



# **FINTECH CHAIN LIMITED**

ARBN 158 702 400

## **INTERIM REPORT** **Six months ended 30 September 2020**

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 31 March 2020 and any public announcements and prospectus made by FINTECH CHAIN LIMITED in accordance with the continuing disclosure requirements of the Corporation Acts 2001.

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

# Contents

	<b>Pages</b>
Results for Announcement to the Market	1
Directors Report	3
Statement by Directors	10
Report on Review of Condensed Consolidated Financial Statements	11 - 12
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	15
Condensed Consolidated Statement of Cash Flows	16
Notes to the Condensed Consolidated Financial Statements	17 - 39
Corporate Directory	40

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 30 SEPTEMBER 2020

(Previous corresponding period half-year ended 30 September 2019)

			RMB'000
<b>Revenue</b> from ordinary activities	up	40.3% to	24,966
<b>Profit</b> after tax for the period	up	250.6% to	3,057
<b>Profit</b> for the period attributable to owners of the Company	up	278.6% to	3,225

### Dividends

No dividends were paid or declared during the six months ended 30 September 2020 (2019: Nil)

### Explanation of Revenue

Revenue increased from RMB17.8 million for the six months ended 30 September 2019 to RMB 25.0 million for the six months ended 30 September 2020.

Compared to previous corresponding period, new contracts signed with bank clients and higher coverage of T-Linx™ PaaS Middleware in China leads to provision of information technology services and sales of point-of-sale machines and hardware are increased. During the financial period, FTC derived RMB8.9 million (2019: 7.2 million) and RMB 12.0 million (2019: 4.9 million) in income from the provision of information technology services and sale of point-of-sale machines and hardware respectively.

### Comments on above figures

Profit after tax for the six months ended 30 September 2020 was RMB 3.1 million an increase of RMB 5.1 million or 250.6% over the corresponding period.

The net profit incurred during the period included:

1. increase in gross profit by RMB 1.7 million;
2. decrease in selling expenses by RMB 0.4 million;
3. decrease in general and administrative expenses by RMB3.4 million;
4. decrease in unrealised gains on change of fair value of embedded derivatives of convertible bonds by RMB0.4 million;
5. decrease in finance costs by RMB0.3 million.

Selling expenses and general and administrative expenses were reduced during the period. FTC moved into new office with lower rental costs. Further, management implemented tighten controls over all \ expenditure items including foreign exchange exposure.

The change in the fair value of embedded derivatives of convertible bonds and increase in finance costs due to the convertible bonds are non-cash items as is the exchange movement.

Net profit for the period attributable to owners of the Company was RMB3.2 million, an increase of RMB5.0 million over the previous corresponding period.

Please refer to the Directors Report for a detailed description of the Company's planned expansion and business development.

## RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont'd)

NTA Backing	As at	
	30 September 2020	30 September 2019
Net tangible assets backing per ordinary share	(1.8) cents	(3.1) cents

### Controlled entities acquired or disposed of

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

### Additional dividend information

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

### Dividend reinvestment plans

The Company does not currently have any dividend reinvestment plans on hand.

### Associates and joint venture entities

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

### Foreign entities

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

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## DIRECTORS REPORT

Your directors present their report on the consolidated entity consisting of FinTech Chain Limited (“FTC”) and its controlled entities for the six months ended 30 September 2020 (hereinafter the “Group”).

### Directors

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

#### Executive Directors

XIONG Qiang (President & Chief Executive Officer)

CHOW Ki Shui Louie (Vice President, Deputy Chief Executive Officer & Chief Financial Officer)

#### Non-executive Directors

RYAN Christopher John (Independent Chairman)

ZHOU Chenyao

### Principal activities

FTC is an Integrated Payment & Merchant Industry Application Solution platform, T-Linx™ PaaS (Platform as a Service) Middleware, provider to banks in China. In the company's nine-year development history, FTC has always adhered to the development direction of serving banks and financial institutions. FTC has 170 products serving merchants and banks, more than 200 Payment Industry Experts and over 40 Merchant Industry Application Solutions. FTC ranked 51<sup>st</sup> in “2020 China Top 100 Fintech Patent Technology List”.

Since 2016, FTC has promoted T-Linx™ PaaS Middleware to the banking sector. After more than four years of concentrated effort, FTC are now serving more than 6 million bank-contracted merchants. T-Linx™ PaaS Middleware has coverage up to 1000 banks (such as China Merchants Bank, Ping An Bank and Beijing Rural Credit Cooperative Union). Management is pleased with the recognition of FTC and T-Linx™ PaaS from banking industry.

T-Linx™ PaaS has powerful processing capabilities. It is now processing up to 20 million transactions daily.

## DIRECTORS REPORT (Cont'd)

### Principal activities (Cont'd)

FTC's T-Linx™ PaaS middleware empowers banks in providing a full range payment alternatives to merchants including:

1. Establishing bank's independent + integrated payment and settlement capabilities while improving bank's comprehensive service levels for merchants;
2. Increasing revenue in bank's main deposit and loan service business units, in conjunction with supporting banks in securing sustained and stable low-cost deposit features;
3. Strengthening the PaaS ecological collection of merchants and partners, by providing value-added services for banks and merchants to create extended revenue value;
4. Creating a more cooperative and multilateral winning environment for all parties (merchants, partners and banks) by means of PaaS.

Components of Revenue from T-Linx™ PaaS Middleware:

1. Percentage of gross transaction value or annual fixed service fees.
2. Merchant industry application integration service fees
3. Sale of point-of-sale machines
4. Software development service fees
5. Income from other select value-added services

### Management Discussion and Analysis

FTC's T-Linx™ PaaS Middleware continue to receive positive feedback from the market after years of research and development, marketing and promotion to different commercial banks, financial institutions and commercial companies.

In the second half of the 2020 financial year, we shall continue to promote our products and services with the banks, financial institutions and commercial companies that we signed contract already.

In addition, we shall continue to negotiate and conclude contracts with other commercial banks, financial institutions and commercial companies so that our services can be adopted by more merchants in China.

When transaction income grows, the cost of sales does not grow proportionately as the foundation ground work is complete. Now we focusing on specialised, amendment and upgrading of the developed system to fit customers' business models. Therefore, we expect that gross margins will improve marketing based increased revenue.

As a result, the margins cashflow will be improved gradually in the future, both by way of our continuous business development and fund raising.

## DIRECTORS REPORT (Cont'd)

### Revenue

Revenue increased from RMB17.8 million for the six months ended 30 September 2019 to RMB 25.0 million for the six months ended 30 September 2020. During the financial period, it increased sharply was due to increasing acceptance of T-Linx™ PaaS Middleware, new bank client's services agreement is signed in last year and the sale of point-of-sale machines and hardware is increased.

We expect revenue to grow further in the second half of the financial year.

### Gross profit

Gross profit amounted to RMB11.0 million, an increase of RMB1.7 million, or 18.5% compared to the previous corresponding period. The increase in gross profit is due to increased 40.3% in the revenue and 64.1% in costs.

We expect gross profit will increase in line with the revenue in the second half of the financial year.

### Selling expenses

Selling expenses decreased by RMB0.4 million, or 28.3%, from RMB1.4 million to RMB1.0 million due to FTC management implementing tighter controls on the expenditure.

### General and administrative expenses

General and administrative expenses decreased by RMB3.4 million, or 37.8% from RMB9.1 million to RMB5.7 million. FTC moved into new office premises with lower rental costs, management implementing tighten controls on expenditure resulting exchange loss is decreasing and decreased general and administrative cost.

### Operating profit

Operating profit, which is equivalent to the sum of sales and other income, after deduction of Impairment losses under expected credit loss model (net of reversal), selling expenses and general and administrative expenses, improved substantially from an operating loss RMB1.0 million to operating profit RMB4.2 million. This increase is due to the gross profit increase of RMB 1.7 million and a reduction in general and administrative expenses is decreased of RMB3.4 million.

### Other expenses / gain

1. Decrease in unrealised gain on change of fair value of embedded derivatives of convertible bonds by RMB0.4 million; and
2. Decrease in finance costs by RMB0.3 million

The change in the fair value of embedded derivatives of convertible bonds and increase in finance costs due to the convertible bonds are non-cash items as is the exchange movement.

## DIRECTORS REPORT (Cont'd)

### Net profit attributable to owners of the Company

Net profit after tax attributable to owners of the Company is RMB3.2 million. This results from the net effect of:

1. gross profit of RMB11.0 million;
2. Impairment losses under expected credit loss model (net of reversal) of RMB 0.2 million;
3. total expenses of RMB7.7 million; and
4. non-controlling interests of RMB0.2 million.

The increase in net profit attributable to owners of the Company of RMB5.0 million, or 278.6%, (from net loss RMB1.8 million to net profit RMB 3.2 million) over the last corresponding period, was primarily driven by

5. increase in gross profit of RMB 1.7 million;
6. decrease in selling expenses and general and administrative expenses of RMB3.8 million in total;
7. decrease in unrealised gain on change of fair value of embedded derivatives of convertible bonds of RMB0.4 million; and
8. increase in finance costs of RMB0.3 million.

### Profit per share

The Company incurred a profit of RMB0.496 cents per share, compared to the loss of RMB0.278 cents per share in the previous period.

### Dividends

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

### Net current assets and net tangible assets

The Group had net current liabilities of RMB2.4 million as at 30 September 2020 compared to net current liabilities RMB5.0 million at 31 March 2020. The main reason for the increase is due to the addition of right-of-use assets and decrease in current portion of leased liabilities.

Net tangible liabilities were RMB11.5 million compared to RMB20.5 million as at 30 September 2019, represented mainly by convertible bonds of RMB23.4 million.

Net tangible liabilities per share were RMB1.8 cents per share at 30 September 2020, compared to RMB3.1 cents per share at 30 September 2019.

## **DIRECTORS REPORT (Cont'd)**

### **Share Capital**

Movements in share capital of the Company during the period are set out in note 19 to the condensed consolidated financial statements.

### **Share options**

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

### **Transfer to Reserves**

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

### **Plant and Equipment**

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

### **Convertible bonds**

The Company did not issue any convertible bonds during the financial period. Please refer to note 18 to the condensed consolidated financial statements for details of convertible bonds of the Company up to 30 September 2020.

### **Commitments**

The Group had capital commitments for unpaid registered capital for the subsidiaries and investments of RMB24,979,000 as at 30 September 2020. Details are set out in note 23 to the condensed consolidated financial statements.

### **Management contracts**

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

### **Directors' interests in contracts**

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

## DIRECTORS REPORT (Cont'd)

### Foreign exchange exposure

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

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

### Employee, remuneration policies and share option scheme

At 30 September 2020, the Group had 126 full-time employees (31 March 2020: 120). The salaries of the Group's employees were determined by reference to personal performance, professional qualifications, industry experience and relevant market trends. The Company ensures all levels of employees are paid competitively within market parameters and employees are rewarded on a performance-related basis within the framework of the Group's salary, incentives and bonus schemes. 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, year-end bonuses and social insurance.

FTC also issued options to certain employees. For details please refer to share option scheme in note 20 to the condensed consolidated financial statement.

### Material uncertainty related to going concern

We draw attention to note 2 to the condensed consolidated financial statements which describes that the Group had net current liabilities of RMB 2,418,972 and net liabilities of RMB11,533,058. These conditions indicate the existence of a material uncertainty which may cast doubt about the ability of the Group to continue as a going concern.

In view of this, FTC has adopted the following immediate measures to improve our cashflow:

1. Management have been implementing various strategies to broaden the customer base and revenue to the Group. The Group generated profit for the period attributable to owners of the Company of RMB 3,225,258 for the six months ended 30 September 2020;
2. The Group is negotiating with the existing holders of convertible bonds to extend the repayment period. CB6 and 7 disclosed in the note 18(b) to the condensed consolidated financial statements extended on 15 November 2020.
3. 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 securing financial support as and if required.
4. Mr. Xiong Qiang and Mr. Chow Ki Shui, being major shareholder in the Company, 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 improves;
5. Accelerate the customer receivables collection process

## DIRECTORS REPORT (Cont'd)

### Business outlook

FTC ranked 51<sup>st</sup> in “2020 China Top 100 Fintech Patent Technology List” in this year. This motivated FTC management is to have further development and improvement on T-Linx™ PaaS middleware. T-Linx™ PaaS middleware has not only integrated all available payment methods, but also integrated and deployed a platform with complete software application services and hardware products for a wide-spectrum of merchants across a broad range of industries.

The adoption of T-Linx™ PaaS middleware by Rural Credit Bank's customers after the recent successful rollout programme has lead to 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. It is now processing up to 20 million daily transactions.

FTC considers this traction is a good start of continuous growth of FTC revenue for the remainder of the financial year 2020 and will gain further traction during the roll out of the rest Rural Credit Banks.

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



Mr. XIONG Qiang  
President  
FINTECH CHAIN LIMITED



Mr. Chris RYAN  
Independent Chairman  
FINTECH CHAIN LIMITED

Shenzhen, 30 November 2020

## STATEMENT BY DIRECTORS

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

(1) In the opinion of the Directors:

- a. The condensed consolidated statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiary (the “Group”) as at 30 September 2020 and
- b. At the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

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

- a. The loss and cash flows of the Group for the six months ended 30 September 2020; and
- b. The state of affairs of the Group at 30 September 2020.

On behalf of the Board



Mr. XIONG Qiang  
President  
FINTECH CHAIN LIMITED



Mr. Chris RYAN  
Independent Chairman  
FINTECH CHAIN LIMITED



## Report on Review of Condensed Consolidated Financial Statements

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

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Fintech Chain Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 11 to 39, which comprises the condensed consolidated statement of financial position as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. As the annual financial statements of the Group are prepared in accordance with both International Financial Reporting Standards and Hong Kong Financial Reporting Standards, the directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with both International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

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

## Report on Review of Condensed Consolidated Financial Statements - Continued

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2 to the condensed consolidated financial statements, which indicates the Group's current liabilities exceeded its current assets by RMB2,418,972 and the Group had net liabilities of RMB11,533,058 as at 30 September 2020. These conditions, along with other matters as set forth in Note 2 to the condensed consolidated financial statements, indicate the existence of a material uncertainty which might cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

*Asian Alliance (HK) CPA Limited.*

**Asian Alliance (HK) CPA Limited**  
*Certified Public Accountants (Practising)*

**Chung Chi Chiu**  
Practising Certificate Number: P06610

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

30 November 2020

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the six months ended 30 September 2020

	Notes	Six months ended 30 September	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>Revenue</b>	4	<b>24,965,674</b>	17,795,602
<b>Cost of sales and services rendered</b>		<b>(13,954,903)</b>	(8,501,855)
<b>Gross profit</b>		<b>11,010,771</b>	9,293,747
<b>Other income and gains, net</b>	6	<b>25,657</b>	178,502
Impairment losses under expected credit loss model, net of reversal	7	(231,403)	(25,531)
Selling expenses		(992,254)	(1,383,476)
General and administrative expenses		(5,662,218)	(9,108,959)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	18	328,615	735,811
Finance costs	8	(1,421,822)	(1,720,073)
<b>Profit (loss) before tax</b>		<b>3,057,346</b>	(2,029,979)
<b>Income tax</b>	9	-	-
<b>Profit (loss) and total comprehensive income (expense) for the period</b>	10	<b>3,057,346</b>	(2,029,979)
<b>Profit (loss) and total comprehensive income (expense) for the period attributable to:</b>			
- Owners of the Company		3,225,258	(1,806,241)
- Non-controlling interests		(167,912)	(223,738)
		<b>3,057,346</b>	(2,029,979)
<b>Earnings (loss) per share (RMB Cents)</b>			
- Basic	11	<b>0.496</b>	(0.278)
- Diluted	11	<b>0.496</b>	(0.278)

The notes on pages 17 to 39 form an integral part of this unaudited condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

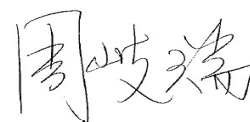
## At 30 September 2020

	Notes	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	13	620,145	849,675
Intangible assets	13	95,868	176,972
Interests in associates	15	-	-
Right-of-use asset	14	2,844,887	-
		<b>3,560,900</b>	<b>1,026,647</b>
<b>CURRENT ASSETS</b>			
Inventories		892,518	544,906
Trade and other receivables	16	27,091,283	22,333,213
Bank balances and cash		1,793,061	3,791,018
		<b>29,776,862</b>	<b>26,669,137</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	14,332,868	13,604,552
Contract liabilities		1,896,711	3,507,514
Other borrowing		2,289,643	2,304,759
Lease liabilities - current portion		1,099,794	-
Convertible bonds	18	12,576,818	12,235,766
		<b>32,195,834</b>	<b>31,652,591</b>
<b>NET CURRENT LIABILITIES</b>		<b>(2,418,972)</b>	<b>(4,983,454)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,141,928</b>	<b>(3,956,807)</b>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds	18	10,788,847	10,686,194
Lease liabilities - non-current portion		1,886,139	-
Other payable	17	-	28,657
		<b>12,674,986</b>	<b>10,714,851</b>
<b>NET LIABILITIES</b>		<b>(11,533,058)</b>	<b>(14,671,658)</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	19	87,189,117	87,189,117
Reserves		(97,386,037)	(100,692,549)
<b>Equity attributable to owners of the Company</b>		<b>(10,196,920)</b>	<b>(13,503,432)</b>
<b>Non-controlling interests</b>		<b>(1,336,138)</b>	<b>(1,168,226)</b>
<b>TOTAL DEFICIT</b>		<b>(11,533,058)</b>	<b>(14,671,658)</b>

Approved and authorised for issue by the board of directors on 30 November 2020:



Xiong Qiang



CHOW Ki Shui Louie

The notes on pages 17 to 39 form an integral part of this unaudited condensed consolidated interim financial statements.

## Condensed Consolidated Statement of Changes in Equity For the six months ended 30 September 2020

	Attributable to owners of the Company				Non-controlling interests RMB	Total deficit RMB
	Share capital RMB	Share option reserve RMB	Accumulated losses RMB	Sub-total RMB		
At 1 April 2019 (Audited)	87,189,117	5,036,535	(109,630,323)	(17,404,671)	(1,094,830)	(18,499,501)
Loss and total comprehensive expense for the period	-	-	(1,806,241)	(1,806,241)	(223,738)	(2,029,979)
Equity-settled share-based payments	-	254,119	-	254,119	-	254,119
Lapse of share options	-	(13,233)	13,233	-	-	-
At 30 September 2019 (Unaudited)	87,189,117	5,277,421	(111,423,331)	(18,956,793)	(1,318,568)	(20,275,361)
At 1 April 2020 (Audited)	87,189,117	2,440,077	(103,132,626)	(13,503,432)	(1,168,226)	(14,671,658)
Profit (loss) and total comprehensive income (expense) for the period	-	-	3,225,258	3,225,258	(167,912)	3,057,346
Equity-settled share-based payments	-	81,254	-	81,254	-	81,254
Lapse of share options	-	(867,558)	867,558	-	-	-
At 30 September 2020 (Unaudited)	87,189,117	1,653,773	(99,039,810)	(10,196,920)	(1,336,138)	(11,533,058)

The notes on pages 17 to 39 form an integral part of this unaudited condensed consolidated financial statements.

# Condensed Consolidated Statement of Cash Flows

## For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,034,335</b>	<b>2,189,831</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	1,360	2,130
Proceed from disposal of plant and equipment	1,592	15,929
Payments for purchase of intangible assets	-	(133,724)
Payments for purchase of plant and equipment	(66,880)	-
Increase in amount due from associates	(2,462,320)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,526,248)</b>	<b>(115,665)</b>
<b>NET CASH USED IN FINANCING ACTIVITY</b>		
Repayment of lease liability	(506,044)	(1,514,520)
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,997,957)</b>	<b>559,646</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>3,791,018</b>	<b>2,289,152</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash</b>	<b>1,793,061</b>	<b>2,848,798</b>

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 1. GENERAL INFORMATION

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

The Company is an investment holding company and its shares are listed on Australian Securities Exchange. Its subsidiaries 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 30 September 2020, the directors of the Company consider that the immediate and ultimate controlling party of the Company to be Mr. Xiong Qiang.

The condensed consolidated financial statements was approved for issue by the board of directors on 30 November 2020.

### 2. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 March 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

As at 30 September 2020, the Company and its subsidiaries (collectively referred to as the "Group") had net current liabilities of RMB2,418,972 and net liabilities of RMB11,533,058. 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 condensed consolidated financial statements, the directors of the Company (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 measure:

- The management have been implementing various strategies to broaden the customer base and revenue to the Group. The Group has generated profit for the period attributable to owners of the Company of RMB3,225,258 for the six months ended 30 September 2020;

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 2. BASIS OF PREPARATION - Continued

- The Group obtained the financial supports 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 is negotiating with the existing holders of convertible bonds to extend the repayment period; 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.

Having taken 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 meet their financial liabilities as and when they fall due in the foreseeable future.

Accordingly, the Directors are of the opinion that it is appropriate to prepare these condensed consolidated financial statements for the six months ended 30 September 2020 on a going concern basis. The condensed 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 non-current assets and non-current liabilities as current assets and current liabilities, respectively that might be necessary should the Group be unable to continue as a going concern.

### 3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs") and Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 September 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2020.

#### ***Application of amendments to IFRSs and HKFRSs***

In the current interim period, the Group has applied the *Amendments to Reference to the Conceptual Framework* in IFRSs and HKFRSs and the following amendments to IFRSs issued by ISAB and HKFRSs issued by the HKICPA, for the first time, which are mandatory effective for the annual period on or after 1 April 2020 for the preparation of the Group's condensed consolidated financial statements. The equivalent amendments to IFRSs/HKFRSs, which collectively includes all applicable individual IFRSs/HKFRSs, IASs/HKASs and interpretations, consequently issued by the ISAB/HKICPA as a result of these developments have the same effective date as those issued by the IASB/HKICPA and are in all material aspects identical to the pronouncements issued by the IASB/HKICPA.

Amendments to IAS/HKAS 1 and IAS/HKAS 8  
Amendments to IFRS/HKFRS 3  
Amendments to IFRS/HKFRS 9, IAS/HKAS 39  
and IFRS/HKFRS 7

Definition of Material  
Definition of a Business  
Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to Reference to the Conceptual Framework* in IFRSs and HKFRSs and amendments to IFRS/HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 3. PRINCIPAL ACCOUNTING POLICIES - Continued

#### 3.1 Impacts and accounting policies on Amendments to IAS/HKAS 1 and IAS/HKAS 8 "Definition of Material"

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

### 4. REVENUE

#### Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2020	2019
	RMB	RMB
	(Unaudited)	(Unaudited)
<b>Types of goods and services</b>		
Provision of system development services	3,076,857	4,853,853
Provision of information technology services	8,903,582	7,181,419
Sale of point-of-sale machines and hardware	11,977,103	4,865,539
<b>Total</b>	<b>23,957,542</b>	<b>16,900,811</b>
<b>Timing of revenue recognition</b>		
Over time	11,980,439	12,035,272
A point of time	11,977,103	4,865,539
<b>Total</b>	<b>23,957,542</b>	<b>16,900,811</b>
<b>Geographical market</b>		
Mainland China	23,957,542	16,900,811

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 4. REVENUE - Continued

Set out below is the reconciliation of the revenue from contracts with customers with total revenue.

	Notes	Six months ended 30 September	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)
Provision of system development services		3,076,857	4,853,853
Provision of information technology services		8,903,582	7,181,419
Sale of point-of-sale machines and hardware		11,977,103	4,865,539
Revenue from contracts with customer	(a)	23,957,542	16,900,811
Leases of point-of-sale machines	(b)	1,008,132	894,791
<b>Total revenue</b>		<b>24,965,674</b>	<b>17,795,602</b>

Notes:

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

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

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

- (b) Leases

	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
<b>For operating leases:</b>		
Lease payments of point-of-sale machines that are fixed	1,008,132	894,791

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 5. SEGMENT INFORMATION

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

Information reported to the board of directors of the Company (the "Board"), being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group's operating activities are attributable to a single operating segment as the revenue are derived entirely from provision of system development services, information technology services, sale of point-of-sale machines and hardware and leases of point-of-sale machines. Accordingly, no segment analysis and geographical information is presented.

### 6. OTHER INCOME AND GAINS, NET

	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Government grants	17,961	58,582
Sundry income	142,828	112,141
Interest income on bank deposits	1,360	2,130
Gain on disposal of plant and equipment	1,392	5,649
Loss on written-off of plant and equipment	(137,884)	-
	<b>25,657</b>	<b>178,502</b>

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

	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Impairment losses recognised (reversed) on:		
- trade receivables	71,585	21,193
- other receivables	154,563	(274)
- amount due from associates	5,255	4,612
	<b>231,403</b>	<b>25,531</b>

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 8. FINANCE COSTS

	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Interest on:		
- Convertible bonds	1,264,585	1,537,740
- Lease liabilities	78,113	98,502
- Other borrowing	79,124	83,831
	<b>1,421,822</b>	<b>1,720,073</b>

### 9. INCOME TAX

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

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime is insignificant to the condensed consolidated financial statements.

No provision of taxation in Hong Kong has been made as the group entities in Hong Kong did not generate any assessable profits for the six months ended 30 September 2020 and 2019.

- (b) Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), a wholly-owned subsidiary of the Company, the other PRC subsidiaries are subject to PRC enterprise income tax at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC enterprise income tax ("EIT") for the first two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next three years. No provision of EIT of STIT has been made as the assessable profits for the period was wholly absorbed by tax losses brought forward for the six months ended 30 September 2020 and 2019.
- (c) No provision of EIT has been made in the condensed consolidated financial statements as the other PRC subsidiaries sustained a loss for the six months ended 30 September 2020 and 2019.

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 10. PROFIT (LOSS) FOR THE PERIOD

Profit (loss) for the period has been arrived at after charging (crediting):

	Note	Six months ended 30 September	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)
Amortisation of intangible assets		81,104	167,550
Depreciation of plant and equipment		158,326	1,545,743
Depreciation of right-of-use assets		568,977	1,495,176
Operating lease charges in respect of properties - minimum lease payments		85,440	90,250
Cost of services rendered		6,079,035	5,633,200
Cost of inventories sold		7,875,868	2,868,655
Cost of sales and services rendered		13,954,903	8,501,855
Write-off of other receivable, deposit and prepayment		1,969	361,692
Write-off of trade receivables		838	-
Equity-settled share-based payment - consultants		74,367	208,050
Net foreign exchange (gain) loss		(452,943)	743,637
Staff cost (including directors' emoluments)	(a)		
- Salaries and allowances		7,038,192	7,169,810
- Contribution to defined contribution retirement plan		217,198	402,237
- Equity-settled share-based payment		6,887	46,069
		7,262,277	7,618,116

Note a: Staff costs amounted to RMB3,839,446 (2019: RMB3,276,465), RMB609,980 (2019: RMB955,861) and RMB2,812,851 (2019: RMB3,385,790) have been included in cost of sales and service rendered, selling expenses and general and administrative expenses respectively.

### 11. 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 (loss)	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	3,225,258	(1,806,241)
Effect of dilutive potential ordinary shares: Convertible bonds	443,705	1,537,740
Earnings (loss) for the purpose of diluted earnings (loss) per share	3,668,963	(268,501)

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 11. EARNINGS (LOSS) PER SHARE - Continued

Number of shares	Six months ended 30 September	
	2020 RMB (Unaudited)	2019 RMB (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	650,769,591	650,769,591
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	650,769,591	650,769,591

For the six months ended 30 September 2020, the computation of diluted earnings per share (i) does not assume the exercise of the Company's share options because the exercise price of those options were substantially higher than the average market price of shares and (ii) does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in an increase in earnings per share.

For the six months ended 30 September 2019, the computation of diluted loss per share (i) does not assume the exercise of the Company's share options because the exercise price of those options were substantially higher than the average market price of shares and (ii) does not assumed the conversion of the Company's outstanding convertible bond since their assumed exercise would result in a decrease in loss per share which is regarded as anti-dilutive.

### 12. DIVIDEND

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

### 13. PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Plant and equipment RMB	Intangible assets RMB
<b>Carrying amount at 1 April 2020 (audited)</b>	<b>849,675</b>	<b>176,972</b>
Costs:		
Additions	66,880	-
Disposal	(3,800)	-
Written-off	(1,139,191)	-
	(1,076,111)	-
Depreciation and amortisation:		
Charge for the period	158,326	81,104
Disposal	(3,600)	-
Written-off	(1,001,307)	-
	(846,581)	81,104
<b>Carrying amount at 30 September 2020 (unaudited)</b>	<b>620,145</b>	<b>95,868</b>

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 14. RIGHT-OF-USE ASSET

During the current interim period, the Group entered into a new lease agreement with lease term of three years. The Group is required to make fixed monthly payment. On lease commencement, the Group recognised right-of-use asset of RMB3,413,864 (six months ended 30 September 2019: RMB4,734,724) and lease liabilities of RMB3,413,864 (six months ended 30 September 2019: RMB4,734,724).

### 15. INTERESTS IN ASSOCIATES

	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Share of net assets	-	-

The particulars of all associates of the Group as at 30 September 2020 and 31 March 2020, which are unlisted corporate entity, are as follows:

Name of associates	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	
				30 September 2020	31 March 2020	30 September 2020	31 March 2020
Shenzhen Intelligent Preferential Pay Company Limited* (深圳市智惠付信息技術有限公司)	PRC, limited liability company	Provision of e-commerce, information technology consultancy services, electronic promotion services and electronic messaging information services	RMB2,000,000	37.5%	37.5%	37.5%	37.5%
Shenzhen Dashouhou Information Technology Co., Ltd* (深圳市大售後信息技術有限公司)	PRC, limited liability company	Provision of e-commerce system development and information technology services	RMB1,000,000	47.5%	47.5%	47.5%	47.5%
TTG Fintech Services Limited	Hong Kong, limited liability company	Provision of e-commerce system development and information technology services	HK\$1,000,000	40%	40%	40%	40%

\* The English translation of the company name is for reference only.

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

# Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2020

## 16. TRADE AND OTHER RECEIVABLES

	Note	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Trade receivables:			
- Contract with customers		17,769,557	14,376,684
- Leases		238,710	743,670
		<b>18,008,267</b>	15,120,354
Less: allowance for credit losses		(108,886)	(37,301)
	(a)	<b>17,899,381</b>	15,083,053
Other receivables		2,147,363	2,660,828
Amounts due from associates (Note 21(c))		4,982,913	2,601,366
Amounts due from related companies (Note 21(c))		590,000	590,000
Prepayments and deposits		1,909,255	1,681,782
Value added tax recoverable		500,465	494,460
		<b>10,129,996</b>	8,028,436
Less: allowance for credit losses		(938,094)	(778,276)
Other receivables, net of allowance		<b>9,191,902</b>	7,250,160
		<b>27,091,283</b>	22,333,213

Note:

- a) As at 30 September 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,922,925 (31 March 2020: RMB2,065,569) which are past due at the reporting date. Out of the past due balances, RMB822,813 (31 March 2020: RMB1,317,671) has been past due 90 days or more and is not considered as in default by considering the ongoing business relationship, repayment history and expected future settlements. The Group does not hold any collateral over these balances.



# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 17. TRADE AND OTHER PAYABLES

	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Trade payables	3,598,111	3,106,115
Other payables and accruals	6,527,024	5,770,170
Deposits received	1,949,855	2,157,735
Amounts due to directors (Note 21(c))	2,257,878	2,398,321
Financial liabilities measured at amortised cost	14,332,868	13,432,341
Other tax levies payables	-	200,868
	14,332,868	13,633,209
Less: Non-current portion:		
- Other payables	-	(28,657)
	14,332,868	13,604,552

### 18. CONVERTIBLE BONDS

#### a) Movements in the components of the convertible bonds

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

	Notes	Liability component RMB	Derivative component			Total RMB
			Gross RMB	Deferred day one gain RMB	Net RMB	
At 1 April 2019		22,016,682	34	2,930,596	2,930,630	24,947,312
Modification of convertible bonds	(i)	(136,779)	33,575	-	33,575	(103,204)
Extinguishment during the year arising from modification of convertible bonds	(ii),(iii)	(15,596,596)	-	(662,931)	(662,931)	(16,259,527)
Issuance of convertible bonds	(ii),(iii)	11,911,142	2,668,436	634,708	3,303,144	15,214,286
Amortisation of deferred day one gain in profit or loss		-	-	(1,894,669)	(1,894,669)	(1,894,669)
Change in fair value of embedded derivatives		-	(2,409,475)	-	(2,409,475)	(2,409,475)
		-	(2,409,475)	(1,894,669)	(4,304,144)	(4,304,144)
Exchange movement		747,335	(73,305)	(73,523)	(146,828)	600,507
Interest expenses		2,826,730	-	-	-	2,826,730
At 31 March 2020 (Audited)		21,768,514	219,265	934,181	1,153,446	22,921,960
Total unrealised gain for the year included in profit or loss for liabilities held at the year ended 31 March 2020		-	(2,409,475)	(1,894,669)	(4,304,144)	(4,304,144)

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 18. CONVERTIBLE BONDS - Continued

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

The movements in the liability and derivative components of the convertible bonds during the six months ended 30 September 2020 are set out below:

	Liability component RMB	Derivative component			Total RMB
		Gross RMB	Deferred day one gain RMB	Net RMB	
At 1 April 2020 (audited)	21,768,514	219,265	934,181	1,153,446	22,921,960
Amortisation of deferred day one gain in profit or loss	-	-	(411,770)	(411,770)	(411,770)
Change in fair value of embedded derivatives	-	83,155	-	83,155	83,155
	-	83,155	(411,770)	(328,615)	(328,615)
Exchange movement	(489,685)	23,506	(26,086)	(2,580)	(492,265)
Interest expenses	1,264,585	-	-	-	1,264,585
<b>At 30 September 2020 (unaudited)</b>	<b>22,543,414</b>	<b>325,926</b>	<b>496,325</b>	<b>822,251</b>	<b>23,365,665</b>
<b>Total unrealised loss (gain) for the period included in profit or loss for liabilities held at the six months ended 30 September 2020</b>	<b>-</b>	<b>83,155</b>	<b>(411,770)</b>	<b>(328,615)</b>	<b>(328,615)</b>

Notes:

*During the year ended 31 March 2020*

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

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

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 18. CONVERTIBLE BONDS - Continued

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

Notes: - continued

*During the year ended 31 March 2020 - continued*

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 18. CONVERTIBLE BONDS - Continued

#### b) Major terms of convertible bonds

Convertible bond	Issue date	Date of maturity	Principal amount	Effective interest rate of liability component	Conversion price per share AUD	As at 30 September 2020 RMB	As at 31 March 2020 RMB
CB 2	9/12/2016	31/12/2020	AUD500,000	7.07%	0.20	2,381,892	2,084,706
CB 3	28/4/2017	28/4/2023	HK\$15,000,000	10.82%	0.20	10,788,847	10,686,194
CB 5	31/5/2017	31/12/2020	RMB3,000,000	14.73%	0.20	2,900,827	2,719,849
Convertible bond 6 ("CB 6")	16/11/2017	15/11/2020	USD500,000	14.06%	0.20	3,387,180	3,450,852
Convertible bond 7 ("CB 7")	16/11/2017	15/11/2020	USD376,687	14.06%	0.20	2,552,046	2,600,019
Convertible bond 8 ("CB 8")	16/11/2017	15/11/2020	USD200,000	14.06%	0.20	1,354,873	1,380,340
						<b>23,365,665</b>	22,921,960
Less: Non-current portion						<b>(10,788,847)</b>	(10,686,194)
						<b>12,576,818</b>	12,235,766

All the convertible bonds are zero coupon bonds.

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

The 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.

#### c) Conversion at the option of the Holders

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

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

# Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2020

## 18. CONVERTIBLE BONDS - Continued

### c) Conversion at the option of the Holders - continued

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

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

	At 30 September 2020			
	CB 2	CB 3	CB 5	CB 6, 7 and 8
Share price (AUD)	0.084	0.084	0.084	0.084
Conversion price (AUD)	0.20	0.20	0.20	0.20
Risk free interest rate	0.12%	0.16%	0.12%	0.12%
Time to maturity (year)	0.25	2.6	0.25	0.13
Expected volatility	39%	44%	39%	33%
Expected dividend yield	0%	0%	0%	0%

The loss on change in fair value of embedded derivatives of the convertible bonds for the six months ended 30 September 2020 of RMB83,155 (30 September 2019: loss on change in fair value of RMB510,595) and amortisation of deferred day one gain of RMB411,770 (30 September 2019: gain of RMB1,246,406) were recognised as "Unrealised gain on change of fair value of embedded derivatives of convertible bonds" in the condensed consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the six months ended 30 September 2020 amounted to RMB1,264,585 (30 September 2019: RMB1,537,740), which was calculated using the effective interest method.

## 19. SHARE CAPITAL

	Number of ordinary shares	HK\$	RMB equivalent
<b>Issued and fully paid:</b>			
At 1 April 2019, 31 March 2020 and			
<b>30 September 2020</b>	<b>650,769,591</b>	<b>117,194,865</b>	<b>87,189,117</b>

Note: 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 Condensed Consolidated Financial Statements For the six months ended 30 September 2020

### 20. SHARE OPTION SCHEME

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

On 12 August 2015, the Company granted 9,770,000 and 2,000,000 share options to certain consultants and other qualified participants at the exercise price of AUD0.80 and AUD1.0 per option share (the "August 2015 Option") respectively. Share options granted to participants other than employees are measured at fair value of options granted as these other participants are providing services that are similar to those rendered by employees. The fair value of the options determined at the date of grant using the binomial option pricing model were AUD727,445. The consultants and other qualified participants have rendered services to the Group during the six months ended 30 September 2020 and year ended 31 March 2020.

On 23 September 2015, the Company granted 7,577,474 share options to 2 directors at the exercise price of AUD0.80 per option share (the "September 2015 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD414,920.

On 1 October 2016, the Company granted 20,000,000 share options to a consultant and at the exercise price of AUD0.30 per option share (the "October 2016 Option"). Share options granted to a consultant other than employees are measured at fair values of options granted as this consultant is providing services that are similar to those rendered by employees. The fair value of the options determined at the date of grant using the binomial option pricing model were AUD2,635. The consultant has rendered services to the Group during the year ended 31 March 2020. The options are expired during the year ended 31 March 2020.

On 17 January 2018, the Company granted 6,000,000 share options to a consultant at the exercise price of AUD0.30 per option share (the "January 2018 Option"). Share options granted to a consultant other than employees are measured at fair values of options granted as this consultant is providing services that are similar to those rendered by employees. The fair value of the options determined at the date of grant using the binomial option pricing model were AUD6,080. This consultant has rendered services to the Group during the six months ended 30 September 2020 and year ended 31 March 2020.

On 28 September 2018, the Company granted 31,800,000 share option 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. These directors have rendered services to the Group during the six months ended 30 September 2020 and year ended 31 March 2020.

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 20. SHARE OPTION SCHEME - Continued

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

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants and other qualified participants (Group A)	9,770,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD0.80	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Consultants and other qualified participants (Group B)	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD1.00	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Directors	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%)	AUD0.80	1-2 years
			From 1 July 2017 to 30 June 2018 (10%)		
			From 1 July 2018 to 30 June 2019 (20%)		
			From 1 July 2019 to 30 June 2020 (20%)		
			From 1 July 2020 to 30 June 2022 (40%)		
Consultant	20,000,000	1 October 2016	From 1 October 2016 to 30 September 2017 (30%)	AUD0.30	1 year
			From 1 October 2017 to 30 September 2018 (35%)		
			From 1 October 2018 to 30 September 2019 (35%)		

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 20. SHARE OPTION SCHEME - Continued

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

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultant	6,000,000	17 January 2018	From 17 January 2018 to 31 January 2021 (100%)	AUD0.30	3 years
Directors	31,800,000	28 September 2018	From 28 September 2018 to 18 January 2021 (100%)	AUD0.20	2.3 years

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

	Weighted average exercise price		Number of share options	
	As at 30 September 2020 AUD	As at 31 March 2020 AUD	As at 30 September 2020	As at 31 March 2020
Outstanding at the beginning of the period / year	<b>0.243</b>	0.390	<b>45,582,000</b>	77,147,474
Granted during the period / year	<b>N/A</b>	N/A	-	-
Expired during the period / year	<b>0.831</b>	0.488	<b>(2,594,000)</b>	(31,565,474)
Outstanding as at the end of the period / year	<b>0.290</b>	0.243	<b>42,988,000</b>	45,582,000
Exercisable at the end of the period / year	<b>0.290</b>	0.255	<b>42,988,000</b>	40,394,000

No options were exercised during the six months ended 30 September 2020 (2019: Nil).

The options have a contractual option terms ranged from 1 year to 3 years. The options outstanding at 30 September 2020 had exercise prices ranged from AUD0.2 to AUD1.0 and a weighted average remaining contractual lives of 0.50 years.



# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 20. 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	3.01	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 six months ended 30 September 2020, the Group recognised total expenses of RMB81,254 (six months ended 30 September 2019: RMB254,119) as share option expense.

### 21. MATERIAL RELATED PARTY TRANSACTIONS

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

#### a) Transactions with key management personnel

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

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

Name of related party	Nature of transaction	Six months ended 30 September	
		2020 RMB (Unaudited)	2019 RMB (Unaudited)
IPP	Technical service fee expense	89,623	-
	Purchase of point-of-sale machines	19,221	-

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

Note: IPP is an associate of the Group.

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 21. MATERIAL RELATED PARTY TRANSACTIONS - Continued

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

Name of related party	Notes	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Amounts due to directors:			
- Mr. Chow Ki Shui Louie	(i)	(1,997,315)	(2,137,758)
- Mr. Xiong Qiang	(i)	(260,563)	(260,563)
		<b>(2,257,878)</b>	<b>(2,398,321)</b>
Amounts due from related companies:			
- Shenzhen Bozhong Communication Technology Company Limited ("Shenzhen Bozhong") *			
(深圳市伯仲通信技术有限公司)	(i)&(ii)	<b>590,000</b>	590,000
Amounts due from associates:			
- IPP	(i) &(iv)	<b>217,383</b>	217,647
- TTG Fintech Service Limited	(i) &(iv)	<b>4,373,693</b>	1,997,138
		<b>4,591,076</b>	<b>2,214,785</b>

\* The English name is for identification only

Notes:

- (i) The amounts are unsecured, interest free and repayable on demand.
- (ii) Ms. Ling Fang, the wife of Mr. Xiong Qiang, a director and a shareholder of the Company, is the director and major shareholder of Shenzhen Bozhong. The maximum outstanding balance of amount due from a related company is RMB590,000 during the six months ended 30 September 2020.
- (iii) The amounts due from (to) the above related parties are included in trade and other receivables (Note 16) and trade and other payables (Note 17) respectively.
- (iv) The amounts represent the amounts due from associates net of allowance for credit losses.

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### Fair value measurements and valuation processes

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	
	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Embedded derivative of convertible bonds	822,251	1,153,446

# Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2020

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - Continued

### Fair value measurements and valuation processes - continued

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

Financial liability	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input
	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)			
Embedded derivative of convertible bonds	822,251	1,153,446	Level 3	Binomial option pricing model	Expected volatility range from 33% to 44% (31 March 2020: 38% to 55%) taking into account the fluctuation of share price of the Company (Note)

Note:

If the volatility rate had been 10% higher/lower than management's estimates at 30 September 2020, it would have increased/decreased the fair value of embedded derivatives of the convertible bonds by RMB260,381 (31 March 2020: RMB267,681) and RMB202,906 (31 March 2020: RMB176,733) 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 2019	2,930,630
Modification of convertible bonds	33,575
Extinguishment during the period arising from modification of convertible bonds	(662,931)
Issuance of convertible bonds	3,303,144
Amortisation of deferred day one gain in profit or loss	(1,894,669)
Change in fair value embedded derivatives	(2,409,475)
Exchange movement	(146,828)
At 31 March 2020	1,153,446
Amortisation of deferred day one gain in profit or loss	(411,770)
Change in fair value embedded derivatives	83,155
Exchange movement	(2,580)
<b>At 30 September 2020</b>	<b>822,251</b>

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

# Notes to the Condensed Consolidated Financial Statements

## For the six months ended 30 September 2020

### 23. CAPITAL COMMITMENT

	As at 30 September 2020 RMB (Unaudited)	As at 31 March 2020 RMB (Audited)
Contracted but not provided for:		
- Capital contribution to subsidiaries	23,479,000	23,479,000
- Capital contribution to other investments	1,500,000	1,500,000
	<b>24,979,000</b>	<b>24,979,000</b>

### 24. EVENT AFTER REPORTING PERIOD

On 15 November 2020, the Company and the CB 6 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB 6 shall be extended to 31 December 2021 and all other terms and conditions of the CB 6 remained unchanged.

On 15 November 2020, the Company and the CB 7 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB 7 shall be extended to 31 December 2022 and all other terms and conditions of the CB 7 remained unchanged.

## CORPORATE DIRECTORY

### PRINCIPAL PLACE OF BUSINESS IN THE PRC

1701, Block B2, No.15 KeYuan Road, KeXing Science Park  
NanShan District, Shenzhen, 518000  
People's Republic of China

### REGISTERED OFFICE, PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

1806, Gala Place, 56 Dundas Street  
Mongkok, Kowloon  
Hong Kong

### REPRESENTATIVE OFFICE IN AUSTRALIA

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

### BOARD OF DIRECTORS

#### *Executive Directors*

XIONG Qiang (President & Chief Executive Officer)  
CHOW Ki Shui Louie (Vice President & Deputy Chief Executive Officer and Chief Financial Officer)

#### *Non-Executive Directors*

RYAN Christopher John (Independent Chairman)  
ZHOU Chenyao

### COMPANY SECRETARIES

CHOW Ki Shui Louie

### AUDITORS

Asian Alliance (HK) CPA Limited

### AUDIT COMMITTEE

RYAN Christopher John (Chairman)  
ZHOU Chenyao

### REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

### AUSTRALIA BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### WEBSITE

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