FTC ANNUAL REPORT 2019

FinTech Chain

FinTech Chain

President and Independent Chairman's Statement

On behalf of our fellow board members, we are pleased to present the 2019 annual report for Fintech Chain Limited ("FTC"), formerly known as "TTG Fintech Limited".

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 400 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 100 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 FY2019 revenue of RMB 44.2m (A$9.1m), gross profit of RMB 28.6m (A$5.9m) and net profit after tax of RMB 2.9m (A$0.6m).

Revenue increased four-fold in FY2019 as the commercialisation of the T-Linx™ platform continued to gain increased market penetration in China.

The Company's provision of integrated payment and systems development services together with smart POS rental and maintenance income is estimated to increase exponentially in FY 2020.

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 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

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.

BOARD OF DIRECTORS

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 Wuxian Limited (ASX Code: NNW).

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.

BOARD SKILLS & EXPERIENCE

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

Skills and Experience (out of 4 Directors)	
Leadership and Management	
Executive management	**4**
Corporate Governance	**4**
Strategy	**3**
Policy Development	**4**
Corporate	
Business Operation	**3**
Legal	**1**
Investor Relation	**4**
Marketing	**3**
International Operation Management	**3**
Capital Markets	
Capital Raising	**4**
Capital Management	**4**
Corporate Actions	**4**
Finance and Risk	
Risk Management and Compliance	**3**
Financial	**1**
Sector Experience	
Software Development	**2**
IT Technology	**2**

DIRECTORS REPORT

The directors present this 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 2019 (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

DIRECTORS REPORT

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

   CHOW Ki Shui Louie

5. Xiamen Taotaogu Information Technology Company Limited (厦门市淘淘谷信息技术有限公司)

   WANG Haibin

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

   LING Chen

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

   YI Yongqing

8. Neimenggu Taotaogu Information Technology Services Company Limited (内蒙古信息技术服务有限公司)

   LING Song

9. TTG Mobile Coupon Services Limited

   XIONG Qiang
   CHOW Ki Shui Louie

10. Q-life HK Limited

    CHOW Ki Shui, Louie
    XIONG Qiang

11. 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	212,200,000
CHOW Ki Shui	108,250,000
RYAN, Christopher John	6,031,000

DIRECTORS REPORT

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	3,000,000

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.

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
Tranche 4	20%	1 July 2018	1 July 2019 to 30 Jun 2020
Tranche 5	40%	1 July 2018	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. Over 8 years of development, rigorous testing and validation by banks, T-Linx™ has been recognised, approved and used by many banks. T-Linx™ has been provided to more than 400 banks (such as China Merchants Bank, Ping An Bank and Beijing Rural Credit Cooperative Union) indirectly serving over 4 million merchants.

FTC currently owns more than 100 Invention Patents and Intellectual Property Rights. FTC charges between 2 and 3 basis points on transactions processed by T-Linx™. FTC is focused on expanding the overall banking market shares in Greater China and overseas, and consolidating its leading position in the Banking sector.

DIRECTORS REPORT

FTC's revenue model is based on:

1. Provision of services

   (i) Information technology services from T-linx™ integrated payment business is recognised as a percentage (currently at a rate of 2-3 basis points) of the total transaction payment volume processed by T-Linx™ system within T-Linx™ supported financial institutions and Merchants network.

   (ii) System development services
   - T-linx™ integrated payment business includes system development for banks,
   - blockchain technology services including 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 including rent and maintenance of point-of-sale machines to the customers of FTC's partners.

2. Sale of point-of-sale machines

Financial Review

	Year ended 31 March 2019 RMB '000	Year ended 31 March 2018 RMB '000	% change
Revenue	44,186	10,030	341%
Profit (loss) from ordinary activities after income tax expense for the year	2,894	(23,184)	112%
Net profit (loss) attributable to members	3,020	(22,832)	113%

Revenue increased by RMB34.2 million, or 341% to RMB44.2 million. This increase included the successful implementation of FTC's blockchain technology, which provided RMB15.3 million income during the year and revenue of T-linx™ related products and services in sum of RMB28.9 million. Gross profit increased to RMB28.6 million from a gross loss of RMB2.0 million in 2018.

Other income and net gains reduced from RMB2.2 million to RMB0.6 million mainly due to decrease in gains on early redemption of convertible bonds, over-provision of other payables and write-off of customer advances. Increased selling expenses and general and administrative expenses were incurred to support expanding business especially in the development of the Company's T-Linx™ technology platform.

Immaterial losses incurred by associates are anticipated to continue during the development phases of the two associates.

The gain on change of fair value of embedded derivatives of convertible bonds and effective interest on convertible bonds are recorded as non-cash items.

DIRECTORS REPORT

Profit/ (Loss) Per Share

The Company generated base earnings per share of RMB0.0047 for the year ended 31 March 2019, compared to a base loss per share of RMB0.0356 in the previous financial year.

Net Current Liabilities and Net Liabilities

The Group had net current liabilities of RMB4.0 million as at 31 March 2019, compared to RMB9.8 million at 31 March 2018.

Net liabilities amounted to RMB18.5 million as at 31 March 2019 (2018: RMB30.3 million)

Net liabilities per share were RMB2.8 cents as at 31 March 2019 (2018: RMB4.7 cents 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 state of the FTC's affairs as at that date is set out in Note 37 to the consolidated financial statements.

Reserves

Movements in capital and reserves of FTC during the year are set out in Note 37 to the consolidated financial statements.

Transfer to Reserves

Transfer to Reserves is disclosed in Consolidated Statement of Changes in Equity for the group's transfer to reserves and Note 37 to the consolidated financial statements for the FTC's changes in equity.

DIRECTORS REPORT

Plant and Equipment

Details of the movements in plant and equipment during the year are set out in Note 15 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of FTC during the year are set out in Note 27 to the consolidated financial statements.

Controlled Entities Acquired or Disposed Of

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

Associates and Joint Venture Entities

As at 31 March 2019, 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 (2018: RMB2,500,000) were utilised as at 31 March 2019. The syndicate under the syndicated loan agreements 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, with participation 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 is included as a current liabilities of IPP as at 31 March 2019.

DIRECTORS REPORT

Capital Commitments

The Group's capital commitments as at 31 March 2019 are set out in Note 30 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

In the current financial year, 31,800,000 share options were granted on 28 September 2018 to four directors (the "September 2018 Option"). The fair value of the options determined at the date of grant using the Binomial model was AUD10,000 (equivalent to RMB49,729).

Details of the share option scheme including those options issued in prior financial year are set out in Note 28 to the consolidated financial statements.

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

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 AUD0.20 (equivalent to RMB0.99) per share.

On 18 July 2018, the Company's convertible bonds with principal value of HK$600,000 were converted into 514,650 ordinary shares of the Company at the conversion price of AUD0.20 (equivalent to RMB0.99) per share.

DIRECTORS REPORT

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

No convertible bonds and other share options were issued after 31 March 2019 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.

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 34 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 2019, the Group had 115 full-time employees (31 March 2018: 126). 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).

DIRECTORS REPORT

Business Prospects

FTC is on target to exceed RMB 9 million in revenue for first quarter of financial year ended 2020 which is projected to result in net profit before income tax of approximately RMB 2 million for the quarter.

FTC's current and projected future positive trading results lead the directors to the conclusion that there is surety that FTC will continue operating as a going concern.

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 and net liabilities of RMB 4,045,492 and RMB 18,499,501 respectively as at 31 March 2019. 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. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to generate sufficient cash flows from further operations to enable it to operate as a going concern and meet its financial liabilities as they fall due for the foreseeable future.

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. For the year ended 31 March 2019, revenue of the Group was increased by 341% as compared with year ended 31 March 2018 and the Group has generated profit for the year attributable to owners of the Company of RMB 3,020,434 for the year ended 31 March 2019, which was significant improved as compared with a loss incurred in prior year;

- 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;

- The Group has taken (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.

DIRECTORS REPORT

Market and Business Overview

FTC's business channel

(1) T-linx™ integrated payment business
T-Linx™ brings FTC: (i) transaction fees; (ii) system development fees; (iii) system maintenance fees; and (iv) proceeds from sales of POS machine.

FTC's T-Linx™ empowers banks to transform all banking services into an Open Banking marketplace, while strictly adhering to all requisite regulatory compliance, and ensuring reliability, accuracy and ease of use. It brings advantages for banks (i) increase low-cost savings basis; (ii) increase intermediary service income; (iii) reduce operating cost; and (iv) migrate all banking business to Open Banking marketplace

T-Linx™ effectively extends banking system influence from banks to merchants/ SMEs/ core enterprises and customers, and 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 up-stream and down-stream, in various business/industry fields.

(2) Blockchain technology services
FTC is experienced in the development of financial technology and research and development surrounding financial blockchain technology and successfully commenced commercialisation of its blockchain services in early 2016. FTC is ranked in China's top 10 operators in terms of blockchain technology exemplified by the number of invention patent holdings.

(3) System development and technology support services
As an integrated payment solutions provider, FTC is committed to the ongoing system development and standby support for its banking clients.

FTC 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, effectively promoting the future Token Cashification theory. In strict compliance with the financial regulations in China, it supports those digital token issuers and its digital token wallets business as such the highly regulated market has resulted in various digital tokens being circulated and used compliantly and legally as fiat currencies, which in turn brings added revenue to FTC.

DIRECTORS REPORT

Outlook

FTC is on track to further expand T-Linx™ related products and services together with blockchain technology, both of which are expected to grow and penetrate the market quickly and effectively, leading to an increase in revenue, and gross profit.

The adoption of T-Linx™ by both China Merchants Bank and Rural Credit Bank's customers after the recent successful rollout programme makes FTC's T-Linx™ coverage 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, and city/country level. This was demonstrated by the 2 weeks T-linx™ roll out with Hunan Xingsha Rural Credit Bank that reported a daily transaction of RMB 10 million per day, being 10% growth in 2-weeks.

FTC considers this traction is the start of continuous growth of FTC revenue for the remaining of the calendar year 2019 and will gain further traction during the roll out of the remaining 120 Rural Credit Banks in Hunan province.

In the second quarter of 2019, the Group expects approximately RMB 8 million in cash in-flow from the customers of bank clients of T-Linx™ and individual cooperation clients of the Company's blockchain technology platform meanwhile the estimated cash out-flow is approximately RMB 7 million. FTC expects positive operating cash flows in second quarter of 2019.

FTC's management is confident that T-Linx™ products and blockchain technology will continue to enjoy increased recognition and acceptance in the market. We aim to become largest Fintech provider of Integrated Payment Acquiring infrastructure for banks and Industry Application Solutions in Greater China in the medium to long term.

In addition, based on FTC's experience to date the demand for the Company's blockchain technical services varies in line with the value of blockchain tokens. Token values fluctuated greatly in this year given the sector's relative immaturity. However, FTC expects market acceptance combined with future widespread use will underpin the demand for FTC's technical services in this sector.

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 2019.

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, 28 June 2019

STATEMENT BY DIRECTORS

In accordance with a resolution of the Directors of Fintech Chain Limited (the "Company"), we state that:

1. In the opinion of the Directors:

   a. The 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 2019; 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 loss and cash flows of the Group for the year ended 31 March 2019; and

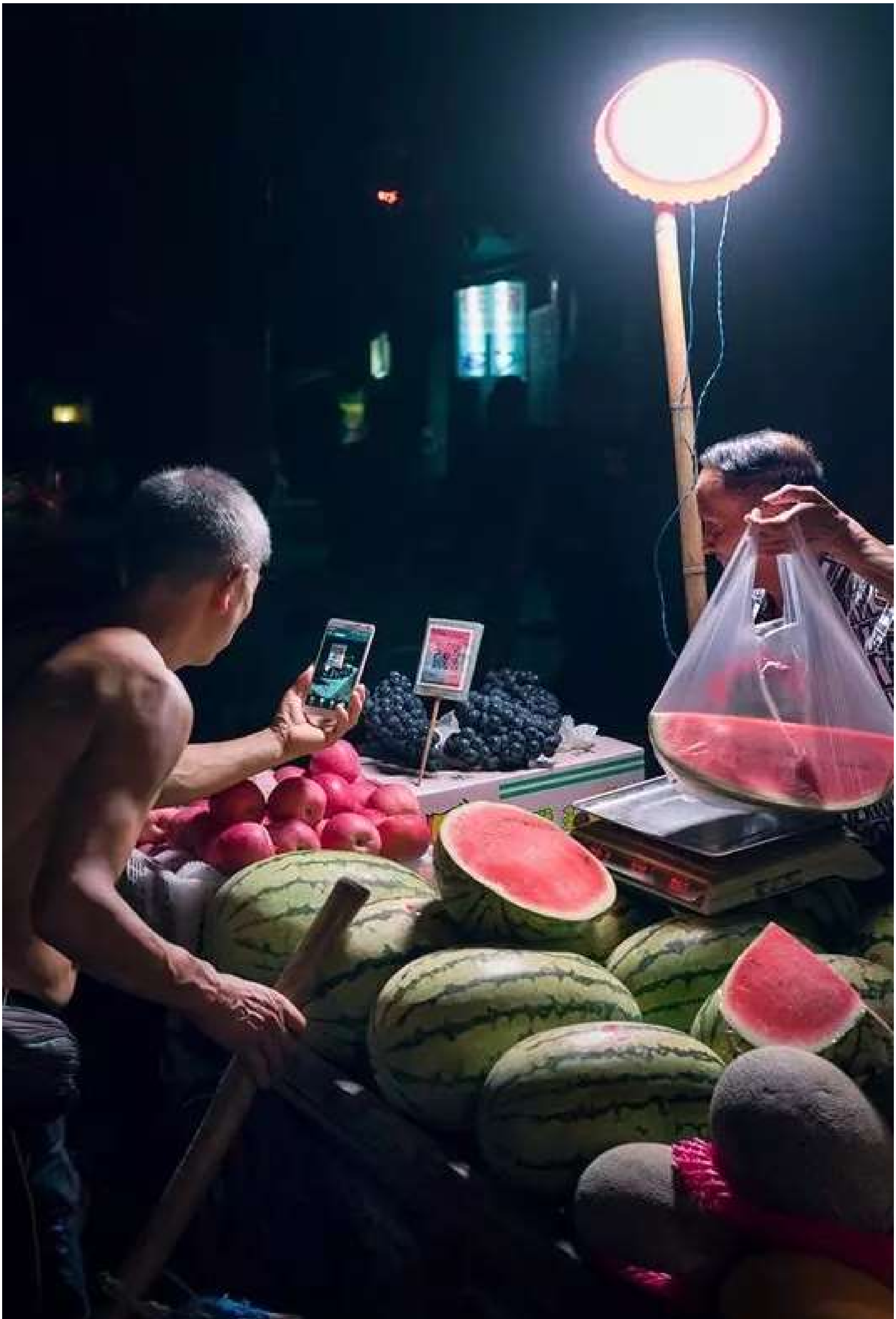
   b. The state of affairs of the Group at 31 March 2019.

On behalf of the Board

Mr Qiang XIONG
President
FinTech Chain Limited

Mr Chris RYAN
Independent Chairman
Fintech Chain Limited

Shenzhen, 28 June 2019



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
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
Recommendation 1.1 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 www.ttg.hk. The functions of the Board and Chairman are specifically set out in the Board Charter. All senior executives are currently on the Board.
Recommendation 1.2 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

CORPORATE GOVERNANCE

Recommendation 1.3: 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: http://www.ttg.hk/en_us/contact_us/investor_relation
Recommendation 1.4 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.	Complies	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. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with proper functioning of the Board.
Recommendation 1.5 A listed entity should: (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; (b) disclose that policy or a summary of it; and (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: (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 (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.	Does not comply	The Board considers that the Company is not currently of a size with a diversity policy. This position will be continuously reviewed at the appropriate stages of the Company's development. 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. This disclosure will be provided in the Company's annual report once a diversity policy is adopted. As at 31 March 2019, FTC had 19 female employees representing 17% of the total employees and 3 female employees held senior executive positions.

Recommendation 1.6: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	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 The Chairman holds discussion with individual Directors when evaluating their performance. This performance evaluation took place in FY19. The Board takes this evaluation into consideration when recommending Directors for election.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (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.	Complies	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. 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. In accordance with the process disclosed above, the Company conducted the annual performance reviews for its senior executives during the year

CORPORATE GOVERNANCE

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee 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 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.	Partly complies	The Board has established a Nomination and Remuneration Committee. 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 http://www.ttg.hk/en_us/contact_us/investor_relation 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. The Committee is chaired by Mr Chris Ryan, an independent non-executive Director. 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. Details of the committee meeting during the year are contained on page 31 of the annual report.
Recommendation 2.2 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.	Complies	The Board maintains a board skill matrix of the current Directors of the Board. The Company's Board Skills Matrix is contained on page 5 of the annual report.

CORPORATE GOVERNANCE

Recommendation 2.3 A listed entity should disclose: (1) the names of the directors considered by the board to be independent directors; (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 (3) the length of service of each director.	Complies	Currently the Board consists of four members, of which both Mr Christopher Ryan and Ms Chenyao Zhou are independent non-executive Directors. 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. 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. 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.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	Does not comply	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. 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. 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. 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.

Recommendation 2.5 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.	Does not comply	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. 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. The appointment of Mr Qiang Xiong to both positions will be continuously reviewed at the appropriate stages of the Company's development.
Recommendation 2.6 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.	Complies	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.
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY		
Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complies	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. 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. The Code of Conduct is available at http://www.ttg.hk/en_us/contact_us/investor_relation

CORPORATE GOVERNANCE

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING		
Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (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 (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.	Partially complies	The Board has established an Audit and Risk Management Committee 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 polices or inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at: http://www.ttg.hk/en_us/contact_us/investor_relation 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. The Committee is chaired by the independent Director, Mr Chris Ryan of the Company. The Board considers the current mix of the Committee and the fact that it is chaired by the 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. Details of the relevant qualifications and experience of the members of the committee is contained on pages 3-4 of the annual report. Details of the committee meeting during the year are contained on page 31 of the annual report.
Recommendation 4.2 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.	Complies	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 2019 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 2019 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. 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. The Board confirmed that it has received these statements from the Chief Executive Officer and Chief Financial Officer

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	The external auditor is based in Hong Kong and they did not attend the 2018 annual general meeting held in Shenzhen, China. 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. 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
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	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. The policy is available at : http://www.ttg.hk/en_us/contact_us/investor_relation
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	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: http://www.ttg.hk/en_us/contact_us/investor_relation
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	Shareholders are encouraged to fully participate at the Annual General Meeting or other General Meeting of the Company to ensure effective two way communication. Shareholders are also able to direct any questions relating to Company's securities to the share registry, Computershare Investor Services Pty Limited.
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	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: http://www.ttg.hk/en_us/contact_us/investor_relation

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 www.computershare.com.au. Shareholders have the right of option of receiving all or a selection of communication electronically.
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	The Board has established an Audit and Risk Management Committee The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuing 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 polices or for inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at: http://www.ttg.hk/en_us/contact_us/investor_relation 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. The Committee is chaired by the independent Director, Mr Chris Ryan of the Company. The Board considers the current mix of the Committee and the fact that it is chaired by Mr Chris Ryan who is the 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. Details of the relevant qualifications and experience of the members of the committee is contained on pages 3-4 of the annual report. Details of the committee meeting during the year are contained on page 31 of the annual report.

CORPORATE GOVERNANCE

Recommendation 7.2 The board or a committee of a board should: (a) Review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place	Complies	The Audit and Risk Management Committee has reviewed the risk management programme which was developed by senior management and was approved by the Board. The Board receives regular reports from management on progress in addressing and managing risks. 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.
Recommendation 7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (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..	Partially Complies	The Board considers that the Company is not currently of a size to warrant an internal audit function. 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. This position will be reviewed at the appropriate stages of the Company's development.
Recommendation 7.4 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.	Complies	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

CORPORATE GOVERNANCE

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee 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 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.	Partially Complies	The Board has established a Nomination and Remuneration Committee. 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: http://www.ttg.hk/en_us/contact_us/investor_relation 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. The Committee is chaired by Mr Chris Ryan, an independent non-executive Director. 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. Details of the committee meeting throughout the period are contained on page 31 of the annual report.
Recommendation 8.2 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.	Complies	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.

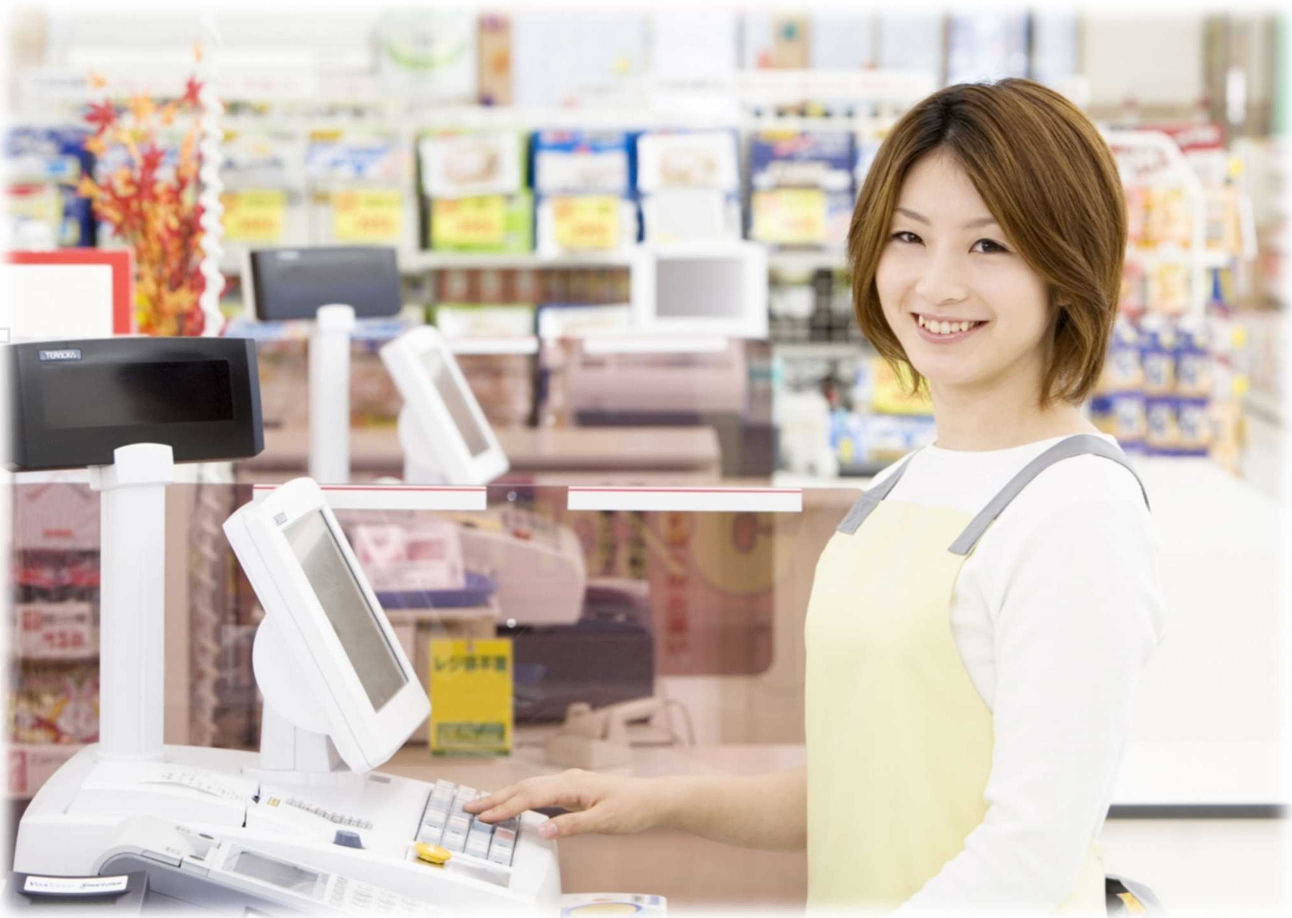
CORPORATE GOVERNANCE

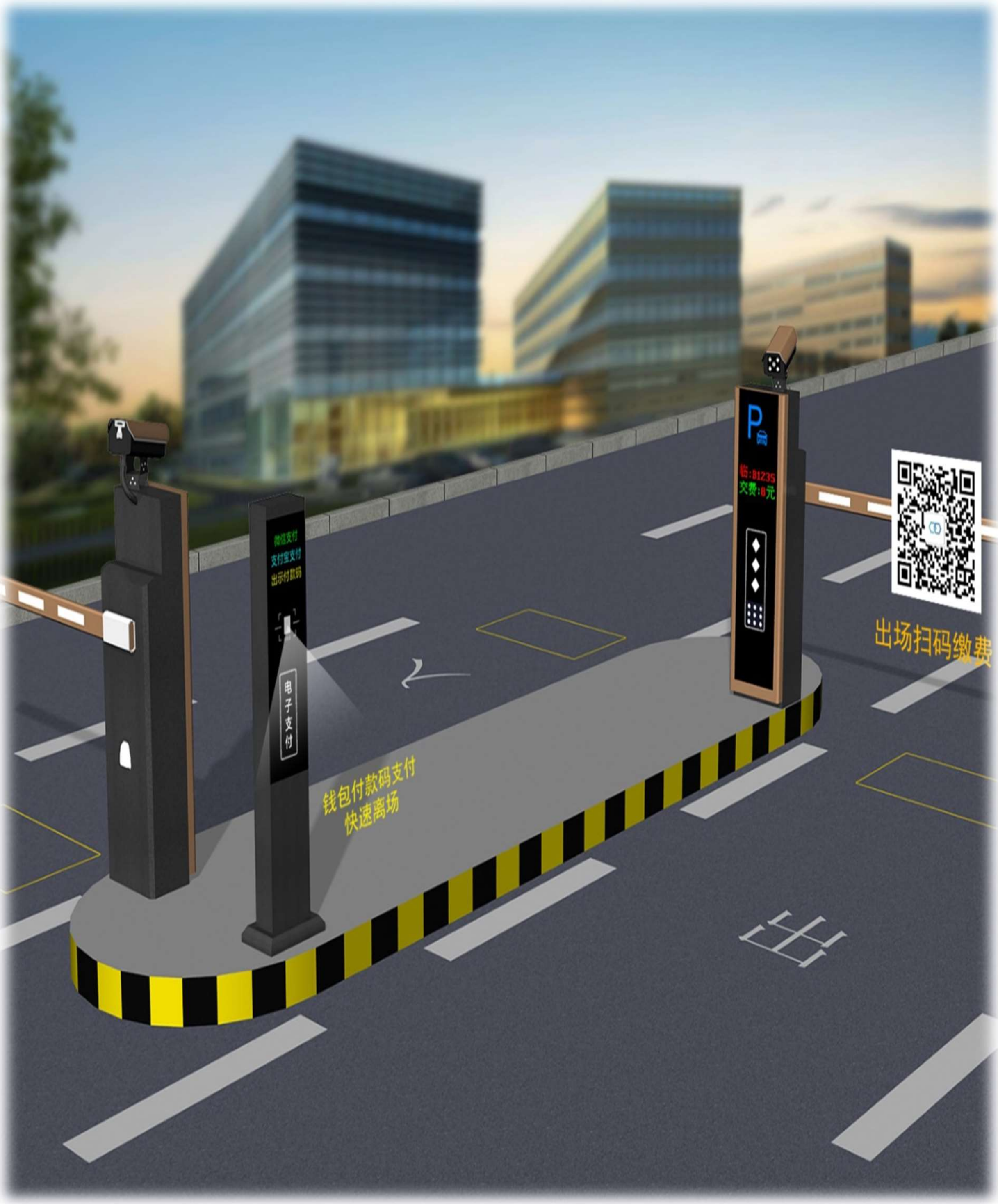
Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose 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	4	4	2
Executive Directors:			
XIONG Qiang	4	4	2
CHOW Ki Shui Louie	4	4	2
Non-executive Directors:			
RYAN, Christopher John	4	4	2
Zhou Chen Yao Zoe	4	4	2

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Independent Auditor’s Report

TO THE MEMBERS OF
FINTECH CHAIN LIMITED
(Formerly known as “TTG Fintech Limited”)
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of FinTech Chain Limited (formerly known as “TTG Fintech Limited”) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 38 to 109, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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 (“HKSAs”) 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 RMB4,045,492 and RMB18,499,501 respectively, as at 31 March 2019. 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. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group’s ability to generate sufficient cash flows from future operations to enable it to operate as a going concern and meet its financial liabilities in full as they fall due for the foreseeable future. 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
As disclosed in Note 24 to the consolidated financial statements, the Group had convertible bonds with the carrying amount of RMB24,947,312 as at 31 March 2019. In determining the fair values of the convertible bonds, the directors of the Company 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 of the Company. 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. 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.	Our audit procedures in relation to the valuation of the convertible bonds included: • obtaining an understanding of the management process in determining the fair values of the liability components of the convertible bonds and embedded derivatives; • evaluating competence, capabilities and objectivity of the independent external valuer; • assessing whether the valuation methodology and the key assumptions used by the management and external valuer to estimate the fair values of the liability component of the convertible bonds and embedded derivative are appropriate; • comparing input data to supporting evidences, such as market indicators and considering the reasonableness of the data adopted.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by another auditor who expressed an unmodified opinion on those statements on 29 June 2018.

Independent Auditor’s Report - Continued

OTHER INFORMATION

The directors of the Company (the “Directors”) are responsible for the other information. The other information comprises the directors’ report, but does not include the consolidated financial statements and our auditor’s report thereon, which we obtained prior to the date of this auditor’s report, and the other contents for Chairman’s Statement, the Profile of the Board of Directors, Statement by Directors, Corporate Governance, Additional Australian Stock Exchange (“ASX”) information for CHESS Depositary Interests (“CDI”) holders and Corporate directory to be included in the 2019 Annual Report of the Group, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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, 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. We report 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 HKSAs, 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
Certified Public Accountants (Practising)
Chan Mei Mei
Practising Certificate Number: P05256

Suites 313-316
3/F., Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

28 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2019

	Notes	2019 RMB	2018 RMB
Revenue	6	**44,185,839**	10,029,507
Cost of sales and services rendered		**(15,545,319)**	(12,075,314)
Gross profit (loss)		**28,640,520**	(2,045,807)
Other income and gains, net	8	**571,244**	2,228,057
Selling expenses		**(4,443,472)**	(4,160,303)
General and administrative expenses		**(22,887,959)**	(17,432,064)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	24	**4,260,882**	2,126,242
Share of losses of associates	17	**(427,015)**	(1,309,645)
Finance costs	9	**(2,820,032)**	(2,590,476)
Profit (loss) before tax		**2,894,168**	(23,183,996)
Income tax expense	10	**-**	-
Profit (loss) and total comprehensive income (expense) for the year	11	**2,894,168**	(23,183,996)
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**3,020,434**	(22,831,558)
Non-controlling interests		**(126,266)**	(352,438)
		2,894,168	(23,183,996)
Earnings (loss) per share (RMB)	14		
Basic		**0.0047**	(0.0356)
Diluted		**0.0047**	(0.0356)

Consolidated Statement of Financial Position
At 31 March 2019

	Notes	2019 RMB	2018 RMB
NON-CURRENT ASSETS			
Plant and equipment	15	**3,535,445**	5,902,185
Intangible assets	16	**318,131**	608,077
Interests in associates	17	**-**	427,015
Prepayment, deposits and other receivables	19	**1,396,128**	896,128
		5,249,704	7,833,405
CURRENT ASSETS			
Inventories	18	**119,897**	31,827
Trade and other receivables	19	**11,312,296**	6,595,547
Bank balances and cash	20	**2,289,152**	1,598,644
		13,721,345	8,226,018
CURRENT LIABILITIES			
Trade and other payables	21	**9,344,363**	17,449,576
Contract liabilities	22	**948,394**	-
Other borrowing	23	**2,071,228**	-
Convertible bonds	24	**5,402,852**	487,233
Deferred government grants	25	**-**	120,000
		17,766,837	18,056,809
NET CURRENT LIABILITIES		**(4,045,492)**	(9,830,791)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,204,212**	(1,997,386)
NON-CURRENT LIABILITIES			
Convertible bonds	24	**19,544,460**	27,917,417
Other payables	21	**159,253**	344,509
		19,703,713	28,261,926
NET LIABILITIES		**(18,499,501)**	(30,259,312)
CAPITAL AND RESERVES			
Share capital	27	**87,189,117**	78,734,856
Reserves		**(104,593,788)**	(108,025,604)
Equity attributable to owners of the Company		**(17,404,671)**	(29,290,748)
Non-controlling interests	35(b)	**(1,094,830)**	(968,564)
TOTAL DEFICIT		**(18,499,501)**	(30,259,312)

The consolidated financial statements on pages 38 to 109 were approved and authorised for issue by the Board of Directors on 28 June 2019 and are signed on its behalf by:

XIONG QIANG	**CHOW KI SHUI LOUIE**
Director	**Director**

Consolidated Statement of Changes in Equity
For the year ended 31 March 2019

	Attributable to owners of the Company					
	Share capital RMB	Share option reserve RMB	Accumulated losses RMB	Sub-total RMB	Non-controlling interests RMB	Total deficit RMB
At 1 April 2017	72,743,496	2,985,659	(89,576,663)	(13,847,508)	(616,126)	(14,463,634)
Loss and total comprehensive expense for the year	-	-	(22,831,558)	(22,831,558)	(352,438)	(23,183,996)
Conversion of convertible bonds to ordinary shares	5,991,360	-	-	5,991,360	-	5,991,360
Recognition of equity-settled share-based payments	-	1,274,703	-	1,274,703	-	1,274,703
Issuance of share options	-	122,255	-	122,255	-	122,255
At 31 March 2018	78,734,856	4,382,617	(112,408,221)	(29,290,748)	(968,564)	(30,259,312)
Adjustments (See Note 3)	-	-	(242,536)	(242,536)	-	(242,536)
At 1 April 2018 (restated)	78,734,856	4,382,617	(112,650,757)	(29,533,284)	(968,564)	(30,501,848)
Profit (loss) and total comprehensive income (expense) for the year	-	-	3,020,434	3,020,434	(126,266)	2,894,168
Conversion of convertible bonds to ordinary shares	8,454,261	-	-	8,454,261	-	8,454,261
Recognition of equity-settled share-based payments	-	653,918	-	653,918	-	653,918
At 31 March 2019	**87,189,117**	**5,036,535**	**(109,630,323)**	**(17,404,671)**	**(1,094,830)**	**(18,499,501)**

Consolidated Statement of Cash Flows
For the year ended 31 March 2019

	2019 RMB	2018 RMB
OPERATING ACTIVITIES		
Profit (loss) before tax	**2,894,168**	(23,183,996)
Adjustments for:		
Depreciation	**3,867,570**	2,769,415
Amortisation of intangible assets	**338,490**	365,351
Interest income	**(5,318)**	(6,770)
Over-provision of other payables	**-**	(133,540)
Written-off of advance from a customer	**-**	(111,247)
Loss on disposal of plant and equipment	**-**	68,011
Loss on written-off of plant and equipment	**-**	12,601
Share of losses of associates	**427,015**	1,309,645
Written-off of other receivable	**263,000**	-
Impairment loss recognised on other receivables	**126,841**	-
Impairment loss recognised on amounts due from associates	**146,526**	-
Written-down of inventories	**-**	1,122,691
Gain on early redemption of convertible bonds	**-**	(67,843)
Equity-settled share-based payment expenses	**653,918**	1,274,703
Finance costs	**2,820,032**	2,590,476
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	**(4,260,882)**	(2,126,242)
Recognition of government grant	**(120,000)**	(100,000)
Net foreign exchange loss (gain)	**2,049,858**	(1,364,466)
Operating cash flows before movements in working capital	**9,201,218**	(17,581,211)
Increase in inventories	**(88,070)**	(106,169)
Increase in trade and other receivables	**(6,076,460)**	(4,768,769)
Decrease in contract liabilities	**(4,100,899)**	-
Decrease in other liabilities	**(185,256)**	(52,158)
Increase in trade and other payables	**1,953,349**	6,512,458
Decrease in deferred government grants	**-**	(180,000)
Cash generated from (used in) operations	**703,882**	(16,175,849)
Income tax paid	**-**	-
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**703,882**	(16,175,849)
INVESTING ACTIVITIES		
Interest received	**5,318**	6,770
Deposit paid for an investment	**(500,000)**	-
Payment for investment in an associate	**-**	(3,419)
Proceeds from disposal of plant and equipment	**-**	29,010
Payments for purchase of plant and equipment	**(1,500,830)**	(4,078,261)
Payments for purchase of intangible assets	**(48,544)**	(226,496)
NET CASH USED IN INVESTING ACTIVITIES	**(2,044,056)**	(4,272,396)

Consolidated Statement of Cash Flows - Continued
For the year ended 31 March 2019

	2019 RMB	2018 RMB
FINANCING ACTIVITIES		
Proceeds from issuance of convertible bonds	**-**	20,438,815
New borrowing raised	**2,030,682**	-
Redemption of convertible bonds	**-**	(917,842)
NET CASH FROM FINANCING ACTIVITIES	**2,030,682**	19,520,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**690,508**	(927,272)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1,598,644**	2,534,290
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**-**	(8,374)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**2,289,152**	1,598,644

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

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 2019, the directors of the Company (the "Directors") consider that the 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 2019, the Group had net current liabilities of RMB4,045,492 and net liabilities of RMB18,499,501. 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. For the year ended 31 March 2019, revenue of the Group was increased by 341% as compared with year ended 31 March 2018 and the Group has generated profit for the year attributable to owners of the Company of RMB3,020,434 for the year ended 31 March 2019, which was significant improved as compared with a loss incurred in prior year;
- The Group is exploring fund raising opportunities from issuing new convertible bonds. The Group may proceed fund arising activities in the second half of 2019 given that the capital market conditions are appropriate;
- 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 2019.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

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 2019 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 IASB/ HKICPA for the first time in the current year.

IFRS/HKFRS 9	Financial Instruments
IFRS/HKFRS 15	Revenue from Contracts with Customers and related Amendments
IFRIC/HK(IFRIC)-Interpretation ("Int") 22	Foreign Currency Transactions and Advance Consideration
Amendments to IFRS/HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS/HKFRS 4	Applying HKFRS 9 *Financial Instruments* with HKFRS 4 *Insurance Contracts*
Amendments to International Accounting Standard ("IAS")/Hong Kong Accounting Standard ("HKAS") 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to IAS/HKAS 40	Transfers of Investment Property

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 performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3.1 IFRS/HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied IFRS/HKFRS 15 for the first time in the current year. IFRS/HKFRS 15 superseded IAS/HKAS 18 *Revenue,* IAS/HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied IFRS/HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in IFRS/HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS/HKAS 18 *Revenue*, IAS/HKAS 11 *Construction Contracts* and the related interpretations.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

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 15 *Revenue from Contracts with Customers - continued*

The Group recongised revenue from the following major sources which arise from contract with customers:

- Provision of system development services
- Provision of information technology services
- Provision of point-of-sale machines services
- Sale of point-of-sale machines

Information about the Group's performance obligation and the accounting policies resulting from application of IFRS/ HKFRS 15 are disclosed in Note 4 and Note 6 respectively.

Summary of effects arising from initial application of IFRS/HKFRS 15

There is no material impact of transition to IFRS/HKFRS 15 on accumulated losses at 1 April 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

		Carrying amounts previously reported at 31 March 2018 RMB	Reclassification RMB	Carrying amounts under IFRS/HKFRS 15 at 1 April 2018* RMB
Current Liabilities				
Trade and other payables	Note a	17,449,576	(5,049,293)	12,400,283
Contract liabilities	Note a	-	5,049,293	5,049,293

* The amounts in this column are before the adjustments from application of IFRS/HKFRS 9.

(a) As at 1 April 2018, advances from customers of RMB5,049,293 previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying IFRS/HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the Consolidated Statement of Financial Position

	As reported RMB	Reclassification RMB	Amounts without application of IFRS/HKFRS 15 RMB
Current Liabilities			
Trade and other payables	9,344,363	948,394	10,292,757
Contract liabilities	948,394	(948,394)	-

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

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 15 *Revenue from Contracts with Customers - continued*

Impact on the Consolidated Statement of Cash Flows

Operating activities	As reported RMB	Reclassification RMB	Amounts without application of IFRS/HKFRS 15 RMB
Increase (decrease) in trade and other payables	1,953,349	(4,100,899)	(2,147,550)
Decrease in contract liabilities	(4,100,899)	4,100,899	-

3.2 IFRS/HKFRS 9 Financial Instruments and the related amendments

In the current year, the Group has applied IFRS/HKFRS 9 *Financial Instruments*. IFRS/HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied IFRS/HKFRS 9 in accordance with the transition provisions set out in IFRS/HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under IAS/HKAS *39 Financial Instruments: Recognition and Measurement.*

Accounting policies resulting from application of IFRS/HKFRS 9 are disclosed in Note 4.

Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under IAS/HKAS 39.

Impairment under ECL model

The Group applies the IFRS/HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Trade receivables have been assessed individually.

ECL for other financial assets at amortised cost, including bank balances, other receivables, amount(s) due from associates/ related companies/ a director are assessed on 12-month ECL (the “12m ECL”) basis as there had been no significant increase in credit risk since initial recognition.

As at 1 April 2018, additional credit loss allowance of RMB242,536 has been recognised against accumulated losses. The additional loss allowance is charged against the respective asset.

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

3.2 IFRS/HKFRS 9 Financial Instruments and the related amendments - continued

Impairment under ECL model - continued

All loss allowances, including other receivables and amounts due from associates as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Carrying amount as at 31 March 2018 under IAS/HKAS 39 RMB	Remeasurement RMB	Carrying amount as at 1 April 2018 under IFRS/HKFRS 9 RMB
Other receivables	-	(22,298)	(22,298)
Amounts due from associates	-	(220,238)	(220,238)
		(242,536)	(242,536)

New and amendments to IFRSs/HKFRSs in issued 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 16	Leases[1]
IFRS/HKFRS 17	Insurance Contracts[4]
IFRIC/HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS/HKFRS 3	Definition of Business[2]
Amendments to IFRS/HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IAS/HKAS 10 and IAS/HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IAS/HKAS 1 and IAS/HKAS 8	Definition of Material[3]
Amendments to IAS/HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS/HKAS 28	Long-term Interest In Associates and Joint Ventures[1]
Amendments to IFRSs/HKFRSs	Annual Improvements to IFRSs/HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 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.
3 Effective for annual periods beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after 1 January 2021.
5 Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to IFRSs/HKFRSs and interpretations 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.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

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 issued but not yet effective - continued**

IFRS/HKFRS 16 Leases

IFRS/HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS/HKFRS 16 will supersede IAS/HKAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS/HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of IFRS/HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by IFRS/HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$5,117,605 as disclosed in Note 29 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS/HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB436,128 as rights and obligations under leases to which IAS/HKAS 17 applies. Based on the definition of lease payments under IFRS/HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised costs. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect 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 applying IAS/HKAS 17 and IFRIC/HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS/HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

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 HKFRSs, which collective term includes all applicable individual HKFRSs, 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 within the scope of IAS/HKAS 17 *Leases*, 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 2019

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 expense 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.

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. 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.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments in associates - continued

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 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/ and IAS/HKAS 39, 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.

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 (upon application of HKFRS 15 in accordance with transitions in Note 3)

Under IFRS/HKFRS 15, 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.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 3) - Continued

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 a contract are accounted for and presented on a net basis.

<u>Contracts with multiple performance obligations (including allocation of transaction price)</u>

The transaction price is fixed amount upon signing the contract. 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.

<u>Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation</u>

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.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in Note 3) - Continued

Sale with a right of return / exchange

For a sale of products with a right of return/exchange for dissimilar products, the Group recognizes 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.

Revenue recognition (prior to 1 April 2018)

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services rendered in the normal course of business.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

(i) Provision of services

Revenue from the provision of system development services are recognised when its services are rendered by reference to the stage of completion.

Revenue from the information technology services are recognised when its services are rendered.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue recognition (prior to 1 April 2018) - Continued

(iii) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the patent of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(v) Sales of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

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

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.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

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 are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Retirement benefit costs and termination benefits

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme 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

<u>Equity-settled share-based payment transactions</u>

Share options granted to employees

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 options reserve).

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 options reserve.

When share options are exercised, the amount previously recognised in share options 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 options 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 options 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, and interests in joint ventures, 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 2019

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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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 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 deprecation 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.

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.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

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 since 1 April 2018. 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) 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 fair value through profit or loss 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.

Financial assets

Classification and subsequent measurement of financial assets (upon application of IFRS/HKFRS 9 in accordance with transitions in Note 3)

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.

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 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets (upon application IFRS/HKFRS 9 with transitions in accordance with Note 3)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS/HKFRS 9 (including trade and other receivables). 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 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets (upon application IFRS/HKFRS 9 with transitions in accordance with Note 3) - continued

(i) Significant increase in credit risk - continued

Despite the aforegoing, 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; or
- a breach of contract, such as a default or past due event; or

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- 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; or
- 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 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets (upon application IFRS/HKFRS 9 with transitions in accordance with Note 3) - 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. Loans to related parties are assessed for expected credit losses on an individual basis);
- 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.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets (before application of IFRS/HKFRS 9 on 1 April 2018)

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 marketplace.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets (before application of IFRS/HKFRS 9 on 1 April 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit terms, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial asset’s original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets (before application of IFRS/HKFRS 9 on 1 April 2018) - continued

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivables is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written-off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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 instruments

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

All financial liabilities are subsequently measured at amortised cost using effective interest method or at FVTPL.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

Financial liabilities and equity instruments - continued

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is designated as at FVTPL.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS/HKFRS 9/IAS/HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Upon application of IFRS/HKFRS 9, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

Prior to application of IFRS/HKFRS 9 on 1 April 2018, financial liabilities designated at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liability and is included in the "other gains and losses" line item.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and other borrowings are subsequently measured at amortised cost, using the effective interest method.

Convertible bonds

Convertible bonds issued by the Company that contain both a liability and embedded derivatives are classified separately into these respective items on initial recognition. Conversion rights that will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's shares are conversion right derivatives. At the date of issue of the convertible bonds, the liability and conversion are early redemption right derivatives are recognised at fair value.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial instruments - continued

<u>Financial liabilities and equity instruments</u> - continued

Convertible bonds - continued

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The conversion are early redemption right derivatives are measured at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income.

If the bonds are converted, the respective conversion and early redemption right derivatives in the convertible bonds, together with the carrying value of the liability component at the time of conversion, are transferred to share capital as consideration for the share issued.

Derecognition 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.

Impairment loss on tangible assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those 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 tangible 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, 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. 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. 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. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES - Continued

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).

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 associated 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 management 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

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.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

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

Key sources of estimation uncertainty - continued

(i) Fair value measurement of financial instruments

The Group's derivative component of convertible bonds amounting to RM2,930,630 as at 31 March 2019 are measured at fair values. Fair value being 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 affect the reported fair values of these instruments. See Note 32 for further disclosures.

(ii) Provision of ECL for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 19 and 32.

6. REVENUE

For the year ended 31 March 2019

Disaggregation of revenue from contracts with customers

	Total RMB
Types of goods and services	
Provision of system development services	15,288,664
Provision of information technology services	23,503,884
Provision of point-of-sale machines services	2,146,225
Sale of point-of-sale machines	3,247,066
Total	**44,185,839**
Timing of revenue recognition	
Over time	15,288,664
A point of time	28,897,175
Total	**44,185,839**
Geographical markets	
Mainland China	22,617,264
Hong Kong	21,568,575
Total	**44,185,839**

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

6. REVENUE - Continued

For the year ended 31 March 2019 - continued

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^{TM} 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 recongised as a percentage of transactions volume processed by T-Linx^{TM} 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^{TM} system by customers.

For the point-of-sale machines services, revenue is recognised as a fixed rent and as a percentage of transactions volume processed by T-Linx^{TM} 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.

For the year ended 31 March 2018

	RMB
Provision of system development services	3,845,681
Provision of information technology services	3,392,387
Provision of point-of-sale machines services	2,037,311
Sale of point-of-sale machines	754,128
	10,029,507

All provision of system development services, information technology services and sale of point-of-sale of machines 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.

7. SEGMENT INFORMATION

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

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

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

7. SEGMENT INFORMATION - Continued

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	
	2019	2018
	RMB	RMB
PRC	**22,617,264**	10,029,507
Hong Kong	**21,568,575**	-
	44,185,839	10,029,507

Note: Non-current assets excluded financial instruments

Information about major customers

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

	2019	2018
	RMB	RMB
Customer A	**6,766,918**	N/A[1]
Customer B	**6,374,179**	3,834,966
Customer C	**N/A[1]**	1,319,730
Customer D	**N/A[1]**	1,194,040
Customer E	**N/A[1]**	1,074,401
Customer F	**7,466,674**	N/A[1]
Customer G	**7,384,497**	N/A[1]

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

8. OTHER INCOME AND GAINS, NET

	2019	2018
	RMB	RMB
Interest income on bank deposits	**5,318**	6,770
Net exchange gain	**-**	1,488,147
Sundry income	**154,456**	177,937
Government grants (Note below and Note 25)	**411,470**	242,573
Gain on early redemption of convertible bonds	**-**	67,843
Over-provision of other payables	**-**	133,540
Written-off of advance from a customer	**-**	111,247
	571,244	2,228,057

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

8. OTHER INCOME AND GAINS, NET - Continued

Note:

During the year ended 31 March 2019, the Group recognised government grants of RMB120,000 (2018: RMB100,000) 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 RMB265,900 (2018: RMB117,200) in aggregate from several government authorities in the PRC for the purpose of encouragement of development of intellectual properties. The other grant of RMB25,570 (2018: RMB25,373) 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. FINANCE COSTS

	2019	2018
	RMB	RMB
Interest expense on:		
Convertible bonds	**2,779,486**	2,590,476
Other borrowing	**40,546**	-
	2,820,032	2,590,476

10. 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 as insignificant to the consolidated financial statements.

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 the year ended 31 March 2019.

No Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the year ended 31 March 2018.

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 the year ended 31 March 2019.

No provision for the EIT for STIT has been made in the consolidated financial statements as STIT has no assessable profits for the year ended 31 March 2018.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

10. INCOME TAX EXPENSE - Continued

No provision for the EIT has been made in the consolidated financial statements for the other PRC subsidiaries as those subsidiaries sustained a loss during the year (2018: Nil).

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

	2019 RMB	2018 RMB
Profit (loss) before tax	**2,894,168**	(23,183,996)
Notional tax on profit (loss) before taxation, calculated at the rates applicable to profit (loss) in the tax jurisdictions concerned	**600,832**	(5,485,465)
Tax effect of non-taxable income	**(805,304)**	(1,091,990)
Tax effect of non-deductible expenses	**1,292,265**	1,204,888
Utilisation of tax loss previously not recognised	**(2,312,524)**	-
Tax effect of tax losses not recognised	**1,224,731**	4,557,727
Tax effect of temporary differences not recognised	**-**	814,840
Income tax expense	**-**	-

11. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year is arrived at after charging:

	2019 RMB	2018 RMB
Auditor's remuneration		
- audit services	**549,861**	407,224
- other services	**243,789**	198,605
Cost of inventories sold	**1,823,126**	1,387,114
Cost of services rendered	**13,722,193**	10,688,200
Cost of sales and services rendered	**15,545,319**	12,075,314
Amortisation of intangible assets	**338,490**	365,351
Depreciation on plant and equipment	**3,867,570**	2,769,415
Operating lease charges in respect of properties		
- minimum lease payments	**2,996,184**	2,798,394
Loss on disposal of plant and equipment	**-**	68,011
Loss on written-off of plant and equipment	**-**	12,601
Written-off of other receivables (Note 32)	**263,000**	-
Written-down of inventories	**-**	1,122,691
Impairment loss recognised on other receivables	**126,841**	-
Impairment loss recognised on amounts due from associates	**146,526**	-
Net foreign exchange loss	**2,049,858**	-
Equity-settled share option expense - consultants and other qualified participants	**564,687**	816,467
Staff cost as included in general and administrative expenses (including directors' emoluments)		
- Contribution to defined contribution retirement plan	**622,795**	517,873
- Equity-settled share option expense	**89,231**	458,236
- Salaries and allowances	**10,718,217**	13,637,076
	11,430,243	14,613,185

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

12. DIRECTORS' EMOLUMENTS

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

	2019				
	Directors' fees	**Salaries and allowance**	**Contribution to defined contribution retirement plan**	**Equity-settled share option expense**	**Total**
	RMB	**RMB**	**RMB**	**RMB**	**RMB**
Executive directors					
Xiong Qiang	**-**	**711,896**	**6,115**	**14,734**	**732,745**
Chow Ki Shui Louie	**-**	**235,235**	**12,831**	**7,281**	**255,347**
Non-executive directors					
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**

	2018				
	Directors' fees	Salaries and allowance	Contribution to defined contribution retirement plan	Equity-settled share option expense	Total
	RMB	RMB	RMB	RMB	RMB
Executive directors					
Xiong Qiang	-	437,131	4,800	-	441,931
Chow Ki Shui Louie	-	-	-	-	-
Kwok Kin Kwong Gary (resigned on 5 December 2017)	-	688,933	10,375	269,966	969,274
Non-executive directors					
Ryan, Christopher John	-	61,438	-	72,568	134,006
Cai Wen Sheng (resigned on 8 August 2017)	-	-	-	-	-
Zhou Chenyao (appointed on 8 August 2017)	-	-	-	-	-
	-	1,187,502	15,175	342,534	1,545,211

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 years ended 31 March 2019 and 2018, 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 28 to the consolidated/ financial statements.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

13. DIVIDENDS

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2019, nor have any dividend been proposed since the end of reporting period (2018L Nil).

14. EARNINGS (LOSS) PER SHARE

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

Earnings	**2019**	2018
	RMB	RMB
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	**3,020,434**	(22,831,558)
Effect of dilutive potential ordinary shares:		
Interest on convertible loan notes (net of income tax)	**2,779,486**	2,590,476
Earnings (loss) for the purpose of diluted earnings per share	**5,799,920**	(20,241,082)

Number of shares	**2019**	2018
	RMB	RMB
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**648,357,170**	640,705,190
Effect of dilutive potential ordinary shares:		
Convertible bonds	**N/A**	N/A
Share options	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**648,357,170**	640,705,190

Notes:

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

(i) 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 which is regarded as anti-dilutive; and

(ii) 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 year ended 31 March 2018, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds and share options since their assumed conversion / exercise would result in a decrease in loss per share which is regarded as anti-dilutive.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

15. PLANT AND EQUIPMENT

	Computer equipment RMB	Point-of-sales machines RMB	Furniture and fixtures RMB	Leasehold improvements RMB	Motor vehicle RMB	Total RMB
COST						
At 1 April 2017	4,036,677	2,396,081	271,745	1,152,316	51,886	7,908,705
Reclassified to inventories	-	(8,120)	-	-	-	(8,120)
Additions	110,340	3,957,167	10,754	-	-	4,078,261
Write-off	(1,870)	-	(15,419)	-	-	(17,289)
Disposals	(1,800)	(64,983)	-	-	(51,886)	(118,669)
At 31 March 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**
ACCUMULATED DEPRECIATION						
At 1 April 2017	2,590,422	229,932	43,720	319,548	15,609	3,199,231
Reclassified to inventories	-	(1,607)	-	-	-	(1,607)
Charge for the year	499,024	2,027,862	7,137	230,463	4,929	2,769,415
Eliminated on written-off	(1,184)	-	(3,504)	-	-	(4,688)
Eliminated on disposals	(570)	(540)	-	-	(20,538)	(21,648)
At 31 March 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**
CARRYING AMOUNTS						
At 31 March 2019	**738,883**	**2,159,036**	**218,052**	**419,474**	**-**	**3,535,445**
At 31 March 2018	1,055,655	4,024,498	219,727	602,305	-	5,902,185

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 2019, the Group leased out the point-of-sales machineries with carrying amount of RMB2,159,036 (2018: RMB3,842,151) under operating leases. The lease does not include contingent rentals.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

16. INTANGIBLE ASSETS

	Computer software RMB (Note a)	Trademarks RMB (Note b)	Total RMB
COST			
At 1 April 2017	983,162	295,913	1,279,075
Additions	226,496	-	226,496
At 31 March 2018 and 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**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS			
At 1 April 2017	236,230	295,913	532,143
Amortisation for the year	365,351	-	365,351
At 31 March 2018 and 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**
CARRYING AMOUNTS			
At 31 March 2019	**318,131**	**-**	**318,131**
At 31 March 2018	608,077	-	608,077

Notes:

(a) The computer software has a finite useful life and is thereafter carried at cost less accumulated amortisation and impairment losses.

(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.

17. INTERESTS IN ASSOCIATES

	2019 RMB	2018 RMB
Cost of investments	**5,478,419**	5,478,419
Share of post-acquisition losses and other comprehensive expense	**(5,478,419)**	(5,051,404)
Share of net assets	**-**	427,015

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

17. INTERESTS IN ASSOCIATES - Continued

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

Name of associate	Place of Incorporation and type of legal entity	Principal activities and place of operation	Registered capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group	
				2019	2018	**2019**	2018
Shenzhen Intelligent Preferential Pay Company Limited* ("IPP") (深圳市智惠付信息技術有限公司)	PRC, limited liability company	Provision of e-commence, information technology consultancy services, electronic promotion services and electronic messaging information services	RMB2,000,000	37.5%	37.5%	37.5%	37.5%

* 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 (2018: RMB2,500,000) were utilised as at 31 March 2019. 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 is included in current liabilities of IPP as at 31 March 2019.

Summarised financial information of material associate

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

IPP	**2019** **RMB**	2018 RMB
Non-current assets	**4,447,658**	5,494,830
Current assets	**1,441,592**	276,154
Current liabilities	**(9,125,713)**	(4,899,154)
Equity	**(3,236,463)**	871,830
Revenue	**3,001,104**	2,036,331
Loss and total comprehensive expense for the year	**(4,108,293)**	(3,480,178)
Dividends received from the associate during the year	**-**	-

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

17. INTERESTS IN ASSOCIATES - Continued

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

	2019 RMB	2018 RMB
Net (liabilities) assets of IPP	**(3,236,463)**	871,830
Proportion of the Group's ownership interest in IPP	**37.5%**	37.5%
Carrying amount of the Group's interest in IPP	**-**	326,936

Aggregate information of associates that are not individually material

	2019 RMB	2018 RMB
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**-**	100,079
Aggregate amount of the Group's share of these associates Loss and total comprehensive income for the year	**(426)**	(4,577)

	2019 RMB	2018 RMB
The unrecognised share of loss of associates for the year	**1,470,730**	143,572
Cumulative unrecognised share of loss of associates	**1,614,302**	143,572

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

18. INVENTORIES

	2019 RMB	2018 RMB
Point of sales machines and related accessories	**119,897**	31,827

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

19. TRADE AND OTHER RECEIVABLES

	Notes	2019 RMB	2018 RMB
Trade receivables	(a)	**3,786,387**	1,445,488
Other receivables	(b)	**1,634,320**	1,345,194
Amounts due from associates (Note 34(c))	(c)	**4,870,403**	1,937,029
Amount due from related companies (Note 34(c))	(c)	**180,323**	46,999
Amount due from a director (Note 34(c))	(c)	**19,303**	19,303
Prepayments and deposits		**2,281,441**	1,688,390
Value added tax recoverable		**452,150**	1,009,272
		9,437,940	6,046,187
Less: allowance for credit losses		**(515,903)**	-
Other receivables, net of allowance		**8,922,037**	6,046,187
		12,708,424	7,491,675
Less: Non-current portion			
- Deposits and other receivables		**(1,396,128)**	(896,128)
		11,312,296	6,595,547

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 31 March 2019 and 1 April 2018, trade receivables from contracts with customers amounted to RMB3,786,387 and RMB1,445,488 respectively. 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 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB434,684 which are past due at the reporting date. Out of the past due balances, 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.

The aging analysis of the trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 RMB
Neither past due nor impaired	1,444,650
Past due but not impaired	
Less than 1 month past due	-
1 to 3 months past due	-
More than 3 months but less than 1 year past due	-
More than 1 year past due	838
	1,445,488

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

19. 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 carrying amount of RMB886,686 (31 March 2018: RMB580,030) and a deposit paid for investment of RMB500,000 (31 March 2018: Nil).

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 within 2 years.

(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 for the year ended 31 March 2018 are set out in Note 32.

20. BANK BALANCES AND CASH

Included in the bank balance and cash of the Group as at 31 March 2019 was an amount of RMB1,885,840 (2018: RMB1,500,862) 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 (2018: from Nil to 0.35% per annum)

For the year ended 31 March 2019, 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.

21. TRADE AND OTHER PAYABLES

	Notes	**2019 RMB**	2018 RMB
Trade payables	(a)	**4,410**	128,375
Other payables and accruals	(b)	**3,941,908**	8,183,770
Deposits received	(c)	**2,766,090**	2,792,651
Amount due to a related company (Note 34(c))	(d)	**-**	80,000
Amount due to a director (Note 34(c))	(d)	**2,713,743**	1,465,227
Financial liabilities measured at amortised cost		**9,426,151**	12,650,023
Advance from customers		**-**	5,049,293
Other tax levies payables		**77,465**	94,769
		9,503,616	17,794,085
Less: Non-current portion			
- Other payables		**(159,253)**	(344,509)
		9,344,363	17,449,576

Notes to the Consolidated Financial Statements
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21. TRADE AND OTHER PAYABLES - Continued

Notes:

(a) The average credit period of trade payable is 5 days.

(b) Included in the Group's other payables are accrued salaries with aggregate carrying amount of RMB1,117,858 (31 March 2018: RMB1,121,587).

(c) Included in the Group's deposit received are rental deposit of point of sales machine with aggregate carrying amount of RMB2,766,090 (31 March 2018: RMB2,792,651).

(d) The amounts due are unsecured, interest free and repayable on demand.

22. CONTRACT LIABILITIES

	Notes	**31 March 2019 RMB**	1 April 2018# RMB
Provision of system development services	a	**338,764**	4,885,889
Provision of information technology services	b	**607,670**	163,404
Sale of point-of-sale machines	c	**1,960**	-
Contract liabilities		**948,394**	5,049,293

The amounts in this column are stated after the adjustments from the application of IFRS/ HKFRS 15.

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 in the current year relates to carried-forward contract liabilities.

	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 to the Consolidated Financial Statements
For the year ended 31 March 2019

22. CONTRACT LIABILITIES - Continued

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.

(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.

23. OTHER BORROWING

	2019 **RMB**	2018 RMB
Unsecured	**2,071,228**	-

The other borrowing is unsecured, bear fixed interest rate at 8% per annum and repayable within one year.

The other borrowing as at 31 March 2019 is denominated in HK$.

Notes to the Consolidated Financial Statements
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24. 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 2019 and 2018 are set out below:

		Derivative component			
	Liability component RMB	**Gross RMB**	**Deferred day one gain RMB**	**Net RMB**	**Total RMB**
At 1 April 2017	14,402,767	182,011	1,388,963	1,570,974	15,973,741
Issuance of convertible bonds	18,278,730	933,877	7,226,208	8,160,085	26,438,815
Redemption of convertible bonds	(734,844)	(131,563)	(51,435)	(182,998)	(917,842)
Derecognition upon expiry of convertible bonds	(6,000,000)	-	-	-	(6,000,000)
Deferred transaction costs (Note i)	-	-	(122,255)	(122,255)	(122,255)
Conversion to ordinary shares upon maturity	(6,000,000)	-	-	-	(6,000,000)
Amortisation of deferred day one gain in profit or loss	-	-	(3,056,191)	(3,056,191)	(3,056,191)
Change in fair value of embedded derivatives	-	929,949	-	929,949	929,949
	-	929,949	(3,056,191)	(2,126,242)	(2,126,242)
Exchange movement	(1,432,043)	-	-	-	(1,432,043)
Interest expenses	2,590,476	-	-	-	2,590,476
At 31 March 2018	21,105,086	1,914,274	5,385,290	7,299,564	28,404,650
Issuance of convertible bonds (Note ii)	3,372,846	400,222	1,226,932	1,627,154	5,000,000
Conversion to ordinary shares	(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**
Total (gain)/loss for the year included in profit or loss for liabilities held at the end of the reporting period					
-					
- **- Year ended 31 March 2019**	**-**	**(1,837,224)**	**(2,423,658)**	**(4,260,882)**	**(4,260,882)**
- Year ended 31 March 2018	-	929,949	(3,056,191)	(2,126,242)	(2,126,242)

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

24. CONVERTIBLE BONDS - Continued

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

Note i:

For two convertible bonds issued on 31 May 2017

The deferred transaction cost represents the fair value of 27,080,982 options issued to the holders of convertible bonds in connection with issuance of convertible bonds on 31 May 2017. The option are exercisable at any time on and from the date of grant, i.e. 31 May 2017, until the expiry date of 31 December 2019. The exercise price of the share option is AUD0.2 per share with the remaining contracting life of 1.8 years. The fair value of the share options was measured based on binomial model at the date at grant. Share price of AUD0.06, exercise price of AUD0.2, volatility of 40%, option life of 2.6 years, dividend yield of 0%, and risk free rate of 1.6% were used in the valuation.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

Note ii:

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 (2018: RMB18,278,730). The carrying value of derivative component recognized 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.

CB 9 was fully converted into ordinary shares on 13 July 2018.

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

24. CONVERTIBLE BONDS - Continued

(b) Major terms of convertible bonds

	Issue date	Date of maturity	Principal amount	Effective interest rate of liability component	Conversion price per share AUD	2019 RMB	2018 RMB
Convertible bond 1 ("CB 1")	24/6/2016	23/6/2018	HK$600,000	19.20%	0.20	-	487,233
Convertible bond 2 ("CB 2")	9/12/2016	31/12/2019	AUD500,000	19.33%	0.20	2,464,201	2,406,425
Convertible bond 3 ("CB 3")	28/4/2017	28/4/2020	HK$15,000,000	13.72%	0.20	12,575,774	12,513,121
Convertible bond 4 ("CB 4")	31/5/2017	31/12/2019	RMB3,000,000	12.28%	0.20	-	3,051,751
Convertible bond 5 ("CB 5")	31/5/2017	31/12/2019	RMB3,000,000	12.28%	0.20	2,938,651	3,051,751
Convertible bond 6 ("CB 6")	16/11/2017	15/11/2020	USD500,000	14.06%	0.20	3,236,068	3,201,557
Convertible bond 7 ("CB 7")	16/11/2017	15/11/2020	USD376,687	14.06%	0.20	2,438,191	2,412,189
Convertible bond 8 ("CB 8")	16/11/2017	15/11/2020	USD200,000	14.06%	0.20	1,294,427	1,280,623
						24,947,312	28,404,650
Less: Non-current portion						(19,544,460)	(27,917,417)
						5,402,852	487,233

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 2019

24. 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 determinded 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 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%**

24. 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 2018				
	At issue date				
	CB 1	CB 2	CB 3	CB 4 and 5	CB 6,7 and 8
Share price (AUD)	0.095	0.074	0.06	0.06	0.125
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	1.54%	1.91%	1.80%	1.60%	1.94%
Time to maturity (year)	2	3.1	3	2.6	3
Expected volatility	32%	32%	45%	40%	30%
Expected dividend yield	0%	0%	0%	0%	0%

	At 31 March 2018				
	CB 1	CB 2	CB 3	CB 4 and 5	CB 6,7 and 8
Share price (AUD)	0.135	0.135	0.135	0.135	0.135
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	2.03%	1.99%	2.2%	1.99%	2.04%
Time to maturity (year)	0.2	1.8	2.1	1.8	2.6
Expected volatility	35%	28%	28%	28%	30%
Expected dividend yield	0%	0%	0%	0%	0%

The gain on change in fair value of embedded derivatives of the convertible bonds for the year ended 31 March 2019 of RMB1,837,224 (2018: loss of RMB929,949) and amortisation of deferred day one gain of RMB2,423,658 (2018: RMB3,056,191) 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 2019 amounted to RMB2,779,486 (2018: RMB2,590,476), which was calculated using the effective interest method.

25. DEFERRED GOVERNMENT GRANTS

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

	2019	2018
	RMB	RMB
At 1 April	**120,000**	400,000
Refunded during the year	**-**	(180,000)
Released to profit or loss (Note 8)	**(120,000)**	(100,000)
At 31 March	**-**	120,000

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.

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26. DEFERRED TAX

At the end of the reporting period, the Group has estimated unused tax loss of approximately RMB55,881,167 (2018: RMB59,543,487) and approximately HK$15,271,009 (2018: HK$16,703,714) 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 the 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.

27. SHARE CAPITAL

	Number of ordinary shares	HK$	RMB equivalent
Issued and fully paid:			
At 1 April 2017	637,747,400	100,245,081	72,743,496
Conversion of convertible bonds (note i)	4,498,305	6,965,848	5,991,360
At 31 March 2018	642,245,705	107,210,929	78,734,856
Conversion of convertible bonds (note ii)	8,523,886	9,983,936	8,454,261
At 31 March 2019	**650,769,591**	**117,194,865**	**87,189,117**

Notes:

(i) On 4 August 2017, the Company's convertible bonds with principal value of RMB6,000,000 were converted into 4,498,305 ordinary shares of the Company at the conversion price of AUD0.25 (equivalent to RMB1.33) per share.

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

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

(iii) 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 2019

28. 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 (equivalent to RMB3,607,190). The consultants and other qualified participants have rendered services to the Group during the years ended 31 March 2019 and 2018.

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 (equivalent to RMB2,057,467).

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 (equivalent to RMB12,295). The consultant has rendered services to the Group during the years ended 31 March 2019 and 2018.

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 (equivalent to RMB30,772). This consultant has rendered services to the Group during the year ended 31 March 2019 and 2018.

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28. SHARE OPTION SCHEME - Continued

On 28 September 2018, the Company granted 31,800,000 share options to four directors (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 (equivalent to RMB49,729). These directors have rendered services to the Group during the year ended 31 March 2019.

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

Category of eligible persons	No. of share options granted	Date of grant	Vesting conditions	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%)	1 July 2016 to 30 June 2022	AUD0.8	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			
Consultants and other qualified participants (Group B)	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	1 July 2016 to 30 June 2022	AUD1.00	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			
Directors (Note)	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%)	1 July 2016 to 30 June 2022	AUD0.8	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

28. SHARE OPTION SCHEME - Continued

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

Category of eligible persons	No. of share options granted	Date of grant	Vesting conditions	Period during which share options are exercisable	Exercise price per share	Exercise period of options
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%)	1 October 2016 to 30 September 2019	AUD0.3	1 year
Consultant	6,000,000	17 January 2018	From 17 January 2018 to 31 January 2021 (100%)	17 January 2018 to 31 January 2021	AUD0.3	3 years
Directors	31,800,000	28 September 2018	From 28 September 2018 to 18 January 2021 (100%)	28 September 2018 to 18 January 2021	AUD0.2	2.3 years

Note: A director was granted 6,377,474 share options during the year ended 31 March 2016. As the director resigned during the year ended 31 March 2018 and the respective share options are reclassified from the category of Directors to others.

(ii) 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	
	2019	2018	**2019**	2018
	AUD	AUD		
Outstanding at the beginning of the year	**0.522**	0.556	**45,347,474**	39,347,474
Granted during the year	**0.200**	0.300	**31,800,000**	6,000,000
Outstanding at the end of the year	**0.390**	0.522	**77,147,474**	45,347,474
Exercisable at the end of the year	**0.276**	0.427	**47,669,494**	7,934,747

No option was exercised during the year ended 31 March 2019 (2018: nil).

The options have a contractual option terms ranged from 1 year to 6.88 years. The options outstanding at 31 March 2019 had exercise prices ranged from AUD0.2 to AUD1.0 (2018: from AUD0.3 to AUD 1.0) and a weighted average remaining contractual lives of 3.68 years (2018:5.37 years).

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

28. SHARE OPTION SCHEME - Continued

(iii) 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	1-3	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 2019, the Group recognised total expenses of RMB653,918 (2018: RMB1,274,703) as a share option expense.

29. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of properties as follows:

	2019 RMB	2018 RMB
Within 1 year	**3,110,313**	2,870,050
After 1 year but within 5 years	**2,007,292**	4,733,382
	5,117,605	7,603,432

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 2019

30. CAPITAL COMMITMENTS

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

	2019 RMB	2018 RMB
Contracted but not provided for:		
- Capital contribution to other investments	**26,209,400**	24,738,080

31. 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 monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as zero coupon convertible bonds plus other borrowing less cash and cash equivalents. Total adjusted capital is calculated as total equity/deficit as shown in the consolidated statement of financial position plus net debt.

During the years ended 31 March 2019 and 2018, the Group's strategy was to maintain the gearing ratio as low as feasible.

	2019 RMB	2018 RMB
Convertible bonds	**24,947,312**	28,404,650
Other borrowing	**2,071,228**	-
Total debt	**27,018,540**	28,404,650
Less: Cash and cash equivalents	**(2,289,152)**	(1,598,644)
Net debt	**24,729,388**	26,806,006
Total deficit	**(18,499,501)**	(30,259,312)
Total adjusted capital	**6,229,887**	(3,453,306)
Gearing ratio	**3.97**	(7.76)

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 2019

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019 RMB	2018 RMB
Financial assets		
Loan and receivables (including cash and cash equivalents)	**13,441,124**	6,980,998
Financial liabilities		
FVTPL	**2,930,630**	7,299,564
Amortised cost	**33,514,061**	33,755,109
	36,444,691	41,054,673

(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 Hong Kong dollars ("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	
	2019 RMB	2018 RMB	2019 RMB	2018 RMB
AUD	**54,921**	65,820	**(2,464,201)**	(2,546,794)
US$	**226,324**	22,709	**(6,968,686)**	(11,786,474)
HK$	**4,876,507**	176,197	**(16,531,222)**	(14,067,129)

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 2019

32. 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% (2018: 5%) change in RMB against AUD, US$ and HK$. 5% (2018: 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% (2018: 5%) change in the foreign currency rates. A positive number below indicates a increase in post-tax profit (2018: decrease in post-tax loss) for the year and a negative number indicates an decrease in post-tax profit (2018: increase in post-tax loss) for the year if RMB appreciate 5% against the foreign currencies. There would be an equal and opposite impact on post-tax profit (2018: post-tax loss) for the year if RMB depreciates 5% against the relevant foreign currencies.

	2019 RMB	2018 RMB
AUD	**(100,587)**	(124,049)
US$	**(281,494)**	(588,188)
HK$	**(486,584)**	(649,547)

(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 23. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as detailed in Note 20 to the consolidated financial statements.

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances. 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 24 to the consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

32. 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 catergorised within Level 3 were disclosed in Note 32(c).

Credit risk and impairment assessment

As at 31 March 2019, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's credit risk is primarily attributable to trade receivables, other receivables, amount(s) due from associates/ related companies/ a director, deposits and bank balances. The carrying amounts of financial assets at amortised cost stated in Note 32(a) represented the Group's maximum exposure to credit risk in relation to financial assets which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

Trade receivables

In order to minimize the credit risk, the management of the Group has delegated certain staff responsible for determination of credit limits and credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of IFRS/HKFRS 9 (2018: incurred loss model) on trade balance individually. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group reassesses lifetime ECL for trade receivables to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring individual assess. The ECL on trade receivables are assessed individually.

Other receivables / Amount(s) due from associates/related companies/ a director/ Deposits/ Bank balances

The credit risk on bank balances are limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

For all other instruments including other receivables, amount(s) due from associates/ related companies/ a director and deposits, 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 recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognised based on significant increases in the likelihood or risk of a default occurring since initial recognition. The Group have assessed and concluded that the risk of default rate for the other instruments are steadily based on the Group assessment of the financial health of the counterparties.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

32. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

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

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

2019	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount RMB'000
Financial assets at amortised costs					
Bank balances	20	Aa2-Ba3	N/A	12m ECL	2,286,107
Trade receivables	19	N/A	(Note 1)	Lifetime ECL (not credit-impaired)	3,786,387
Other receivables	19	N/A	(Note 2)	12m ECL	1,634,320
Amount due from associates	19	N/A	(Note 2)	12m ECL	4,870,403
Amount due from related companies	19	N/A	(Note 2)	12m ECL	180,323
Amount due to a director	19	N/A	(Note 2)	12m ECL	19,303
Deposits	19	N/A	(Note 2)	12m ECL	1,177,139

Note 1:

For trade receivables, the Group measure the loss allowance at lifetime ECL. Debtors are assessed individually.

The credit risk on trade receivables are limited because most of the debtors are banks with high credit ratings assigned by international credit-rating agencies.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

32. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Credit risk and impairment assessment - continued

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.

	No past due/ no fixed repayment terms RMB
Other receivables*	1,634,320
Amount due from associates	4,870,403
Amount due from related companies	180,323
Amount due to a director	19,303
Deposits	1,177,139

* During the year ended 31 March 2019, the Group written-off of other receivable of RMB263,000 due to the debtor is in financial difficulties and the Group has no realistic prospect of recovery.

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

	12m ECL RMB
As at 31 March 2018 under IAS/HKAS 39	-
Adjustment upon application of IFRS/HKFRS 9	22,298
As at 1 April 2018 - As restated	22,298
Changes due to financial instruments recognised as at 1 April:	
- Impairment losses recognised	11,583
New financial assets originated or purchased	115,258
As at 31 March 2019	**149,139**

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

	12m ECL RMB
New financial assets originated or purchased	115,258

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

32. 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 amount due from associates:

	12m ECL RMB
As at 31 March 2018 under IAS/HKAS 39	-
Adjustment upon application of IFRS/HKFRS 9	220,238
As at 1 April 2018 - As restated	220,238
New financial assets originated or purchased	146,526
As at 31 March 2019	**366,764**

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

	12m ECL RMB
New financial assets originated or purchased	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 RMB4,045,492 and RMB18,499,501 respectively as at 31 March 2019. 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.

	2019			
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	Within 2 years 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

32. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk - continued

	2018			
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	Within 2 years but less than 5 years RMB
Trade and other payables	12,650,023	12,650,023	12,650,023	-
Convertible bonds	21,105,086	26,192,624	486,104	25,706,520
	33,755,109	38,842,647	13,136,127	25,706,520

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various 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).

	Level 3	
	2019 RMB	2018 RMB
Embedded derivative of convertible bonds	**2,930,630**	7,299,564

	Fair value				
Financial liability	**As at 31 March 2019 RMB**	As at 31 March 2018 RMB	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input**
Embedded derivative of convertible bonds	**2,930,630**	7,299,564	Level 3	Binomial option pricing model	Expected volatility range from 34% to 37% (Note)

Notes to the Consolidated Financial Statements
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32. 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 2019, it would have increase/decreased the fair value of embedded derivatives of the convertible bonds by RMB1,154 (2018: RMB1,162,905) and RMBNil (2018: RMB1,087,175) 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 2017	1,570,974
Issuance of convertible bonds	8,160,085
Redemption of convertible bonds	(182,998)
Deferred transaction cost	(122,255)
Fair value changes	(2,126,242)
At 31 March 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**

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 2019

33. 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 2017	-	15,973,741
Change from financing cash flows:		
Proceeds from issuance of convertible bonds	-	20,438,815
Redemption of convertible bond	-	(917,842)
	-	19,520,973
Other changes		
Derecognition of convertible bonds	-	(6,000,000)
Conversion to ordinary shares	-	(6,000,000)
Deferred transaction costs	-	(122,255)
Replacement of convertible bonds	-	6,000,000
Exchange adjustments	-	(1,432,043)
Interest expenses	-	2,590,476
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	(2,126,242)
	-	(7,090,064)
At 31 March 2018	-	28,404,650
Change from financing cash flows:		
New borrowing raised	2,030,682	-
Other changes		
Settlement of other payable	-	5,000,000
Conversion to ordinary shares	-	(8,444,992)
Exchange adjustments	-	1,469,050
Interest expenses	40,546	2,779,486
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	(4,260,882)
	40,546	(3,457,338)
At 31 March 2019	**2,071,228**	**24,947,312**

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34. 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 12 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	Notes	**2019 RMB**	2018 RMB
IPP	Technical services fee expenses	i	**120,000**	293,904
	Purchase of computer software	i	-	188,034
Mr. Xiong Qiang	Conversion to shares (Note 24)	ii	-	2,000,000
Mr. Chow Ki Shui Louie	Conversion to shares (Note 24)	ii	-	2,000,000
Mr. Cai Wen Sheng	Conversion to shares (Note 24)	ii	-	2,000,000

* The English name is for identification purpose only

Notes:

i) IPP is an associate of the Group.

ii) On 5 August 2016, the Company entered into agreements with Mr. Xiong Qiang, the executive director, Chairman and CEO, Mr. Chow Ki Shui Louie, the executive director and deputy chairman and Mr. Cai Wen Sheng, the non-executive director of the Company for the issuance of convertible bonds totaling RMB6,000,000. All of these convertible bonds were fully converted during the year ended 31 March 2018. Details of the convertible bonds are disclosed in Note 24 to the consolidated financial statements.

iii) During the year ended 31 March 2018, STIT purchased computer software amounted at RMB188,034 (excluding VAT).

Notes to the Consolidated Financial Statements
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34. MATERIAL RELATED PARTY TRANSACTIONS - Continued

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

Name of related party	Notes	2019 RMB	2018 RMB
Amounts due from (to) directors:			
- Mr. Xiong Qiang	(i)	**19,303**	19,303
- Mr. Chow Ki Shui Louie	(i)	**(2,713,743)**	(1,465,227)
Amount due from/(to) related companies:			
- Investorlink Securities Limited	(i)&(ii)	**50,323**	46,999
- Shenzhen Bozhong Communication Technology Company Limited ("Shenzhen Bozhong") * (深圳市伯仲通信技術有限公司)	(i)&(iii)	**130,000**	(80,000)
		180,323	(33,001)
Amounts due from associates			
- IPP	(i) & (v)	**573,193**	339,830
- TTG Fintech Service Limited	(i) & (v)	**3,930,446**	1,597,199
		4,503,639	1,937,029

* 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 (2018: RMB52,032) during the year ended 31 March 2019.

(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 RMB130,000 during the year ended 31 March 2019.

(iv) The amounts due from (to) the above related parties are included in trade and other receivables (Note 19) and trade and other payables (Note 21) respectively.

(v) The amounts represent the amounts due from associates net of allowance for credit losses.

Notes to the Consolidated Financial Statements
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35. 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 2019	Indirectly 2019	Directly 2018	Indirectly 2018	Directly 2019	Indirectly 2019	Directly 2018	Indirectly 2018
STIT* (深圳市淘淘谷信息技術有限公司)	The PRC	Provision of system development and information technology services	Paid up registered capital of HK$77,000,000 (2018: HK$66,600,000)	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	Provision of E-commerce system development and information technology services	Paid up registered capital of RMB1,000,000 (2018: RMB1,000,000)	-	- (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	Provision of investment management and consultancy services	Paid up registered capital of RMB1,000,000 (2018: RMB1,000,000)	-	- (Note (b))	-	- (Note (b))	-	- (Note (b))	-	- (Note (b))
Xiamen Tao-taogu Information Technology Co., Ltd.* (廈門市淘淘谷信息技術有限公司) ("XTIT")	The PRC	Provision of system development and information technology services	Paid up registered capital of RMB206,000 (2018: RMB206,000)	-	67%	-	67%	-	67%	-	67%

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

35. 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 2019	Indirectly 2019	Directly 2018	Indirectly 2018	Directly 2019	Indirectly 2019	Directly 2018	Indirectly 2018
Jiangxi Tao-taogu E-commerce Co., Limited.* (江西淘淘谷電子商務有限公司) ("JTEC")	The PRC	Investment holding	Paid up registered capital of RMB200,000 (2018: RMB200,000)	-	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	Sales of accessories of point-of-sales machine	Nil paid up registered capital (2018:Nil)	-	92%	-	92%	-	92%	-	92%
Neimenggu Taotaogu Information Technology Services Co., Ltd.* (內蒙古淘淘谷信息技術服務有限公司) ("NTIT")	The PRC	Provision of system development and information technology services	Paid up registered capital of RMB30,000 (2018: RMB30,000)	-	100%	-	100%	-	100%	-	100%

* English name is for identification purpose only

Notes to the Consolidated Financial Statements
For the year ended 31 March 2019

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

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

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

Notes:

(a) On 2 July 2013, STIT, a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with Mr. Xiong Qiang, a director and a shareholder of the Company and Ms. Ling Fang, the wife of 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 2019, the registered capital of STIT was HK$90,000,000 (2018: HK$77,000,000) of which HK$77,000,000 (2018: HK$66,000,000) was paid up. The Company has paid up the registered capital of HK$11,000,000 and the registered capital was increased by HK$13,000,000 during the year ended 31 March 2019.

(ii) As at 31 March 2019, the registered capital of STEC was RMB2,000,000 (2018: RMB2,000,000) of which RMB1,000,000 (2018: RMB1,000,000) was paid up.

(iii) As at 31 March 2019, the registered capital of XTIT was RMB1,000,000 (2018: RMB1,000,000) of which RMB206,000 (2018: RMB206,000) was paid up.

(iv) As at 31 March 2019, the registered capital of JTEC was RMB2,000,000 (2018: RMB2,000,000) of which RMB200,000 (2018: RMB200,000) was paid up.

(v) As at 31 March 2019, the registered capital of NTIT was RMB100,000 (2018: RMB100,000) of which RMB30,000 (2018: RMB30,000) was paid up.

(vi) As at 31 March 2019, the registered capital of JKLH was RMB10,000,000 (2018: RMB10,000,000) of which RMBNil (2018: RMBNil) was paid up.

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	
		2019	2018
Not yet commenced business	Hong Kong	3	3

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

(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		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2019	2018	**2019 RMB**	2018 RMB	**2019 RMB**	2018 RMB
JTEC	PRC	**92%**	92%	**55,450**	(354,605)	**(556,828)**	(612,278)
Individually immaterial subsidiaries with non-controlling interests						**(538,002)**	(356,286)
						(1,094,830)	(968,564)

JTEC, a 92% (2018: 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:

	2019 RMB	2018 RMB
JTEC		
Revenue	**3,253,120**	1,140,953
Profit (loss) and total comprehensive income (expense) for the year	**693,117**	(4,432,552)
Profit (loss) and total comprehensive income (expense) attributable to NCI of JTEC	**55,450**	(354,605)
Dividends paid to NCI of JTEC	**-**	-
Cash flows from (used in) operating activities	**97,598**	(44,887)
Cash flows from investing activities	**483**	411
Net cash inflow (outflow)	**98,081**	(44,476)
Current assets	**1,192,869**	481,722
Non-current assets	**186,869**	839,025
Current liabilities	**(8,340,094)**	(8,974,220)
Net liabilities	**(6,960,356)**	(7,653,473)
NCI of JTEC	**(556,828)**	(612,278)

Notes to the Consolidated Financial Statements For the year ended 31 March 2019

36. 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).

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2019 RMB	2018 RMB
NON-CURRENT ASSETS		
Interests in subsidiaries	**29,644,340**	39,547,200
Investment in an associate	**-**	3,419
	29,644,340	39,550,619
CURRENT ASSETS		
Trade and other receivables	**5,765,013**	3,096,272
Bank balances and cash	**390,572**	84,224
	6,155,585	3,180,496
CURRENT LIABILITIES		
Other payables	**1,894,929**	6,397,441
Other borrowing	**2,071,228**	-
Convertible bonds	**5,402,852**	487,233
	9,369,009	6,884,674
NET CURRENT LIABILITIES	**(3,213,424)**	(3,704,178)
TOTAL ASSETS LESS CURRENT LIABILITIES	**26,430,916**	35,846,441
NON-CURRENT LIABILITY		
Convertible bonds	**19,544,460**	27,917,417
NET ASSETS	**6,886,456**	7,929,024
CAPITAL AND RESERVES		
Share capital	**87,189,117**	78,734,856
Reserves	**(80,302,661)**	(70,805,832)
TOTAL EQUITY	**6,886,456**	7,929,024

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 28 June 2019 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 2019

37. 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 2017	2,985,659	(71,541,163)	(68,555,504)
Loss and total comprehensive expense for the year	-	(3,647,286)	(3,647,286)
Issuance of share options	122,255	-	122,255
Recognition of equity-settled share-based payments	1,274,703	-	1,274,703
At 31 March 2018	4,382,617	(75,188,449)	(70,805,832)
Adjustments	-	(228,978)	(228,978)
At 1 April 2018 (restated)	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)**

ADDITIONAL ASX INFORMATION FOR CDI HOLDERS

Issued capital

As at 16 July 2019, 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 16 July 2019, CDN Nominees Pty Ltd held 650,769,588 ordinary shares on behalf of different CDI holders. The substantial CDI holders of the Company include:

Name	Number of shares	% of total issued shares
Xiong Qiang & Associates	212,200,000	35.00
CHOW KI SHUI & Associates	108,250,000	16.97
Baolink Capital Limited	76,287,500	11.96

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 1339 CDI holders as at 16 July 2019. Each CDI holder is entitled to one vote for each security held.

Range	Total holders	Units	% of Issued Capital
1 - 1,000	36	14,776	0.00
1,001 – 5,000	409	1,495,349	0.23
5,001 – 10,000	266	2,204,847	0.33
10,001 – 100,000	483	2,160,695	2.77
Over 100,000	145	629,067,935	96.67
Totals	**1339**	**650,769,588**	**100.00**

There are no CDI holders who hold less than a marketable parcel. The top 20 shareholders hold 91.21% 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 16 July 2019

Rank	Name	Units	% Units
1	QIANG XIONG	213,699,434	32.84
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	142,970,331	21.97
3	KI SHUI LOUIE CHOW	79,249,434	12.18
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,263,254	7.57
5	HOI PING HAPPY CHEUNG	30,500,000	4.69
6	MIN LAO	27,770,835	4.27
7	LING FANG	10,000,000	1.54
8	STRADBROKE PLAZA PTY LTD <RYAN RETIREMENT FUND A/C>	6,031,000	0.93
9	CITICORP NOMINEES PTY LIMITED	5,616,798	0.86
10	YANGUI XIONG	5,000,000	0.77
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	4,179,079	0.64
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	VENSUP PTY LTD <EDIN SUPERFUND A/C>	2,300,000	0.35
16	MR LINYAN WU	2,264,026	0.35
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	MRS SARAH JANE EDWARDS + MR PAUL ROBERT EDWARDS	1,450,000	0.22
20	MR HAIBIN WANG	1,400,000	0.22

ADDITIONAL ASX INFORMATION FOR CDI HOLDERS

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.

CORPORATE DIRECTORY

Fintech Chain Limited

ARBN: 158 702 400

Principal place of business in the PRC

Level 12, Block 2, Xunmei Tech Plaza
No.8 Keyuan Blvd, Nanshan District
Shnzhen 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