds.

RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont'd)

Comments on above figures (Cont'd)

Net loss for the period attributable to owners of the Company is RMB3.6 million, a decrease of RMB5.7 million over the corresponding prior period.

Refer to the accompanying Directors Report for a detailed description of the Company's expansion and business development plans.

NTA Backing	<u>As at</u>	
	<u>30 September 2023</u>	<u>30 September 2022</u>
Net tangible assets backing per ordinary share	(1.65) cents	(1.75) cents

Controlled entities acquired or disposed of

The Company did not acquire or dispose of any controlled entities during the period.

Additional dividend information

The Company did not declared dividends during either the current nor previous six-month period.

Dividend reinvestment plans

The Company does not currently have any dividend reinvestment plans in place.

Associates and joint venture entities

The Company did not acquire nor dispose any associates or joint venture entities during the period.

Foreign entities

The Company's financial reports have been prepared under both Hong Kong Financial Reporting Standards and International Financial Reporting Standards. Further detail is included in Note 3 in the attached half year report.

DIRECTORS REPORT

The directors present their report on the consolidated entity consisting of FinTech Chain Limited (“FTC”) and its controlled entities for the six months ended 30 September 2023 (hereinafter the “Group”).

Directors

The following persons were directors of FTC during the period and up to the date of this report:

Executive Directors

XIONG Qiang (President & Chief Executive Officer)
GAO Qiuju (Vice President, Deputy Chief Executive Officer)

Non-executive Directors

RYAN Christopher John (Independent Chairman)
HONG Yupeng

Principal activities

FTC’s own IP T-Linx™ is a SaaS platform (Software as a Service).

In serving various payment scenarios under the umbrella of digital transformation, T-Linx™ SaaS serves banks, merchants, and consumers by connecting various information systems, software and hardware, in the form of cloud services in a compliant, secure and user-friendly manner.

Four major interconnected services of T-Linx™ SaaS platform

1. SaaS cloud service

- (i) Payment SaaS infrastructure (IaaS, Infrastructure as a Service)
 - Services for Banks: Integrated payments with multiple payment channels; integrated merchant submissions; reconciliation processing; risk control; branch management; and unified settlement reports.
 - Services for Merchants: Integrated payments; integrated payment QR codes; payment collection plugin; and payment collection APPs.
- (ii) Payment Digital Transformation SaaS service (merchant solutions/industry applications)
 - Provides leading operations systems/software to various merchants/ industries.
 - Smart merchant solutions/industry applications for over 40 different industries: Food and Beverage; Retail; Carparks; Hospitals; Scenic Spots; Property Management; Bill Payments; and CRM (Customer Relationship Management).

DIRECTORS REPORT (Cont'd)

Principal activities (Cont'd)

Four major interconnected services of T-Linx™ SaaS platform (Cont'd)

2. SaaS for rights/interests/points/marketing/promotion

- A one-stop SaaS for marketing management to increase potential cross-selling opportunities for both banks, merchants and other partners.

3. SaaS for hardware IoT

- Based on T-Linx™ SaaS infrastructure, merchant solutions/industry applications SaaS service drives the connection and upgrade of hardware.

Management Discussion and Analysis

FTC's T-Linx™ SaaS platform continues to receive positive feedback from the market after years of research and development, marketing and promotion to various commercial banks, financial institutions and commercial companies. With the further development of digital transformation in China, T-Linx™ comprehensively serving more diversified payment scenarios will continue. FTC believes that T-Linx™ system, providing seamless inter-connectivity and intelligent digital processing, will continue to attract industry demand in and meet the need of both the banking and enterprise sector.

Post the COVID 19 epidemic, prevention and control measures introduced in China have continued, with general life and travel are resuming gradually. In addition, an increasing number of marketing projects is expected to boost mass consumption as a whole. Under such economic situation, T-Linx™ system, as an infrastructure of payment processing for cooperating banks, is expected to grow steadily in terms of stable in transaction volume and number of implementation/adoption.

The two-wheel-driven development strategy of FTC (i.e. bank-level and enterprise-level T-Linx™ middleware) will continue to play an important role in strengthening the digital interconnection bridge between banks and their enterprise clients. FTC will continue to innovate and provide more value-added solutions, such as "Enterprise Funds Link", in order to expand both bank and enterprise client bases.

DIRECTORS REPORT (Cont'd)

Revenue

Revenue decreased by RMB8.5 million or 27.9%, from RMB30.5 million for the six months ended 30 September 2022 to RMB22.0 million for the six months ended 30 September 2023. This decrease was due to FTC revenue from SaaS for hardware IoT decreasing by RMB7.1 million. Revenue from cloud service and rights/ interests/ points/ marketing/ promotion decreased by RMB0.8 million during the same period.

FTC expects this revenue to reverse by growing grow further steadily in the second half of the financial year.

Gross profit

Gross profit amounted to RMB8.8 million, a decrease of RMB5.9 million, or 40.1% compared to the previous corresponding period. The decrease in gross profit was due to these cost pressures resulted form demand exceeding supply due to COVID related supply chain issues.

FTC expects gross profit to increase in line with revenue from SaaS for hardware IoT in the second half of the financial year.

Selling expenses

Selling expenses slightly increased by RMB0.1 million, or 22.8%, from RMB0.3 million to RMB0.4 million due to cost of living increases salesperson salaries.

Research and development expenses

Research and development expenses slight decreased by RMB0.06 million, or 2.2%, from RMB2.53 million to RMB2.48 million.

General and administrative expenses

General and administrative expenses decreased by RMB1.8 million, or 21.1%, from RMB8.4 million to RMB6.6 million due to FTC management implementing tighter controls on expenditure.

Impairment losses under expected credit loss model, net

Impairment losses under expected credit loss model, net increased by RMB3.4 million, it is due to FTC management implemented conservative approach on receivables credit risk and impairment assessment under the current economic situation in China.

DIRECTORS REPORT (Cont'd)

Finance costs

Non-cash finance costs incurred by convertible bonds decreased by RMB0.3 million compared by previous corresponding period. Bank borrowings, other borrowings and financial guarantee services fee increased by RMB0.4 million in total. Ms. Ling Fang, wife of an executive director, Mr. Xiong Qiang of the Company, provided personal financial guarantee to the bank for Company's borrowings.

Operating loss

Operating loss, which is equivalent to the sum of sales, other income, gains and losses, impairment losses under expected credit loss model, net, after deduction of selling expenses, research and development expenses, general and administrative expenses and finance costs, decreased from RMB9.0 million (prior period) to RMB3.8 million.

Other expenses / gain

1. Increase in unrealised gain on change of fair value of embedded derivatives of convertible bonds of RMB0.2 million; and
2. Increase in finance costs of RMB0.1 million

The change on change in the fair value of embedded derivatives of convertible bonds for RMB0.3 million and finance costs incurred by convertible bonds for RMB0.4 million were due to non-cash items exchange movements in the principal value of convertible bonds.

Net loss attributable to owners of the Company

Net loss after tax attributable to owners of the Company is RMB9.4 million. This results from the net effect of:

1. gross profit of RMB8.8 million;
2. total expenses of RMB12.7 million; and
3. non-controlling interests of RMB0.2 million.

The decrease in net loss attributable to owners of the Company of RMB5.7 million, or 61.3%, over the last corresponding period, was primarily driven by

1. decrease in gross profit of RMB5.9 million;
2. decrease in other income, gain and losses of RMB0.2 million;
3. decrease in selling expenses, research and development expenses and general and administrative expenses of RMB1.7 million;
4. increase in impairment losses under expected credit loss model, net of RMB3.4 million
5. increase in unrealised gain on change of fair value of embedded derivatives of convertible bonds of RMB0.2 million; and
6. increase in finance costs of RMB0.1 million.

Loss per share

The Company incurred a loss of RMB0.558 cents per basic and diluted share, compared to loss of RMB1.441 cents per basic and diluted share in the previous period.

DIRECTORS REPORT (Cont'd)

Dividends

No dividends have been paid nor are any dividends proposed to be paid during the financial period.

Net current assets and net tangible assets

The Group held net current assets of RMB2.5 million as at 30 September 2023 as compared to net current liabilities RMB7.8 million at 31 March 2023. The main reason for the change from net current liabilities to net current assets is due to HKD15 million (equivalent to RMB 12.7 million) convertible bonds lapsed during the six-months ended period.

Net tangible liabilities amounted to RMB10.8 million compared to RMB11.4 million as at 30 September 2022. Net tangible liabilities per share amounted to RMB1.65 cents as 30 September 2023, compared to RMB1.75 cents at 30 September 2022.

Share Capital

There was no any changes in share capital during the period.

Share options

The Company did not issue any share options during the financial period. Please refer to note 20 to the condensed consolidated financial statements.

Transfer to Reserves

Refer to the condensed consolidated statement of changes in equity for the Group's transfer to reserves.

Plant and Equipment

Details of the movements in plant and equipment during the period are set out in note 13 to the condensed consolidated financial statements.

Convertible bonds

The Company did not issue any convertible bonds during the six-months ended financial period. Please refer to note 18 to the condensed consolidated financial statements for details of convertible bonds of the Company up to 30 September 2023.

Commitments

The Group had capital commitments for unpaid registered capital for the subsidiaries and investments of RMB13.1 million as at 30 September 2023. Details are set out in note 23 to the condensed consolidated financial statements.

DIRECTORS REPORT (Cont'd)

Management contracts

No contracts concerning management and administration of the whole or any substantial part of the business of the Company were entered into during the period.

Directors' interests in contracts

Except for the directors' interests as disclosed in the note 21 to the condensed consolidated financial statements, no contract of significance in relation to the Company's business to which the Company or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existed at the end of the reporting period or at any time during the year.

Foreign exchange exposure

The Group is exposed to currency risk primarily through cash and bank balances that are denominated in a foreign currencies, i.e. a currency other than functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars, United States Dollars ("USD") and Australia Dollars ("AUD").

The Group's revenue is mainly denominated and settled in RMB. The Group incurred most of its operational expenses and capital outlays in RMB. The directors considered its exposure to foreign currency exchange risk arising from its operating activities to be insignificant as the majority of the Group's operating activities are denominated in functional currency of the respective group entities.

Employee, remuneration policies and share option scheme

At 30 September 2023, the Group had 115 full-time employees (31 March 2023: 133). The salaries of the Group's employees were determined by reference to personal performance, professional qualifications, industry experience and relevant market trends. The Company ensures all levels of employees are paid competitively within market parameters and employees are rewarded on a performance-related basis within the framework of the Group's salary, incentives and bonus schemes. FTC's Remuneration and Nomination Committee in conjunction with management review the remuneration policy of the Group on a regular basis and evaluates the work performance of the employees. The remuneration of employees includes salaries, allowances, year-end bonuses and social insurance.

All issued options to certain employees has been expired. For details please refer to share option scheme in note 20 to the condensed consolidated financial statement.

DIRECTORS REPORT (Cont'd)

Business outlook:

In 2023, China's economy post the COVID epidemic continues to improve. Looking forward, FTC believes it has the ability to continue to develop and innovate payment ecological products on the basis of mandating cooperative banks, to secure business expansion in new regions. FTC is achieving market share growth, enhancing user payment experience, improving omni-channel payment service products, into all aspects of bank payment and acquiring systems, and helping banks realise benefits through evaluation, management and merchant value contribution.

Firstly, in the innovation of payment scene products, on the basis of the original T-Linx™ credit card and code scanning payment, and digital RMB payment methods, FTC will innovate and develop in the new year to realize non-inductive small amount password-free payment products based on biometric identifications. The card-free fast and small-amount password-free payment system can simplify transactions in various settings by using intelligent identification technology and security verification identity. The automation and intelligent processing of RPA enhances convenience and provides a smooth payment experience. The innovation of this non-inductive small amount password-free payment product will be more applied to canteen facial recognition and palm vein recognition, parking lot license plate recognition, reservation service and offline sign-in verification automatic deduction service.

Secondly, in the big data governance of payment services, after years of basic merchant acquiring services for banks, a wealth of data sources have been deposited for many banks, which has the base for banks to carry out big data services for payment acquiring. In combining with internal bank data base, it achieves clear and organised data display, which is convenient for banks to carry out automated real-time data statistics and intelligent decision support.

Thirdly, as an extension of FTC's enterprise fund receipt and payment management, based on the banking service foundation of T-Linx™, FTC has been providing medium and large-scale enterprise fund receipt and payment services, which opens up the enterprise financial ERP system and business management system, unifies cash collection, distribution and clearing for enterprises and provides money management solutions. This enterprise-level payment and fund management product cooperates with Tencent Cloud and the bank's corporate business department, and has signed and implemented multiple projects for China's top 500 enterprises and regional government projects.

In summary, FTC will continue to innovate and improve to the next level in calendar 2024 by consolidating bank acquiring platforms and services, connecting the payment scene ecology and business circle, and realising the index and visualisation of the value contribution to the banking service system.

FTC will continue to innovate in calendar 2024 by consolidating it's bank acquiring platforms and services, connecting the payment scene ecology and business circle, and realising the index and visualisation of the value contribution to the banking service system.

This report is made in accordance with a resolution of directors.



Mr. XIONG Qiang
President
FINTECH CHAIN LIMITED



Mr. Chris RYAN
Independent Chairman
FINTECH CHAIN LIMITED

Shenzhen, 30 November 2023

STATEMENT BY DIRECTORS

In accordance with a resolution of the Directors of FINTECH CHAIN LIMITED (the "Company"), we state that:

(1) In the opinion of the Directors:

- a. The condensed consolidated statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiary (the "Group") as at 30 September 2023 and
- b. At the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

(2) In the opinion of the Directors, the interim financial information give a true and fair view of:

- a. The loss and cash flows of the Group for the six months ended 30 September 2023; and
- b. The state of affairs of the Group at 30 September 2023.

On behalf of the Board



Mr. XIONG Qiang
President
FINTECH CHAIN LIMITED



Mr. Chris RYAN
Independent Chairman
FINTECH CHAIN LIMITED

Report on Review of Condensed Consolidated Financial Statements

TO THE BOARD OF DIRECTORS OF
FINTECH CHAIN LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fintech Chain Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 42, which comprise the condensed consolidated statement of financial position as of 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. As the annual financial statements of the Group are prepared in accordance with both International Financial Reporting Standards and Hong Kong Financial Reporting Standards, the directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with both International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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 these condensed consolidated financial statements consists of making inquiries, 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.

CONCLUSION

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

Report on Review of Condensed Consolidated Financial Statements - Continued

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the condensed consolidated financial statements, which indicates that the Group reported loss attributable to the owners of the Company of RMB3,632,315 for the six months ended 30 September 2023 and, as of that date, the Group had net liabilities of RMB10,728,992. These conditions, along with other matter as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

Asian Alliance (HK) CPA Limited.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Chung Chi Chiu
Practising Certificate Number: P06610

8/F., Catic Plaza
8 Causeway Road
Causeway Bay
Hong Kong

30 November 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)
Revenue	4	21,985,224	30,502,816
Cost of sales and services rendered		(13,161,444)	(15,784,494)
Gross profit		8,823,780	14,718,322
Other income, gains and losses, net	6	868,724	1,050,797
Loss on asset	26	-	(13,435,878)
(Impairment losses recognised) reversal of impairment losses under expected credit loss model, net	7	(3,390,406)	25,251
Selling expenses		(421,004)	(342,872)
Research and development expenses		(2,475,695)	(2,531,961)
General and administrative expenses		(6,593,487)	(8,356,686)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	19	317,200	85,914
Finance costs	8	(980,650)	(836,586)
Loss before tax	10	(3,851,538)	(9,623,699)
Income tax expense	9	-	-
Loss and total comprehensive expense for the period		(3,851,538)	(9,623,699)
Loss and total comprehensive expense for the period attributable to:			
- Owners of the Company		(3,632,315)	(9,377,928)
- Non-controlling interests		(219,223)	(245,771)
		(3,851,538)	(9,623,699)
Loss per share (RMB Cents)			
- Basic	11	(0.558)	(1.441)
- Diluted	11	(0.558)	(1.441)

The notes on pages 17 to 42 form an integral part of this unaudited condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2023

	Notes	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)
NON-CURRENT ASSETS			
Plant and equipment	13	814,870	811,001
Intangible assets	13	28,893	36,773
Right-of-use asset	14	2,965,815	96,050
		3,809,578	943,824
CURRENT ASSETS			
Inventories		324,459	627,596
Trade and other receivables	15	21,465,805	28,923,156
Bank balances and cash		5,891,161	1,608,321
		27,681,425	31,159,073
CURRENT LIABILITIES			
Trade and other payables	16	13,883,955	17,212,972
Contract liabilities		2,324,015	1,060,838
Other borrowings	17	720,000	2,734,521
Convertible bonds	18	5,212,562	17,938,475
Bank borrowings	19	1,934,286	-
Lease liability		1,147,626	33,545
		25,222,444	38,980,351
NET CURRENT ASSETS (LIABILITIES)		2,458,981	(7,821,278)
TOTAL ASSETS LESS CURRENT LIABILITIES		6,268,559	(6,877,454)
NON-CURRENT LIABILITIES			
Other borrowings	17	9,280,000	-
Bank borrowings	19	5,738,333	-
Lease liability		1,979,218	-
		16,997,551	-
NET LIABILITIES		(10,728,992)	(6,877,454)
CAPITAL AND RESERVES			
Share capital		87,189,117	87,189,117
Reserves		(95,250,740)	(91,618,425)
Equity attributable to owners of the Company		(8,061,623)	(4,429,308)
Non-controlling interests		(2,667,369)	(2,448,146)
TOTAL DEFICIT		(10,728,992)	(6,877,454)

Approved and authorised for issue by the board of directors on 30 November 2023:


Xiong Qiang


GAO QIUJU

The notes on pages 17 to 42 form an integral part of this unaudited condensed consolidated interim financial statements.

Condensed Consolidated Statement of Changes in Equity For the six months ended 30 September 2023

	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 2022 (Audited)	87,189,117	2,690,573	(89,616,935)	262,755	(2,014,363)	(1,751,608)
Loss and total comprehensive expense for the period	-	-	(9,377,928)	(9,377,928)	(245,771)	(9,623,699)
Lapse of share options	-	(1,689,222)	1,689,222	-	-	-
At 30 September 2022 (Unaudited)	87,189,117	1,001,351	(97,305,641)	(9,115,173)	(2,260,134)	(11,375,307)
At 1 April 2023 (Audited)	87,189,117	-	(91,618,425)	(4,429,308)	(2,448,146)	(6,877,454)
Loss and total comprehensive expense for the period	-	-	(3,632,315)	(3,632,315)	(219,223)	(3,851,538)
At 30 September 2023 (Unaudited)	87,189,117	-	(95,250,740)	(8,061,623)	(2,667,369)	(10,728,992)

The notes on pages 17 to 42 form an integral part of this unaudited condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	4,094,274	(9,098,419)
INVESTING ACTIVITIES		
Interest received	16,870	7,075
Proceed from disposal of plant and equipment	-	55,000
Payments for purchase of plant and equipment	(115,043)	(96,465)
Payments for purchases of intangible assets	-	(47,279)
NET CASH USED IN INVESTING ACTIVITIES	(98,173)	(81,669)
FINANCING ACTIVITIES		
Interest paid	(431,626)	(99,295)
Repayment of lease liability	(539,733)	(693,762)
New bank borrowings arise	10,860,000	5,700,000
New other borrowing arise	11,100,000	400,000
Repayment of bank borrowings	(3,187,381)	(785,714)
Repayment of other borrowings	(15,690,521)	(400,000)
Repayment of convertible bonds	(1,824,000)	-
NET CASH FROM FINANCING ACTIVITIES	286,739	4,121,229
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,282,840	(5,058,859)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,608,321	9,008,636
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	5,891,161	3,949,777

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

1. GENERAL INFORMATION

Fintech Chain Limited (the "Company") is a limited liability company domiciled and incorporated in Hong Kong. The address of its registered office and principal place of business is Unit 1806, 18/F., Gala Place, 56 Dundas Street, Mongkok, Kowloon, Hong Kong.

The Company is an investment holding company and its shares are listed on Australian Securities Exchange. Its subsidiaries (together with the Company collectively referred to as the "Group") are principally engaged in interconnected services of T-Linx™ Software as a Service ("SaaS") platform including SaaS cloud service which includes provision of system development services and information technology services, SaaS for hardware internet of things ("IoT") which includes sale of point-of-sale machine and other hardware and SaaS for rights/interests/points/marketing/promotion in the People's Republic of China (the "PRC"). At 30 September 2023, the directors of the Company (the "Directors") consider that the immediate and ultimate controlling party of the Company to be Mr. Xiong Qiang.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *"Interim Financial Reporting"*, issued by the International Accounting Standard Board ("IASB"). IAS 34 is consistent with Hong Kong Accounting Standard ("HKAS") 34 *"Interim Financial Reporting"* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accordingly this condensed consolidated financial statements is also prepared in accordance with HKAS 34.

The financial information relating to the year ended 31 March 2023 that is included in these 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 consolidated financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2023 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 consolidated financial statements. The auditor's report was unqualified; included 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.

The Group reported loss attributable to the owners of the Company of RMB3,632,315 for the six months ended 30 September 2023 and, as of that date, the Group had net liabilities of RMB10,728,992. In preparing these condensed consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain positive cash flows from operations in the immediate and longer term.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

2. BASIS OF PREPARATION - Continued

In order to strengthen the Group's capital base and liquidity in the foreseeable future, the Group has taken the following measure:

- The management have been implementing various strategies to broaden the customer base and revenue of the Group;
- In November 2023, the Group negotiated with a bank to obtain another new facility line to maintain stable resource available for the sustainable operation of the Group. Ms. Ling Fang, the wife of an executive director, Mr. Xiong Qiang, agreed to undertake the loan facility by acting as a guarantor. Pursuant to the Loan Agreement (as defined in Note 17), the guarantee provided by Ms. Ling Fang carried interest rate at 2% per annum according to the guarantee amount.
- Mr. Xiong Qiang has undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due and undertakings from him not to demand repayment of debt due from the Group of RMB545,647 until such time when the repayment will not affect the Group's ability to repay other creditors in the normal course of business.

The Directors have reviewed the Group's cash flow projection prepared by the management which covering a period of not less than twelve months from 30 September 2023 on the basis that the Group's aforementioned plans and measures will be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 September 2023. Accordingly, the Directors consider that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”) and Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2023.

Application of amendments to IFRSs and HKFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2023 for the preparation of the Group’s condensed consolidated financial statements. The equivalent amendments to HKFRSs, which collectively includes all applicable individual HKFRSs, HKASs and interpretations, consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

IFRS/ HKFRS 17 (including the October 2020 and February 2022 Amendments to IFRS/ HKFRS 17)	Insurance Contracts
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS/HKAS 8	Definition of Accounting Estimates
Amendments to IAS/HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the new and amendments to IFRSs/HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Types of goods and services		
SaaS cloud service	9,536,116	10,084,885
SaaS for hardware IoT	11,700,890	18,820,848
SaaS for rights/interests/points/marketing/promotion	320,482	1,144,309
Total	21,557,488	30,050,042
Timing of revenue recognition		
Over time	1,480,073	2,846,715
A point in time	20,077,415	27,203,327
Total	21,557,488	30,050,042
Geographical market		
Mainland China	21,557,488	30,050,042

Set out below is the reconciliation of the revenue from contracts with customers with the amount disclosed in segment information:

	Notes	Six months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)
SaaS cloud service		9,536,116	10,084,885
SaaS for hardware IoT		11,700,890	18,820,848
SaaS for rights/interests/points/marketing/promotion		320,482	1,144,309
Revenue from contracts with customers	(a)	21,557,488	30,050,042
Leases of point-of-sale machines	(b)	427,736	452,774
Total revenue		21,985,224	30,502,816

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

4. REVENUE - Continued

Disaggregation of revenue from contracts with customers - continued

Notes:

- (a) For the provision of SaaS cloud service, it includes the provision of system development services and information technology services.

Provision of system development services

It mainly included the development of T-Linx™ SaaS platform for banks and other customers for a fixed annual service fee. Revenue is recognised over the period of the contract by reference to the progress of work performed and acknowledged by the customers.

Provision of information technology services

It mainly represents the service fee at a rate of 2-3 basis points of the total transaction volume processed through T-Linx™ SaaS platform by customers or services fee at a fixed amount per month. Revenue is recognised at the time the service is rendered.

For the SaaS for hardware IoT, it is the sale of SaaS service related hardware. Revenue is recognised when the control of the machines is transferred to customers.

For the SaaS for rights/interests/points/marketing/promotion, it is a value-added service provide to customers, which help customer to obtain brand exposure and enhance the cross-selling opportunities for customers with other partners. Revenue is recognised at the time service is rendered.

All revenue contracts are for periods of one year or less. As permitted under IFRS/HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

- (b) Leases

	Six months ended 30 September	
	2023	2022
	RMB	RMB
	(Unaudited)	(Unaudited)
For operating leases:		
Lease payments of point-of-sale machines that are fixed	427,736	452,774

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

5. SEGMENT INFORMATION

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

Information reported to the board of Directors (the "Board"), 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 from interconnected services of T-Linx™ SaaS platform including SaaS cloud service, SaaS for hardware IoT and SaaS for rights/interests/points/marketing/promotion. Accordingly, no segment analysis is presented other than entity-wide disclosures.

6. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Government grants	748,600	646,937
Sundry income	103,254	387,553
Interest income on bank deposits	16,870	7,075
Gain on disposal of plant and equipment	-	20,407
Loss on written-off of intangible assets	-	(6,539)
Loss on written-off of plant and equipment	-	(4,636)
	868,724	1,050,797

7. IMPAIRMENT LOSSES RECOGNISED (REVERSAL OF IMPAIRMENT LOSSES) UNDER EXPECTED CREDIT LOSS MODEL, NET

	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Impairment losses recognised (reversal) on:		
- trade receivables	1,777,767	(111,915)
- other receivables	182,105	35,229
- amounts due from associates	1,452,233	55,586
- amounts due from a related company	(21,699)	(4,151)
	3,390,406	(25,251)

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

8. FINANCE COSTS

	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Interests on:		
- Convertible bonds	418,727	708,516
- Lease liability	93,189	28,775
- Bank borrowings	116,670	93,277
- Other borrowings	314,956	6,018
	943,542	836,586
Financial guarantee service fee	37,108	-
	980,650	836,586

9. INCOME TAX

- (a) No provision of taxation in Hong Kong has been made as the group entities in Hong Kong did not generate any assessable profits for the six months ended 30 September 2023 and 2022.
- (b) Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), a wholly-owned subsidiary of the Company, the other PRC subsidiaries are subject to PRC corporate income tax (the "EIT") at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC EIT for the first two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next three years. No provision of EIT of STIT has been made as the assessable profits for the period was wholly absorbed by tax losses brought forward for the six months ended 30 September 2023 and 2022.
- (c) No provision of EIT has been made in the condensed consolidated financial statements for the other PRC subsidiaries as those subsidiaries sustained a loss for the six months ended 30 September 2023 and 2022.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

10. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Note	Six months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)
Amortisation of intangible assets		7,880	3,545
Depreciation of plant and equipment		111,174	91,131
Depreciation of right-of-use asset		670,078	576,304
Cost of services rendered		7,428,836	8,670,846
Cost of inventories sold		5,732,608	7,113,648
Cost of sales and services rendered		13,161,444	15,784,494
Net foreign exchange loss		536,705	1,478,681
Directors' emoluments			
- Salaries and allowances		539,220	360,000
- Contribution to defined contribution retirement plan		8,348	9,171
		547,568	369,171
Staff cost (including directors' emoluments)	(a)		
- Salaries and allowances		8,475,593	9,557,217
- Contribution to defined contribution retirement plan		470,694	668,442
		8,946,287	10,225,659

Note a: Staff costs amounted to RMB4,172,309 (2022: RMB4,928,596), RMB206,054 (2022: RMB201,138), RMB2,475,695 (2022: RMB2,531,961) and RMB2,092,229 (2022: RMB2,563,964) have been included in cost of sales and service rendered, selling expenses, research and development expenses and general and administrative expenses respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

11. 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:

Loss	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(3,632,315)	(9,377,928)
Effect of dilutive potential ordinary shares: Convertible bonds	954,087	2,145,379
Loss for the purpose of diluted loss per share	(2,678,228)	(7,232,549)

Number of shares	Six months ended 30 September	
	2023 RMB (Unaudited)	2022 RMB (Unaudited)
Weighted average number of ordinary shares for the purpose of basic loss per share	650,769,591	650,769,591
Effect of dilutive potential ordinary shares: Convertible bonds	19,593,712	21,917,541
Share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	670,363,303	672,687,132

For the six months ended 30 September 2022, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise prices of those options were substantially higher than the average market price of shares.

For the six months ended 30 September 2023 and 2022, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share.

12. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors have determined that no dividend will be paid in respect of the interim period.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

13. PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

		Plant and equipment RMB	Intangible assets RMB
Carrying amount at 1 April 2023 (audited)		811,001	36,773
Costs:			
Additions	Note	115,043	-
Depreciation and amortisation:			
Charge for the period		111,174	7,880
Carrying amount at 30 September 2023 (unaudited)		814,870	28,893

Note: During the six months ended 30 September 2023, the Group mainly acquired of POS machines and computers included in plant and equipment with a cost of RMB115,043 (six months ended 30 September 2022: mainly acquired of computer included in plant and equipment and software included in intangible assets with a cost of RMB153,987 and RMB47,279, respectively). No material plant and equipment were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: mainly disposed of POS machines with a carrying amount of RMB34,593).

14. RIGHT-OF-USE ASSET

The Group leases an office for its operations. Lease contract is entered into for fixed term of 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the current interim period, the Group entered into a new lease agreement with lease term of three years. The Group recognised right-of-use asset of RMB3,539,843 (six months ended 30 September 2022: Nil) and lease liability of RMB3,539,843 (six months ended 30 September 2022: Nil).

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

15. TRADE AND OTHER RECEIVABLES

	Note	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)
Trade receivables:			
- Contract with customers		18,841,802	21,550,024
- Leases		218,580	304,470
		19,060,382	21,854,494
Less: allowance for credit losses		(2,005,073)	(227,306)
	(a)	17,055,309	21,627,188
Other receivables		2,699,139	2,940,871
Amounts due from associates (Note 21(c))		2,794,736	4,405,143
Amount due from a related company (Note 21(c))		20,000	624,628
Prepayments and deposits		2,491,740	1,306,130
Value added tax recoverable		324,289	325,965
		8,329,904	9,602,737
Less: allowance for credit losses		(3,919,408)	(2,306,769)
Other receivables, net of allowance		4,410,496	7,295,968
		21,465,805	28,923,156

Note a: The credit periods of trade receivables ranged from 3 months to 12 months.

As at 30 September 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB4,692,125 (31 March 2023: RMB3,693,963) which are past due at the reporting date. Out of the past due balances, RMB2,969,363 (31 March 2023: RMB3,079,767) has been past due 90 days or more and is not considered as in default by considering the ongoing business relationship, repayment history and expected future settlements. The Group does not hold any collateral over these balances.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

16. TRADE AND OTHER PAYABLES

	Note	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)
Trade payables	(a)	3,036,673	5,662,010
Other payables and accruals		5,548,810	5,883,914
Deposits received		1,649,858	1,644,909
Amount due to a former director (Note 21(c))		1,934,568	1,901,354
Amount due to a director (Note 21(c))		545,647	533,445
Amount due to a related party (Note 21(c))		110,000	110,000
		<hr/>	<hr/>
Financial liabilities measured at amortised cost		12,825,556	15,735,632
Other tax levies payables		1,058,399	1,477,340
		<hr/>	<hr/>
		13,883,955	17,212,972

Note a: The credit periods of trade payables ranged from 30 to 90 days.

17. OTHER BORROWINGS

On 9 June 2023, Ms. Ling Fang, a related party as detailed in Note 21(c) provided a long-term loan of RMB11,100,000 to the Company, of which all have been used to settle the existing convertible bond. Pursuant to the loan agreement ("Loan Agreement") on 9 June 2023, the borrowing from Ms. Ling Fang is unsecured, carried interest rate at 6% per annum and is repayable in 5 years by installments. The Group settled RMB1,100,000 in cash during the current interim period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

18. CONVERTIBLE BONDS

a) Movements in the components of the convertible bonds

The movements in the liability and derivative components of the convertible bonds during the year ended 31 March 2023 are set out below:

	Notes	Liability component RMB	Derivative component			Total RMB
			Gross RMB	Deferred day one gain RMB	Net RMB	
At 1 April 2022 (Audited)		19,461,818	68	174,584	174,652	19,636,470
Extinguishment during the year arising from modification of convertible bonds	(i)	(4,966,551)	-	-	-	(4,966,551)
Issuance of convertible bond	(i)	4,286,316	360	572,816	573,176	4,859,492
Transfer to other borrowing	(ii)	(3,000,000)	-	-	-	(3,000,000)
Repayment	(iii)	(1,050,000)	-	-	-	(1,050,000)
Amortisation of deferred day one gain in profit or loss		-	-	(302,862)	(302,862)	(302,862)
Change in fair value of embedded derivatives		-	(425)	-	(425)	(425)
		-	(425)	(302,862)	(303,287)	(303,287)
Exchange movement		1,185,514	(3)	20,946	20,943	1,206,457
Interest expenses		1,555,894	-	-	-	1,555,894
At 31 March 2023 (Audited)		17,472,991	-	465,484	465,484	17,938,475
Total unrealised gain for the year included in profit or loss for liabilities held at the year ended 31 March 2023		-	(425)	(302,862)	(303,287)	(303,287)

The movements in the liability and derivative components of the convertible bonds during the six months ended 30 September 2023 are set out below:

	Notes	Liability component RMB	Derivative component			Total RMB
			Gross RMB	Deferred day one gain RMB	Net RMB	
At 1 April 2023 (Audited)		17,472,991	-	465,484	465,484	17,938,475
Repayment	(iv)	(1,824,000)	-	-	-	(1,824,000)
Transfer to other borrowing	(iv)	(11,856,000)	-	-	-	(11,856,000)
Amortisation of deferred day one gain in profit or loss		-	-	(317,200)	(317,200)	(317,200)
Exchange movement		830,570	-	21,990	21,990	852,560
Interest expenses		418,727	-	-	-	418,727
At 30 September 2023 (Unaudited)		5,042,288	-	170,274	170,274	5,212,562
Total unrealised gain for the period included in profit or loss for liabilities held at the six months ended 30 September 2023		-	-	(317,200)	(317,200)	(317,200)

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

18. CONVERTIBLE BONDS - Continued

a) Movements in the components of the convertible bonds - continued

Notes:

During the year ended 31 March 2023

- (i) Maturity of convertible bond with principal amount of AUD500,000 issued on 9 December 2016 ("CB 1")
Maturity of convertible bond with principal amount of USD376,687 issued on 16 November 2017 ("CB 5")
Issuance of convertible bond with principal amount of USD716,000 on 10 January 2023 ("CB 6")

On 10 January 2023, the Company and the CB 1 and CB 5 holder (the same holder) entered into an acknowledgement and confirmation confirming that the CB 6 with an aggregate principal amount of USD716,000 shall be issued and should be set off by the aggregate outstanding balances of CB 1 of AUD500,000 and CB 5 of USD376,687. The set off is deemed to be modification of convertible bonds. Such modification is accounted for as an extinguishment under IFRS/HKFRS 9 as the terms are substantially different.

Such modification is accounted for as derecognition of the original financial liability and the recognition of new financial liability. The difference between the carrying amount of financial liability derecognised and the fair value of consideration paid or payable, including any liabilities assumed and derivative components recognised with approximately RMB107,059 is recognised in profit or loss for the year ended 31 March 2023.

- (ii) Maturity of CB 3

CB 3 was matured on 31 January 2023 and reclassified as other borrowing with principal amount of RMB3,000,000.

- (iii) Maturity of CB 4

During the year ended 31 March 2023, the Company has repaid RMB1,050,000 (equivalent to USD140,000) in aggregate to CB 4 holder.

During the six months ended 30 September 2023

- (iv) Maturity of convertible bond with principal amount of HK\$15,000,000 issued on 28 April 2017 ("CB 2")

The CB 2 was mature on 28 April 2023. The Company settled RMB1,824,000 (equivalent to HK\$2,000,000) and reclassified the remaining balance of RMB11,856,000 (equivalent to HK\$13,000,000) as other borrowing which carried fixed interest of 6% per annum, unsecured and is repayable on demand. The Company settled the other borrowing of RMB11,856,000 (equivalent to HK\$13,000,000) in cash in June 2023.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

18. CONVERTIBLE BONDS - Continued

b) Major terms of convertible bonds

Convertible Bond	Notes	Issue date	Date of maturity	Principal amount	Effective interest rate of liability component	Conversion price per share AUD	As 30 September 2023 RMB	As at 31 March 2023 RMB
CB 2	19(a)(iv)	28/4/2017	28/4/2023	HK\$15,000,000	10.82%	0.20	-	13,026,020
CB 6	19(a)(i)	10/1/2023	9/1/2024	USD716,000	13.38%	0.20	5,212,562	4,912,455
							5,212,562	17,938,475

All the convertible bonds are zero coupon bonds.

The principal amount of convertible bonds can be converted into ordinary shares of the Company at an original conversion price (the "Conversion Price") per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds (the "Holders") to the Company, before the maturity date. The actual total number of ordinary shares can be converted depend on the exchange rate at one day before the conversion.

The ordinary shares to be converted by the Holders carry the same right as the existing shareholders of the Company. If there is dilution of existing shares, the Holders can apply the new ordinary shares on a pro-rata basis to retain their shareholdings. The issuance price of new ordinary shares are not lower than the Conversion Price. If the issuance price of new ordinary shares is lower than the Conversion Price, the Holders can then convert more shares as if the Conversion Price is the same as the issuance price of new ordinary shares.

c) Conversion at the option of the Holders

The Company will, at the option of the Holders convert all the convertible bonds upon maturity.

The fair value of the convertible bonds was determined by an independent qualified valuer. The fair value of the embedded derivatives (conversion and early redemption component) of the convertible bonds was determined using the binomial valuation model. The residual value represents the fair value of the liability component upon the issuance of convertible bonds which was calculated at the present value of the redemption amount, at 100% of the principal amount.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

18. CONVERTIBLE BONDS - Continued

c) Conversion at the option of the Holders - continued

The fair value of the embedded derivatives of the convertible bonds was determined using the binomial model, and inputs into the model at the relevant dates were as follows:

	Six months ended 30 September 2023	
	At Issue date	
	CB 2	CB 6
Share price (AUD)	0.06	0.03
Conversion price (AUD)	0.20	0.20
Risk free interest rate	1.80%	3.386%
Time to maturity (year)	3	1
Expected volatility	45%	59.56%
Expected dividend yield	0%	0%
		At 30 September 2023
		CB 6
Share price (AUD)		0.02
Conversion price (AUD)		0.20
Risk free interest rate		4.015%
Time to maturity (year)		0.28
Expected volatility		58.90%
Expected dividend yield		0%

There was no gain on change in fair value of embedded derivatives of the convertible bonds for the six months ended 30 September 2023 (30 September 2022: gain on change in fair value of RMB68) and amortisation of deferred day one gain of RMB317,200 (30 September 2022: gain of RMB85,846) were recognised as "Unrealised gain on change of fair value of embedded derivatives of convertible bonds" in the condensed consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the six months ended 30 September 2023 amounted to RMB418,727 (30 September 2022: RMB708,516), which was calculated using the effective interest method.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

19. BANK BORROWINGS

During the current interim period, the Group obtained a bank borrowing amounting to RMB2,860,000. The bank borrowing carry fixed interest rate of 4.86% per annum and is repayable within 2 years by installments. The proceeds were used to finance the general working capital of the Group.

During the current interim period, the Group obtained a bank borrowing amounting to RMB3,000,000. The bank borrowing carry fixed interest rate of 4.25% per annum and is repayable within 6 months. The proceeds were used to finance the general working capital of the Group. The Company settled the bank borrowing during the current interim period.

During the current interim period, the Group obtained a bank borrowing amounting to RMB5,000,000. The bank borrowing carry the interest based on the loan prime rate issued by The People's Bank of China and is repayable within 5 years by installments. The proceeds were used to finance the general working capital of the Group.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

20. SHARE OPTION SCHEME

The Company's share option scheme (the Scheme) was adopted pursuant to a resolution passed on 18 September 2015 for the primary purpose of providing incentives to qualifying grantees. Qualifying grantees of the Scheme mean (i) any employee, director, or any contractor of the Company or any group company; or (ii) any consultant or other qualified participants who provide goods or services to the Company or any group company.

On 12 August 2015, the Company granted 9,770,000 and 2,000,000 share options to certain consultants and other qualified participants at the exercise price of AUD0.80 and AUD1.0 per option share (the "August 2015 Option") respectively. The Company subsequently reduced the exercise price of share option 9,770,000 to AUD0.3 on 4 April 2018. Share options granted to participants other than employees are measured at fair value of options granted as these other participants are providing services that are similar to those rendered by employees. The fair value of the options determined at the date of grant using the binomial option pricing model were AUD727,445. The consultants and other qualified participants have rendered services to the Group during the six months ended 30 September 2022 and year ended 31 March 2023. The options are expired during the year ended 31 March 2023.

On 23 September 2015, the Company granted 7,577,474 share options to two directors at the exercise price of AUD0.80 per option share (the "September 2015 Option"). The Company subsequently reduced the exercise price to AUD0.3 on 4 April 2018. The fair value of the options determined at the date of grant using the binomial option pricing model were AUD414,920. These directors have rendered services to the Group during the six months ended 30 September 2022 and year ended 31 March 2023. The options are expired during the year ended 31 March 2023.

On 1 December 2020, the Company granted 27,040,491 share options to consultants at the exercise price of AUD0.2 per option share (the "December 2020 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD336,000. These consultants have rendered services to the Group during the six months ended 30 September 2022 and the year ended 31 March 2023. Out of the 27,040,491 share options, 20,000,000 share options are expired during the year ended 31 March 2023.

On 23 February 2021, the Company granted 30,000,000 and 12,000,000 share options to consultants at the exercise price of AUD0.3 and AUD0.2 per option share respectively (the "February 2021 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD40,000. These consultants have rendered services to the Group during the year ended 31 March 2022. The options are expired during the year ended 31 March 2022.

On 19 October 2021, the Company granted 13,000,000 share options to directors at the exercise price of AUD0.3 per option share (the "October 2021 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD2. These directors have rendered services to the Group during the six months ended 30 September 2022 and the year ended 31 March 2023. The options are expired during the year ended 31 March 2023.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

20. SHARE OPTION SCHEME - Continued

(i) Details of specific categories of options are as follows:

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants and other qualified participants (Group A)	9,770,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD0.30	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Consultants and other qualified participants (Group B)	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD1.00	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Directors (Note)	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD0.30	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Consultants	11,500,000	1 December 2020	From 1 December 2020 to 30 November 2021 (5,000,000 Options)	AUD0.20	1 years
			From 1 December 2021 to 30 November 2022 (6,500,000 Options)		

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

20. SHARE OPTION SCHEME - Continued

(i) Details of specific categories of options are as follows: - continued

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants	13,540,491	1 December 2020	From 1 December 2020 to 30 November 2021 (6,000,000 Options)	AUD0.20	1 years
			From 1 December 2021 to 30 November 2022 (7,540,491 Options)		
Consultants	2,000,000	1 December 2020	From 1 December 2020 to 31 May 2022	AUD0.20	1.5 years
Consultants	30,000,000	23 February 2021	From 24 February 2021 to 23 February 2022	AUD0.30	1 year
Consultants	12,000,000	23 February 2021	From 24 February 2021 to 23 February 2022	AUD0.20	1 year
Directors	13,000,000	19 October 2021	From 19 October 2021 to 27 September 2022	AUD0.30	0.9 year

Note:

A director with 6,377,474 September 2015 Option resigned during the year ended 31 March 2018 and the respective share options were lapsed.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

20. SHARE OPTION SCHEME - Continued

- (ii) The following table discloses movement of the Company's share options held by the Group's qualifying grantees during the period/year:

	Weighted average exercise price		Number of share options	
	As at 30 September 2023 AUD	As at 31 March 2023 AUD	As at 30 September 2023	As at 31 March 2023
Outstanding at the beginning of the period / year	-	0.334	-	34,228,491
Lapsed during the period/year	-	0.334	-	(34,228,491)
Outstanding as at the end of the period/year	-	-	-	-

No options were exercised during the year ended 31 March 2023.

- (iii) Fair value of share options and assumptions:

	August 2015 Option		September 2015 Option	December 2020 Option	February 2021 Option	October 2021 Option
	Group A	Group B				
Fair value per share option (AUD)	0.063	0.054	0.055	0.0095-0.0148	0.00044-0.00223	0.00000015
Grant date share price (AUD)	0.2	0.2	0.2	0.125	0.087	0.065
Exercise price (AUD)	0.8	1.0	0.8	0.2	0.2-0.3	0.3
Expected life (Years)	6.883	6.883	6.768	1.5-2	1	0.94
Expected volatility (%) (Note)	61.239	61.239	57.986	48-56	57	38
Dividend yield (%)	0	0	0	0	0	0
Risk-free interest rate (%)	2.353	2.353	2.363	0.04-0.10	0.09	0.10

Note: Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restriction and behavioral considerations.

The binomial option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share option is based on the Directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the option.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

21. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group has entered into the following material related party transactions during the period.

a) Transactions with key management personnel

All members of key management personnel are the Directors. The remuneration paid to them during the period were disclosed in Note 10 to the condensed consolidated financial statements.

b) Transactions with other related parties:

Name of related party	Nature of transaction	Six months ended 30 September	
		2023 RMB (Unaudited)	2022 RMB (Unaudited)
Ms. Ling Fang	Interest paid	191,375	-
	Financial guarantee service fee	37,108	-
IPP	Technical service fee expense	575	-
	Purchase of point-of-sale machines	25,575	24,867
Shenzhen Bozhong Communications Technology Company Limited ("Shenzhen Bozhong") (深圳市伯仲通信技术有限公司)	Purchase of point-of-sale machines	716,283	-

The Directors are of the opinion that the above transactions were negotiated on a normal commercial terms and conditions that would be available to third party.

Note: IPP is an associate of the Group.

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

21. MATERIAL RELATED PARTY TRANSACTIONS - Continued

c) The Group had the following material balances with related parties:

Name of related party	Notes	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)
Amounts due to a director:			
- Mr. Xiong Qiang	(i)	(545,647)	(533,445)
Amount due from a related company:			
- Shenzhen Bozhong	(i),(iii)&(iv)	19,049	601,978
Other borrowing:			
- Ms. Ling Fang	(ii)	(10,000,000)	-
Amount due to a related party:			
- Mr. Ling Song	(i) &(iii)	(110,000)	(110,000)
Amount due to a former director:			
- Mr. Chow Ki Shui Louie	(i) &(v)	(1,934,568)	(1,901,354)
Amounts due from associates:			
- IPP	(i) &(iv)	-	500
- TTG Fintech Service Limited	(i) &(iv)	-	3,062,140
		-	3,062,640

Notes:

- (i) The amounts are unsecured, interest free and repayable on demand.
- (ii) Ms. Ling Fang is the wife of an executive director, Mr. Xiong Qiang of the Company.
- (iii) Mr. Ling Song is a supervisor of 深圳市淘淘谷電子商務有限公司, a subsidiary of the Company. He is also the director and major shareholder of Shenzhen Bozhong and closely family member of a director of the Company. The maximum outstanding balance of amount due from a related company is RMB646,920 during the six months ended 30 September 2023 (year ended 31 March 2023: RMB646,920)
- (iv) The amounts represent the balance net of allowance for credit losses.
- (v) Mr. Chow Ki Shui Louie resigned as Company's director on 27 March 2023.

* The English name is for identification only

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

The Board is responsible for determining the appropriate valuation technique and inputs for fair value measurement.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the board of directors of the Company to explain the cause of fluctuations in the fair value.

The fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial liability that is measured at fair value on a recurring basis

Financial liability	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input
	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)			
Embedded derivative of convertible bonds	170,274	465,484	Level 3	Binomial option pricing model, expected volatility	Expected volatility is 58.9% (31 March 2023: ranged from 55.40% to 55.97%) taking into account the fluctuation of share price of the Company (Note)

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - Continued

Fair value measurements and valuation processes - continued

Note:

If the volatility rate had been 10% higher/lower than management's estimates at 30 September 2023, it would have increased/decreased the fair value of embedded derivatives of the convertible bonds by RMBNil (31 March 2023: RMB10) and RMBNil (31 March 2023: RMBNil) respectively.

There were no transfers between Levels 1, 2 and 3 in current period and prior year.

Reconciliation of Level 3 fair value measurements:

	Embedded derivative of convertible bonds RMB
At 1 April 2022	174,652
Issuance of convertible bonds	573,176
Fair value changes	(303,287)
Exchange movement	20,943
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At 31 March 2023	465,484
Fair value changes	(317,200)
Exchange movement	21,990
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At 30 September 2023	170,274

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis.

The Board considers that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the condensed financial statements approximate their values.

23. CAPITAL COMMITMENTS

	As at 30 September 2023 RMB (Unaudited)	As at 31 March 2023 RMB (Audited)
Contracted but not provided for:		
- Capital contribution to subsidiaries	11,556,000	22,944,700
- Capital contribution to other investments	1,500,000	1,500,000
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	13,056,000	24,444,700

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2023

24. LOSS ON ASSET

As disclosed in the Company's announcements dated 12 August 2022, the Company has recently discovered that the cashier of a subsidiary of the Company (the "Cashier"), is suspected to have misappropriated certain funds of the Group (the "Investigation"). The Company conducted a detailed review of its banking records to ascertain the extent of the misappropriation of the Group's funds by the Cashier. Based on such records obtained by the Company and its internal assessment, the Company believes that an aggregate amount of up to approximately RMB13,436,000 has been misappropriated by the Cashier.

On 12 August 2022, the Company had commenced criminal proceeding in the People's Court of Nanshan District of Shenzhen (the "Nanshan Court") against the Cashier for the misappropriation of cash. On 31 December 2022, the Nanshan Court issued a criminal judgment on the lawsuit, ruling that the Cashier should compensate the Company for the loss of RMB13,197,117. On 31 December 2022, the Nanshan Court issued a criminal judgment on the lawsuit, ruling that the Cashier should compensate the Company for the loss of RMB13,197,117 and in jail for 6 years.

On 23 September 2023, the Company commenced civil proceeding in the People's Court of Luo Hu District of Shenzhen (the "Luo Hu Court") against the spouse of the Cashier for assisting on money laundering amounting to RMB3,461,704. At 30 September 2023 and up to the date of the report, the civil proceeding are still in progress.

CORPORATE DIRECTORY

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Hong Kong

REPRESENTATIVE OFFICE IN AUSTRALIA

Investorlink Group Limited
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Australia

BOARD OF DIRECTORS

Executive Directors

XIONG Qiang (President & Chief Executive Officer)
GAO Qiuju (Vice President & Deputy Chief Executive Officer)

Non-Executive Directors

RYAN Christopher John (Independent Chairman)
HONG Yu Peng

COMPANY SECRETARIES

GAO Qiuju

AUDITOR

Asian Alliance (HK) CPA Limited

AUDIT AND RISK MANAGEMENT COMMITTEE

RYAN Christopher John (Chairman of Committee)
HONG Yu Peng (Non-Executive Director)

NOMINATION AND REMUNERATION COMMITTEE

RYAN Christopher John (Chairman of Committee)
XIONG Qiang (President & Chief Executive Officer)
GAO Qiuju (Vice President & Deputy Chief Executive Officer)
HONG Yu Peng (Non-Executive Director)

AUSTRALIA BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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