



FINTECH CHAIN LIMITED

ARBN 158 702 400

INTERIM REPORT **Six months ended 30 September 2022**

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 2022 and any public announcements issued by FINTECH CHAIN LIMITED in accordance with the continuing disclosure requirements of the Australian Securities Exchange Listing Rules.

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

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 30 September 2022
(Previous corresponding period half-year ended 30 September 2021)

				RMB'000
Revenue from ordinary activities	up	7.1%	to	30,503
Loss after tax for the period	down	317.7%	to	9,624
Loss for the period attributable to owners of the Company	down	302.4%	to	9,378

Dividends

No dividends were paid or declared during the six months ended 30 September 2022 (2021: Nil)

Explanation of Revenue

Revenue increased from RMB28.5 million for the six months ended 30 September 2021 to RMB30.5 million for the six months ended 30 September 2022.

Compared to the previous corresponding period, revenue from SaaS cloud services decreased to RMB10.1 million, revenue from SaaS for rights/ interests/ points/ marketing/ promotion decreased to RMB1.1 million and revenue from SaaS for hardware IoT increased to RMB18.8 million. The increase in hardware revenue resulted from new contracts signed with bank clients.

Comments on above figures

Loss after tax for the six months ended 30 September 2022 was RMB9.6 million, a decrease of RMB14.0 million or 317.7% over the corresponding prior period. The principal reason for the loss was the expensing of RMB13.4 million in misappropriation of funds by a former cashier of a subsidiary during the COVID period of employee movement restriction. If this had not occurred, FTC would have earned a profit after tax of RMB3.8 million.

Net loss derived during the period included:

1. increase in gross profit of RMB0.6 million;
2. increase in other income, gains and losses of RMB0.5 million;
3. increase in loss on asset of RMB13.4 million
4. decrease in selling expenses of RMB0.1 million;
5. increase in research and development expenses of RMB0.1 million;
6. increase in general and administrative expenses of RMB1.1 million;
7. decrease in unrealised gains on change of fair value of embedded derivatives of convertible bonds of RMB0.5 million;
8. increase in finance costs of RMB0.2 million.

Research and development expenses and general and administrative expenses increased during the period due to FTC upgrades to the T-Linx™ SaaS platform and increased staff costs.

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont'd)

Comments on above figures (Cont'd)

Net loss for the period attributable to owners of the Company was RMB9.4 million, a decrease of RMB14.0 million over the corresponding prior period.

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

NTA Backing	As at	
	30 September 2022	30 September 2021
Net tangible assets backing per ordinary share	(1.75) cents	0.20 cents

NTA backing was detrimentally effected by the expensing of misappropriation of funds by a former cashier in the sum of RMB13.4 million during the six month period. If not for this fraudulent event NTA Backing per ordinary share would have been 0.31 cents. The judicial process is under underway to source and retrieve the missing funds.

Controlled entities acquired or disposed of

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

Additional dividend information

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

Dividend reinvestment plans

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

Associates and joint venture entities

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

Foreign entities

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

DIRECTORS REPORT

The directors present their report on the consolidated entity consisting of FinTech Chain Limited (“FTC”) and its controlled entities for the six months ended 30 September 2022 (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)

HONG Yupeng

Principal activities

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

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

Four major interconnected services of T-Linx™ SaaS platform

1. SaaS cloud service

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

DIRECTORS REPORT (Cont'd)

Principal activities (Cont'd)

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

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

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

3. SaaS for hardware IoT

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

4. SaaS financial service

- Increase upsell and cross-sell opportunities for various partners.
- Buy-Now-Pay-Later (BNPL) service.

Management Discussion and Analysis

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

Internal Control Update

After a misappropriation of funds reported in July 2022, FTC immediately carried out system upgrades including integration of our Financial Management Systems and Inventory Management Systems in order to strengthen real-time management efficiency and sensitivity. The data within the inventory system seamlessly synchronises with the accounting systems. This integration increases the accuracy of FTC's reporting on financial position and reduces the time cost to reconcile discrepancies between the systems and duplicate work on data entry. Staff and warehouse expenses can add up quickly. Relying on staff to manually keep track of inventory is a costly and time-consuming task. Furthermore, it enables FTC to identify problems immediately rather than months later during quarterly inventory counts and cash flow report preparation.

DIRECTORS REPORT (Cont'd)

Revenue

Revenue increased by RMB2.0 million or 7.1%, from RMB28.5 million for the six months ended 30 September 2020 to RMB30.5 million for the six months ended 30 September 2022. The increase was due to FTC generating revenue from SaaS for hardware IoT increased by RMB7.3 million meanwhile revenue from cloud service and rights/ interests/ points/ marketing/ promotion decreased by RMB5.3 million.

FTC expects revenue to grow further steadily in the second half of the financial year.

Gross profit

Gross profit amounted to RMB14.7 million, an increase of RMB0.6 million, or 4.5% compared to the previous corresponding period. Gross profit ratio decreased from 49.4% to 48.3%. The decrease in gross profit was due to slightly increase in costs.

FTC expects gross profit to increase in line with revenue in the second half of the financial year.

Loss on asset

As announced on 28 July 2022, the Company requested an ASX trading halt pending the outcome of an investigation relating to a possible misappropriation of funds. The investigation resulted in total RMB13.4 million in missing funds being identified. The judicial process to source and retrieve these funds is in progress.

Selling expenses

Selling expenses decreased by RMB0.1 million, or 27.7%, from RMB0.5 million to RMB0.3 million due to FTC management implementing tighter controls on expenditure.

Research and development expenses

Research and development expenses increased by RMB0.1 million, or 4.0%, from RMB2.4 million to RMB2.5 million due to scheduled upgrades to the T-Linx™ SaaS platform.

General and administrative expenses

General and administrative expenses increased by RMB1.1 million, or 15.2%, from RMB7.3 million to RMB8.4 million. This was mainly due to the Company maintaining salaries at management level staffs and reducing staff welfare costs.

Operating loss

Operating loss, which is equivalent to the sum of sales, other income, gains and losses, net, and reversal of impairment of impairment losses under expected credit loss model, net, after deduction of selling expenses, loss on asset, research and development expenses and general and administrative expenses, significantly decreased from operating profit of RMB4.4 million to operating loss RMB8.9 million.

DIRECTORS REPORT (Cont'd)

Other expenses / gain

1. Decrease in unrealised gain on change of fair value of embedded derivatives of convertible bonds of RMB0.5 million; and
2. Increase in finance costs of RMB0.2 million

The change in the fair value of embedded derivatives of convertible bonds and increase in finance costs was due to non-cash items exchange movements in the principal value of convertible bonds.

Net loss attributable to owners of the Company

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

1. gross profit of RMB14.7 million;
2. total expenses of RMB10.5 million;
3. loss on asset of RMB13.4 million; and
4. non-controlling interests of RMB0.2 million.

The increase in net loss attributable to owners of the Company of RMB14.0 million, or 43.7%, (from net profit RMB4.6 million to net loss RMB9.4 million) over the last corresponding period, was primarily driven by

1. increase in gross profit of RMB0.6 million;
2. increase in other income, gain and losses of RMB0.5 million;
3. increase in loss on asset of RMB13.4 million;
4. increase in selling expenses, research and development expenses and general and administrative expenses of RMB1.1 million;
5. decrease in unrealised gain on change of fair value of embedded derivatives of convertible bonds of RMB0.5 million; and
6. increase in finance costs of RMB0.2 million.

Loss per share

The Company incurred a loss of RMB1.441 cents per basic share and diluted share, compared to profit of RMB0.712 cents per basic share and profit of RMB0.620 cents per diluted share in the previous period.

Dividends

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

DIRECTORS REPORT (Cont'd)

Net current assets and net tangible assets

The Group had net current liabilities of RMB10.0 million as at 30 September 2022 compared to net current assets RMB7.4 million at 31 March 2022. The main reason for the change from net current assets to net current liabilities is due to the loss on misappropriation of funds of RMB13.4 million and convertible bonds.

Net tangible liabilities amounted to RMB11.4 million compared to net tangible assets RMB1.3 million as at 30 September 2021.

Net tangible liabilities per share amounted to RMB1.75 cents as 30 September 2022, compared to net tangible assets per share of RMB0.20 cents at 30 September 2021.

Share Capital

Movements in share capital of the Company during the period are set out in note 20 to the condensed consolidated financial statements.

Share options

The Company did not issue any share options during the financial period. Please refer to note 21 to the condensed consolidated financial statements.

Transfer to Reserves

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

Plant and Equipment

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

Convertible bonds

The Company did not issue any convertible bonds during the financial period. Please refer to note 19 to the condensed consolidated financial statements for details of convertible bonds of the Company up to 30 September 2022.

Commitments

The Group had capital commitments for unpaid registered capital for the subsidiaries and investments of RMB24.8 million as at 30 September 2022. Details are set out in note 24 to the condensed consolidated financial statements.

DIRECTORS REPORT (Cont'd)

Management contracts

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

Directors' interests in contracts

Except for the directors' interests as disclosed in the note 22 to the condensed consolidated financial statements, no contract of significance in relation to the Company's business to which the Company or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, existed at the end of the reporting period or at any time during the year.

Foreign exchange exposure

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

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

Employee, remuneration policies and share option scheme

At 30 September 2022, the Group had 143 full-time employees (31 March 2022: 156). 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 21 to the condensed consolidated financial statement.

DIRECTORS REPORT (Cont'd)

Business outlook:

Further upgrade on internal systems

Beside the integration of Financial Management and Inventory Systems, FTC also developed an unique RPA (Robotic Process Automation) real-time business-cash management digital platform on T-linx™ platform which centralizes over "business - cash flow - bank balance" management module of real-time data between each bank account to meet the management requirements of banks and enterprise customers.

Rated as Top 10% Service Providing Institutions by PCAC

On 15 November 2022, the Payment and Clearing Association of China (PCAC) officially released the 2021 Rating for Acquiring Outsourcing Service Institution. In provision of integrated payment technology services sector ("Service Institutions"), there are total of 290 Service Institutions participating in this rating, which accounts for 60% of all Service Institutions in China. The rating result is as below:

Rating	A+	A-	B+	B-	C+	C-	D	E
No. of Service Institutions	0	5	19	74	102	70	18	2

FTC's 100% owned subsidiary, TTG, rated as one a B+ Service Institutions by PCAC. B+ rating or above altogether accounts for 8.3% of all participating Service Institutions. FTC is encouraged by such high rating and positive industry recognition of T-Linx™.

T-linx™ two-wheel-driven development strategy and "Joint Product" application platform

FTC is driving T-linx™ business development in multi-dimensional fashion. Bank-level and enterprise-level T-linx™ middleware form a digital interconnection bridge between banks and their enterprise clients. There will be increasing number of unique and valuable applications, such as RPA real-time business-cash management digital platform, being implemented on T-linx™ to meet the digital operation demands of banks and enterprises. The strategy will lay a solid foundation for T-linx™ collaborative services of enterprises and banks.

FTC will continue to work closely together with major cloud infrastructure providers, such as Tencent Cloud, in "Joint Product" applications, in order to broaden T-linx™ market position.

DIRECTORS REPORT (Cont'd)

Business outlook (Cont'd)

FTC considers this traction a solid base to continue growth in revenue for the remainder of the financial year 2023 and the future.

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



Mr. XIONG Qiang
President
FINTECH CHAIN LIMITED

Shenzhen, 30 November 2022



Mr. Chris RYAN
Independent Chairman
FINTECH CHAIN LIMITED

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 2022 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 2022; and
- b. The state of affairs of the Group at 30 September 2022.

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 14 to 41, which comprise the condensed consolidated statement of financial position as of 30 September 2022 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, the Group reported loss attributable to the owners of the Company of RMB9,377,928 for the six months ended 30 September 2022 and, as of that date, the Group's current liabilities exceeded its current assets by RMB10,090,916 and the Group had net liabilities of RMB11,375,307. These conditions, along with other matter as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.



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

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

30 November 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2022

	Notes	Six months ended 30 September	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)
Revenue	4	30,502,816	28,491,923
Cost of sales and services rendered		(15,784,494)	(14,412,167)
Gross profit		14,718,322	14,079,756
Other income, gains and losses, net	6	1,050,797	512,215
Loss on asset	25	(13,435,878)	-
Reversal of impairment losses under expected credit loss model, net	7	25,251	17,110
Selling expenses		(342,872)	(474,435)
Research and development expenses		(2,531,961)	(2,434,227)
General and administrative expenses		(8,356,686)	(7,255,198)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds	19	85,914	605,931
Finance costs	8	(836,586)	(631,122)
(Loss) profit before tax		(9,623,699)	4,420,030
Income tax expense	9	-	-
(Loss) profit and total comprehensive (expense) income for the period	10	(9,623,699)	4,420,030
(Loss) profit and total comprehensive (expense) income for the period attributable to:			
- Owners of the Company		(9,377,928)	4,634,228
- Non-controlling interests		(245,771)	(214,198)
		(9,623,699)	4,420,030
(Loss) earnings per share (RMB Cents)			
- Basic	11	(1.441)	0.712
- Diluted	11	(1.441)	0.620

The notes on pages 18 to 41 form an integral part of this unaudited condensed consolidated financial statements.

Condensed Consolidated Statement of Financial Position

At 30 September 2022

	Notes	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
NON-CURRENT ASSETS			
Plant and equipment	13	712,887	689,260
Intangible assets	13	44,652	7,457
Interests in associates	15	-	-
Right-of-use asset	14	672,356	1,248,660
		1,429,895	1,945,377
CURRENT ASSETS			
Inventories		453,718	824,864
Trade and other receivables	16	27,517,379	38,608,922
Bank balances and cash		3,949,777	9,008,636
		31,920,874	48,442,422
CURRENT LIABILITIES			
Trade and other payables	17	13,255,436	29,329,240
Contract liabilities		4,055,980	1,790,185
Bank borrowings	18	2,200,000	-
Convertible bonds	19	21,781,849	8,604,192
Lease liability - current portion		718,525	1,349,967
		42,011,790	41,073,584
NET CURRENT (LIABILITIES) ASSETS		(10,090,916)	7,368,838
TOTAL ASSETS LESS CURRENT LIABILITIES		(8,661,021)	9,314,215
NON-CURRENT LIABILITIES			
Convertible bonds	19	-	11,032,278
Bank borrowings	18	2,714,286	-
Lease liability - non-current portion		-	33,545
		2,714,286	11,065,823
NET LIABILITIES		(11,375,307)	(1,751,608)
CAPITAL AND RESERVES			
Share capital	20	87,189,117	87,189,117
Reserves		(96,304,290)	(86,926,362)
Equity attributable to owners of the Company		(9,115,173)	262,755
Non-controlling interests		(2,260,134)	(2,014,363)
TOTAL DEFICIT		(11,375,307)	(1,751,608)

Approved and authorised for issue by the board of directors on 30 November 2022.



Xiong Qiang



CHOW Ki Shui Louie

The notes on pages 18 to 41 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 2022

	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 2021 (Audited)	87,189,117	2,728,004	(91,896,745)	(1,979,624)	(1,584,793)	(3,564,417)
Profit (loss) and total comprehensive income (expense) for the period	-	-	4,634,228	4,634,228	(214,198)	4,420,030
Recognition of equity-settled share-based payments	-	499,300	-	499,300	-	499,300
At 30 September 2021 (Unaudited)	87,189,117	3,227,304	(87,262,517)	3,153,904	(1,798,991)	1,354,913
At 1 April 2022 (Audited)	87,189,117	2,690,573	(89,616,935)	262,755	(2,014,363)	(1,751,608)
Loss and total comprehensive expense for the period	-	-	(9,377,928)	(9,377,928)	(245,771)	(9,623,699)
Lapse of share options	-	(1,689,222)	1,689,222	-	-	-
At 30 September 2022 (Unaudited)	87,189,117	1,001,351	(97,305,641)	(9,115,173)	(2,260,134)	(11,375,307)

The notes on pages 18 to 41 form an integral part of this unaudited condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(9,098,419)	1,751,871
INVESTING ACTIVITIES		
Interest received	7,075	13,786
Proceed from disposal of plant and equipment	55,000	-
Payments for purchase of plant and equipment	(96,465)	(119,992)
Payments for purchases of intangible assets	(47,279)	-
Decrease in amount due from associates	-	38,004
NET CASH USED IN INVESTING ACTIVITIES	(81,669)	(68,202)
FINANCING ACTIVITIES		
Interest paid	(99,295)	-
Repayment of lease liability	(693,762)	(644,686)
New bank borrowings arise	5,700,000	-
New other borrowing arise	400,000	-
Repayment of bank borrowings	(785,714)	-
Repayment of other borrowing	(400,000)	-
Repayment of convertible bonds	-	(2,375,280)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,121,229	(3,019,966)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,058,859)	(1,336,297)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,008,636	6,309,696
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	3,949,777	4,973,399

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

1. GENERAL INFORMATION

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

The Company is an investment holding company and its shares are listed on Australian Securities Exchange. Its subsidiaries (together with the Company collectively referred to as the “Group”) are principally engaged in interconnected services of T-Linx™ Software as a Service (“SaaS”) platform including SaaS cloud service which includes provision of system development services and information technology services, SaaS for hardware internet of things (“IoT”) which includes sale of point-of-sale machine and other hardware and SaaS for rights/interests/points/ marketing/promotion in the People’s Republic of China (the “PRC”). At 30 September 2022, the directors of the Company (the “Directors”) consider that the immediate and ultimate controlling party of the Company to be Mr. Xiong Qiang.

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements 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 2022 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 2022 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; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The Group reported loss attributable to the owners of the Company of RMB9,377,928 for the six months ended 30 September 2022 and, as of that date, the Group’s current liabilities exceeded its current assets by RMB10,090,916 and the Group had net liabilities of RMB11,375,307. In preparing these condensed consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain positive cash flows from operations in the immediate and longer term.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

2. BASIS OF PREPARATION - Continued

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

- The management have been implementing various strategies to broaden the customer base and revenue of the Group;
- On 30 November 2022, two of the substantial shareholders of the Company (the "Substantial Shareholder"), who beneficially own 333,448,870 ordinary issued shares of the Company, representing 51.2% of the total issued ordinary share capital of the Company (the "Shares") on 30 September 2022, entered into the deed of undertaking (the "Deed of Undertaking") and agreed 1) to provide financial support to the Company until the Company has sufficient funds to meet its operations and to pay financial obligations as they fall due for the period from 1 October 2022 to 30 September 2023; 2) to use the Shares and/or converting the Shares to procure loan facilities which will make available to the Company in meeting the Company's operation requirements; and 3) not to pledge and/or dispose of the Shares to any other parties other than the purpose as stated in items 2 above for the period from 1 October 2022 to 30 September 2023. In addition, the Substantial Shareholders will not demand repayment of amount owing to them until after the Company's cashflow situation is improved and until such time when repayment will not affect the Company's ability to repay other creditors in the normal course of business; 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.

The Directors have reviewed the Group's cash flow projection prepared by the management which covering a period of not less than twelve months from 30 September 2022 on the basis that the Group's aforementioned plans and measures will be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 30 September 2022. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from application of 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 2022 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 March 2022.

Application of amendments to IFRSs and HKFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by IASB, for the first time, which are mandatory effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group's condensed consolidated financial statements. The equivalent amendments to HKFRSs, which collectively includes all applicable individual HKFRSs, HKASs and interpretations, consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

Amendments to IFRS/HKFRS 3
Amendments to IAS/HKAS 16
Amendments to IAS/HKAS 37
Amendments to IFRSs/HKFRSs

Reference to the Conceptual Framework
Property, Plant and Equipment – Proceeds before Intended Use
Onerous Contracts – Cost of Fulfilling a Contract
Interest Rate Benchmark Reform - Phase 2

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

3. PRINCIPAL ACCOUNTING POLICIES - Continued

Application of amendments to IFRSs and HKFRSs - continued

The Directors anticipate that the application of the amendments to IFRSs/HKFRSs in the current interim period has 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.

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Types of goods and services		
SaaS cloud service	10,084,885	14,334,990
SaaS for hardware IoT	18,820,848	11,439,190
SaaS for rights/interests/points/marketing/promotion	1,144,309	2,231,564
Total	30,050,042	28,005,744
Timing of revenue recognition		
Over time	2,846,715	3,686,780
A point in time	27,203,327	24,318,964
Total	30,050,042	28,005,744
Geographical market		
Mainland China	30,050,042	28,005,744

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

		Six months ended 30 September	
	Notes	2022 RMB (Unaudited)	2021 RMB (Unaudited)
SaaS cloud service		10,084,885	14,334,990
SaaS for hardware IoT		18,820,848	11,439,190
SaaS for rights/interests/points/marketing/promotion		1,144,309	2,231,564
Revenue from contracts with customers	(a)	30,050,042	28,005,744
Leases of point-of-sale machines	(b)	452,774	486,179
Total revenue		30,502,816	28,491,923

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

4. REVENUE - Continued

Disaggregation of revenue from contracts with customers - continued

Notes:

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

Provision of system development services

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

Provision of information technology services

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

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

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

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

- (b) Leases

	Six months ended 30 September	
	2022	2021
	RMB	RMB
	(Unaudited)	(Unaudited)
For operating leases:		
Lease payments of point-of-sale machines that are fixed	452,774	486,179

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

5. SEGMENT INFORMATION

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

Information reported to the board of Directors (the "Board"), being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group's operating activities are attributable to a single operating segment as the revenue are derived from interconnected services of T-Linx™ SaaS platform including SaaS cloud service, SaaS for hardware IoT and SaaS for rights/interests/points/marketing/promotion. Accordingly, no segment analysis is presented other than entity-wide disclosures.

6. OTHER INCOME, GAINS AND LOSSES, NET

	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Government grants	646,937	336,700
Sundry income	387,553	161,767
Interest income on bank deposits	7,075	13,786
Gain on disposal of plant and equipment	20,407	-
Loss on written-off of intangible assets	(6,539)	-
Loss on written-off of plant and equipment	(4,636)	(38)
	1,050,797	512,215

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

	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Impairment losses (reversed) recognised on:		
- trade receivables	(111,915)	(17,478)
- other receivables	35,229	(61,579)
- amounts due from associates	55,586	61,947
- amounts due from a related company	(4,151)	-
	(25,251)	(17,110)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

8. FINANCE COSTS

	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Interest on:		
- Convertible bonds	708,516	495,023
- Lease liability	28,775	60,341
- Bank borrowings	93,277	-
- Other borrowing	6,018	75,758
	836,586	631,122

9. INCOME TAX

- (a) No provision of taxation in Hong Kong has been made as the group entities in Hong Kong did not generate any assessable profits for the six months ended 30 September 2022 and 2021.
- (b) Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), a wholly-owned subsidiary of the Company, the other PRC subsidiaries are subject to PRC corporate income tax (the "EIT") at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC EIT for the first two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next three years. No provision of EIT of STIT has been made as the assessable profits for the period was wholly absorbed by tax losses brought forward for the six months ended 30 September 2022 and 2021.
- (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 2022 and 2021.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

10. (LOSS) PROFIT FOR THE PERIOD

(Loss) profit for the period has been arrived at after charging:

	Notes	Six months ended 30 September	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)
Amortisation of intangible assets		3,545	30,378
Depreciation of plant and equipment		91,131	59,771
Depreciation of right-of-use asset		576,304	576,305
Cost of services rendered		8,670,846	6,939,862
Cost of inventories sold		7,113,648	7,472,305
Cost of sales and services rendered		15,784,494	14,412,167
Equity-settled share-based payment - consultants and other qualified participants		-	499,300
Net foreign exchange loss		1,478,681	412,079
Directors' emoluments			
- Salaries and allowances		360,000	644,202
- Contribution to defined contribution retirement plan		9,171	23,291
		369,171	667,493
Staff cost (including directors' emoluments)	(a)		
- Salaries and allowances		9,557,217	8,543,180
- Contribution to defined contribution retirement plan		668,442	536,845
		10,225,659	9,080,025

Note a: Staff costs amounted to RMB4,928,596 (2021:RMB3,256,963), RMB201,138 (2021: RMB245,447), RMB2,531,961 (2021: RMB2,434,227) and RMB2,563,964 (2021: RMB3,143,388) have been included in cost of sales and service rendered, selling expenses, research and development expenses and general and administrative expenses respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

11. (LOSS) EARNINGS PER SHARE

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

(Loss) earnings	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
(Loss) profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per share	(9,377,928)	4,634,228
Effect of dilutive potential ordinary shares: Convertible bonds	2,145,379	(454,695)
(Loss) earnings for the purpose of diluted (loss) earnings per share	(7,232,549)	4,179,533

Number of shares	Six months ended 30 September	
	2022 RMB (Unaudited)	2021 RMB (Unaudited)
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	650,769,591	650,769,591
Effect of dilutive potential ordinary shares: Convertible bonds	21,917,541	23,546,705
Share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	672,687,132	674,316,296

For the six months ended 30 September 2022 and 2021, the computation of diluted (loss) earnings per share does not assume the exercise of the Company's share options because the exercise prices of those options were substantially higher than the average market price of shares.

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

12. DIVIDEND

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

13. PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Plant and equipment RMB	Intangible assets RMB
Carrying amount at 1 April 2022 (audited)	689,260	7,457
Costs:		
Additions	153,987	47,279
Disposal	(6,071,441)	-
Written-off	(92,640)	(1,327,357)
	(6,010,094)	(1,280,078)
Depreciation and amortisation:		
Charge for the period	91,131	3,545
Disposal	(6,036,848)	-
Written-off	(88,004)	(1,320,818)
	(6,033,721)	(1,317,273)
Carrying amount at 30 September 2022 (unaudited)	712,887	44,652

14. RIGHT-OF-USE ASSET

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

15. INTERESTS IN ASSOCIATES

	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
Share of net assets	-	-

The particulars of all associates of the Group as at 30 September 2022 and 31 March 2022, which are unlisted corporate entities, 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 2022	31 March 2022	30 September 2022	31 March 2022
Shenzhen Intelligent Preferential Pay Company Limited* ("IPP") (深圳市智惠付信息技術有限公司)	PRC, limited liability company	Provision of e-commerce, information technology consultancy services, electronic promotion services and electronic messaging information services	RMB2,000,000	32.5%	32.5%	32.5%	32.5%
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. The official name of these companies is in Chinese.

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 2022

16. TRADE AND OTHER RECEIVABLES

	Note	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
Trade receivables:			
- Contract with customers		19,613,931	27,670,118
- Leases		214,179	492,330
		19,828,110	28,162,448
Less: allowance for credit losses		(113,402)	(225,317)
	(a)	19,714,708	27,937,131
Other receivables		2,818,926	5,518,304
Amounts due from associates (Note 22(c))		4,534,494	4,125,656
Amount due from a related company (Note 22(c))		286,280	654,300
Prepayments and deposits		1,823,960	1,941,772
Value added tax recoverable		323,051	329,135
		9,786,711	12,569,167
Less: allowance for credit losses		(1,984,040)	(1,897,376)
Other receivables, net of allowance		7,802,671	10,671,791
		27,517,379	38,608,922

Note a: The credit periods of trade receivables ranged from 90 days to 1 year.

As at 30 September 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB3,299,073 (31 March 2022: RMB4,068,701) which are past due at the reporting date. Out of the past due balances, RMB2,343,987 (31 March 2022: RMB3,885,281) 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 2022

17. TRADE AND OTHER PAYABLES

	Note	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
Trade payables	(a)	3,264,034	16,706,599
Other payables and accruals		4,526,906	6,745,890
Deposits received		1,646,468	1,678,555
Amounts due to directors (Note 22(c))		2,359,373	2,390,832
Amount due to a related party (Note 22(c))		110,000	110,000
Financial liabilities measured at amortised cost		11,906,781	27,631,876
Other tax levies payables		1,348,655	1,697,364
		13,255,436	29,329,240

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

18. BANK BORROWINGS

During the current interim period, the Group obtained a bank borrowing amounting to RMB2,714,286. The bank borrowing carry fixed interest rate of 6.91% per annum and is repayable within 2 years. The proceeds were used to finance the general working capital of the Group.

During the current interim period, the Group obtained a bank borrowing amounting to RMB2,200,000. The bank borrowing carry variable interest rate of China loan prime rate plus 0.60% per annum and is repayable within 6 months. The proceeds were used to finance the general working capital of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

19. 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 2022 are set out below:

	Notes	Liability component RMB	Derivative component		Net RMB	Total RMB
			Gross RMB	Deferred day one gain RMB		
At 1 April 2021 (Audited)		20,827,365	577,235	314,597	891,832	21,719,197
Modification of convertible bonds	(i)&(ii)	(43,647)	(20,112)	-	(20,112)	(63,759)
Repayment	(ii)	(2,332,924)	-	-	-	(2,332,924)
Amortisation of deferred day one gain in profit or loss		-	-	(129,779)	(129,779)	(129,779)
Change in fair value of embedded derivatives		-	(528,427)	-	(528,427)	(528,427)
		-	(528,427)	(129,779)	(658,206)	(658,206)
Exchange movement		(584,285)	(28,628)	(10,234)	(38,862)	(623,147)
Interest expenses		1,595,309	-	-	-	1,595,309
At 31 March 2022 (Audited)		19,461,818	68	174,584	174,652	19,636,470
Total unrealised gain for the year included in profit or loss for liabilities held at the year ended 31 March 2022		-	(528,427)	(129,779)	(658,206)	(658,206)

The movements in the liability and derivative components of the convertible bonds during the six months ended 30 September 2022 are set out below:

	Liability component RMB	Derivative component		Net RMB	Total RMB
		Gross RMB	Deferred day one gain RMB		
At 1 April 2022 (Audited)	19,461,818	68	174,584	174,652	19,636,470
Amortisation of deferred day one gain in profit or loss	-	-	(85,846)	(85,846)	(85,846)
Change in fair value of embedded derivatives	-	(68)	-	(68)	(68)
	-	(68)	(85,846)	(85,914)	(85,914)
Exchange movement	1,507,144	-	15,633	15,633	1,522,777
Interest expenses	708,516	-	-	-	708,516
At 30 September 2022 (Unaudited)	21,677,478	-	104,371	104,371	21,781,849
Total amortized gain for the period included in profit or loss for liabilities held at the six months ended 30 September 2022	-	(68)	(85,846)	(85,914)	(85,914)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

19. CONVERTIBLE BONDS – Continued

25) Movements in the components of the convertible bonds – continued

Notes:

During the year ended 31 March 2022

- (i) Modification of term of convertible bond with principal amount of RMB3,000,000 issued on 31 May 2017 ("CB 3")

On 31 January 2022, 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 1 year to 31 January 2023 and all other terms and conditions of the CB 3 remained unchanged. The modification of the CB 3 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 fee received and discounted using the original effective interest rate, is less than 10 per cents different from the discounted present value of the remaining cash flows of the original financial liability using the original effective interest rate. Accordingly, any cost or fees incurred will adjusted the carrying amount of the liability and are amortised over the remaining term of the modified liability.

- (ii) Repayment and modification of term of convertible bond with principal amount of USD500,000 issued on 16 November 2017 ("CB 4")

On 31 December 2021, the Company and the CB 4 holder entered into an acknowledgement and confirmation confirming that the maturity date of the CB 4 shall be extended for 1 year to 31 December 2022 and all other terms and conditions of the CB 4 remained unchanged. The modification of the CB 4 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 fee received and discounted using the original effective interest rate, is less than 10 per cents different from the discounted present value of the remaining cash flows of the original financial liability using the original effective interest rate. Accordingly, any cost or fees incurred will adjusted the carrying amount of the liability and are amortised over the remaining term of the modified liability.

The Company had repaid RMB2,332,924 (equivalent to USD360,000) to CB 4 holder during the year ended 31 March 2022.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

19. CONVERTIBLE BONDS – Continued

b) Major terms of convertible bonds

Convertible Bond	Notes	Issue date	Date of maturity	Principal amount	Effective interest rate of liability component	Conversion price per share AUD	As 30 September 2022 RMB	As at 31 March 2022 RMB
Convertible bond 1 ("CB 1")		9/12/2016	31/12/2022	AUD500,000	1.94%	0.20	2,292,383	2,340,412
Convertible bond 2 ("CB 2")		28/4/2017	28/4/2023	HK\$15,000,000	10.82%	0.20	12,861,826	11,032,278
CB 3	18(a)(i)	31/5/2017	31/1/2023	RMB3,000,000	1.90%	0.20	2,981,010	2,952,979
CB 4	18(a)(ii)	16/11/2017	31/12/2022	USD140,000	2.11%	0.20	987,957	875,159
Convertible bond 5 ("CB 5")		16/11/2017	31/12/2022	USD376,687	2.14%	0.20	2,658,673	2,435,642
							21,781,849	19,636,470
Less: Non-current portion							-	(11,032,278)
							21,781,849	8,604,192

All the convertible bonds are zero coupon bonds.

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

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

c) Conversion at the option of the Holders

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

19. 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 2022			
	At Issue date			
	CB 1	CB 2	CB 3	CB 4 and 5
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 2022				
	CB 1	CB 2	CB 3	CB 4	CB 5
Share price (AUD)	0.025	0.025	0.025	0.025	0.025
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	2.97%	3.06%	2.99%	2.97%	2.97%
Time to maturity (year)	0.25	0.58	0.34	0.25	0.25
Expected volatility	31%	41%	34%	31%	31%
Expected dividend yield	0%	0%	0%	0%	0%

The gain on change in fair value of embedded derivatives of the convertible bonds for the six months ended 30 September 2022 of RMB68 (30 September 2021: gain on change in fair value of RMB502,703) and amortization of deferred day one gain of RMB85,846 (30 September 2021: gain of RMB103,228) 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 2022 amounted to RMB708,516 (30 September 2021: RMB495,023), which was calculated using the effective interest method.

20. SHARE CAPITAL

	Number of ordinary shares	HK\$	RMB equivalent
Issued and fully paid:			
At 1 April 2021, 31 March 2022 and			
30 September 2022	650,769,591	117,194,865	87,189,117

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 2022

21. 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 2022 and year ended 31 March 2022. The options are expired during the six months ended 30 September 2022.

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

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

21. SHARE OPTION SCHEME – Continued

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

21. 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	13,540,491	1 December 2020	From 1 December 2020 to 30 November 2021 (6,000,000 Options)	AUD0.20	1 years
			From 1 December 2021 to 30 November 2022 (7,540,491 Options)		
Consultant	2,000,000	1 December 2020	From 1 December 2020 to 31 May 2022	AUD0.20	1.5 years
Consultant	30,000,000	23 February 2021	From 24 February 2021 to 23 February 2022	AUD0.30	1 year
Consultant	12,000,000	23 February 2021	From 24 February 2021 to 23 February 2022	AUD0.20	1 year
Directors	13,000,000	19 October 2021	From 19 October 2021 to 27 September 2022	AUD0.30	0.9 year

Note:

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

21. SHARE OPTION SCHEME – Continued

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

	Weighted average exercise price		Number of share options	
	As at 30 September 2022 AUD	As at 31 March 2022 AUD	As at 30 September 2022	As at 31 March 2022
Outstanding at the beginning of the period / year	0.334	0.285	34,228,491	74,228,491
Granted during the period / year	-	0.300	-	13,000,000
Lapsed during the period / year	0.427	0.257	(20,188,000)	(53,000,000)
Outstanding as at the end of the period / year	0.200	0.334	14,040,491	34,228,491
Exercisable at the end of the period / year	0.200	0.334	14,040,491	34,228,491

No options were exercised during the six months ended 30 September 2022 (2021: Nil).

The options have contractual option terms of 1 year. The options outstanding at 30 September 2022 had exercise prices of AUD0.2 and a weighted average remaining contractual lives of 0.17 year.

(25) Fair value of share options and assumptions:

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

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

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

During the six months ended 30 September 2021, the Group recognised total expenses of RMB499,300 as share option expense.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

22. 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.

25) 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	
		2022 RMB (Unaudited)	2021 RMB (Unaudited)
Ling Fang	Loan to the Group	-	1,000,000
IPP	Technical service fee expense	-	54,528
	Purchase of point-of-sale machines	24,867	28,910

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.

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

Name of related party	Notes	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
Amounts due to directors:			
- Mr. Chow Ki Shui Louie	(i)	(1,875,230)	(1,958,718)
- Mr. Xiong Qiang	(i)	(484,143)	(432,114)
		(2,359,373)	(2,390,832)
Amount due from a related company:			
- Shenzhen Bozhong Communication Technology Company Limited ("Shenzhen Bozhong") *	(i),(ii)&(iv)	283,051	646,920
Amount due to a related party:			
- Mr. Ling Song	(i) &(iii)	(110,000)	(110,000)
Amounts due from associates:			
- IPP	(i) &(iv)	-	-
- TTG Fintech Service Limited	(i) &(iv)	3,433,772	3,080,519
		3,433,772	3,080,519

* The English name is for identification only

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

22. MATERIAL RELATED PARTY TRANSACTIONS – Continued

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

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 RMB646,920 during the six months ended 30 September 2022.
- (iii) Mr. Ling Song is a supervisor of Shenzhen Tao-taogu E-commerce Co., Limited, a subsidiary of the Company.
- (iv) The amounts represent the balance net of allowance for credit losses.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

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

In estimating the fair value, the Group uses market-observable data to the extent it is available. 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.

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

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

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

Financial liability	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input
	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)			
Embedded derivative of convertible bonds	104,371	174,652	Level 3	Binomial option pricing model, expected volatility	Expected volatility range from 31% to 41% (31 March 2022: 40% to 41%) taking into account the fluctuation of share price of the Company (Note)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2022

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – Continued

Fair value measurements and valuation processes – continued

Note:

If the volatility rate had been 10% higher/lower than management's estimates at 30 September 2022, it would have increased/decreased the fair value of embedded derivatives of the convertible bonds by Nil (31 March 2022: RMB1,314) and Nil (31 March 2022: RMB62) 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 2021	891,832
Modification of convertible bonds	(20,112)
Fair value changes	(658,206)
Exchange movement	(38,862)
At 31 March 2022	174,652
Fair value changes	(85,914)
Exchange movement	15,633
At 30 September 2022	104,371

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

24. CAPITAL COMMITMENTS

	As at 30 September 2022 RMB (Unaudited)	As at 31 March 2022 RMB (Audited)
Contracted but not provided for:		
- Capital contribution to subsidiaries	23,323,000	22,114,000
- Capital contribution to other investments	1,500,000	1,500,000
	24,823,000	23,614,000

Notes to the Condensed Consolidated Financial Statements For the six months ended 30 September 2022

25. OTHER MATTER

As disclosed in the Company's announcements dated 12 August 2022, the Company has recently discovered that the cashier of a subsidiary of the Company (the "Cashier"), is suspected to have misappropriated certain funds of the Group (the "Investigation"). The Company conducted a detailed review of its banking records to ascertain the extent of the misappropriation of the Group's funds by the Cashier. Based on such records obtained by the Company and its internal assessment, the Company believes that an aggregate amount of up to approximately RMB13,436,000 has been misappropriated by the Cashier. In the opinion of the Directors, the Investigation does not impact on the day-to-day operations of the Group and does not have a material adverse effect on its business operations.

The Company has established an independent investigation committee comprising all members of the audit committee of the Company to supervise the Investigation.

CORPORATE DIRECTORY

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REPRESENTATIVE OFFICE IN AUSTRALIA

Investorlink Group Limited
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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)
HONG Yu Peng

COMPANY SECRETARIES

CHOW Ki Shui Louie

AUDITORS

Asian Alliance (HK) CPA Limited

AUDIT AND RISK MANAGEMENT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

RYAN Christopher John (Chairman of Committee)
XIONG Qiang (President & Chief Executive Officer)
CHOW Ki Shui Louie (Vice President & Deputy Chief Executive Officer)
HONG Yu Peng (Non-Executive Director)

AUSTRALIA BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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