

赣州通 虔城购 赣州发亿元消费券

主办单位：赣州各县(市、区)政府  
活动时间：4月12日至6月11日

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# ANNUAL REPORT 2020

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## *President and Independent Chairman's Statement*

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On behalf of our fellow board members, we are pleased to present the 2020 annual report for Fintech Chain Limited ("FTC").

FTC is a leading Fintech provider of integrated payment acquiring infrastructure solutions for banks and merchants across various industries (collectively named **T-Linx™** System) in Greater China. T-Linx™ is currently provided to more than 700 banks including China Merchants Bank, Ping An Bank and Beijing Rural Credit Cooperative Union and indirectly is used by over 4 million merchants.

FTC now holds more than 150 Invention Patents and Intellectual Property Rights. Currently, FTC charges between 2 and 3 basis points on all new transactions processed by T-Linx™. FTC is concentrating on increasing its market share particularly in the banking sector both in China and in overseas jurisdictions including Japan.

FTC reported FY2020 revenue of RMB 35.6m (A\$7.3m), gross profit of RMB 19.4m (A\$4.0m) and net profit after tax of RMB 3.2m (A\$0.7m).

FTC generated net profit and total comprehensive income of RMB3.2 million for FY2020, an increase of 36% over the previous year despite of Coronavirus (COVID-19) pandemic.

The Company's provision of integrated payment and systems development services together with smart POS rental and maintenance income is estimated to increase steadily in FY 2021.

Our goals particularly include:

- (1) Dedication to connecting financial payment acquiring services amongst banks, merchants (corporates) and consumers, i.e. establishing Banks + Merchants + Consumers networking, and hence realising a completely new age internet financial era.
- (2) Optimisation of the flow of financial information and money transfer through T-Linx™ (an intelligent API aggregator), which empowers banks to transform their banking services into an Open Banking marketplace.
- (3) Promotion of precise financial data mining to assist identification of customer behaviour, predicating of future trends, improving customer relationships, increasing revenue, cost cutting and minimising risk.

FTC continues to enjoy the full support of its convertible note holders and major shareholders during its expansion phase.

On behalf of the Board of Directors, we wish to thank and acknowledge the continued support of our staff, shareholders and business partners.



Mr Qiang XIONG  
President  
FinTech Chain Limited



Mr Chris RYAN  
Independent Chairman  
Fintech Chain Limited



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## ***BOARD OF DIRECTORS***

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Details of each of the Directors at the date of this report are set out below:



### ***Mr XIONG Qiang – President & Chief Executive Officer***

Mr Xiong graduated from Jiangxi University of Finance and Economics.

Mr Xiong is a successful entrepreneur in the field of China mobile internet applications. He has been awarded the “Top 10 Outstanding Entrepreneurs in Brand Building in China”. He has also driven Shenzhen e-commerce (communications and wireless internet applications) businesses through which he has substantially gained a wealth of experience in this industry. Mr Xiong is responsible for the formulation of FTC’s strategic direction, expansion plans, and the management of FTC’s overall business development.



### ***Mr CHOW Ki Shui Louie – Vice-President & Deputy Chief Executive Officer***

Mr Chow graduated from Xiamen University. He co-founded a non-profit educational foundation in China.

Mr Chow has many years of experience in both domestic and international direct investment. Mr Chow is responsible for FTC’s strategic planning and corporate finance activities.



### ***Mr RYAN, Christopher John - Independent Chairman & Non-Executive Director***

Chris is an Executive Director of Investorlink Group Limited, a Sydney-based corporate finance and advisory firm.

Chris is also a non-executive director of 99 Technology Limited (ASX Code: NNT).

Chris has industry diverse experience and expertise in mergers and acquisitions together with initial public offerings.

Chris has advised on ASX listings since 1986.

Chris’s qualifications include holding a Bachelor of Financial Administration, University of New England, fellowship of the Chartered Accountants Australia and New Zealand and membership of the Australian Institute of Company Directors.



### ***Ms Zhou Chen Yao Zoe - Non-Executive Director***

Zoe graduated in Saint Louis University in United States of America. Zoe started her career in venture capital in 2014 when she joined Longling Capital, a Xiamen-based venture firm in China specializing in seed stage, early stage and angel investments in the area of internet healthcare, internet education, internet finance and artificial intelligence. She is now a partner of Longling Capital and oversees a portfolio of \$140 million in early stage technology funding.

Zoe was included on Forbes’s 2017 “30 under 30 years of age” Asia List as one of the young talents and change-makers in industries ranging from consumer technology to health care and science.



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## ***BOARD SKILLS & EXPERIENCE***

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A summary of the Directors' skills and experience relevant to FTC as at the end of the reporting period is set out below.

<b>Skills and Experience (out of 4 Directors)</b>	
<b>Leadership and Management</b>	
Executive management	<b>4</b>
Corporate Governance	<b>4</b>
Strategy	<b>3</b>
Policy Development	<b>4</b>
<b>Corporate</b>	
Business Operation	<b>3</b>
Legal	<b>2</b>
Investor Relation	<b>4</b>
Marketing	<b>3</b>
International Operation Management	<b>3</b>
<b>Capital Markets</b>	
Capital Raising	<b>4</b>
Capital Management	<b>4</b>
Corporate Actions	<b>4</b>
<b>Finance and Risk</b>	
Risk Management and Compliance	<b>3</b>
Financial	<b>2</b>
<b>Sector Experience</b>	
Software Development	<b>2</b>
IT Technology	<b>2</b>





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# ***DIRECTORS REPORT***

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The directors present the directors report together with the audited financial statements consisting of FinTech Chain Limited (“FTC”) and the entities it controlled for the year ended 31 March 2020 (hereinafter referred to the “Group”).

FTC is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business located at:

Unit 1806, 18/F., Gala Place  
56 Dundas Street, Kowloon  
Hong Kong

## **Directors**

The following persons were directors of FTC and its subsidiaries during the year and up to the date of this report, unless otherwise disclosed below:

1. FinTech Chain Limited

*Executive Directors*

XIONG Qiang (Chief Executive Officer)  
CHOW Ki Shui Louie (Deputy Chief Executive Officer)

*Non-executive Directors*

RYAN Christopher John (Independent Chairman)  
Zhou Chenyao

In accordance with Article 104 of the Company’s Articles of Association, XIONG Qiang and CHOW Ki Shui Louie retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election

2. Shenzhen Taotaogu Information Technology Company Limited (深圳市淘淘谷信息技术有限公司)

XIONG Qiang  
CHOW Ki Shui Louie  
WU Linyan

3. Shenzhen Taotaogu E-commerce Company Limited (深圳市淘淘谷电子商务有限公司)

XIONG Qiang

4. Shenzhen Taotaogu Investment Co., Limited (深圳市淘淘谷投资有限公司)

CHOW Ki Shui Louie

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## ***DIRECTORS REPORT***

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5. Jiangxi Taotaogu E-commerce Company Limited (江西淘淘谷电子商务有限公司)

LING Chen

6. Jiangxi Kelaihui Information Technology Company Limited.(江西客來惠信息技术有限公司)

YI Yongqing

7. TTG Mobile Coupon Services Limited

XIONG Qiang  
CHOW Ki Shui Louie

8. Q-life HK Limited

CHOW Ki Shui, Louie  
XIONG Qiang

9. TTG Techfin Limited

XIONG Qiang  
CHOW Ki Shui Louie

### **Directors Interest in Shares/CDI**

As at the date of report, the directors have the following interests in fully-paid shares/CDI in FTC.

XIONG Qiang	223,699,435
CHOW Ki Shui	109,749,435
RYAN, Christopher John	6,081,000

As at the date of report, the directors have the following interests in share options in FTC.

Mr. Xiong Qiang	12,000,000
Miss Zhou Chen Yao	12,000,000
Mr. Chow Ki Shui, Louie	6,000,000
RYAN, Christopher John	2,520,000

On 23 September 2015, 1,200,000 share options in which Mr. RYAN, Christopher John has an interest is held under related superannuation fund Stradbroke Plaza Pty Ltd as trustee for Ryan Retirement Fund (previously known as Chris Ryan & Sabine Ryan and Lois Ryan as trustee for Ryan Retirement Fund) ("Ryan Retirement Fund")

The options are exercisable from 1 July 2016 to 30 June 2021 at an exercise price of A\$0.80 and subsequently reduced to A\$0.30 on 4 April 2018. In the event there are outstanding options yet to be exercised upon the expiry of the exercise period for the Tranche 5, they can be extended for another 12 months up to 30 June 2022, after which it is the discretion of the Board to extend further.



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## ***DIRECTORS REPORT***

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Each option can be converted into 1 ordinary share.

Tranche	Percentage of options eligible to be exercised	Prescribed exercise date	Exercise date
Tranche 1	10%	1 July 2016	1 July 2016 to 30 Jun 2017 (lapsed)
Tranche 2	10%	1 July 2017	1 July 2017 to 30 Jun 2018 (lapsed)
Tranche 3	20%	1 July 2018	1 July 2018 to 30 Jun 2019 (lapsed)
Tranche 4	20%	1 July 2019	1 July 2019 to 30 Jun 2020
Tranche 5	40%	1 July 2020	1 July 2020 to 30 Jun 2021

On 28 September 2018, FTC issued a total of 31,800,000 share options to its directors, Mr. Xiong Qiang, Miss Zhou Chen Yao, Mr. Chow Ki Shui, Louie and Mr. RYAN, Christopher John under Ryan Retirement Fund for 12,000,000, 12,000,000, 6,000,000 and 1,800,000 respectively.

There are no partly-paid shares at the date of report.

### **Principal Activities**

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.

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# DIRECTORS REPORT

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FTC's revenue model is based on:

1. Provision of services

- (i) Information technology services from T-linx™ integrated payment business is calculated as a percentage (currently at a rate of 2-3 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
  - 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

## Financial Review

	Year ended 31 March 2020 RMB '000	Year ended 31 March 2019 RMB '000	% change
Revenue	35,638	44,186	-19%
Profit (loss) from ordinary activities after income tax expense for the year	3,211	2,894	11%
Net profit (loss) attributable to members	3,527	3,020	17%

The Company generated net profit and total comprehensive income of RMB3.21 million for FY2020, an increase of 11% 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 RMB9.2 million, or 32% to RMB19.4 million



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# ***DIRECTORS REPORT***

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## **Profit Per Share**

The Company generated a basis earnings per share of RMB0.0054 and diluted per share of RMB0.0022 for the year ended 31 March 2020 (2019: RMB0.0047 and RMB0.0047).

## **Net Current Liabilities and Net Liabilities**

The Group had net current liabilities of RMB6.0 million as at 31 March 2020, compared to RMB4.0 million at 31 March 2019.

Net liabilities amounted to RMB14.7 million as at 31 March 2020 (2019: RMB18.5 million)

Both changes are mainly due to the extension of three convertible bonds during the year.

The net liabilities per share were RMB2.3 cents at 31 March 2020 (2019: RMB2.8 cent per share).

## **Dividends**

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

## **Share Repurchase**

No shares were repurchased during the financial year.

## **Financial Statements**

The loss of FTC for the year ended 31 March 2020 and the state of the FTC's affairs as at that date are set out in Note 40 to the consolidated financial statements.

## **Reserves**

Movements in capital and reserves of FTC during the year are set out in Note 40 to the consolidated financial statements.

## **Transfer to Reserves**

Please refer to Consolidated Statement of Changes in Equity for the group's transfer to reserves and Note 40 to the consolidated financial statements for the FTC's changes in equity.

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# ***DIRECTORS REPORT***

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## **Plant and Equipment**

Details of the movements in plant and equipment during the year are set out in Note 16 to the consolidated financial statements.

## **Share Capital**

Details of the movements in share capital of FTC during the year are set out in Note 29 to the consolidated financial statements.

## **Controlled Entities Acquired or Disposed Of**

FTC did not acquire any controlled entities during the financial year.

FTC disposed two subsidiaries during the financial year, details are set out in Note 30 to the consolidated financial statements.

## **Associates and Joint Venture Entities**

As at 31 March 2020, FTC held investments in three associates:

1. 37.5% of 深圳市智慧付信息技術有限公司 (English translated name: Shenzhen Intelligent Preferential Pay Co., Limited, or “IPP”)
2. 47.5% of 深圳市大售后信息技術有限公司 (English translated name: Shenzhen Dashouhou Information Technology Co., Ltd)
3. 40.0% of TTG Fintech Services Limited

## **Pledge of Assets**

IPP entered into syndicated loan agreements during the year ended 31 March 2017, under which IPP was granted a facility in the aggregate sum of RMB3,000,000 of which RMB2,500,000 (2019: RMB2,500,000) were utilised as at 31 March 2020. The syndicated loan was arranged by Wuhan Yifan Wealth Investment Co., Ltd. (武漢億房財富投資有限公司), a company registered in the PRC, from a consortium of individual and/or corporate investors. Such facility was secured by an equity pledge over 10% of the Company's interest in the registered capital of IPP. The loan was fully repaid as at 31 March 2020 (2019: The loan was included in current liabilities of IPP).



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# ***DIRECTORS REPORT***

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## **Capital Commitments**

The Group's capital commitments as at 31 March 2020 are set out in Note 33 to the consolidated financial statements.

## **Foreign Exchange Exposure**

The Group is exposed to currency risk primarily through cash and bank balances that are denominated in a foreign currency, 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 denominated and settled in RMB. The Group incurred most of its operational expenses and capital outlays in RMB. The directors consider its exposure to foreign currency exchange risk arising from its operating activities as insignificant as the majority of the Group's operating activities are denominated in functional currency of the respective group entities.

## **Share Options Under Share Option Scheme**

31,565,473 share options expired during current financial year,

Details of the share option scheme including those options issued in prior financial year are set out in Note 31 to the consolidated financial statements.

## **Convertible Bonds and Other Share Options (Issue during Financial Year)**

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

## **Convertible Bonds and Other Share Options (Issue after Financial Year End)**

No convertible bonds and other share options were issued after 31 March 2020 and up to the date of this report.

## **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of FTC were entered into or existed during the year.

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# ***DIRECTORS REPORT***

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## **Directors' material interests in transactions, arrangements and contracts that are significant in relation to FTC's business**

Except for the directors' interests as disclosed in the Note 37 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which FTC or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of FTC had a material interest, whether directly or indirectly, existed at the end of the reporting period or at any time during the year.

## **Employee, Remuneration Policies and Share Option Scheme**

At 31 March 2020, the Group had 122 full-time employees (31 March 2019: 115). The salaries of the Group's employees were determined by reference to personal performance, professional qualifications, industry experience and relevant market trends. FTC 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. The management reviews 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, and social insurance.

## **Permitted Indemnity Provision**

At no time during the financial year and up to the date of this directors report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of FTC (whether made by FTC) or otherwise or an associated company (if made by FTC).



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# ***DIRECTORS REPORT***

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## **Material Uncertainty Related To Going Concern**

The auditor of FTC has included in the audit opinion with a section of material uncertainty related to going concern as below:

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group had net current liabilities of RMB4,983,454 and net liabilities of RMB14,671,658 respectively as at 31 March 2020. These conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

- The management have been implementing various strategies to broaden the customer base and revenue of the Group. The Group has generated profit for the year attributable to owners of the Company of RMB3,526,883 for the year ended 31 March 2020;
- The Group have the financial support from its major shareholders, Mr. Xiong Qiang and Mr. Chow Ki Shui Louie, whereby they will provide additional funding to the Company if required, and they will not demand repayment of amount owing to them until after the Company's cashflow situation is improved; and
- The Group would take (a) relevant measures in order to tighten cost controls over various operating expenses; and (b) steps to negotiate and discuss with any existing and potential investors so as to attain ongoing financing from them.



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# ***DIRECTORS REPORT***

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## **Market and Business Overview**

### 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.

### 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 world's top 100 operators in terms of blockchain technology as measured by its number of invention patent number holdings in year 2018.

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# ***DIRECTORS REPORT***

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## **Market and Business Overview (Cont'd)**

### (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 employs leading financial technology and blockchain technology, 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.

## **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 the current economic recessionary conditions management expect revenue from T-linx™ to continue growing steadily in FY2021.

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# DIRECTORS REPORT

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## Outlook (Cont'd)

We are still experimenting both channel 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 opportunities during the Coronavirus (COVID-19) pandemic period hopefully to compensate the impact on the revenue under the current difficult business environment.

In view of the uncertainty of the current Coronavirus (COVID-19) epidemic, the company believes that the domestic consumption status of the Chinese citizens will be more conservative than when there is no epidemic. The consumption of non-essential goods may be reduced. Therefore, there may be some impact on the transaction volume and amount in FY2021.

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 improve and enhance its T-Linx™ related products and services with a newly developed business channel, Consumer Coupon Issuance & Verification and Consumer Coupon Issuance & Verification, to increasing revenue and gross profit.

## Auditor

Asian Alliance (HK) CPA Limited acted as auditor of FTC and audited the Group’s consolidated financial statements for the financial year ended 31 March 2020.

Asian Alliance (HK) CPA Limited retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Asian Alliance (HK) CPA Limited as auditor of FTC is to be proposed at the forthcoming annual general meeting.

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



Mr Qiang XIONG  
President  
FinTech Chain Limited



Mr Chris RYAN  
Independent Chairman  
Fintech Chain Limited

Shenzhen, 30 June 2020



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## *STATEMENT BY DIRECTORS*

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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 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 subsidiaries (the “Group”) as at 31 March 2020; 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 consolidated financial statements give a true and fair view of:

- a. The profit and cash flows of the Group for the year ended 31 March 2020; and
- b. The state of affairs of the Group at 31 March 2020.

On behalf of the Board

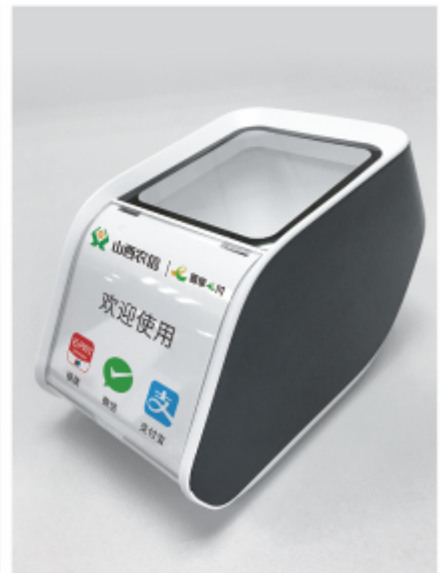


Mr Qiang XIONG  
President  
FinTech Chain Limited



Mr Chris RYAN  
Independent Chairman  
Fintech Chain Limited

Shenzhen, 30 June 2020



# CORPORATE GOVERNANCE

The Board has adopted the third edition of the ASX Corporate Governance Principles and Recommendations and has evaluated the Company's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations.

This statement sets out the Company's current compliance with the third edition of the ASX Corporate Governance Principles and Recommendations (Principles or Recommendations).

The Board is responsible for ensuring the existence of an effective corporate governance environment to safeguard the interests of the Company, its shareholders and other stakeholders. The Board considers that the Company generally complies with the Principles and, where the Company does not comply, this is primarily due to the current relative size of the Company and scale of its current operations. Comments on compliance and departures are set out below.

Principles/recommendations	Does FTC comply?	Particulars of compliance & if not why not
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
<b>Recommendation 1.1</b>  A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	Complies	The Board's responsibilities are contained in the Company's Board Charter. A copy of the Board Charter is available on the Company's website at <a href="http://www.ttg.hk">www.ttg.hk</a> .  The functions of the Board and Chairman are specifically set out in the Board Charter. All senior executives are currently on the Board.
<b>Recommendation 1.2</b>  A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies	The Board will undertake the role of the Nomination and Remuneration Committee relating to the appointment and election of director. The Board regularly reviews its composition and succession plans. It established the skills matrix to guide its assessment of the skills and experience of the current directors and any candidates for the new member of the Board.  The Nomination and Remuneration Committee's responsibilities in relation to director appointments are contained in the Nomination and Remuneration Committee Charter. Before appointing a director, the Company undertakes appropriate checks including bankruptcy checks and police checks whenever a new director is appointed or putting forward to security holders as a candidate for election as a director.  All material information in relation to whether to elect or re-elect a Director is contained in the Company's notice of annual general meeting and explanatory statement.
<b>Recommendation 1.3:</b>  A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies	The terms and conditions of the appointment of each Director are contained in the letter of appointments and the responsibilities of the Directors are set out in the section 'Board's role and responsibilities' under the Corporate Governance Plan which is available as at: <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a>

## CORPORATE GOVERNANCE

<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Complies</p>	<p>The Chairman agrees the agenda of the Board meetings in consultation with the Company Secretary to enable effective decision making and discussion on strategic, operational and compliance issues.</p> <p>The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with proper functioning of the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>Does not comply</p>	<p>The Board considers that the Company is not currently of a size with a diversity policy.</p> <p>This position will be continuously reviewed at the appropriate stages of the Company's development.</p> <p>Whilst the Company does not have a diversity policy in place, it will be unable to provide measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p> <p>This disclosure will be provided in the Company's annual report once a diversity policy is adopted.</p> <p>As at 31 March 2020, FTC had 15 female employees representing 12% of the total employees and 2 female employees held senior executive positions.</p>
<p>Recommendation 1.6:</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>Complies</p>	<p>The Chairman initiates the process of Board, committee and Director performance appraisal. The Board is responsible for the evaluation of its performance and the performance of individual Directors. This internal review is to be conducted on an annual basis and if deemed necessary this internal review will be facilitated by an independent third party.</p> <p>The Chairman holds discussion with individual Directors when evaluating their performance. This performance evaluation took place in FY2020. The Board takes this evaluation into consideration when recommending Directors for election.</p>



# CORPORATE GOVERNANCE

<p>Recommendation 1.7</p> <p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Complies</p>	<p>The Nomination and Remuneration Committees is responsible for reviewing the performance targets for senior management and where appropriate, making recommendations to the Board for approval. The Committee is also responsible to establish process for the review of the performance of individual non-executive directors.</p> <p>At the moment the full board assume the function of the Nomination and Remuneration Committee which means the Board is responsible for the evaluation the performance of individual Directors and other senior executives. This internal review is conducted on an annual basis and if deemed necessary this internal review is facilitated by an independent third party.</p> <p>In accordance with the process disclosed above, the Company conducted the annual performance reviews for its senior executives during the year.</p>
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## PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

<p>Recommendation 2.1</p> <p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>Partly complies</p>	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter which is contained in the Corporate Governance Plan on the Company's website at <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p> <p>The Nomination and Remuneration Committee consists of the entire Board which has the current member of four, namely, Mr Christopher Ryan, non-executive Director, Mr Qiang Xiong, executive Director, Mr Louie Chow, executive Director and Ms Chenyao Zhou, non-executive Director, of which only half of the members are independent Directors.</p> <p>The Committee is chaired by Mr Chris Ryan, an independent non-executive Director.</p> <p>The Company will review the composition of the Committee on a regular basis and ensure the majority of the members are independent directors during the development of the Company.</p> <p>Due to the travel ban caused by Covid 19 pandemic, the scheduled committee meeting was not held during the reporting period.</p> <p>Details of the committee meeting during the year are contained on page 31 of the annual report.</p>
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## *CORPORATE GOVERNANCE*

<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	Complies	<p>The Board maintains a board skill matrix of the current Directors of the Board. The Company's Board Skills Matrix is contained on page 4 of the annual report.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(1) the names of the directors considered by the board to be independent directors;</p> <p>(2) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(3) the length of service of each director.</p>	Complies	<p>Currently the Board consists of four members, of which both Mr Christopher Ryan and Ms Chenyao Zhou are independent non-executive Directors.</p> <p>The Board regularly assessed, using the criteria set out in the ASX Corporate Governance Principle and Recommendations, the independence of the Directors in light of their interests and associations disclosed.</p> <p>The appointment and rotation of Directors is governed by the Constitution of the Company and the terms and conditions of the each director are contained in the letter of appointment.</p> <p>The nomination and remuneration committee are responsible in monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of Directors.</p>
<p>Recommendation 2.4</p> <p>A majority of the board of a listed entity should be independent directors.</p>	Does not comply	<p>The full Board determines the size and composition of the Board, subject to the limits imposed by the Company's Memorandum and Articles of Association.</p> <p>The Board considers that the Company is not currently of a size nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors.</p> <p>The Company has structured its Board with a focus on a combination of skill and experience consistent with its operations and size. The Board believes that this is both appropriate and acceptable at this stage for the Company's development.</p> <p>The Board is of the opinion that each Director on the Board holds sufficient experience to make quality independent judgement and decision in their role as Director in the best interests of the Company on all relevant issues.</p>

## *CORPORATE GOVERNANCE*

<p>Recommendation 2.5</p> <p>The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>Does not comply</p>	<p>The Chairman, Mr Qiang Xiong is an executive Director and is not considered independent under the ASX guidelines. The Board believes that having an executive Chairman is good for the business development and decision making in China and the Company has adequate procedures to ensure the independence of the Chairman's decisions.</p> <p>Given the experience of Mr Qiang Xiong and the size and operations of the Company, Mr Qiang Xiong currently occupies the role of both Chief Executive Officer and Chairman.</p> <p>The appointment of Mr Qiang Xiong to both positions will be continuously reviewed at the appropriate stages of the Company's development.</p>
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>Complies</p>	<p>The nomination and remuneration committee is responsible to design induction and ongoing training and education programs for the Board to ensure that directors are provided with adequate information regarding the operations of the business, the industry and their legal responsibilities and duties.</p>

### **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Complies</p>	<p>All directors, senior executives, employees and consultants are expected to act with the utmost integrity and objectivity and to enhance the reputation and performance of the Company.</p> <p>A code of conduct has been established requiring directors and employees to act honestly and in good faith, exercise due care and diligence in fulfilling the functions of office, avoid conflicts and make full disclosure of any possible conflict of interest, comply with the law, encourage the reporting and investigating of unlawful and unethical behavior and comply with the securities trading policy.</p> <p>The Code of Conduct is available at <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p>
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# CORPORATE GOVERNANCE

Principle 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
<p>Recommendation 4.1</p> <p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Partially complies</p>	<p>The Board has established an Audit and Risk Management Committee.</p> <p>The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuring the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining policies or inclusion in the financial report.</p> <p>The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at:  <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p> <p>The Audit and Risk Management Committee currently consists of two members. They are Ms Chenyao Zhou and Mr Chris Ryan who are both Independent non- Executive Director.</p> <p>The Committee is chaired by the independent Director, Mr Chris Ryan of the Company.</p> <p>Details of the relevant qualifications and experience of the members of the committee is contained on pages 3 of the annual report.</p> <p>Details of the committee meeting during the year are contained on page 31 of the annual report.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Complies</p>	<p>Prior to the recommendation to the Board to approve the financial statements, the Audit and Risk Management Committee reviewed the draft financial statements for the year ended 31 March 2020 and considered that the consolidated statements of the financial position gives a true and fair view of the state of affairs of the Company and its subsidiaries as at 31 March 2020 and there are reasonable grounds to believe that the Group and the Company will be able to pay its debts when they fall due as a going concern.</p> <p>During the financial year, the Board requires the Chief Executive Officer and Chief Financial Officer to provide such statement on at least an annual basis.</p> <p>The Board confirmed that it has received these statements from the Chief Executive Officer and Chief Financial Officer</p>



## *CORPORATE GOVERNANCE*

Recommendation 4.3  A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Does Not Comply	<p>The external auditor is based in Hong Kong and they did not attend the 2019 annual general meeting held in Sydney. However, they are prepared to answer any questions from the shareholders prior to the commencement of the annual general meeting. The Chief Financial Officer was in attendance in the meeting to answer any questions relating to the financial position of the company from the shareholders.</p> <p>The Company will invite the external auditor to attend its next annual general meeting and any future annual general meeting to answer questions from security holders relevant to the audit.</p>
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### **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

Recommendation 5.1  A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Complies	<p>The Company has established a Continuous Disclosure Policy and Communications Strategy and the Board recognises its duty to ensure that its shareholders and the market are informed of all major developments affecting the Company's state of affairs.</p> <p>The policy is available at : <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p>
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### **PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

Recommendation 6.1  A listed entity should provide information about itself and its governance to investors via its website.	Complies	<p>The Board recognises its duty to ensure that its shareholders and the market are informed of all major developments affecting the Company's state of affairs. The Company has established on its website where shareholders can find information such as financial statements and major development of the Company as well as all relevant corporate governance material. The relevant page shareholders can access those information is at: <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p>
Recommendation 6.2  A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	<p>Shareholders are encouraged to fully participate at the Annual General Meeting or other General Meeting of the Company to ensure effective two way communication.</p> <p>Shareholders are also able to direct any questions relating to Company's securities to the share registry, Computershare Investor Services Pty Limited.</p>
Recommendation 6.3  A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	<p>The communication strategy is contained in the Continuous Disclosure Policy and Communication Strategy and is designed to ensure that shareholders are informed of all relevant developments. Details of the information can be found on the Company's website under the corporate governance landing page: <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p>

## CORPORATE GOVERNANCE

Recommendation 6.4  A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	All shareholders have the right to access details of their holdings, provide email address contacts and make certain elections via the Company's share registry, Computershare Investor Services Pty Limited by accessing the web site <a href="http://www.computershare.com.au">www.computershare.com.au</a> . Shareholders have the right of option of receiving all or a selection of communication electronically.
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### PRINCIPLE 7 – RECOGNISE AND MANAGE RISKS

Recommendation 7.1  The board of a listed entity should:  (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Partially Complies	<p>The Board has established an Audit and Risk Management Committee</p> <p>The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuring the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining policies or for inclusion in the financial report.</p> <p>The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at:  <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p> <p>The Audit and Risk Management Committee currently consists of two members. They are Ms Chenyao Zhou and Mr Chris Ryan who are both Independent non- Executive Director.</p> <p>The Committee is chaired by the independent Director, Mr Chris Ryan of the Company.</p> <p>The Board considers the current mix of the Committee and the fact that it is chaired by Mr Chris Ryan who is not chair of the Board is appropriate for the Company given the current size of the Company and the Board, the role of the committee and the skillset of the relevant Directors that sit on the Committee.</p> <p>Details of the relevant qualifications and experience of the members of the committee is contained on page 3 of the annual report.</p> <p>Details of the committee meeting during the year are contained on page 31 of the annual report.</p>
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## *CORPORATE GOVERNANCE*

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<p>Recommendation 7.2</p> <p>The board or a committee of a board should:</p> <p>(a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place</p>	<p>Complies</p>	<p>The Audit and Risk Management Committee has reviewed the risk management programme which was developed by senior management and was approved by the Board.</p> <p>The Board receives regular reports from management on progress in addressing and managing risks.</p> <p>The Audit and Risk Management Committee will continue the process to review the risk management framework at least annually and will disclose such review accordingly.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes..</p>	<p>Partially Complies</p>	<p>The Board considers that the Company is not currently of a size to warrant an internal audit function.</p> <p>The Company has established other internal control functions to prevent operational and financial risks as discussed above which are monitored by the Board and Chief Financial Officer.</p> <p>This position will be reviewed at the appropriate stages of the Company's development.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complies</p>	<p>The Company does not have any material exposure to economic, environmental and social sustainability risk. The material risks, if any, will be disclosed at the Directors' Report of the Annual Report</p>

# CORPORATE GOVERNANCE

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
<p>Recommendation 8.1</p> <p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Partially Complies</p>	<p>The Board has established a Nomination and Remuneration Committee.</p> <p>The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter contained in the Corporate Governance Plan which can be available at:  <a href="http://www.ttg.hk/en_us/contact_us/investor_relation">http://www.ttg.hk/en_us/contact_us/investor_relation</a></p> <p>The full Board fulfills the function of the Committee with the members of four, namely, Mr Qiang Xiong the executive Director, Mr Louie Chow, executive Director, Ms Chenyao Zhou non-executive Director and Mr Chris Ryan, non-executive Director. Of these members, half of the committee are independent directors.</p> <p>The Committee is chaired by Mr Chris Ryan, an independent non-executive Director.</p> <p>Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX principles and recommendations with respect to the majority of members being independent, to be materially detrimental to the Company.</p> <p>Due to the travel ban caused by Covid 19 pandemic, the scheduled committee meeting was not held as scheduled during the reporting period.  Details of the committee meeting throughout the period are contained on page 31 of the annual report.</p>
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Complies</p>	<p>Under the Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is responsible for determining, reviewing and making recommendations to the Board on the total level of remuneration of non-executive Directors and for individual fees for non-executive Directors and the Chair including any additional fees payable for membership of Board Committees, the total remuneration package for the CEO, executive Director, Company Secretary and the Chief Financial Officer.</p>

# CORPORATE GOVERNANCE

## Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

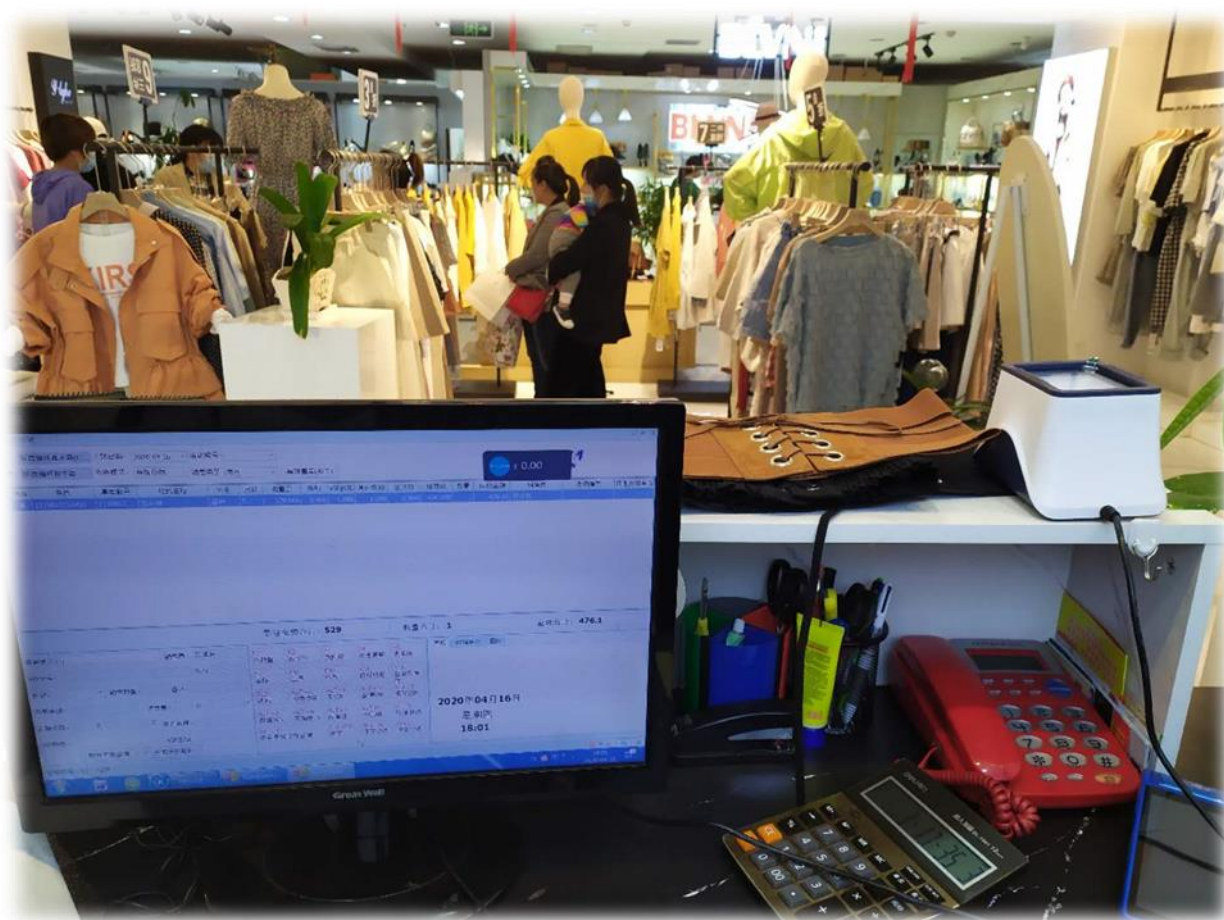
(b) disclose that policy or a summary of it.

Does Not Comply

The Company has established an equity-based remuneration scheme which provides eligible employees and advisors with an opportunity to acquire an ownership interest or exposure to an ownership interest in the Company. The issue of any securities according to the scheme is governed by the Incentive Plan Rules .

Currently the Company don't have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme.

However, the nomination and remuneration committee is responsible in monitoring board members and senior executives to ensure no transactions in associated products are entered into which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.





# CORPORATE GOVERNANCE

## Meetings Attendance Record

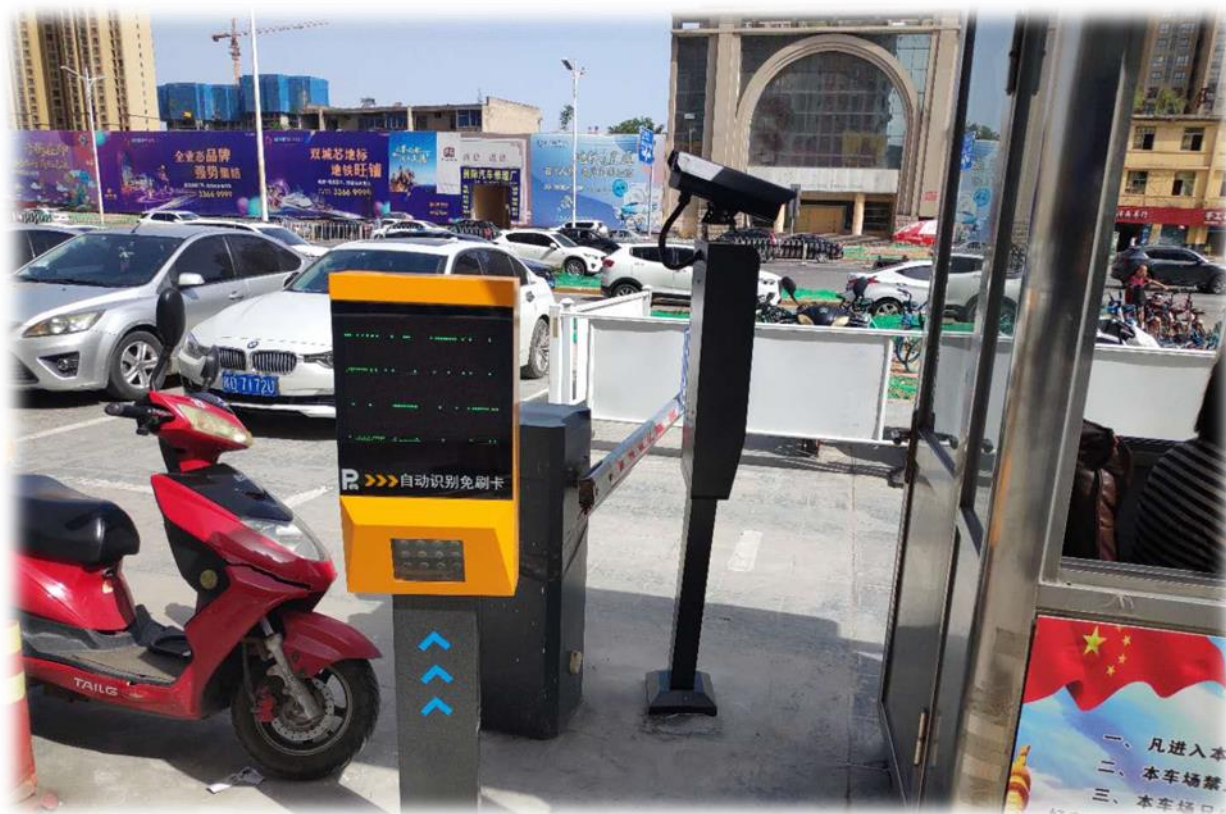
	Board	Audit Committee	Remuneration Committee
Number of meetings held for the period	3	1	0

### Executive Directors:

XIONG Qiang	2	0	0
CHOW Ki Shui Louie	3	1	0

### Non-executive Directors:

RYAN, Christopher John	3	1	0
Zhou Chen Yao Zoe	1	1	0







# Independent Auditor's Report

**TO THE MEMBERS OF  
FINTECH CHAIN LIMITED**

(incorporated in Hong Kong with limited liability)

## OPINION

We have audited the consolidated financial statements of FinTech Chain Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 119, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group had net current liabilities and net liabilities of RMB4,983,454 and RMB14,671,658 respectively, as at 31 March 2020. As stated in Note 2, these conditions along with other matters as set forth in Note 2, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# Independent Auditor's Report - Continued

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### *Valuation of convertible bonds*

The key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 26 to the consolidated financial statements, the Group had convertible bonds with the carrying amount of RMB22,921,960 as at 31 March 2020.</p> <p>In determining the fair values of the convertible bonds, the directors of the Company (the "Directors") engaged an independent external valuer to perform the valuation. The valuation of fair values of the liability components of the convertible bonds and embedded derivatives include significant unobservable inputs and significant management estimates which were determined by the Directors. The fair values of the liability components of the convertible bonds were determined by using discounted cash flow. The fair values of the embedded derivatives of the convertible bonds were determined using the binomial valuation model.</p> <p>We identified the valuation of convertible bonds as a key audit matter due to the complexity and significant management judgements involved in estimating the fair values of the convertible bonds.</p>	<p>Our audit procedures in relation to the valuation of the convertible bonds included:</p> <ul style="list-style-type: none"> <li>• inspecting the agreement related to the issuance of the convertible bonds, and identifying the key terms which may affect the valuation of convertible bonds;</li> <li>• obtaining an understanding of the management process in determining the fair values of the liability components of the convertible bonds and embedded derivatives;</li> <li>• evaluating the competence, capabilities and objectivity of the independent external valuer;</li> <li>• assessing whether the valuation methodology and the key assumptions used by the management and the independent external valuer to estimate the fair values of the liability component of the convertible bonds and embedded derivative are appropriate; and</li> <li>• comparing input data to supporting evidences, such as market indicators and considering the reasonableness of the data adopted.</li> </ul>

# Independent Auditor's Report - Continued

## **OTHER INFORMATION**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



# Independent Auditor's Report - Continued

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - Continued**

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# Independent Auditor's Report - Continued

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS - Continued**

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*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 June 2020

# Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2020

	Notes	2020 RMB	2019 RMB
<b>Revenue</b>	6	<b>35,637,780</b>	44,185,839
Cost of sales and services rendered		<b>(16,189,900)</b>	(15,545,319)
<b>Gross profit</b>		<b>19,447,880</b>	28,640,520
Other income and gains, net	8	<b>511,130</b>	571,244
Selling expenses		<b>(2,438,071)</b>	(4,443,472)
Impairment losses under expected credit loss model, net of reversal	9	<b>(299,674)</b>	(273,367)
General and administrative expenses		<b>(16,077,396)</b>	(22,614,592)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	26	<b>4,304,144</b>	4,260,882
Gain on extinguishment arising from modification of convertible bonds	26	<b>1,045,241</b>	-
Gain on modification of convertible bond	26	<b>103,204</b>	-
Share of losses of associates	18	-	(427,015)
Loss on deregistration of subsidiaries	30	<b>(229,876)</b>	-
Finance costs	10	<b>(3,155,842)</b>	(2,820,032)
<b>Profit before tax</b>		<b>3,210,740</b>	2,894,168
<b>Income tax expense</b>	11	-	-
<b>Profit and total comprehensive income for the year</b>	12	<b>3,210,740</b>	2,894,168
<b>Profit (loss) and total comprehensive income (expense) for the year attributable to:</b>			
Owners of the Company		<b>3,526,883</b>	3,020,434
Non-controlling interests		<b>(316,143)</b>	(126,266)
		<b>3,210,740</b>	2,894,168
<b>Earnings per share (RMB)</b>	15		
Basic		<b>0.0054</b>	0.0047
Diluted		<b>0.0022</b>	0.0047

# Consolidated Statement of Financial Position

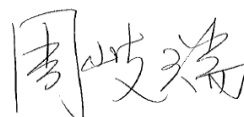
## At 31 March 2020

	Notes	2020 RMB	2019 RMB
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	16	849,675	3,535,445
Intangible assets	17	176,972	318,131
Interests in associates	18	-	-
Right-of-use asset	19	-	-
Deposits and other receivables	21	-	1,396,128
		<b>1,026,647</b>	<b>5,249,704</b>
<b>CURRENT ASSETS</b>			
Inventories	20	544,906	119,897
Trade and other receivables	21	22,333,213	11,312,296
Bank balances and cash	22	3,791,018	2,289,152
		<b>26,669,137</b>	<b>13,721,345</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	23	13,604,552	9,344,363
Contract liabilities	24	3,507,514	948,394
Other borrowing	25	2,304,759	2,071,228
Convertible bonds	26	12,235,766	5,402,852
		<b>31,652,591</b>	<b>17,766,837</b>
<b>NET CURRENT LIABILITIES</b>		<b>(4,983,454)</b>	<b>(4,045,492)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(3,956,807)</b>	<b>1,204,212</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	26	10,686,194	19,544,460
Other payables	23	28,657	159,253
		<b>10,714,851</b>	<b>19,703,713</b>
<b>NET LIABILITIES</b>		<b>(14,671,658)</b>	<b>(18,499,501)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	29	87,189,117	87,189,117
Reserves		<b>(100,692,549)</b>	<b>(104,593,788)</b>
<b>Equity attributable to owners of the Company</b>		<b>(13,503,432)</b>	<b>(17,404,671)</b>
<b>Non-controlling interests</b>	38(b)	<b>(1,168,226)</b>	<b>(1,094,830)</b>
<b>TOTAL DEFICIT</b>		<b>(14,671,658)</b>	<b>(18,499,501)</b>

The consolidated financial statements on pages 38 to 119 were approved and authorised for issue by the Board of Directors on 30 June 2020 and are signed on its behalf by:



**XIONG QIANG**  
Director



**CHOW KI SHUI LOUIE**  
Director

# Consolidated Statement of Changes in Equity

## For the year ended 31 March 2020

	Attributable to owners of the Company				Non-controlling interests RMB	Total deficit RMB
	Share capital RMB	Share option reserve RMB	Accumulated losses RMB	Sub-total 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
<b>At 31 March 2019</b>	<b>87,189,117</b>	<b>5,036,535</b>	<b>(109,630,323)</b>	<b>(17,404,671)</b>	<b>(1,094,830)</b>	<b>(18,499,501)</b>
Profit (loss) and total comprehensive income (expense) for the year	-	-	3,526,883	3,526,883	(316,143)	3,210,740
Lapse of share options	-	(2,970,814)	2,970,814	-	-	-
Deregistration of subsidiaries (Note 30)	-	-	-	-	242,747	242,747
Recognition of equity-settled share-based payments	-	374,356	-	374,356	-	374,356
<b>At 31 March 2020</b>	<b>87,189,117</b>	<b>2,440,077</b>	<b>(103,132,626)</b>	<b>(13,503,432)</b>	<b>(1,168,226)</b>	<b>(14,671,658)</b>



# Consolidated Statement of Cash Flows

## For the year ended 31 March 2020

	2020 RMB	2019 RMB
<b>OPERATING ACTIVITIES</b>		
Profit before tax	3,210,740	2,894,168
Adjustments for:		
Depreciation on plant and equipment	2,663,505	3,867,570
Depreciation on right-of-use asset	2,609,661	-
Amortisation of intangible assets	274,883	338,490
Gain on extinguishment arising from the modification of convertible bonds	(1,045,241)	-
Gain on modification of convertible bonds	(103,204)	-
Interest income	(4,661)	(5,318)
Loss on deregistration of subsidiary	229,876	-
Loss on written-off of plant and equipment	13,362	-
Loss on disposal of right-of-use asset	582,028	-
Share of losses of associates	-	427,015
Written-off of other receivables	48,843	263,000
Impairment loss recognised on trade receivables	37,301	-
Impairment loss recognised on other receivables, net	242,554	126,841
Impairment loss recognised on amounts due from associates	19,819	146,526
Equity-settled share-based payment expenses	374,356	653,918
Finance costs	3,155,842	2,820,032
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	(4,304,144)	(4,260,882)
Recognition of government grant	-	(120,000)
Net foreign exchange loss	502,045	2,049,858
<b>Operating cash flows before movements in working capital</b>	<b>8,507,565</b>	<b>9,201,218</b>
Increase in inventories	(435,211)	(88,070)
Increase in trade and other receivables	(10,241,948)	(6,076,460)
Increase (decrease) in contract liabilities	2,559,120	(4,100,899)
Decrease in other liabilities	-	(185,256)
Increase in trade and other payables	4,164,408	1,953,349
<b>Cash generated from operations</b>	<b>4,553,934</b>	<b>703,882</b>
Income tax paid	-	-
<b>NET CASH FROM PERATING ACTIVITIES</b>	<b>4,553,934</b>	<b>703,882</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	4,661	5,318
Deposit paid for an investment	-	(500,000)
Payments for purchase of plant and equipment	(1,769)	(1,500,830)
Payments for purchase of intangible assets	(133,724)	(48,544)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(130,832)</b>	<b>(2,044,056)</b>

## Consolidated Statement of Cash Flows - Continued

### For the year ended 31 March 2020

	2020 RMB	2019 RMB
<b>FINANCING ACTIVITIES</b>		
Repayment of lease liability	(2,921,236)	-
New borrowing raised	-	2,030,682
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>(2,921,236)</b>	<b>2,030,682</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,501,866</b>	<b>690,508</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>2,289,152</b>	<b>1,598,644</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash</b>	<b>3,791,018</b>	<b>2,289,152</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 1. GENERAL INFORMATION

FinTech Chain Limited (formerly known as “TTG Fintech 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.

Pursuant to the special resolution of the Company dated 4 April 2018, the name of the Company has been changed from “TTG Fintech Limited” to “FinTech Chain Limited” with effect from 18 April 2018.

The Company is an investment holding company and its shares are listed on Australian Securities Exchange. Its subsidiaries are principally engaged in provision of system development services and information technology services, sale of point-of-sale machines and provision of services arising from point-of-sale machines in the People’s Republic of China (the “PRC”). At 31 March 2020, the directors of the Company (the “Directors”) consider that the immediate and ultimate controlling party of the Company to be Mr. Xiong Qiang.

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

### 2. BASIS OF PREPARATION

At 31 March 2020, the Group had net current liabilities of RMB4,983,454 and net liabilities of RMB14,671,658. These conditions indicate the existence of a material uncertainty which may casts significant doubt about the ability of the Group to continue as a going concern.

In preparing these 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.

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

- The management have been implementing various strategies to broaden the customer base and revenue of the Group. The Group has generated profit for the year attributable to owners of the Company of RMB3,526,883 for the year ended 31 March 2020;
- The Group have the financial support from its major shareholders, Mr. Xiong Qiang and Mr. Chow Ki Shui Louie, whereby they will provide additional funding to the Company if required, and they will not demand repayment of amount owing to them until after the Company’s cashflow situation is improved; and
- The Group would take (a) relevant measures in order to tighten cost controls over various operating expenses; and (b) steps to negotiate and discuss with any existing and potential investors so as to attain ongoing financing from them.

Based on the cash flow projections of the Group and taking into account the available financial resources of the Group and the above measures, the Directors have concluded that the Group is able to continue as a going concern and to generate sufficient financial resources from future operation to cover the Group’s operating costs and to meet their financial liabilities in full as and when they fall due for a period of not less than the next twelve months from 31 March 2020.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 2. BASIS OF PREPARATION - Continued

Accordingly, the Directors are of the opinion that it is appropriate to prepare these consolidated financial statements for the year ended 31 March 2020 on a going concern basis. The consolidated financial statements do not provide for further liabilities which might arise, and do not include any adjustments relating to the carrying amount and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") / HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

#### New and Amendments to IFRSs/HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs/HKFRSs issued by the International Accounting Standards Board ("IASB")/Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

IFRS/HKFRS 16	Leases
IFRIC/HK(IFRIC)-Interpretation ("Int") 23	Uncertainty over Income Tax Treatments
Amendments to IFRS/HKFRS 9	Prepayment Features with Negative Compensation
Amendments to International Accounting Standard ("IAS") / Hong Kong Accounting Standard ("HKAS") 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS/ HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs/HKFRSs	Annual Improvements to IFRSs/HKFRSs 2015-2017 Cycle

Except as described below, the application of the new and amendments to IFRSs/HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 3.1 IFRS/HKFRS 16 Leases

The Group has applied IFRS/HKFRS 16 for the first time in the current year. IFRS/HKFRS 16 superseded IAS/HKAS 17 *Leases* ("IAS/HKAS 17"), and the related interpretations.

##### Definition of a lease

The Group has elected the practical expedient to apply IFRS/HKFRS 16 to contracts that were previously identified as leases applying IAS/HKAS 17 and IFRIC/HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS/HKFRS 16 in assessing whether a contract contains a lease.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

New and Amendments to IFRSs/HKFRSs that are mandatorily effective for the current year  
- Continued

#### 3.1 IFRS/HKFRS 16 Leases - continued

##### As a lessee

The Group has applied IFRS/HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by accrued lease payments by applying IFRS/HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS/HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS/HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The incremental borrowing rates applied by the relevant group entities of 4.75%.

	At 1 April 2019 RMB
Operating lease commitments disclosed as at 31 March 2019	4,823,545
Lease liabilities discounted at relevant incremental borrowing rates	4,353,022
Less: Recognition exemption - short-term leases	(3,587)
Lease liabilities as at 1 April 2019	4,349,435
Analysed as:	
Non-current	1,729,298
Current	2,620,137
	4,349,435



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

New and Amendments to IFRSs/HKFRSs that are mandatorily effective for the current year  
- Continued

#### 3.1 IFRS/HKFRS 16 Leases - continued

As a lessee - continued

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Note	Right-of-use assets RMB
Right-of-use assets relating to operating leases recognised upon application of IFRS/HKFRS 16		4,349,435
Adjustments on rental deposits at 1 April 2019	(a)	436,128
		<hr/> 4,785,563

- (a) Before the application of IFRS/HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which IAS/HKAS 17 applied under other receivables. Based on the definition of lease payments under IFRS/HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, RMB436,128 was adjusted from refundable rental deposits paid to right-of-use assets.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

New and Amendments to IFRSs/HKFRSs that are mandatorily effective for the current year  
- Continued

#### 3.1 IFRS/HKFRS 16 Leases - continued

The transition to IFRS/HKFRS 16 has no impact on the accumulated losses at 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 RMB	Adjustments RMB	Carrying amounts under IFRS/HKFRS 16 at 1 April 2019 RMB
<b>Non-current Assets</b>			
Right-of-use assets	-	4,785,563	4,785,563
Deposit and other receivables	1,396,128	(436,128)	960,000
<b>Current Liabilities</b>			
Lease liabilities - current portion	-	2,620,137	2,620,137
<b>Non-current Liabilities</b>			
Lease liabilities - non-current portion	-	1,729,298	1,729,298

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

#### As a lessor

In accordance with the transitional provision in IFRS/HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with IFRS/HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which IAS/HKAS 17 applied under trade and other payables. Based on the definition of lease payments under IFRS/HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. Based on the assessment by the management of the Company, the amount of the adjustment is insignificant and therefore no adjustment to refundable rental deposits received has been made.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") / HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued

#### New and amendments to IFRSs/HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs/HKFRSs that have been issued but are not yet effective:

IFRS/HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to IFRS/HKFRS 3	Definition of Business <sup>2</sup>
Amendments to IFRS/HKFRS 10 and IAS/HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to IAS/HKAS 1 and IAS/HKAS 8	Definition of Material <sup>4</sup>
Amendments to IFRS/HKFRS 9, IAS/HKAS 39 and IFRS/HKFRS 7	Interest Rate Benchmark Reform <sup>4</sup>
Amendments to IFRS/HKFRS 16	COVID - 19 – Related Rent Concessions <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to IFRSs/HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs/HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs/HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

#### **Amendments to IAS/HKAS 1 and IAS/HKAS 8 Definition of Material**

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgements. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and
- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs/HKFRSs and will be mandatorily effective for the Group's annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### **3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") / HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued**

**New and amendments to IFRSs/HKFRSs in issue but not yet effective - continued**

***Conceptual Framework for Financial Reporting 2018 (the "New Framework") and the Amendments to References to the Conceptual Framework in IFRS/HKFRS Standards***

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs/HKFRSs have been updated to the New Framework, whilst some IFRSs/HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

#### ***Amendments to HKFRS 16 - COVID-19 - Related Rent Concessions***

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the International Accounting Standards Board ("IASB"). As IFRSs/HKFRSs, which collective term includes all applicable individual IFRSs/HKFRSs, IASs/HKASs and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are derived from and consistent with IFRSs, these consolidated financial statements also comply with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS/IHKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS/HKFRS 16 (since 1 January 2019) or IAS/HKAS 17 *Leases* (before application of IFRS/HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS/HKAS 2 *Inventories* or value in use in IAS/HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Basis of consolidation - continued**

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

#### **Changes in the Group's interests in existing subsidiaries**

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs/HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS/HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### **Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Investments in associates - continued

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS/HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS/HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS/HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal / partial disposal of the relevant associate.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Investments in associates - continued

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS/HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

#### Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Revenue from contracts with customers - continued

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognised revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Sale with a right of return / exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognises all of the following:

- (a) revenue for the transferred products in the amount of consideration to which the Group expects to be entitled (therefore, revenue would not be recognised for the products expected to be returned/exchanged);
- (b) a refund liability/ contract liability; and
- (c) an asset (and corresponding adjustment to cost of sales) for its rights to recover products from customers.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

#### Leases

*Definition of a lease (upon application of IFRS/HKFRS 16 in accordance with transitions in Note 3)*

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS/HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Leases - continued

**The Group as a lessee (upon application of IFRS/HKFRS 16 in accordance with transitions in Note 3)**

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to leases of certain offices in PRC that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

##### *Refundable rental deposits*

Refundable rental deposits paid are accounted under IFRS/HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Leases - continued

#### **The Group as a lessee (upon application of IFRS/HKFRS 16 in accordance with transitions in Note 3) - continued**

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

#### **The Group as lessee (prior to 1 April 2019)**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Leases - continued**

##### **The Group as a lessor**

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant leases.

##### **The Group as a lessor (upon application of IFRS/HKFRS 16 in accordance with transitions in Note 3)**

##### *Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

#### **Borrowing costs**

All borrowings costs are recognised in profit or loss in the period in which they are incurred.

#### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Retirement benefit costs and termination benefits**

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefit is recognised at the earlier of when the group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

#### **Short-term employee benefits**

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS/HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

#### **Share-based payments**

##### Equity-settled share-based payment transactions

##### *Share options granted to employees*

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of services received determined by reference to the fair value of share options granted at the date of grant without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Share-based payments - continued

##### Equity-settled share-based payment transactions - continued

##### *Share options granted to employees - continued*

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

##### *Share options granted to consultants*

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the services received are measured by reference to the fair value of the share options granted. The fair values of the services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the counterparties render services, unless the services qualify for recognition as assets.

#### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Taxation - continued**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS/HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Plant and equipment**

Plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write-off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS/HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as revenue.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments – continued

##### Financial assets

##### Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of IFRS/ HKFRS 9/ initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS/HKFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### *Amortised cost and interest income*

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

##### Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivable, and bank balances) which are subject to impairment under IFRS/HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for each debtors.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

##### Impairment of financial assets - continued

##### (i) Significant increase in credit risk - continued

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

##### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial assets - continued

##### Impairment of financial assets - continued

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Financial instruments - continued**

##### **Financial assets - continued**

###### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

##### **Financial liabilities and equity**

###### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

###### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

###### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables, other borrowing and lease liabilities are subsequently measured at amortised cost using effective interest method or at FVTPL.

###### *Convertible bonds*

A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is a conversion option derivative.

At the date of issue, both the debt component and derivative components are recognised at fair value. In subsequent periods, the debt component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### Financial instruments - continued

##### Financial liabilities and equity - continued

##### Convertible bonds - continued

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible bonds using the effective interest method.

##### Derecognition/substantial modification of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

When the contractual terms of a convertible instrument are modified, the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, 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, is recognised in profit or loss.

##### Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 4. SIGNIFICANT ACCOUNTING POLICIES - Continued

#### **Impairment on plant and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets and intangible assets with finite lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets and intangible assets with finite lives are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal and constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **Critical judgements in applying accounting policies**

The following is the critical judgement, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### ***Going concern and liquidity***

As explained in Note 2 to the consolidated financial statements, the financial position of the Group indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The management considers that the Group has ability to continue as a going concern and the major conditions that may cast significant doubt about the going concern assumptions are set out in Note 2 to the consolidated financial statements.

#### **Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **(i) Fair value measurement of financial instruments**

The Group's derivative component of convertible bonds amounting to RMB1,153,446 as at 31 March 2020 are measured at fair values, which are determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments. See Note 35(c) for further disclosures.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - Continued

#### Key sources of estimation uncertainty - continued

##### (ii) Provision of ECL for financial assets

Impairment loss on trade and other receivables represent managements' best estimate of losses incurred at the reporting date under ECL models. Management assesses whether the credit risk of trade and other receivables have increased significantly since their initial recognition. The Group is required to exercise judgement in making assumptions and estimates when calculating impairment loss, including any observable data indicating that there is a measurable decrease in the estimated future cash flows from trade and other receivables portfolio and historical loss experience on the basis of the relevant observable data that reflects current economic conditions.

The measurement of the ECL involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether or not there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows. The information about the ECL are disclosed in Note 35(b).

### 6. REVENUE

#### Disaggregation of revenue from contracts with customers

	2020 RMB	2019 RMB
<b>Types of goods and services</b>		
Provision of system development services	13,630,528	15,288,664
Provision of information technology services	9,391,001	23,503,884
Sale of point-of-sale machine	10,912,712	3,247,066
<b>Total</b>	<b>33,934,241</b>	<b>42,039,614</b>
<b>Timing of revenue recognition</b>		
Over time	13,630,528	15,288,664
A point of time	20,303,713	26,750,950
<b>Total</b>	<b>33,934,241</b>	<b>42,039,614</b>
<b>Geographical markets</b>		
Mainland China	33,934,241	20,471,039
Hong Kong	-	21,568,575
<b>Total</b>	<b>33,934,241</b>	<b>42,039,614</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 6. REVENUE - Continued

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

	Notes	2020 RMB	2019 RMB
Provision of system development services		13,630,528	15,288,664
Provision of information technology services		9,391,001	23,503,884
Sale of point-of-sale machine		10,912,712	3,247,066
Revenue from contracts with customer	(a)	33,934,241	42,039,614
Leases of point-of-sale machines	(b)	1,703,539	2,146,225
<b>Total revenue</b>		<b>35,637,780</b>	<b>44,185,839</b>

Notes:

(a) For the provision of system development services, revenue is recognised over the period of the contract by reference to the progress of work performed and acknowledged by the customers. It mainly included the T-line™ integrated payment business including system development for banks and blockchain technology services including token management system development, token wallet system development, development of fast payment system and processing of blockchain credit and digital token.

For the provision of information technology services, revenue is recognised based on transactions volume processed by T-Linx™ system. It mainly represent the service fee (currently at a rate of 2 basis points) of the total transaction payment volume processed through T-Linx™ system by customers.

For the point-of-sale machines services, revenue is recognised based on transactions volume processed by T-Linx™ system. It mainly including rental and maintenance of point-of-sale machines to the customers of Company's client.

For sale of point-of-sale machines, revenue is recognised when the control of the machines is transferred to customers.

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

	2020 RMB	2019 RMB
<b>For operating leases:</b>		
Lease payments of point-of-sale machines that are fixed	1,703,539	2,146,225

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 7. SEGMENT INFORMATION

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

Information reported to the board of directors of the Company (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 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.

#### Geographical information

The Group's operations are located in PRC and Hong Kong.

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Revenue from external customers	
	2020 RMB	2019 RMB
PRC	35,637,780	22,617,264
Hong Kong	-	21,568,575
	<b>35,637,780</b>	<b>44,185,839</b>

#### Information about major customers

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

	2020 RMB	2019 RMB
Customer A	N/A <sup>1</sup>	6,766,918
Customer B	3,699,406	6,374,179
Customer C	N/A <sup>1</sup>	7,466,674
Customer D	N/A <sup>1</sup>	7,384,497
Customer E	4,613,208	747,170
Customer F	4,212,661	49,293

<sup>1</sup> The corresponding revenue did not continuing over 10% of the total revenue of the Group.

### 8. OTHER INCOME AND GAINS, NET

	2020 RMB	2019 RMB
Interest income on bank deposits	4,661	5,318
Sundry income	283,716	154,456
Government grants (Note below and Note 27)	45,814	411,470
Sales of scrap, net	176,939	-
	<b>511,130</b>	<b>571,244</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 8. OTHER INCOME AND GAINS, NET - Continued

Note:

During the year ended 31 March 2020, the Group recognised government grants of RMBNil (2019: RMB120,000) from the Science and Technology Innovation Committee of ShenZhen Municipality (“深圳市科技創新委員會”) in respect of funding support for the purpose of developing technology. In addition, the Group successfully obtained further grants of RMB28,000 (2019: RMB265,900) in aggregate from several government authorities in the PRC for the purpose of encouragement of development of intellectual properties. The other grant of RMB17,814 (2019: RMB25,570) is to encourage the stability of staff force. There are no unfulfilled conditions or contingencies attached to these grants recognised in profit or loss.

### 9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2020 RMB	2019 RMB
Impairment losses (reversed) recognised on:		
- trade receivables	37,301	-
- other receivables	331,934	126,841
- other receivables	(89,380)	-
- amounts due from associates	19,819	146,526
	<b>299,674</b>	<b>273,367</b>

Details of impairment assessment are set out in Note 35.

### 10. FINANCE COSTS

	2020 RMB	2019 RMB
Interests on:		
Convertible bonds	2,826,730	2,779,486
Other borrowing	163,437	40,546
Lease liabilities	165,675	-
	<b>3,155,842</b>	<b>2,820,032</b>

### 11. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the consolidated financial statements. Hong Kong profit tax is calculated at 16.5% of the estimated assessable profit for both years.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 11. INCOME TAX EXPENSE - Continued

No provision of taxation in Hong Kong has been made as the group entities in Hong Kong did not generate any assessable profit for the year ended 31 March 2020.

No provision of taxation in Hong Kong has been made as either certain group entities in Hong Kong did not generate any assessable profits or the assessable profits of certain group entities in Hong Kong were wholly absorbed by tax losses brought forward for both year ended 31 March 2019.

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 at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC corporate income tax (the "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 taxation in STIT has been made as the assessable profits of STIT were wholly absorbed by tax losses brought forward for both years ended 31 March 2020 and 2019.

No provision for the EIT has been made in the consolidated financial statements for the other PRC subsidiaries as those subsidiaries sustained a tax loss during the year (2019: Nil).

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	<b>2020</b> <b>RMB</b>	2019 RMB
Profit before tax	<b>3,210,740</b>	2,894,168
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	<b>698,742</b>	600,832
Tax effect of non-taxable income	<b>(1,024,486)</b>	(805,304)
Tax effect of non-deductible expenses	<b>1,298,624</b>	1,292,265
Utilisation of tax loss previously not recognised	<b>(2,594,634)</b>	(2,312,524)
Tax effect of tax losses not recognised	<b>1,621,754</b>	1,224,731
Income tax expense	-	-

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 12. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	Notes	2020 RMB	2019 RMB
Auditor's remuneration			
- audit services		461,631	549,861
- other services		256,924	243,789
Cost of inventories sold		6,936,133	1,823,126
Cost of services rendered		9,253,767	13,722,193
Cost of sales and services rendered		16,189,900	15,545,319
Amortisation of intangible assets		274,883	338,490
Depreciation on plant and equipment	(b)	2,663,505	3,867,570
Depreciation on right-of-use asset		2,609,661	-
Loss on written-off of plant and equipment		13,362	-
Written-off of other receivables		48,843	263,000
Loss on disposal of right-of-use asset		582,028	-
Net foreign exchange loss		502,045	2,049,858
Equity-settled share option expense - consultants and other qualified participants		342,622	564,687
Staff cost (including directors' emoluments)	(a)		
- Contribution to defined contribution retirement plan		777,910	944,638
- Salaries and allowances		13,653,239	16,246,227
- Equity-settled share option expense		31,734	89,231
		14,462,883	17,280,096

Notes:

- Staff costs amounted to RMB6,900,423 (2019: RMB5,849,852), RMB1,528,120 (2019: RMB2,894,851) and RMB6,034,340 (2019: RMB8,535,393) have been included in cost of sales and service rendered, selling expenses and general and administrative expenses respectively.
- Depreciation of RMB1,665,572 (2019: RMB2,663,634), RMB233,107 (2019: RMB324,877), RMB764,826 (2019: RMB879,059) have been included in cost of sales and service rendered, selling expenses and general and administrative expenses respectively.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 13. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to applicable Hong Kong Companies Ordinance are as follows:

	Notes	2020				Total RMB
		Directors' fees	Salaries and allowance	Contribution to defined contribution retirement plan	Equity-settled share option expense	
		RMB	RMB	RMB	RMB	
<b>Executive directors</b>						
Xiong Qiang	4	-	569,636	9,185	-	578,821
Chow Ki Shui Louie	5	-	-	-	-	-
<b>Non-executive directors</b>						
Ryan, Christopher John		-	-	-	31,734	31,734
Zhou Chenyao		-	-	-	-	-
		-	569,636	9,185	31,734	610,555

		2019				Total RMB
		Directors' fees	Salaries and allowance	Contribution to defined contribution retirement plan	Equity-settled share option expense	
		RMB	RMB	RMB	RMB	
<b>Executive directors</b>						
Xiong Qiang		-	711,896	6,115	14,734	732,745
Chow Ki Shui Louie		-	235,235	12,831	7,281	255,347
<b>Non-executive directors</b>						
Ryan, Christopher John		-	58,715	-	52,482	111,197
Zhou Chenyao		-	-	-	14,734	14,734
		-	1,005,846	18,946	89,231	1,114,023

Notes:

1. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
2. The non-executive directors' emoluments shown above were for their services as directors of the Company.
3. During the year ended 31 March 2019, certain directors were granted share options, in respect of their services to the Group under the share option scheme of the Company. Details of the share options are set out in Note 31 to the consolidated financial statements.
4. During the year ended 31 March 2020, Xiong Qiang agreed to waive partial of his remuneration.
5. During the year ended 31 March 2020, Chow Ki Shui Louie agreed to waive his remuneration.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 14. DIVIDENDS

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2020, nor have any dividend been proposed since the end of reporting period (2019: Nil).

### 15. EARNINGS PER SHARE

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

<b>Earnings</b>	<b>2020 RMB</b>	<b>2019 RMB</b>
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<b>3,526,883</b>	3,020,434
Effect of dilutive potential ordinary shares:		
Convertible bonds	<b>(2,025,352)</b>	2,779,486
<b>Earnings for the purpose of diluted earnings per share</b>	<b>1,501,531</b>	5,799,920
<b>Number of shares</b>	<b>2020 RMB</b>	<b>2019 RMB</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>650,769,591</b>	648,357,170
Effect of dilutive potential ordinary shares:		
Convertible bonds	<b>26,693,861</b>	N/A
Share options	<b>N/A</b>	N/A
<b>Weighted average number of ordinary shares for the purpose of diluted earnings per share</b>	<b>677,463,452</b>	648,357,170

Notes:

For the years ended 31 March 2020, the computation of diluted earnings per share:

- (i) does not assume the exercise of the Company's share options because the exercise price of those options were substantially higher than the average market price for shares.

For the years ended 31 March 2019, the computation of diluted earnings per share:

- (ii) does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share; and
- (iii) does not assume the exercise of the Company's share options because the exercise price of those options were substantially higher than the average market price for shares.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 16. PLANT AND EQUIPMENT

	Computer equipment RMB	Point-of- sales machines RMB	Furniture and fixtures RMB	Leasehold improvements RMB	Total RMB
<b>COST</b>					
At 1 April 2018	4,143,347	6,280,145	267,080	1,152,316	11,842,888
Additions	82,643	1,373,014	5,264	39,909	1,500,830
At 31 March 2019	4,225,990	7,653,159	272,344	1,192,225	13,343,718
Additions	1,769	-	-	-	1,769
Written-off	-	(33,893)	-	-	(33,893)
Deregistration of subsidiary	(53,272)	-	-	-	(53,272)
<b>At 31 March 2020</b>	<b>4,174,487</b>	<b>7,619,266</b>	<b>272,344</b>	<b>1,192,225</b>	<b>13,258,322</b>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2018	3,087,692	2,255,647	47,353	550,011	5,940,703
Charge for the year	399,415	3,238,476	6,939	222,740	3,867,570
At 31 March 2019	3,487,107	5,494,123	54,292	772,751	9,808,273
Charge for the year	312,101	2,017,063	52,751	281,590	2,663,505
Written-off	-	(20,531)	-	-	(20,531)
Deregistration of subsidiary	(42,600)	-	-	-	(42,600)
<b>At 31 March 2020</b>	<b>3,756,608</b>	<b>7,490,655</b>	<b>107,043</b>	<b>1,054,341</b>	<b>12,408,647</b>
<b>CARRYING AMOUNTS</b>					
<b>At 31 March 2020</b>	<b>417,879</b>	<b>128,611</b>	<b>165,301</b>	<b>137,884</b>	<b>849,675</b>
At 31 March 2019	738,883	2,159,036	218,052	419,474	3,535,445

Depreciation is calculated to write-off the cost of items of plant and equipment, less their estimated residual value, if any, on a straight-line basis over their estimated useful lives as follows:

Computer equipment	20% to 50% per annum
Leasehold improvements	Over the shorter of the term of the lease or 20% per annum
Furniture and fixtures	20% per annum
Motor vehicles	20% per annum
Point-of-sales machine	40% to 45% per annum

As at 31 March 2020, the Group leased out the point-of-sales machineries with carrying amount of RMB128,611 (2019: RMB2,159,036) under operating leases. The lease does not include contingent rentals.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 17. INTANGIBLE ASSETS

	Computer software RMB (Note a)	Trademarks RMB (Note b)	Total RMB
<b>COST</b>			
At 1 April 2018	1,209,658	295,913	1,505,571
Additions	48,544	-	48,544
At 31 March 2019	1,258,202	295,913	1,554,115
Additions	133,724	-	133,724
<b>At 31 March 2020</b>	<b>1,391,926</b>	<b>295,913</b>	<b>1,687,839</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS</b>			
At 1 April 2018	601,581	295,913	897,494
Amortisation for the year	338,490	-	338,490
At 31 March 2019	940,071	295,913	1,235,984
Amortisation for the year	274,883	-	274,883
<b>At 31 March 2020</b>	<b>1,214,954</b>	<b>295,913</b>	<b>1,510,867</b>
<b>CARRYING AMOUNTS</b>			
<b>At 31 March 2020</b>	<b>176,972</b>	<b>-</b>	<b>176,972</b>
At 31 March 2019	318,131	-	318,131

Notes:

- (a) The computer software has a finite useful life and is thereafter carried at cost less accumulated amortisation and impairment losses. It is amortised on a straight-line basis over 3 years.
- (b) The trademarks with cost of RMB200,000 are with an indefinite life. On initial recognition, the Directors are of the opinion that the Group has the ability to use the trademarks continuously and the trademarks are expected to contribute to net cash inflows of existing business indefinitely. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life. Subsequent to the acquisition of trademarks, the Directors changed their business strategy by focusing on new business development. The Directors considered the recoverable amount of the trademarks was less than its carrying amount, therefore, the trademarks were fully impaired in prior year.

### 18. INTERESTS IN ASSOCIATES

	2020 RMB	2019 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 Consolidated Financial Statements

## For the year ended 31 March 2020

### 18. INTERESTS IN ASSOCIATES - Continued

The particulars of all associates of the Group, which are unlisted corporate entities, are as follows:

Name of associate	Place of Incorporation and type of legal entity	Principal activities and place of operation	Registered capital	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) (Note a)	PRC, limited liability company	Provision of e-commerce, information technology consultancy services, electronic promotion services and electronic messaging information services	RMB2,000,000	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	RMB1,000,000	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	HK\$1,000,000	40%	40%	40%	40%

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

Note:

(a) IPP operates in the PRC and is a strategic partner of the Group in developing the information technology services sector where IPP has an established customer base.

All of the associates of the Group are accounted for using the equity method in the consolidated financial statements.

IPP entered into syndicated loan agreements during the year ended 31 March 2017, under which IPP was granted a facility in the aggregate sum of RMB3,000,000 of which RMB2,500,000 (2019: RMB2,500,000) were utilised as at 31 March 2020. The syndicated loan are arranged by Wuhan Yifan Wealth Investment Co., Ltd. (武漢億房財富投資有限公司), a company registered in the PRC, from a consortium of individual and/or corporate investors. Such facility was secured by an equity pledge over 10% of the Company's interest in the registered capital of IPP. The loan was fully repaid as at 31 March 2020 (2019: The loan was included in current liabilities of IPP).

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 18. INTERESTS IN ASSOCIATES - Continued

#### Summarised financial information of material associate

Summarised financial information in respect 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	4,095,899	4,447,658
Current assets	743,657	1,441,592
Current liabilities	(6,826,402)	(9,125,713)
Equity	(1,986,846)	(3,236,463)
Revenue	6,376,923	3,001,104
Profit (loss) and total comprehensive income (expense) for the year	1,249,617	(4,108,293)
Dividends received from the associate during the year	-	-

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

	2020 RMB	2019 RMB
Net liabilities of IPP	(1,986,846)	(3,236,463)
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 RMB	2019 RMB
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	-	-
Aggregate amount of the Group's share of these associates	-	(426)
Loss and total comprehensive expense for the year	-	(426)
	2020 RMB	2019 RMB
The unrecognised share of loss of associates for the year	110,843	1,470,730
Cumulative unrecognised share of loss of associates	1,725,145	1,614,302

The Group discontinued recognising its share of further losses which exceeds its interests in all associates.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 19. RIGHT-OF-USE ASSET

	Leased properties RMB
At 1 April 2019	4,785,563
Depreciation charge	(2,609,661)
Disposal	(2,175,902)
<b>At 31 March 2020</b>	<b>-</b>
Expense relating to short-term leases and other leases with lease terms end within 12 months of the date of initial application of IFRS/HKFRS 16 (Note)	187,000
<b>Total cash outflow for leases</b>	<b>3,108,236</b>

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 year to 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.

Note:

The Group regularly entered into short-term leases for office located in several places to cater for the customers' need. As at 31 March 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed in this Note.

### 20. INVENTORIES

	2020 RMB	2019 RMB
Point of sales machines and related accessories	544,906	119,897

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 21. TRADE AND OTHER RECEIVABLES

	Notes	2020 RMB	2019 RMB
Trade receivables			
- Contract with customers		14,376,684	3,160,737
- Leases		743,670	625,650
		15,120,354	3,786,387
Less: allowance for credit losses		(37,301)	-
	(a)	15,083,053	3,786,387
Other receivables	(b)	2,660,828	1,634,320
Amounts due from associates (Note 37(c))	(c)	2,601,366	4,870,403
Amounts due from related companies (Note 37(c))	(c)	590,000	180,323
Amounts due from directors (Note 37(c))	(c)	-	19,303
Prepayments and deposits		1,681,782	2,281,441
Value added tax recoverable		494,460	452,150
		8,028,436	9,437,940
Less: allowance for credit losses		(778,276)	(515,903)
Other receivables, net of allowance		7,250,160	8,922,037
		22,333,213	12,708,424
Less: Non-current portion		-	(1,396,128)
- Deposits and other receivables		-	(1,396,128)
		22,333,213	11,312,296

Except for the non-current portion of deposits and other receivables, all of the other trade and other receivables are expected to be recovered within one year or recognised as expense within one year.

Notes:

- (a) As at 1 April 2018, trade receivables from contract with customers amounted to RMB1,445,488. As at 31 March 2020, trade receivables from contracts with customers amounted to RMB13,385,124 (2019: RMB2,326,547). Sales are generally made without prescribed credit terms in the sales contracts but customers usually take 1 to 3 months to settle the receivables.

As at 31 March 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,065,569 (2019: RMB434,684) which are past due at the reporting date. Out of the past due balances, RMB1,316,833 (2019: RMB70,324) 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 Consolidated Financial Statements

## For the year ended 31 March 2020

### 21. TRADE AND OTHER RECEIVABLES - Continued

Notes: - continued

- (b) Included in the Group's other receivable balance are amounts advanced to staffs and an independent third party with aggregate gross amount of RMB1,549,795 (31 March 2019: RMB886,686) and a deposit paid for investment of RMB500,000 (31 March 2019: RMB500,000).

The amount advanced to staffs are unsecured, interest-free and repayable on demand.

The amount advanced to an independent third party is unsecured, interest-free and repayable on demand.

- (c) The amounts due from associates, a director and related companies are unsecured, interest-free and repayable on demand.
- (d) Details of impairment assessment of trade and other receivables are set out in Note 35(b).

### 22. BANK BALANCES AND CASH

Included in the bank balance and cash of the Group as at 31 March 2020 was an amount of RMB1,176,184 (2019: RMB1,885,840) denominated in RMB which is not a freely convertible currency in the international money market.

The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC. The bank balances carry interest at market rates ranging from Nil to 0.35% per annum (2019: from Nil to 0.35% per annum).

For the year ended 31 March 2020, the Group performed impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

### 23. TRADE AND OTHER PAYABLES

	Notes	2020 RMB	2019 RMB
Trade payables	(a)	3,106,115	4,410
Other payables and accruals	(b)	5,770,170	3,941,908
Deposits received	(c)	2,157,735	2,766,090
Amounts due to directors (Note 37(c))	(d)	2,398,321	2,713,743
Financial liabilities measured at amortised cost		13,432,341	9,426,151
Other tax levies payables		200,868	77,465
		13,633,209	9,503,616
Less: Non-current portion			
- Other payables		(28,657)	(159,253)
		13,604,552	9,344,363

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 23. TRADE AND OTHER PAYABLES - Continued

Notes:

- (a) The credit period of trade payable is 30-90 days.
- (b) Included in the Group's other payables are accrued salaries with aggregate carrying amount of RMB1,854,573 (2019: RMB1,117,858).
- (b) Included in the Group's deposit received are rental deposit of point-of-sales machine with aggregate carrying amount of RMB2,157,735 (2019: RMB2,766,090).
- (c) The amounts due are unsecured, interest free and repayable on demand.

### 24. CONTRACT LIABILITIES

	Notes	2020 RMB	2019 RMB
Provision of system development services	a	2,476,826	338,764
Provision of information technology services	b	272,577	607,670
Sale of point-of-sale machines	c	758,111	1,960
Contract liabilities		3,507,514	948,394

As at 1 April 2018, contract liabilities amounted RMB5,049,293.

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on the Group's earliest obligation to transfer goods or services to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

For the year ended 31 March 2020

	Provision of system development services RMB	Provision of information technology services RMB	Sale of point-of-sale machines RMB
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(36,464)	(539,784)	(1,960)

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 24. CONTRACT LIABILITIES - Continued

For the year ended 31 March 2019

	Provision of system development services RMB	Provision of information technology services RMB	Sale of point-of-sale machines RMB
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	(4,554,708)	(100,000)	-

Notes:

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

(a) Provision of system development services

The Group receives 50% to 100% of the contract value as deposit from customers when they sign the agreement with customers. Contract liabilities represent the receipts in advance from customers which is recognised as revenue over time according to the progress of work performance.

During the year ended 31 March 2020, the significant increase in contract liabilities in respect of provision of system development services was mainly due to a significant deposit paid from a new customer.

(b) Provision of information technology services

The Group receives 50% to 100% of the contract value as deposit from customers when they sign the agreement with customers. Contract liabilities represent the receipts in advance from customers which is recognised as revenue at a point of time when the services are rendered.

(c) Sale of point-of-sale machines

The Group receives 100% of the contract value as deposit from customers when they sign the agreement with customers. Contract liabilities represent the receipts in advance from customers which is recognised as revenue at a point of time when the service are rendered.

During the year ended 31 March 2020, the significant increase in contract liabilities in respect of sale of point-of-sale machines was mainly due to the increase in contract signed with customers.

### 25. OTHER BORROWING

	2020 RMB	2019 RMB
Unsecured	2,304,759	2,071,228

The other borrowing is unsecured, bear fixed interest rate at 8% (2019: 8%) and an extension of 1 year has been granted by the lender for the repayment of the borrowing (2019: 1 year).

The other borrowing as at 31 March 2020 is denominated in HK\$.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. CONVERTIBLE BONDS

#### (a) Movement of the components of the convertible bonds

The movement in the liability and derivative components of the convertible bonds during the years ended 31 March 2020 and 2019 are set out below:

	Notes	Liability component RMB	Derivative component		Net RMB	Total RMB
			Gross RMB	Deferred day one gain RMB		
At 1 April 2018		21,105,086	1,914,274	5,385,290	7,299,564	28,404,650
Issuance of convertible bonds	(i)	3,372,846	400,222	1,226,932	1,627,154	5,000,000
Conversion to ordinary shares	(ii)	(6,405,060)	(472,882)	(1,567,050)	(2,039,932)	(8,444,992)
Amortisation of deferred day one gain in profit or loss		-	-	(2,423,658)	(2,423,658)	(2,423,658)
Change in fair value of embedded derivatives		-	(1,837,224)	-	(1,837,224)	(1,837,224)
		-	(1,837,224)	(2,423,658)	(4,260,882)	(4,260,882)
Exchange movement		1,164,324	(4,356)	309,082	304,726	1,469,050
Interest expenses		2,779,486	-	-	-	2,779,486
At 31 March 2019		22,016,682	34	2,930,596	2,930,630	24,947,312
Modification of convertible bonds	(iii)	(136,779)	33,575	-	33,575	(103,204)
Extinguishment during the year arising from modification of convertible bonds	(iv)	(15,596,596)	-	(662,931)	(662,931)	(16,259,527)
Issuance of convertible bonds	(iv)	11,911,142	2,668,436	634,708	3,303,144	15,214,286
Amortisation of deferred day one gain in profit or loss		-	-	(1,894,669)	(1,894,669)	(1,894,669)
Change in fair value of embedded derivatives		-	(2,409,475)	-	(2,409,475)	(2,409,475)
		-	(2,409,475)	(1,894,669)	(4,304,144)	(4,304,144)
Exchange movement		747,335	(73,305)	(73,523)	(146,828)	600,507
Interest expenses		2,826,730	-	-	-	2,826,730
<b>At 31 March 2020</b>		<b>21,768,514</b>	<b>219,265</b>	<b>934,181</b>	<b>1,153,446</b>	<b>22,921,960</b>
Total unrealised gain for the year included in profit or loss for liabilities held at the end of the reporting period						
- Year ended 31 March 2020		-	(2,409,475)	(1,894,669)	(4,304,144)	(4,304,144)
- Year ended 31 March 2019		-	(1,837,224)	(2,423,658)	(4,260,882)	(4,260,882)

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. CONVERTIBLE BONDS - Continued

#### (a) Movement of the components of the convertible bonds - continued

Notes:

*During the year ended 31 March 2019*

##### i) Issuance of convertible bond

For convertible bond issued on 13 July 2018 ("CB 9")

On 13 July 2018, the Company issued CB 9 in the principal amount of RMB5,000,000 with zero coupon to off-setting the outstanding payable of RMB5,000,000 (equivalent to USD725,000) due from the Group.

The exercise price of the convertible bond is AUD0.2 per share with the remaining contracting life of 3 years. The fair value of the convertible bond was measured based on binomial model at the date of grant. Share price of AUD0.12, exercise price of AUD0.2, volatility of 31%, dividend yield of 0% and risk free rate 2.06% were used in the valuation.

According of the valuation report issued by an independent qualified valuer, the fair value of the liability component of CB 9 at the date of issuance amounted to RMB3,372,846. The carrying value of derivative component recognised in the consolidated statement of financial position was net of deferred day one gain, which arose from the difference between its fair value at initial recognition and its transaction price. The deferred day one gain was amortised on a straight-line method over the terms of convertible bonds.

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the convertible bond), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

##### ii) Conversion to ordinary shares

For convertible bond issued on 24 June 2016 ("CB 1")

CB 1 with principal amounts of HK\$600,000 were converted into 514,650 ordinary shares of the Company at the conversion price of AUD0.2 per share.

For convertible bond issued on 31 May 2017 ("CB 4")

CB 4 with principal amounts of RMB3,000,000 were converted into 2,943,585 ordinary shares of the Company at the conversion price of AUD0.2 per share.

CB 9

CB 9 with principal amounts of RMB5,000,000 were converted into 5,065,651 ordinary shares of the Company at the conversion price of AUD0.2 per share.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. CONVERTIBLE BONDS - Continued

#### (a) Movement of the components of the convertible bonds - continued

Notes:

*During the year ended 31 March 2020*

##### (iii) Modification of term of convertible bond issued on 9 December 2016 ("CB 2")

On 9 December 2019, the Company and the CB 2 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB2 shall be extended for 1 year period to 31 December 2020 and all other terms and conditions of the CB 2 remained unchanged. The modification of the CB 2 is not accounted for as an extinguishment under IFRS/HKFRS 9 as the terms are not substantially different taking into account that the discounted present value of the cash flows under the new terms, including any fee paid net of any fees received and discounted using the original effective interest rate, is less than 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability using the original effective interest rate. Accordingly, any costs or fees incurred will adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

##### (iv) Modification of term of convertible bond issued on 28 April 2017 ("CB 3")

On 1 November 2019, the Company and the CB 3 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB 3 shall be extended for a further 3 year period to 28 April 2023 and all other terms and conditions of the CB 3 remained unchanged. The modification of the CB 3 is accounted for as an extinguishment under IFRS/HKFRS 9 as the terms are substantially different taking into account that the discounted present value of the cash flows under the new terms, including any fee paid net of any fees received and discounted using the original effective interest rate, is greater than 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability using the original effective interest rate. 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 RMB900,212 is recognised in profit or loss.

##### (v) Modification of term of convertible bond issued on 31 May 2017 ("CB 5")

On 26 November 2019, the Company and the CB 5 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB 5 shall be extended for 1 year period to 31 December 2020 and all other terms and conditions of the CB 5 remained unchanged. The modification of the CB 5 is accounted for as an extinguishment under IFRS/HKFRS 9 as the terms are substantially different taking into account that the discounted present value of the cash flows under the new terms, including any fee paid net of any fees received and discounted using the original effective interest rate, is greater than 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability using the original effective interest rate. 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 RMB145,029 is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. 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	2020 RMB	2019 RMB
CB 1	26(a)(ii)	24/6/2016	23/6/2018	HK\$600,000	19.20%	0.20	-	-
CB 2	26(a)(iii)	9/12/2016	31/12/2020 (2019: 31/12/2019)	AUD500,000	7.07% (2019:19.33%)	0.20	2,084,706	2,464,201
CB 3	26(a)(iv)	28/4/2017	28/4/2023 (2019: 28/4/2020)	HK\$15,000,000	10.82% (2019:13.72%)	0.20	10,686,194	12,575,774
CB 4	26(a)(ii)	31/5/2017	31/12/2019	RMB3,000,000	12.28%	0.20	-	-
CB 5	26(a)(v)	31/5/2017	31/12/2020 (2019: 31/12/2019)	RMB3,000,000	14.73% (2019:12.28%)	0.20	2,719,849	2,938,651
Convertible bond 6 ("CB 6")		16/11/2017	15/11/2020	USD500,000	14.06%	0.20	3,450,852	3,236,068
Convertible bond 7 ("CB 7")		16/11/2017	15/11/2020	USD376,687	14.06%	0.20	2,600,019	2,438,191
Convertible bond 8 ("CB 8")		16/11/2017	15/11/2020	USD200,000	14.06%	0.20	1,380,340	1,294,427
							22,921,960	24,947,312
Less: Non-current portion							(10,686,194)	(19,544,460)
							12,235,766	5,402,852

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 adjustment, 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 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 shares on a pro-rata basis to retain their shareholdings. The issuance price of new shares are not lower than the Conversion Price. If the issuance price of new 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 shares.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. CONVERTIBLE BONDS - Continued

#### (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.

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:

Year ended 31 March 2020				
At Issue date				
	CB 2	CB 3	CB 5	CB 6,7 and 8
Share price (AUD)	0.074	0.06	0.06	0.125
Conversion price (AUD)	0.20	0.20	0.20	0.20
Risk free interest rate	1.91%	1.80%	1.60%	1.94%
Time to maturity (year)	3.1	3	2.6	3
Expected volatility	32%	45%	40%	30%
Expected dividend yield	0%	0%	0%	0%

At modification date			
	CB 2	CB 3	CB 5
Date	At 9 December 2019	At 1 November 2019	At 26 November 2019
Share price (AUD)	0.120	0.165	0.160
Conversion price (AUD)	0.20	0.20	0.20
Risk free interest rate	0.79%	0.79%	0.81%
Time to maturity (year)	1.1	3.5	1.1
Expected volatility	35%	30%	36%
Expected dividend yield	0%	0%	0%

At 31 March 2020				
	CB 2	CB 3	CB 5	CB 6, 7 and 8
Share price (AUD)	0.070	0.070	0.070	0.070
Conversion price (AUD)	0.20	0.20	0.20	0.20
Risk free interest rate	0.24%	0.24%	0.24%	0.28%
Time to maturity (year)	0.8	3.1	0.8	0.6
Expected volatility	53%	38%	53%	55%
Expected dividend yield	0%	0%	0%	0%

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 26. 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: - continued

	Year ended 31 March 2019				
	At Issue date				
	CB 2	CB 3	CB 5	CB 6,7 and 8	CB 9
Share price (AUD)	0.074	0.06	0.06	0.125	0.12
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	1.91%	1.80%	1.60%	1.94%	2.06%
Time to maturity (year)	3.1	3	2.6	3	3
Expected volatility	32%	45%	40%	30%	31%
Expected dividend yield	0%	0%	0%	0%	0%

	At 31 March 2019			
	CB 2	CB 3	CB 5	CB 6, 7 and 8
Share price (AUD)	0.036	0.036	0.036	0.036
Conversion price (AUD)	0.20	0.20	0.20	0.20
Risk free interest rate	1.63%	1.54%	1.63%	1.49%
Time to maturity (year)	0.8	1.1	0.8	1.6
Expected volatility	37%	36%	37%	34%
Expected dividend yield	0%	0%	0%	0%

The gain on change in fair value of embedded derivatives of the convertible bonds for the year ended 31 March 2020 of RMB2,409,475 (2019: RMB1,837,224) and amortisation of deferred day one gain of RMB1,894,669 (2019: RMB2,423,658) were recognised as "Unrealised gain on change of fair value of embedded derivatives of convertible bonds" in the consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the year ended 31 March 2020 amounted to RMB2,826,730 (2019: RMB2,779,486), which was calculated using the effective interest method.

### 27. DEFERRED GOVERNMENT GRANTS

The deferred government grants represented the subsidies granted by the relevant government authorities in the PRC to the Group.

	2020 RMB	2019 RMB
At 1 April	-	120,000
Released to profit or loss (Note 8)	-	(120,000)
At 31 March	-	-

The Group successfully obtained funding support from the Science and Technology Innovation Committee of ShenZhen Municipality ("深圳市科技創新委員會"). The purpose of the funding is to encourage innovation and development of technology subject to certain criteria to be fulfilled for these deferred government grants.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 28. DEFERRED TAX

At the end of the reporting period, the Group has estimated unused tax loss of approximately RMB80,942,216 (2019: RMB55,881,167) and approximately HK\$15,271,009 (2019: HK\$15,271,009) available for offset against future profits in the PRC and Hong Kong respectively. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream. The tax losses arising from STIT will expire in 10 years according to the announcement issued by State Taxation Administration of the People's Republic of China. The tax losses arising from other PRC operations will expire in five years after the relevant accounting year end. The tax losses arising from Hong Kong do not expire under current tax legislation.

Under the EIT Law of the PRC with effect from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC will be subject to withholding income tax at the rate of 10% on various types of passive income such as dividends derived from source in the PRC. The Group is liable to withholding taxes on dividend distributed by its subsidiaries established in the PRC with the applicable tax rate of 10%. No provision for deferred tax has been made in this aspect as the subsidiaries sustained tax loss for the years.

### 29. SHARE CAPITAL

	Number of ordinary shares	HK\$	RMB equivalent
<b>Issued and fully paid:</b>			
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
At 31 March 2019, 1 April 2019 <b>and 31 March 2020</b>	<b>650,769,591</b>	<b>117,194,865</b>	<b>87,189,117</b>

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 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 per share.
- (ii) 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.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 30. DEREGISTRATION OF SUBSIDIARIES

#### During the year ended 31 March 2020

On 14 November 2019, Shenzhen Tao-taogu Investment Co., Limited disposed the entire equity interests of Xiamen Tao-taogu Information Technology Co., Ltd ("XTIT") by deregistration. The deregistration was completed on 14 November 2019.

On 20 November 2019, Shenzhen Tao-taogu E-commerce Co., Limited disposed the entire equity interests of Neimenggu Taotaogu Information Technology Services Co., Ltd. ("NTIT") by deregistration. The deregistration was completed on 20 November 2019.

The net assets of XTIT and NTIT at the date of deregistration were as follows:

#### **Analysis of assets and liabilities over which control was lost:**

	<b>XTIT RMB</b>	<b>NTIT RMB</b>	<b>Total RMB</b>
Plant and equipment	10,672	-	10,672
Inventories	10,202	-	10,202
Other receivables	320	750	1,070
Other payables	(34,790)	(25)	(34,815)
Amount due to intra-company	(548,638)	(266,000)	(814,638)
Net liabilities discharged	(562,234)	(265,275)	(827,509)

#### **Loss on deregistration of subsidiaries:**

	<b>XTIT RMB</b>	<b>NTIT RMB</b>	<b>Total RMB</b>
Net liabilities discharged	(562,234)	(265,275)	(827,509)
Waiver of amount due to the Group	548,638	266,000	814,638
Non-controlling interests	242,747	-	242,747
	229,151	725	229,876

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 31. 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 AUD0.8 and AUD0.1 per option share (the "August 2015 Option") respectively. 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 option 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 years ended 31 March 2020 and 2019.

On 23 September 2015, the Company granted 7,577,474 share options to 2 directors at the exercise price of AUD0.8 per option share (the "September 2015 Option"). The fair value of the option determined at the date of grant using the binomial option pricing model were AUD414,920.

On 1 October 2016, the Company granted 20,000,000 share options to a consultant at the exercise price of AUD0.3 per option share (the "October 2016 Option"). Share options granted to a consultant other than employees are measured at fair values of options granted as this consultant is 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 AUD2,635. The consultant has rendered services to the Group during the years ended 31 March 2020 and 2019.

On 17 January 2018, the Company granted 6,000,000 share options to a consultant at the exercise price of AUD0.3 per option share (the "January 2018 Option"). Share options granted to a consultant other than employees are measured at fair values of options granted as this consultant is 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 AUD6,080. This consultant has rendered services to the Group during the year ended 31 March 2020 and 2019.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 31. SHARE OPTION SCHEME - Continued

On 28 September 2018, the Company granted 31,800,000 share options to four directors at the exercise price of AUD0.2 per option share (the "September 2018 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD10,000. These directors have rendered services to the Group during the year ended 31 March 2020 and 2019.

(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%) 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%)	AUD0.8	1-2 years
Consultants and other qualified participants (Group B)	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%) 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%)	AUD1.00	1-2 years
Directors	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%) 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%)	AUD0.8	1-2 years
Consultant	20,000,000	1 October 2016	From 1 October 2016 to 30 September 2017 (30%) From 1 October 2017 to 30 September 2018 (35%) From 1 October 2018 to 30 September 2019 (35%)	AUD0.3	1 year
Consultant	6,000,000	17 January 2018	17 January 2018 to 31 January 2021	AUD0.3	3 years
Directors	31,800,000	28 September 2018	28 September 2018 to 18 January 2021	AUD0.2	2.3 years

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 31. SHARE OPTION SCHEME - Continued

- (i) The following table discloses movement of the Company's share options held by the Group's qualifying grantees during the years:

	Weighted average exercise price		Number of option	
	2020 AUD	2019 AUD	2020	2019
Outstanding at the beginning of the year	<b>0.390</b>	0.522	<b>77,147,474</b>	45,347,474
Granted during the year	<b>N/A</b>	0.200	-	31,800,000
Lapsed during the year	<b>0.488</b>	N/A	<b>(31,565,474)</b>	-
Outstanding at the end of the year	<b>0.243</b>	0.390	<b>45,582,000</b>	77,147,474
Exercisable at the end of the year	<b>0.255</b>	0.276	<b>40,394,000</b>	47,669,494

No option was exercised during the year ended 31 March 2020 (2019: nil).

The options have a contractual option terms ranged from 1 year to 3 years. The options outstanding at 31 March 2020 had exercise prices ranged from AUD0.2 to AUD1.0 (2019: from AUD0.2 to AUD1.0) and a weighted average remaining contractual lives of 1.03 years (2019: 3.68 years).

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

	August 2015 Option		September 2015 Option	October 2016 Option	January 2018 Option	September 2018 Option
	Group A	Group B				
Fair value per share option (AUD)	0.063	0.054	0.055	0-0.003	0.001	0.00032
Grant date share price (AUD)	0.2	0.2	0.2	0.08	0.105	0.075
Exercise price (AUD)	0.8	1.0	0.8	0.3	0.3	0.2
Expected life (Years)	6.883	6.883	6.768	3	3.01	2.3
Expected volatility (%) (Note)	61.239	61.239	57.986	32-33	30	29
Dividend yield (%)	0	0	0	0	0	0
Risk-free interest rate (%)	2.353	2.353	2.363	1.64-1.66	2.17	2.04

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.

During the year ended 31 March 2020, the Group recognised total expenses of RMB374,356 (2019: RMB653,918) as a share option expense.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 32. OPERATING LEASES

*The Group as lessee*

2019  
RMB

Minimum lease payments paid under operating leases during the year	2,996,184
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The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of properties which fall due as follows:

2019  
RMB

Within 1 year	2,895,846
After 1 year but within 5 years	1,927,699
	4,823,545

The leases typically run for an initial period of 1 to 4 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 33. CAPITAL COMMITMENTS

At the end of the reporting periods, the Group had the following capital commitment:

	2020 RMB	2019 RMB
Contracted but not provided for:		
-Capital contribution to subsidiaries	23,479,000	24,709,400
-Capital contribution to other investments	1,500,000	1,500,000
	<b>24,979,000</b>	<b>26,209,400</b>

### 34. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Company will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt as it sees fit and appropriate. The Group's overall strategy remains unchanged from prior year.

During the years ended 31 March 2020 and 2019, the Group's strategy was to maintain the gearing ratio as low as feasible.

The gearing ratio at the end of the reporting period was as follows:

	2020 RMB	2019 RMB
Convertible bonds	22,921,960	24,947,312
Other borrowing	2,304,759	2,071,228
Total debt	<b>25,226,719</b>	<b>27,018,540</b>
Less: Cash and cash equivalents	<b>(3,791,018)</b>	<b>(2,289,152)</b>
Net debt	<b>21,435,701</b>	<b>24,729,388</b>
Total deficit	<b>(14,671,658)</b>	<b>(18,499,501)</b>
Total adjusted capital	<b>6,764,043</b>	<b>6,229,887</b>
Gearing ratio	<b>3.17</b>	<b>3.97</b>

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

	2020 RMB	2019 RMB
<b>Financial assets</b>		
Amortised cost	24,678,289	13,441,124
<b>Financial liabilities</b>		
FVTPL	1,153,446	2,930,630
Amortised cost	37,505,614	33,514,061
	38,659,060	36,444,691

#### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, other borrowing and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### Market risk

##### (i) Currency risk

The Group is exposed to currency risk primarily through trade and other receivables, other payables, cash and cash equivalents that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily HK\$, United States Dollars ("US\$") and Australia Dollars ("AUD").

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Exposure to foreign currencies (expressed in RMB)

	Assets		Liabilities	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
AUD	4,188	54,921	(2,084,706)	(2,464,201)
US\$	26,383	226,324	(7,431,212)	(6,968,686)
HK\$	4,782,127	4,876,507	(15,518,403)	(16,531,222)

The Group currently does not have any foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging its significant foreign currency exposure should the need arise.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - Continued

#### (b) Financial risk management objectives and policies - continued

##### Market risk - continued

##### (i) Currency risk - continued

##### *Sensitivity analysis*

The Company is mainly exposed to the currency of AUD, US\$ and HK\$.

The following table details the Group's sensitivity to a 5% (2019: 5%) change in RMB against AUD, US\$ and HK\$. 5% (2019: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the end of the reporting period for a 5% (2019: 5%) change in the foreign currency rates. A positive number below indicates an increase in post-tax profit for the year and a negative number indicates an decrease in post-tax profit for the year if RMB appreciate 5% against the foreign currencies. There would be an equal and opposite impact on post-tax profit for the year if RMB depreciates 5% against the relevant foreign currencies.

	2020 RMB	2019 RMB
AUD	86,862	100,587
US\$	309,152	281,494
HK\$	448,240	486,584

##### (ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate other borrowing as detailed in Note 25. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as detailed in Note 22.

The Group currently does not have any interest rate hedging policy. However, the management monitors interest exposure and will consider hedging significant interest rate exposure should the need arise.

Bank balances are excluded from sensitive analysis as the Directors consider that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

##### (iii) Other price risk

The Group is exposed to price risk in fair value of conversion rights of the convertible bonds. A rise of the stock price will be accompanied by an increase in the fair value of the conversion rights which will increase the unrealized loss on the change of fair value of embedded derivatives of the convertible bonds. For details of the convertible bonds, refer to Note 26.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - Continued

#### (b) Financial risk management objectives and policies - continued

##### Market risk - continued

##### (iii) Other price risk - continued

##### *Sensitivity analysis*

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for conversion rights of the convertible bonds with fair value measurement categorised within Level 3 were disclosed in Note 35(c).

##### Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk is primarily attributable to trade receivables, other receivables and deposits, amount(s) due from associates/ related companies/ directors, deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

##### *Trade receivables*

The Group management manages and analyses the credit risk for each of their new and existing customers before standard payment terms and conditions are offered. The management assesses the credit quality of each customer based on customer background information, financial position, past experience and relevant factors. The Group also reviews from time to time the financial position of the customers.

Impairment loss of approximately RMB37,301 (2019: Nil) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2019: 98%) of the total trade receivables as at 31 March 2020. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

##### *Other receivables and deposits*

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of other receivables and deposits since initial recognition and the Group provided impairment based on 12m ECL. Impairment loss and reversal of impairment loss of approximately RMB331,934 and RMB89,380 (2019: RMB126,841 and Nil), respectively, were recognised during the year. Details of the quantitative disclosures are set out below in this note.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (b) Financial risk management objectives and policies - continued

##### Credit risk and impairment assessment - continued

###### *Amounts due from associates*

The Group regularly monitors the business performance of the associates. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of these entities. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. Impairment loss of RMB19,819 (2019: RMB146,526) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

###### *Amounts due from related companies / directors*

For amounts due from related companies / directors, the Directors make periodic individual assessment on the recoverability of amounts due from related companies / directors based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2020 and 2019, the Group assessed the ECL for amounts due from related companies / directors were insignificant and thus no loss allowance was recognised.

###### *Bank balances*

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default of the respective credit rating grades published by external rating agencies. The 12m ECL on bank balances is considered to be insignificant.

The Group's internal credit risk grading assessment comprises the follow categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off	Amount is written-off

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (b) Financial risk management objectives and policies - continued

##### Credit risk and impairment assessment - continued

The table below details the credit risk exposures of the Group's financial assets, which are subject to ECL assessment.

					2020	2019
2020	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB	Gross carrying amount RMB
<b>Financial assets at amortised costs</b>						
Bank balances	22	Aa2-Ba3	N/A	12m ECL	3,787,933	2,286,107
Trade receivables	21	N/A	Watch list	Lifetime ECL (not credit-impaired) (Note 1)	15,120,354	3,786,387
Other receivables	21	N/A	(Note 2)	12m ECL	2,660,828	1,634,320
Deposits	21	N/A	(Note 2)	12m ECL	730,300	1,177,139
Amount due from associates	21	N/A	(Note 2)	12m ECL	2,601,366	4,870,403
Amounts due from related companies	21	N/A	(Note 2)	12m ECL	590,000	180,323
Amount due from a director	21	N/A	(Note 2)	12m ECL	-	19,303

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (b) Financial risk management objectives and policies - continued

##### Credit risk and impairment assessment - continued

Note 1:

The Group performs impairment assessment under ECL model on trade receivables individually. The following tables show reconciliation of loss allowances that has been recognised for trade receivables:

	Lifetime ECL RMB
At 1 April 2018, 31 March 2019 and 1 April 2019	-
Changes due to financial instruments recognised as at 1 April 2019:	
- Impairment losses recognised	656
New financial assets originated	36,645
<b>At 31 March 2020</b>	<b>37,301</b>

Change in loss allowance for trade receivables are mainly due to:

	2020 Increase in Lifetime ECL RMB	2019 Increase in Lifetime ECL RMB
New trade receivables with gross carrying amount of RMB14,343,218	36,645	-

Note 2:

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

	Not past due/ no fixed repayment terms 2020 RMB	Not past due/ no fixed repayment terms 2019 RMB
Other receivables*	2,660,828	1,634,320
Deposits	509,250	1,177,139
Amounts due from associates	2,601,366	4,870,403
Amounts due from related companies	590,000	180,323
Amount due to a director	-	19,303

\* During the year ended 31 March 2020, the Group written-off of other receivable of RMB48,843 (2019: 263,000) due to the debtor is in financial difficulties and the Group has no realistic prospect of recovery.



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (b) Financial risk management objectives and policies - continued

##### Credit risk and impairment assessment - continued

Note 2: - continued

The following tables show reconciliation of loss allowances that has been recognised for other receivables:

	<b>12m ECL RMB</b>
At 1 April 2018	22,298
Changes due to financial instruments recognised as at 1 April:	
- Impairment losses recognised	11,583
New financial assets originated	115,258
At 31 March 2019	149,139
Changes due to financial instruments recognised as at 1 April:	
- Impairment losses recognised	96,378
- Impairment losses reversed	(89,380)
New financial assets originated	235,556
<b>At 31 March 2020</b>	<b>391,693</b>

Change in loss allowance for other receivables are mainly due to:

	<b>2020 Increase in 12m ECL RMB</b>	<b>2019 Increase in 12m ECL RMB</b>
New advance from associates	<b>235,556</b>	115,258

The following tables show reconciliation of loss allowances that has been recognised for amount due from associates:

	<b>12m ECL RMB</b>
At 1 April 2018	220,238
New financial assets originated	146,526
At 31 March 2019	366,764
Changes due to financial instruments recognised as at 1 April:	
- Impairment losses recognised	19,819
<b>At 31 March 2020</b>	<b>386,583</b>

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (b) Financial risk management objectives and policies - continued

##### Credit risk and impairment assessment - continued

Note 2: - continued

Change in loss allowance for amounts due from associates are mainly due to:

	2020 Increase in 12m ECL RMB	2019 Increase in 12m ECL RMB
New advances to associate	-	146,526

##### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group is exposed to liquidity risk as the Group had net current liabilities and net liabilities of RMB6,003,454 and RMB14,671,658 respectively as at 31 March 2020. The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in Note 2 to the consolidated financial statements.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

	2020			
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	More than 1 year but less than 5 years RMB
Trade and other payables	13,432,341	13,432,341	13,432,341	-
Other borrowing	2,304,759	2,304,759	2,304,759	-
Convertible bonds	21,768,514	26,580,340	12,840,340	13,740,000
	37,505,614	42,317,440	28,577,440	13,740,000

	2019			
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	More than 1 year but less than 5 years RMB
Trade and other payables	9,426,151	9,426,151	9,426,151	-
Other borrowing	2,071,228	2,193,065	2,193,065	-
Convertible bonds	22,016,682	24,479,768	5,132,572	19,347,196
	33,514,061	36,098,984	16,751,788	19,347,196

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - continued

#### (c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Board is responsible for determining fair value and the process of determining fair value.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Board works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

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

Some of the Group's financial liability is measured at fair value at the end of each reporting period. The following table gives information about how the fair values of this financial liability is determined (in particular, the valuation technique(s) and inputs used).

		<b>Level 3</b>				
		<b>2020</b>	2019			
		<b>RMB</b>	<b>RMB</b>			
Embedded derivative of convertible bonds		<b>1,153,446</b>	2,930,630			

	<b>Fair value</b>		<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input</b>
	<b>As at 31 March 2020 RMB</b>	<b>As at 31 March 2019 RMB</b>			
Financial liability					
Embedded derivative of convertible bonds	<b>1,153,446</b>	2,930,630	Level 3	Binomial option pricing model	Expected volatility range from 38% to 55% taking into account the fluctuation of share price of the Company (Note)

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 35. FINANCIAL INSTRUMENTS - Continued

#### (c) Fair value measurements of financial instruments - continued

Note:

If the volatility rate had been 10% higher/lower than management's estimates at 31 March 2020, it would have increase/decreased the fair value of embedded derivatives of the convertible bonds by RMB267,681 (2019: RMB1,154) and RMB176,733 (2019: RMB Nil) respectively.

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

Reconciliation of Level 3 fair value measurements:

	Embedded derivative of convertible bonds RMB
At 1 April 2018	7,299,564
Issuance of convertible bonds	1,627,154
Conversion to ordinary shares	(2,039,932)
Fair value changes	(4,260,882)
Exchange movement	304,726
At 31 March 2019	2,930,630
Modification of convertible bonds	33,575
Extinguishment during the period arising from modification of convertible bonds	(662,931)
Issuance of convertible bonds	3,303,144
Fair value changes	(4,304,144)
Exchange movement	(146,828)
<b>At 31 March 2020</b>	<b>1,153,446</b>

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their values.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other borrowing RMB	Convertible Bonds RMB
At 1 April 2018	-	28,404,650
<b>Changes from cash flow</b>		
New borrowing raised	2,030,682	-
<b>Non-cash changes</b>		
Settlement of other payable by issuance of convertible bonds	-	5,000,000
Conversion to ordinary shares	-	(8,444,992)
Exchange adjustments	-	1,469,050
Finance cost	40,546	2,779,486
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	(4,260,882)
At 31 March 2019	2,071,228	24,947,312
<b>Non-cash changes</b>		
Exchange adjustments	70,094	600,507
Finance cost	163,437	2,826,730
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	(4,304,144)
Modification of convertible bond	-	(103,204)
Issuance of convertibles bonds	-	15,214,286
Extinguishment arising from modification of convertible bonds	-	(16,259,527)
At 31 March 2020	2,304,759	22,921,960

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 37. MATERIAL RELATED PARTY TRANSACTIONS

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

#### (a) Transactions with key management personnel

All members of key management personnel are the Directors. The remuneration paid to them during the year were disclosed in Note 13 to the consolidated financial statements.

#### (b) Transactions with other related parties

During the years, the Group entered into the following material transactions with other related parties:

Name of related party	Nature of transaction	Relationship	2020 RMB	2019 RMB
IPP	Technical services fee Expenses	Associate	-	120,000

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 37. MATERIAL RELATED PARTY TRANSACTIONS - Continued

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

Name of related party	Notes	2020 RMB	2019 RMB
Amounts due from (to) directors:			
- Mr. Xiong Qiang	(i)	(260,563)	19,303
- Mr. Chow Ki Shui Louie	(i)	(2,137,758)	(2,713,743)
Amounts due from related companies:			
- Investorlink Securities Limited	(i)&(ii)	-	50,323
- Shenzhen Bozhong Communication Technology Company Limited ("Shenzhen Bozhong") *	(i)&(iii)	590,000	130,000
(深圳市伯仲通信技術有限公司)			
		590,000	180,323
Amounts due from associates			
- IPP	(i) & (v)	217,647	573,193
- TTG Fintech Service Limited	(i) & (v)	1,997,138	3,930,446
		2,214,785	4,503,639

\* The English name is for identification only

Notes:

- (i) The amounts are unsecured, interest free and repayable on demand.
- (ii) Mr. Christopher Ryan, a director of the Company, is also the director of Investorlink Securities Limited. The maximum outstanding balance is RMB50,323 during the year ended 31 March 2020 (2019: RMB50,323).
- (iii) Ms. Ling Fang, the wife of Mr. Xiong Qiang, a director and a shareholder of the Company, is the director and major shareholder of Shenzhen Bozhong. The maximum outstanding balance of amount due from a related company is RMB590,000 during the year ended 31 March 2020 (2019: RMB130,000).
- (iv) The amounts due from (to) the above related parties are included in trade and other receivables (Note 21) and trade and other payables (Note 23) respectively.
- (v) The amounts represent the amounts due from associates net of allowance for credit losses.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

#### (a) General information of subsidiaries

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

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				Proportion of voting power held by the Company			
				Directly 2020	Indirectly 2020	Directly 2019	Indirectly 2019	Directly 2020	Indirectly 2020	Directly 2019	Indirectly 2019
STIT* (深圳市淘淘谷信息技術有限公司)	The PRC(港资独资企业)	Provision of system development and information technology services	Paid up registered capital of HK\$77,000,000 (2019: HK\$77,000,000) (Note(c)(i))	100%	-	100%	-	100%	-	100%	-
Shenzhen Tao-taogu E-commerce Co., Limited.* (深圳市淘淘谷電子商務有限公司) ("STEC")#	The PRC (Domestic-funded)	Provision of E-commerce system development and information technology services	Paid up registered capital of RMB1,000,000 (2019: RMB1,000,000) (Note(c)(ii))	-	(Note (a))	-	(Note (a))	-	(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 (Domestic-funded)	Provision of investment management and consultancy services	Paid up registered capital of RMB1,000,000 (2019: RMB1,000,000)	-	(Note (b))	-	(Note (b))	-	(Note (b))	-	(Note (b))
XTIT* (Note d) (廈門市淘淘谷信息技術有限公司)#	The PRC (Domestic-funded)	Provision of system development and information technology services	Paid up registered capital of RMB206,000 (2019: RMB206,000) (Note(c)(iii))	-	-	-	67%	-	-	-	67%



# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

#### (a) General information of subsidiaries - continued

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below: - continued

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				Proportion of voting power held by the Company			
				Directly 2020	Indirectly 2020	Directly 2019	Indirectly 2019	Directly 2020	Indirectly 2020	Directly 2019	Indirectly 2019
Jiangxi Tao-taogu E-commerce Co., Limited.* (江西淘淘谷電子商務有限公司) ("JTEC")#	The PRC (Domestic-funded)	Investment holding	Paid up registered capital of RMB200,000 (2019: RMB200,000) Unpaid up portion of RMB 180,000 (Note(c)(iv))	-	92%	-	92%	-	92%	-	92%
Jiangxi Kelaihui E-commerce Co., Limited* 江西客來惠信息技術有限公司 ("JKLH")#	The PRC (Domestic-funded)	Sales of accessories of point-of-sales machine	Nil paid up registered capital (2019: Nil) Unpaid up portion of RMB 10,000,000 (Note(c)(vi))	-	92%	-	92%	-	92%	-	92%
NTIT.* (Note e) (內蒙古淘淘谷信息技術服務有限公司)#	The PRC (Domestic-funded)	Provision of system development and information technology services	Paid up registered capital of RMB30,000 (2019: RMB30,000) (Note(c)(v))	-	-	-	100%	-	-	-	100%

\* English name is for identification purpose only

# Wholly domestic owned enterprise

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

#### (a) General information of subsidiaries - 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 Mr. 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 power 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 power 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\$90,000,000 (2019: HK\$90,000,000) of which HK\$77,000,000 (2019: HK\$77,000,000) 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 was paid up.
  - (iii) As at 31 March 2019, the registered capital of XTIT was RMB1,000,000 of which RMB206,000 (2019: 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 (2019: 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 (2019: RMB30,000) was paid up.
  - (vi) As at 31 March 2020, the registered capital of JKLH was RMB10,000,000 (2019: RMB10,000,000) of which RMBNil (2019: RMBNil) was paid up.
- (d) XTIT was deregistered on 14 November 2019.
- (e) NTIT was deregistered on 20 November 2019.

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

#### (a) General information of subsidiaries - continued

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	3	3

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2020	2019	2020 RMB	2019 RMB	2020 RMB	2019 RMB
JTEC	PRC	92%	92%	(6,789)	55,450	(563,617)	(556,828)
Individually immaterial subsidiaries with non-controlling interests				(309,354)	(181,716)	(604,609)	(538,002)
				(316,143)	(126,266)	(1,168,226)	(1,094,830)

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 38. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

JTEC, a 92% (2019: 92%) owned subsidiary of the Company, has material non-controlling interests ("NCI"). Summarised financial information in relation to the NCI of JTEC, before intra-group eliminations, is presented below:

	2020 RMB	2019 RMB
<b>JTEC</b>		
Revenue	-	3,253,120
(Loss) profit and total comprehensive income for the year	(84,859)	693,117
(Loss) profit and total comprehensive income attributable to NCI of JTEC	(6,789)	55,450
Dividends paid to NCI of JTEC	-	-
Cash flows (used in) from operating activities	(54,997)	97,598
Cash flows from investing activities	420	483
Net cash inflow	(54,577)	98,081
Non-current assets	67,955	186,869
Current assets	3,019,850	1,192,869
Current liabilities	(10,133,020)	(8,340,094)
Net liabilities	(7,045,215)	(6,960,356)
NCI of JTEC	(563,617)	(556,828)

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 39. NON-CASH TRANSACTION

During the year ended 31 March 2020, there was no non-cash transaction.

During the year ended 31 March 2019, the Company issued CB 9 at principal amount of RMB5,000,000 in order to set off the other payable of RMB5,000,000 (equivalent to USD725,000).

### 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

#### Statement of financial position of the Company

	2020 RMB	2019 RMB
<b>NON-CURRENT ASSETS</b>		
Interests in subsidiaries	29,644,340	29,644,340
Investment in an associate	-	-
	<b>29,644,340</b>	<b>29,644,340</b>
<b>CURRENT ASSETS</b>		
Trade and other receivables	3,690,985	5,765,013
Bank balances and cash	2,601,211	390,572
	<b>6,292,196</b>	<b>6,155,585</b>
<b>CURRENT ASSETS/LIABILITIES</b>		
Other payables	2,225,170	1,894,929
Other borrowing	2,304,759	2,071,228
Convertible bonds	12,235,766	5,402,852
	<b>16,765,695</b>	<b>9,369,009</b>
<b>NET CURRENT LIABILITIES</b>	<b>(10,473,499)</b>	<b>(3,213,424)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>19,170,841</b>	<b>26,430,916</b>
<b>NON-CURRENT LIABILITY</b>		
Convertible bonds	10,686,194	19,544,460
<b>NET ASSETS</b>	<b>8,484,647</b>	<b>6,886,456</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	87,189,117	87,189,117
Reserves	(78,704,470)	(80,302,661)
<b>TOTAL EQUITY</b>	<b>8,484,647</b>	<b>6,886,456</b>

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2020 and are signed on its behalf by:



**XIONG QIANG**  
Director



**CHOW KI SHUI LOUIE**  
Director

# Notes to the Consolidated Financial Statements

## For the year ended 31 March 2020

### 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

- Continued

#### Movement of reserves of the Company

	Share option reserve RMB	Accumulated losses RMB	Total RMB
At 1 April 2018	4,382,617	(75,417,427)	(71,034,810)
Loss and total comprehensive expense for the year	-	(9,921,769)	(9,921,769)
Recognition of equity-settled share-based payments	653,918	-	653,918
At 31 March 2019	5,036,535	(85,339,196)	(80,302,661)
Profit and total comprehensive income for the year	-	1,223,835	1,223,835
Lapse of share option	(2,970,814)	2,970,814	-
Recognition of equity-settled share-based payments	374,356	-	374,356
At 31 March 2020	2,440,077	(81,144,547)	(78,704,470)

### 41. COMPARATIVE FIGURES

During the year ended 31 March 2020, for enhancing the relevance of the presentation of the consolidated financial statements, reclassifications have been made to certain comparative figures presented in the consolidated financial statements in respect of the prior year to achieve comparability with the current year's presentation. As a result, the following line items regarding comparative figures have been amended and adjusted, together with the related notes to conform to the current year's presentations:

	Previous reported RMB	Reclassification RMB	As restated RMB
General and administrative expenses	22,887,959	(273,367)	22,614,592
Impairment loss under expected credit loss model, net of reversal	-	273,367	273,367

### 42. SUBSEQUENT EVENT

On 3 April 2020, the Group entered into a rental agreement for 3 years period from 10 April 2020 to 9 April 2023 with monthly rental of RMB112,820. The new principal place of business in PRC is 1701, Block B2, No.15 KeYuan Road, KeXing Science Park, Nanshan District, Shenzhen 518000, PRC.

# ***ADDITIONAL ASX INFORMATION FOR CDI HOLDERS***

## **Issued capital**

As at 23 June 2020, the Company had 650,769,591 ordinary fully paid shares on issue, of which 650,769,588 shares have been converted to CHESS Depositary Interests (CDI's) and were traded on the ASX. There is no shares/CDI's that are currently under trading restrictions.

There is no on-market buy back currently in place.

## **Substantial shareholders**

As at 23 June 2020, CDN Nominees Pty Ltd held 650,769,588 ordinary shares on behalf of different CDI holders. The substantial CDI holders of the Company include:

<b>Name</b>	<b>Number of shares</b>	<b>% of total issued shares</b>
Xiong Qiang & Associates	223,699,435	34.37
CHOW KI SHUI & Associates	109,749,435	16.86
Baolink Capital Limited	77,786,935	11.95

The above substantial shareholders details are based on the notification last received from the substantial shareholders prior to the date of this annual report.

## **Distribution of Shareholders/CDI holders**

There were 1096 CDI holders as at 23 June 2020. Each CDI holder is entitled to one vote for each security held.

<b>Range</b>	<b>Total holders</b>	<b>Units</b>	<b>% of Issued Capital</b>
1 - 1,000	43	15,493	0.00
1,001 – 5,000	333	1,229,878	0.19
5,001 – 10,000	211	1,717,866	0.26
10,001 – 100,000	365	13,036,365	2.00
Over 100,000	144	634,769,986	97.54
<b>Rounding</b>			<b>0.01</b>
<b>Totals</b>	<b>1096</b>	<b>650,769,588</b>	<b>100.00</b>

There are 318 CDI holders who hold less than a marketable parcel. The top 20 shareholders hold 91.40% of the Company's share capital.

## **Voting Rights**

The voting rights are that each CDI holder is entitled to 1 vote per CDI at a meeting of members.

## *ADDITIONAL ASX INFORMATION FOR CDI HOLDERS*

### Top twenty CDI holders as at 23 June 2020

Rank	Name	Units	% Units
1	QIANG XIONG	213,699,434	32.84
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	136,755,880	21.01
3	KI SHUI LOUIE CHOW	79,249,434	12.18
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	50,449,893	7.75
5	HOI PING HAPPY CHEUNG	30,500,000	4.69
6	MIN LAO	27,770,835	4.27
7	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,469,531	1.92
8	LING FANG	10,000,000	1.54
9	STRADBROKE PLAZA PTY LTD <RYAN RETIREMENT FUND A/C>	6,081,000	0.93
10	YANGUI XIONG	5,000,000	0.77
11	CITICORP NOMINEES PTY LIMITED	4,305,813	0.66
12	HUEI LING GRACE CHEN	3,333,800	0.51
13	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,841,851	0.44
14	MR FEN CHEN	2,500,000	0.38
15	MR LINYAN WU	2,264,026	0.35
16	MRS SARAH JANE EDWARDS + MR PAUL ROBERT EDWARDS	1,700,000	0.26
17	MR KA YUNG CHAN	1,666,800	0.26
18	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,561,572	0.24
19	MR HAIBIN WANG	1,400,000	0.22
20	MR YU CHUAN YANG	1,283,524	0.20
<b>Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)</b>		<b>594,833,393</b>	<b>91.40</b>
<b>Total Remaining Holders Balance</b>		<b>55,936,195</b>	<b>8.60</b>



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# *ADDITIONAL ASX INFORMATION FOR CDI HOLDERS*

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## **Use of Cash Consistent with Business Objectives**

Fintech Chain Limited (FTC) confirms that it has used cash and other assets readily convertible to cash that it held at time of admission, in a way consistent with its business objectives.

## **FTC's Place of Incorporation**

As FTC is incorporated in Hong Kong and not established in Australia, its corporate activities (apart from the offering of securities in Australia) are not regulated by the Corporations Act of the Commonwealth of Australia or by the Australian Securities and Investments Commission but instead are regulated by the Hong Kong Companies Ordinance and the Financial Services and the Treasury Bureau. FTC is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 in Australia. The following information is provided as required to be provided to ASX on an annual basis to disclose the limitations on acquisition on securities.

## **Takeovers**

The Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") regulates takeovers and mergers in Hong Kong and applies to public companies in Hong Kong. The Takeovers Code provides that when a person, or two or more persons acting in concert collectively:

- acquire 30% or more of the voting rights of a company; or
- hold not less than 30% but more than 50% of the voting rights of the company and acquires more than 2% of the voting rights of a company from the lowest percentage holding of that person or persons collectively within a 12 month period,

then a general offer must be made to all other shareholders of the company.

## **Compulsory Acquisition**

Schedule 13 of the Hong Kong Companies Ordinance sets out the right to buy out minority shareholders. If within four months of making an offer to buy shares, a company has acquired 90% in value of the shares, the acquiring company may give notice to the remaining shareholders that it desires to acquire their shares. Provided that notice is given within five months of the original offer, the acquiring company is entitled and bound to acquire those shares on the same terms as the offer.

## **Substantial holder notices**

Part XV of the Hong Kong Securities and Futures Ordinance requires the disclosure by substantial shareholders, directors, shadow directors and chief executives of a listed corporation (collectively "Corporate Insiders") of their interests in the securities of a listed corporation when their interests reach the notifiable percentage level. The notifiable percentage level is an interest in shares of an aggregate nominal value of 5% or more of the relevant shares in the listed corporation.

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# CORPORATE DIRECTORY

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## Fintech Chain Limited

ARBN: 158 702 400

### Principal place of business in the PRC

1701, Block B2, No.15 KeYuan Road  
KeXing Science Park, Nanshan District  
Shenzhen 518000, PRC

### Representative office in Australia

Investorlink Group Limited Level 26, 56 Pitt Street  
Sydney NSW 2000

### Registered office, principal share registrar and transfer office

1806 Gala Place  
56 Dundas Street  
Kowloon, Hong Kong

### Australia branch share registrar and transfer office

Computershare Investor Services Pty Limited Yarra Falls  
452 Johnston Street  
Abbotsford VIC 3067

### Board of Directors

XIONG Qiang (President & Chief Executive Officer)  
CHOW Ki Shui Louie (Vice President & Deputy Chief Executive Officer)  
Christopher John Ryan (Independent Chairman & Non-Executive Director)  
ZHOU Chenyao (Non-Executive Director)

### Company Secretaries

CHOW Ki Shui Louie

### Audit committee

RYAN Christopher John (Chairman)  
ZHOU Chenyao

### Remuneration and nomination committee

RYAN Christopher John (Chairman)  
XIONG Qiang  
CHOW Ki Shui Louie  
ZHOU Chenyao

### Auditor

Asian Alliance (HK) CPA Limited

### Website

www.ttg.hk