

For personal use only



2023 ANNUAL REPORT

CONTENTS

2	Financial Highlight
3	President and Independent Chairman's Statement
5	Board of Directors
8	Directors Report
18	Statement by Directors
20	Corporate governance
36	Independent auditor's report
41	Financial statements
123	Additional ASX information for CDI holders
126	Corporate directory

FINANCIAL HIGHLIGHT

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended				
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	44,186	35,638	74,771	64,448	58,383
Gross profit	28,641	19,448	27,872	22,610	26,957
Net profit (loss) after tax	2,894	3,211	9,871	1,141	(5,126)
Total comprehensive income (expense) for the year attributable to owners of the Company	3,020	3,527	10,287	1,570	(4,692)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	For the year ended				
	2019	2020	2021	2022	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	5,250	1,027	3,053	1,945	944
Current assets	13,721	26,669	35,640	48,442	31,159
Total assets	18,971	27,696	38,693	50,388	32,103
Liabilities					
Non-current liabilities	19,704	10,715	16,894	11,066	-
Current liabilities	17,767	31,652	25,364	41,074	38,980
Total liabilities	37,471	42,367	42,258	52,139	38,980
Equity					
Equity attributable to owners of the Company	(17,405)	(13,503)	(1,980)	263	(4,429)
Non-controlling interests	(1,095)	(1,168)	(1,585)	(2,014)	(2,448)
Total equity	(18,500)	(14,671)	(3,565)	(1,751)	(6,877)
Total equity and liabilities	18,971	27,696	38,693	50,388	32,103

PRESIDENT AND INDEPENDENT CHAIRMAN'S STATEMENT

On behalf of our Board, we are pleased to present the 2022 Annual Report for Fintech Chain Limited ("FTC").

2022 was a difficult year for the payment industry. The operations of our bank customers, enterprises and merchants have been challenging in the past three years. The undulating COVID-19 pandemic has also posed great challenges to FTC.

FTC reported FY2023 revenue of RMB 58.4m (A\$12.2m), gross profit of RMB 27.0m (A\$5.6m) and net loss after tax of RMB 5.1m (A\$1.1m)

As previously announced to ASX the Company was exposed during the reporting period to a misappropriation in funds of RMB13.2 million (AUD2.86 million). The responsible person, a cashier within one of the FTC's subsidiaries has been convicted and sentenced to a lengthy prison term. FTC's Chinese counsel have instigated legal proceedings against the cashier and certain family members. Under IFRS the entire sum has been expensed which has resulted in an annual loss after income tax of RMB5.1 million (A\$1.1 million). Had the embezzlement not occurred FTC would have derived a profit of RMB8.1 million (A\$1.7 million). Any funds recovered will be returned as income in future accounting periods.

During FY2023, FTC launched a new "Enterprise Funds Link" solution. Using an enterprise's bank account, the solution includes streamlining of an enterprise's internal employee salary payments, daily expense process management and enterprise upstream & downstream business settlement lines. Enterprise Funds Link provides a whole collection and payment solution to enterprise through bank-enterprise payment interfaces. It simplifies usual cumbersome and repetitive transactional operations for enterprises' financial personnel.

On June 15, 2022, the Industry and Information Technology Bureau of Shenzhen Municipality announced its list of 2021 Shenzhen "Specialised-Refinement-Characterisation-Innovation" small and medium enterprises. Shenzhen Taotaogu Information Technology Co., Ltd. (TTG, a 100% subsidiary of FTC) was included on that list. "Specialised-Refinement-Characterisation-Innovation" enterprise refers to its main business and development focus in line with national industrial policies and relevant requirements. TTG is rated as a "Specialised-Refinement-Characterisation-Innovation" enterprise in Shenzhen, which means that TTG's development speed and R&D effort in its professional field has been recognised as holding a leading position in the China payments industry.

Pass the COVID 19 epidemic prevention and control measures in China have continued opened, with general life and travel are resuming gradually. In addition, increasing number of various marketing projects is expected to boost the mass consumption as a whole. Under such gradual improvement, T-Linx™ system, as an infrastructure of payment processing for cooperating banks, is expected to gain positive influences in terms of increase in transaction volume and number of implementation/adoption.

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

PRESIDENT AND INDEPENDENT CHAIRMAN'S STATEMENT

Finally, on behalf of the Board of Directors, we wish to express our appreciation to all our valuable employees for their steadfast commitment and dedication to innovation, that will drive the success and growth of FTC. A sincere note of gratitude is also extended to our shareholders, business partners and valued clients for their continued support and trust.



Mr Qiang XIONG
President
FinTech Chain Limited



Mr Chris RYAN
Independent Chairman
FinTech Chain Limited



BOARD OF DIRECTORS

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



Mr XIONG Qiang
President & Chief Executive Officer

Mr Xiong graduated from Jiangxi University of Finance and Economics.

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



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

Chris specialises in corporate finance and advisory.

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

Chris has advised on ASX listings since 1986.

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



Ms Gao Qiuju
Vice-President & Deputy Chief Executive Officer

Ms Gao graduated from Hubei University. She is a co-founder of FTC. She has worked as the General Manager of FTC's Science and Innovation Center for the past 13 years.

She specialises in the Internet industry and has been responsible for leading the company's products and business innovation. She has led development of the Company's main products from market demand planning to product development to clients, while continuously promoting FTC's product innovation and improvement.



Mr HONG Yupeng
Independent Non-Executive Director

Mr Hong is currently the General Manager of Longling Investment Co., Ltd, an angel investment company focusing on internet industry in China.

Mr Hong graduated from Xiamen University Law School with a Master of Laws. He is a lawyer in China for 7 years in the areas of civil law practice and company legal services and most recently working in the key role of Chief Executive Officer at Longling Capital across internet investment affairs.

BOARD SKILLS & EXPERIENCE

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

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



DIRECTORS REPORT

This Directors Report includes the audited financial statements of FinTech Chain Limited (“FTC”) and the entities it controlled for the year ended 31 March 2023 (hereinafter referred to the “Group”).

FTC is incorporated and domiciled in Hong Kong and has its registered office and principal place of business located at: Unit 1806, 18/F., Gala Place, 56 Dundas Street, Kowloon, Hong Kong

Directors

The following persons were directors of FTC and its subsidiaries during the year and up to the date of this report.

1. FinTech Chain Limited

Executive Directors

XIONG Qiang (Chief Executive Officer)

CHOW Ki Shui Louie (Deputy Chief Executive Officer) (retired on 27 March 2023)

GAO Qiuju (appointed on 27 March 2023)

Non-executive Directors

RYAN Christopher John (Independent Chairman)

HONG Yupeng

In accordance with Article 104 of the Company’s Articles of Association, XIONG Qiang will retire by rotation at the forthcoming annual general meeting and, being eligible, offer himself for re-election.

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

XIONG Qiang

CHOW Ki Shui Louie

WU Linyan

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

XIONG Qiang

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

CHOW Ki Shui Louie

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

LING Chen

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

YI Yongqing

DIRECTORS REPORT

Directors Interest in Shares/CDIs/Options

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

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

Each option was convertible into 1 ordinary share.

Tranche	Percentage of options eligible to be exercised	Prescribed exercise date	Exercise date
Tranche 1	10%	1 July 2016	1 July 2016 to 30 Jun 2017 (lapsed)
Tranche 2	10%	1 July 2017	1 July 2017 to 30 Jun 2018 (lapsed)
Tranche 3	20%	1 July 2018	1 July 2018 to 30 Jun 2019 (lapsed)
Tranche 4	20%	1 July 2019	1 July 2019 to 30 Jun 2020 (lapsed)
Tranche 5	40%	1 July 2020	1 July 2020 to 30 Jun 2022 (lapsed)

On 27 September 2022, directors share options to Mr. Xiong Qiang, Mr. RYAN, Christopher John under the Ryan Retirement Fund, Mr. Chow Ki Shui, Louie and Mr. Hong YuPeng for 4,000,000, 3,000,000, 3,000,000 and 3,000,000 respectively lapsed.

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

DIRECTORS REPORT

Principal Activities

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

In delivering various payment scenarios under the trend 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, safe, credible 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 payment with multiple payment channels; integrated merchant submission; reconciliation processing; risk control; branch management; and unified settlement report.
 - Services for Merchants: Integrated payment; integrated payment QR code; payment collection plugin; payment collection APP; payment APIs; etc.
- (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; Carpark; Hospital; Scenic Spot; Property Management; Bill Payments; and CRM.

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, etc.

Autonomous iteration and innovation in T-Linx™

With the increasing demand for digital transformation and automation, T-Linx™, as an intelligent payment system platform, is constantly being upgraded to meet the evolving needs of banks.

1. RPA (Robotic Processing Automation)

Such service upgrades for banks, such as service submission, review & approval, risk control and clearing tasks, is attractive for the current business needs of digital transformation for banks.

2. Enterprise payment middleware

In addition to banks, an increasing number of enterprises also require comprehensive T-Linx™ enterprise payment middleware services, that is a large-scale enterprise-level "multi-level, multi-organisation and multi-account payment middleware" to improve fund payment management ability of enterprises.

Demand from banks and enterprises for digitalised and automated operations continues to rise, such processes accelerated especially as a result of COVID-19. FTC has also been committed to increasing research and development efforts and investment. The continuous upgrade and iteration of T-Linx™ can better provide more comprehensive services for existing and potential customers, which strengthens the connectivity between banks and enterprises in business cooperation.

DIRECTORS REPORT

Financial Review

	Year ended 31 March 2023 RMB '000	Year ended 31 March 2022 RMB '000	% change
Revenue	58,383	64,448	-9%
(Loss) Profit from ordinary activities after income tax expense for the year	(5,126)	1,141	-549%
Net (loss) profit attributable to members	(4,692)	1,570	-399%

As compared to FY2022, revenue from T-linx™ SaaS cloud services slightly increased from RMB 25.5million to RMB 25.8million, while the revenue from SaaS for hardware IoT decreased from RMB 37.4million to RMB 30.9million. The Company generated revenue from ordinary activities of RMB 58.4million for FY2023, a decrease of 9% over the previous year due to the effects of the Coronavirus (COVID-19) pandemic. As a result, gross profit increased by RMB 4.3million, or 19% to RMB 27.0million in FY2023.

Other income and net gains increased from RMB1.1million to RMB2.2million, mainly due to the Company obtained government grants of RMB1.5million compared to RMB 0.8million last year.

In addition, FTC was exposed a misappropriation in funds of RMB13.2million. The responsible person, a cashier within one of the FTC's subsidiaries has been convicted and sentenced to a lengthy prison term. FTC's Chinese counsel have instigated legal proceedings against the cashier and certain family members. As a result, the entire sum has been expensed which has resulted in an annual loss after income tax of RMB 5.1million, decrease by RMB 6.3million, or 549% from profit after income tax of RMB 1.1million last year. Had the embezzlement not occurred, FTC would have derived a profit of RMB 8.1million.

(Loss)/ Earnings Per Share

The Company generated basis loss per share of RMB0.0072 and diluted loss per share of RMB0.0072 for the year ended 31 March 2023 (2022: earnings per share of RMB0.0024 and earnings per share of RMB0.0024).

Net Current Assets and Net Liabilities

The Group held net current liabilities of RMB7.8 million as at 31 March 2023, compared to net current assets RMB7.4 million at 31 March 2022.

Net liabilities amounted to RMB6.9 million as at 31 March 2023 (2022: RMB1.8 million)

The year-on-year reduction resulted from the effect of misappropriation of funds and all convertible bonds are classified as current liabilities due to the mature of convertible bonds during the year and all existing convertible bonds will mature within one year.

Net liabilities per share were RMB1.1 cents at 31 March 2023 (2022: RMB0.3 cents per share).

DIRECTORS REPORT

Dividends

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

Share Repurchase

No shares were repurchased during the financial year.

Financial Statements

FTC's financial result for the year ended 31 March 2023 and the state of the FTC's affairs as at that date are set out in Note 38 to the consolidated financial statements.

Reserves

Movements in capital and reserves of FTC during the year are set out in Note 38 to the consolidated financial statements.

Transfer to Reserves

The group's transfers to reserves is set out in Note 38 to the consolidated financial statements.

Plant and Equipment

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

Share Capital

Details of the movements in share capital of FTC during the year are set out in Note 28 to the consolidated financial statements.

Associates and Joint Venture Entities

As at 31 March 2023, FTC held investments in three associates:

1. 32.5% of 深圳市智慧付信息技术有限公司 (English translated name: Shenzhen Intelligent Preferential Pay Co., Limited, or "IPP")
2. 47.5% of 深圳市大售后信息技术有限公司 (English translated name: Shenzhen Dashouhou Information Technology Co., Ltd)
3. 40.0% of TTG Fintech Services Limited

DIRECTORS REPORT

Controlled Entities Acquired or Disposed Of

The deregistration of subsidiaries during the year are set out in Note 29 to the consolidated financial statements. FTC did not acquire nor disposed any controlled entities during the financial year.

Capital Commitments

The Group's capital commitments as at 31 March 2023 are set out in Note 31 to the consolidated financial statements.

Foreign Exchange Exposure

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

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

Share Options Under Share Option Scheme

The last tranche of 11,700,000 and 7,577,474 consultants and other qualified participants, and directors' options issued on August and September 2015 respectively were fully lapsed on 30 June 2022

2,000,000 unlisted share options with exercise prices of A\$0.20 expired on 31 May 2022.

The last tranche of 11,500,000 and 13,540,491 unlisted share options with exercise prices of A\$0.20 expired on 30 November 2022.

Total 13,000,000 directors' options with exercise prices of A\$0.3 expired on 27 September 2022.

Details of the share option scheme including those options issued in prior financial year are set out in Note 30 to the consolidated financial statements.

Convertible Bonds and Other Share Options

2,500,000, 2,462,947 and 2,943,585 convertible bonds with principal amount AUD500,000, USD376,687 and RMB3 million respectively matured without conversion on 31 December 2022, 31 December 2022 and 31 January 2023.

On 10 January 2023, the independent investor who contributed AUD500,000 and USD376,687 zero-coupon bonds maturing on 31 January 2023 ("Old Convertible Bonds"), signed another agreement of USD716,000 zero-coupon bonds convertible at A\$0.20 maturing on 9 January 2024. Upon conversion, the Company will issue a maximum of 4,962,947 fully paid CHESS Depositary Interests.

No convertible bonds and other share options were issued after 31 March 2023 and up to the date of this report.

DIRECTORS REPORT

Management contracts

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

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

Except for the directors' interests as disclosed in the Note 35 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which FTC or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of FTC had a material interest, whether directly or indirectly, existed at the end of the reporting period or at any time during the year.

Employee, Remuneration Policies and Share Option Scheme

At 31 March 2023, the Group had 133 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. FTC ensures all levels of employees are paid competitively within market parameters and employees are rewarded on a performance-related bases within the framework of the Group's salary, incentives and bonus schemes. Management reviews the remuneration policy of the Group on a regular basis and evaluates the work performance of the employees. The remuneration of employees includes salaries, allowances, and social insurance.

Permitted Indemnity Provision

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

Material Uncertainty Related To Going Concern

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

We draw attention to Note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to the owners of the Company of RMB4,692,063 and had net cash used in operating activities of RMB4,276,166 for the year ended 31 March 2023 and, as of that date, the Group's current liabilities exceeded its current assets by RMB7,821,278 and the Group had net liabilities of RMB6,877,454. These conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DIRECTORS REPORT

Market and Business Overview

FTC's own IP T-Linx™ is a SaaS platform serving payment systems 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, safe, credible and user-friendly manner. Furthermore, in the payment business sector, T-Linx™ SaaS platform is serves and partners with banking institutions instead of competing directly.

FTC launched a new "Enterprise Funds Link" solution. Using an enterprise's bank account, the solution includes streamlining of an enterprise's internal employee salary payments, daily expense process management and enterprise upstream & downstream business settlement lines. Enterprise Funds Link provides a whole collection and payment solution to enterprise through bank-enterprise payment interfaces. It simplifies usual cumbersome and repetitive transactional operations for enterprises' financial personnel.

There are eight unique corporate collection and payment service functions for financial account management including

- 1、Collection & payment process submission/reporting management
- 2、Bank-enterprise direct docking
- 3、Management of multiple sets of accounts for branch companies
- 4、Supports docking with financial ERP system
- 5、Automatic daily accounting report management
- 6、Automatic revenue audit and payment recognition
- 7、Payment anti-duplication mechanism
- 8、Smart and batch payments

Four major interconnected services of T-Linx™ SaaS platform

1. SaaS cloud service
2. SaaS for rights/interests/points/marketing/promotion
3. SaaS for hardware IoT (Internet of Things)
4. SaaS financial service

The T-Linx™ SaaS platform connects and serves four main types of platform partners (banks, merchants, consumers and other platform partners) creating upselling and cross-selling opportunities within the entire payment ecosystem.

Platform partners	Benefits
Banks	Increase in bank deposits, Integrated acquiring management, Real-time settlement services, Credit card services, Loans, Wealth management, Risk control, Bank account holder rights services, Customer services
Merchants	Integrated payment services, Real-time bill management, Wealth management, Loans, Membership marketing management, Reconciliation processing, Risk control & compliance
Consumers	Receiving accurate information, Selection of multiple payment methods, Access to consumer financial services, Accumulation of points by consumption, Receiving new discounts, Payment by points
Other partners	Various software, hardware, products and services required by banks, merchants, and consumers can be promoted, resulting in the benefits of platform participants. The various services of T-Linx™ SaaS platform can be promoted through the bank's private cloud, compliant and safe public cloud, and well-known cloud service companies. Moreover, by combining with hardware upgrades and digital upgrades in various merchant solutions (industry applications), each hardware can participate in seamless docking and communication, and hence forming IoT payment scenarios and services.

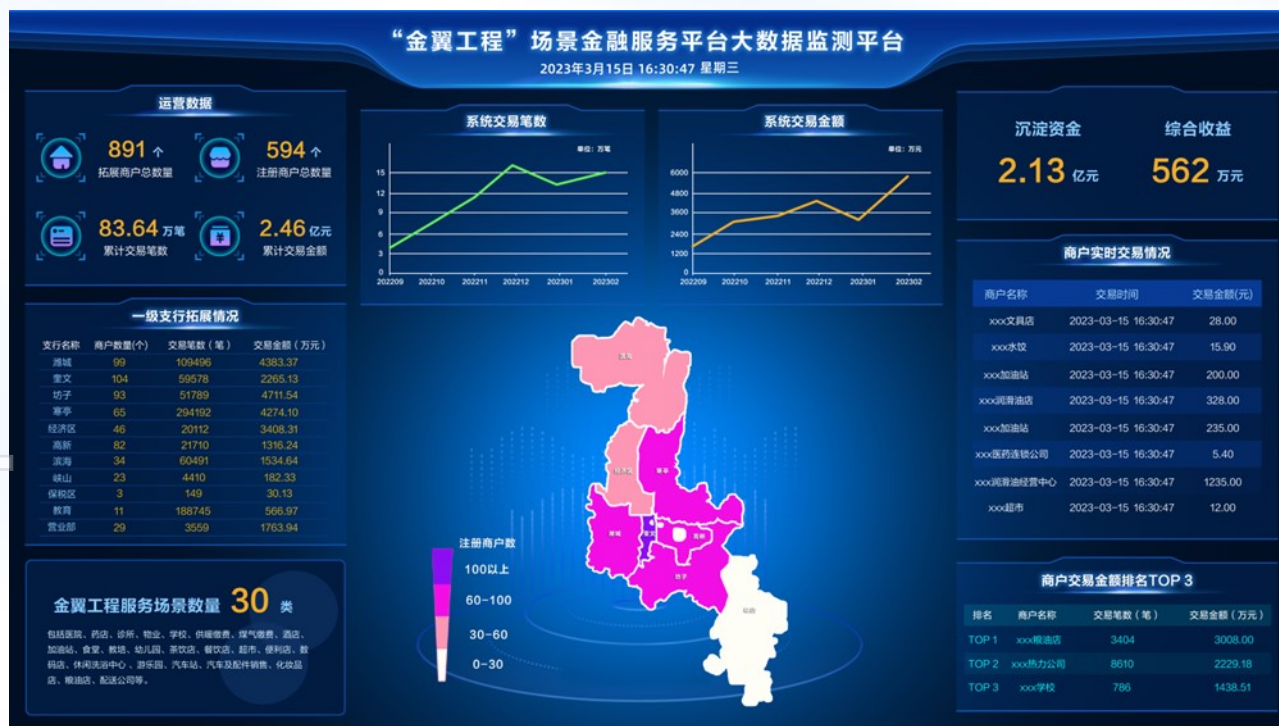
DIRECTORS REPORT

Outlook

In 2023, China's economy after the epidemic continues to improve. Looking forward to the future, we believe that FTC has the ability to continue to develop and innovate payment ecological products on the basis of many cooperative banks, and realize business development in more new regions. Achieve market share growth, enhance user payment experience, improve omni-channel payment service products, integrate RPA (automated process processed by intelligent robots) into all aspects of bank payment and acquiring systems, and help banks realize the evaluation and management of merchant value contribution.

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

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



DIRECTORS REPORT

Outlook (Cont'd)

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

Fourthly, under payment business district ecological construction and merchant value evaluation, in view of the gradual iteration of ULPOS financial electronic certificate products to 3.0, it has begun to combine T-Linx™ payment and acquisition for banks to create a one-stop solution for merchants in digital business circles, which forms a scientific evaluation of the value contribution of merchants in business circles to banks management, and achieves measurable merchant benefits, adjustable costs, and evaluable contributions.

In summary, FTC will continue to innovate and improve to the next level in calendar 2023 by consolidating the bank acquiring platform and services, connecting the payment scene ecology and business circle, and realizing the index and visualization of the value contribution to the banking service system.

Auditor

Asian Alliance (HK) CPA Limited acted as auditor of FTC and audited the Group's consolidated financial statements for the financial year ended 31 March 2023.

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

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



Mr Qiang XIONG
President
FinTech Chain Limited

Shenzhen, 30 June 2023



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 consolidated statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Company and its subsidiaries (the “Group”) as at 31 March 2023; and
- b. At the date of this statement there are reasonable grounds to believe that the Group and the Company will be able to pay its debts as and when they fall due.

2. In the opinion of the Directors, the consolidated financial statements give a true and fair view of:

- a. The loss and cash flows of the Group for the year ended 31 March 2023; and
- b. The state of affairs of the Group at 31 March 2023.

On behalf of the Board



Mr Qiang XIONG
President
FinTech Chain Limited



Mr Chris RYAN
Independent Chairman
FinTech Chain Limited

Shenzhen, 30 June 2023



CORPORATE GOVERNANCE

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

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

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

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

CORPORATE GOVERNANCE

Recommendation 1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The Chairman agrees the agenda of the Board meetings in consultation with the Company Secretary to enable effective decision making and discussion on strategic, operational and compliance issues. The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with proper functioning of the Board.
Recommendation 1.5 A listed entity should: (a) have and disclose a diversity policy; (b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and (c) disclose in relation to each reporting period: (1) the measurable objectives set for that period to achieve gender diversity; (2) the entity's progress towards achieving those objectives; and (3) either: (A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or (B) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act. If the entity was in the S&P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.	Does not comply	The Board considers that the Company is not currently of a size with a diversity policy. This position will be continuously reviewed at the appropriate stages of the Company's development. Whilst the Company does not have a diversity policy in place, it will be unable to provide measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. This disclosure will be provided in the Company's annual report once a diversity policy is adopted. As at 31 March 2023, FTC had 14 female employees representing 10% of the total employees and 3 female employees held senior executive positions.

CORPORATE GOVERNANCE

Recommendation 1.6: A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	The Chairman initiates the process of Board, committee and Director performance appraisal. The Board is responsible for the evaluation of its performance and the performance of individual Directors. This internal review is to be conducted on an annual basis and if deemed necessary this internal review will be facilitated by an independent third party The Chairman holds discussion with individual Directors when evaluating their performance. This performance evaluation took place in FY23. The Board takes this evaluation into consideration when recommending Directors for election.
Recommendation 1.7 A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process. The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies	The Nomination and Remuneration Committees is responsible for reviewing the performance targets for senior management and where appropriate, making recommendations to the Board for approval. At the moment the full board assume the function of the Nomination and Remuneration Committee which means the Board is responsible for the evaluation the performance of individual Directors and other senior executives. This internal review is conducted on an annual basis and if deemed necessary this internal review is facilitated by an independent third party. In accordance with the process disclosed above, the Company conducted the annual performance reviews for its senior executives during the year.

CORPORATE GOVERNANCE

PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Partly complies	The Board has established a Nomination and Remuneration Committee. The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter which is contained in the Corporate Governance Plan on the Company's website at http://www.ttg.hk/en_us/contact_us/investor_relation The Nomination and Remuneration Committee consists of the entire Board which has the current member of four, namely, Mr Christopher Ryan, non-executive Director, Mr Qiang Xiong, executive Director, Mr Louie Chow, executive Director and Mr Hong Yupeng, non-executive Director, of which only half of the members are independent Directors. The Committee is chaired by Mr Chris Ryan, an independent non-executive Director. The Company will review the composition of the Committee on a regular basis and ensure the majority of the members are independent directors during the development of the Company. Details of the committee meeting during the year are contained on page 34 of the annual report.
Recommendation 2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Complies	The Board maintains a board skill matrix of the current Directors of the Board. The Company's Board Skills Matrix is contained on page 6 of the annual report.

CORPORATE GOVERNANCE

Recommendation 2.3 A listed entity should disclose: (1) the names of the directors considered by the board to be independent directors; (2) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (3) the length of service of each director.	Complies	Currently the Board consists of four members, of which both Mr Christopher Ryan and Mr Hong Yupeng are independent non-executive Directors. The Board regularly assessed, using the criteria set out in the ASX Corporate Governance Principle and Recommendations, the independence of the Directors in light of their interests, position or relationship disclosed. The appointment and rotation of Directors is governed by the Constitution of the Company and the terms and conditions of each director are contained in the letter of appointment. The nomination and remuneration committee are responsible in monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of Directors. Mr Qiang Xiong, Ms. Gao Qiuju, Mr Christopher Ryan and Mr Hong Yupeng served FTC for 13, 13, 11 and 2 years respectively.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	Does not comply	The full Board determines the size and composition of the Board, subject to the limits imposed by the Company's Memorandum and Articles of Association. The Board considers that the Company is not currently of a size nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors. The Company has structured its Board with a focus on a combination of skill and experience consistent with its operations and size. The Board believes that this is both appropriate and acceptable at this stage for the Company's development. The Board is of the opinion that each Director on the Board holds sufficient experience to make quality independent judgement and decision in their role as Director in the best interests of the Company on all relevant issues.

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY

Recommendation 3.1 A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	Complies	The Company's values are included in its Code of Conduct which is available on the Company's website.
Recommendation 3.2 A listed entity should: (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code.	Complies	All directors, senior executives, employees and consultants are expected to act with the utmost integrity and objectivity and to enhance the reputation and performance of the Company. A code of conduct has been established requiring directors and employees to act honestly and in good faith, exercise due care and diligence in fulfilling the functions of office, avoid conflicts and make full disclosure of any possible conflict of interest, comply with the law, encourage the reporting and investigating of unlawful and unethical behavior and comply with the securities trading policy. The Code of Conduct is available at http://www.ttg.hk/en_us/contact_us/investor_relation
Recommendation 3.3 A listed entity should: (a) have and disclose a whistleblower policy; and (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	Complied	The Company's whistleblower policy is available on the Company's website. The Audit and Risk Management Committee will receive reports from management for any material incidents and oversee related investigation.
Recommendation 3.4: A listed entity should: (a) have and disclose an anti-bribery and corruption policy; and (b) ensure that the board or a committee of the board is informed of any material breaches of that policy.	Complied	The Company's Anti-Bribery, and Corruption policy is available on the Company's website. The Audit and Risk Management Committee will receive reports from management for any material incidents and oversee related investigation.

CORPORATE GOVERNANCE

Principle 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Recommendation 4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Partially complies	The Board has established an Audit and Risk Management Committee The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuring the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining policies or inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at: http://www.ttg.hk/en_us/contact_us/investor_relation The Audit and Risk Management Committee currently consists of two members. They are Mr Hong Yupeng and Mr Chris Ryan who are both Independent non- Executive Director. The Committee is chaired by the independent Director, Mr Chris Ryan of the Company. The Board considers the current mix of the Committee and the fact that it is chaired by the Mr Chris Ryan who is not chair of the Board is appropriate for the Company given the current size of the Company and the Board, the role of the committee and the skillset of the relevant Directors that sit on the Committee. Details of the relevant qualifications and experience of the members of the committee is contained on pages 5 of the annual report. Details of the committee meeting during the year are contained on page 34 of the annual report.
--	---------------------------	---

CORPORATE GOVERNANCE

Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	Prior to the recommendation to the Board to approve the financial statements, the Audit and Risk Management Committee reviewed the draft financial statements for the year ended 31 March 2023 and considered that the consolidated statements of the financial position gives a true and fair view of the state of affairs of the Company and its subsidiaries as at 31 March 2023 and there are reasonable grounds to believe that the Group and the Company will be able to pay its debts when they fall due as a going concern. During the financial year, the Board requires the Chief Executive Officer and Chief Financial Officer to provide such statement on at least an annual basis. The Board confirmed that it has received these statements from the Chief Executive Officer and Chief Financial Officer
Recommendation 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor	Complies	The Audit and Risk Management Committee is responsible for reporting to the Board on the Company's process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by an external auditor.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under the Listing Rules; and Recommendation 5.2: A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. Recommendation 5.3: A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies Compliance Complied	The Company has established a Continuous Disclosure Policy and Communications Strategy and the Board recognises its duty to ensure that its shareholders and the market are informed of all major developments affecting the Company's state of affairs. The policy is available at : http://www.ttg.hk/en_us/contact_us/investor_relation Under the current process, the Board will receive copies of material announcements promptly after they have been made and properly approved. Under the Continuous Disclosure Policy and Communications Strategy, the Company will release to ASX and post on the Company's website before a new or substantive presentation to investor or analyst.
---	---	---

CORPORATE GOVERNANCE

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.	Complies	The Board recognises its duty to ensure that its shareholders and the market are informed of all major developments affecting the Company's state of affairs. The Company has established on its website where shareholders can find information such as financial statements and major development of the Company as well as all relevant corporate governance material. The relevant page shareholders can access those information is at: http://www.ttg.hk/en_us/contact_us/investor_relation
Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies	Shareholders are encouraged to fully participate at the Annual General Meeting or other General Meeting of the Company to ensure effective two way communication. Shareholders are also able to direct any questions relating to Company's securities to the share registry, Computershare Investor Services Pty Limited.
Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies	The communication strategy is contained in the Continuous Disclosure Policy and Communication Strategy and is designed to ensure that shareholders are informed of all relevant developments. Details of the information can be found on the Company's website under the corporate governance landing page: http://www.ttg.hk/en_us/contact_us/investor_relation The Company encourages full participation of shareholders at any General Meeting or the Annual General Meeting. The notice of such meetings will be given in accordance with the Company's Constitution, The HK Companies Ordinances and the ASX Listing Rules. The security holders can attend the meetings in person, appoint a proxy or representative to vote on their behalf at any of the shareholder meetings The Chairman encourages shareholders to ask reasonable questions at any General Meeting or the Annual General Meeting of the Company. The Board makes itself available to all shareholders both before and after the Meetings.
Recommendation 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Complies	The notice of the meetings will be drafted and reviewed by the Company's legal counsel. Any substantial resolutions considered under the ASX Listing Rules will be decided by poll. The Company Registry, Computershare will be appointed as the independently third party to manage and conduct the poll process.
Recommendation 6.5 A listed entity should give security holders the option to receive communications from and send communications to the entity and its security registry electronically.	Complies	All shareholders have the right to access details of their holdings, provide email address contacts and make a certain election via the Company's share registry, Computershare Investor Services Pty Limited by accessing the web site www.computershare.com.au. Shareholders have the right of option of receiving all or a selection of communication electronically.

CORPORATE GOVERNANCE

PRINCIPLE 7 – RECOGNISE AND MANAGE RISKS		
Recommendation 7.1 The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Partially Complies	The Board has established an Audit and Risk Management Committee The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuring the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining policies or for inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at: http://www.ttg.hk/en_us/contact_us/investor_relation The Audit and Risk Management Committee currently consists of two members. They are Mr Hong Yupeng and Mr Chris Ryan who are both Independent non- Executive Director. The Committee is chaired by the independent Director, Mr Chris Ryan of the Company. The Board considers the current mix of the Committee and the fact that it is chaired by Mr Chris Ryan is appropriate for the Company given the current size of the Company and the Board, the role of the committee and the skillset of the relevant Directors that sit on the Committee. Details of the relevant qualifications and experience of the members of the committee is contained on page 5 of the annual report. Details of the committee meeting during the year are contained on page 34 of the annual report.

CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
Recommendation 8.1 The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, Yupeng Hong and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Partially Complies	The Board has established a Nomination and Remuneration Committee. The function of the Nomination and Remuneration Committee is contained in the Nomination and Remuneration Committee Charter contained in the Corporate Governance Plan which can be available at: http://www.ttg.hk/en_us/contact_us/investor_relation The full Board fulfills the function of the Committee with the members of four, namely, Mr Qiang Xiong the executive Director, Mr Louie Chow, executive Director, Mr Hong Yupeng non-executive Director and Mr Chris Ryan, non-executive Director. Of these members, half of the committee are independent directors. The Committee is chaired by Mr Chris Ryan, an independent non-executive Director. Given the size, scale and nature of the Company's business, the Board does not consider the non-compliance with the ASX principles and recommendations with respect to the majority of members being independent, to be materially detrimental to the Company. Details of the committee meeting throughout the period are contained on page 34 of the annual report.
Recommendation 8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies	Under the Nomination and Remuneration Committee Charter, the Nomination and Remuneration Committee is responsible for determining, reviewing and making recommendations to the Board on the total level of remuneration of non-executive Directors and for individual fees for non-executive Directors and the Chair including any additional fees payable for membership of Board Committees, the total remuneration package for the CEO, executive Director, Company Secretary and the Chief Financial Officer.

CORPORATE GOVERNANCE

Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Does Not Comply	The Company has established an equity-based remuneration scheme which provides eligible employees and advisors with an opportunity to acquire an ownership interest or exposure to an ownership interest in the Company. The issue of any securities according to the scheme is governed by the Incentive Plan Rules . Currently the Company don't have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme. However, the nomination and remuneration committee is responsible in monitoring board members and senior executives to ensure no transactions in associated products are entered into which limit the economic risk of participating in unvested entitlements under any equity-based remuneration scheme.
---	-----------------	--

PRINCIPLE 9 – Additional recommendations that apply only in certain cases

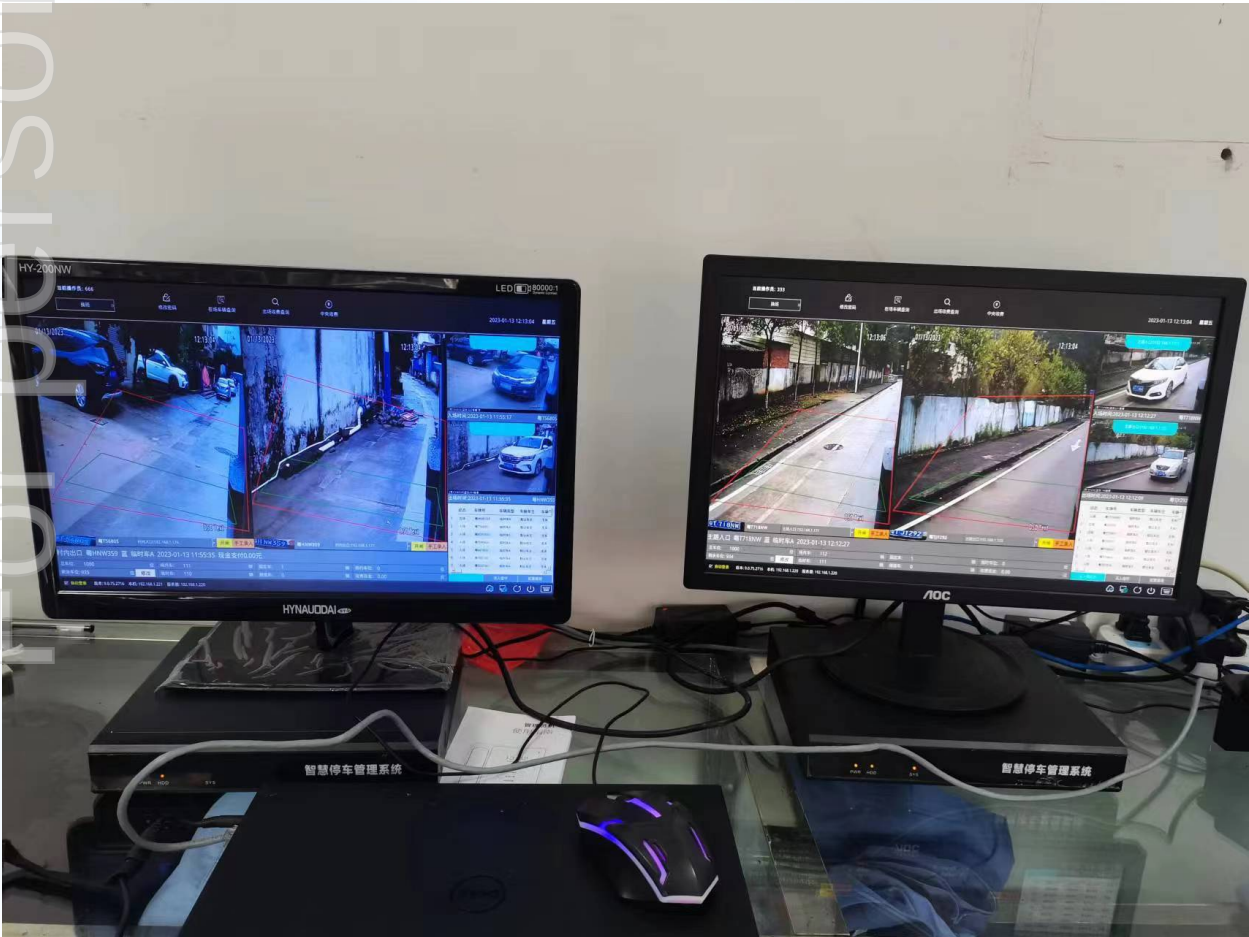
Recommendation 9.1: A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.	Complied	All the Board or security holder meetings are conducted in English where proper translation if necessary will be provided to Directors and all key corporate documents are provided with summary of Chinese translation to ensure the director understands and can contribute to the discussion at those meetings and can discharge their obligations in relation to those documents.
Recommendation 9.2: A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	Complied	The Company encouraged full participation of shareholder meetings and the shareholders meeting will normally be held in a place and time where majority shareholders can be easily accessed. In any event that it is not possible to hold a meeting in a reasonable place and time such as the social distancing and travel restriction caused by Covid -19, the Company will try to organise the meetings in its place of establishment or in China head office and using the video conference platform so that investors can observe and participate the meetings in different locations.
Recommendation 9.3: A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	Complied.	The Company will ensure external auditors to attend its AGM if possible. In 2022 AGM, due to social distancing and travel restriction caused by Covid-19, the Company invited the external auditors on its AGM who was available at the meeting to answer shareholders' questions regarding the financial statements and conduct of the audit.

CORPORATE GOVERNANCE

Meetings Attendance Record (financial year from 1/4/2022 to 31/3/2023)

	Board	Audit and Risk Management Committee	Nomination and Remuneration Committee
Number of meetings held for the period	9	8	1
<u>Executive Directors:</u>			
XIONG Qiang	9	8	1
CHOW Ki Shui Louie (retired on 27 March 2023)	8	8	1
GAO Qiuju (appointed on 27 March 2023)	1	0	0
<u>Non-executive Directors:</u>			
RYAN, Christopher John	9	8	1
HONG, Yupeng	9	8	1

Despite the border restriction, lockdown in Australia and China impacted by Covid 19, different time zone of where committee members resides and their busy schedule during the financial year from 1 April 2022 to 31 March 2023, the Committee members do fulfilled their obligations by separately oversee the audit and risk management functions of the Company and conducted their own review of the key periodic financials information and discussed separately if required.



Independent Auditor's Report

TO THE MEMBERS OF FINTECH CHAIN LIMITED

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of FinTech Chain Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 122, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3.1 to the consolidated financial statements, which indicates that the Group incurred a net loss attributable to the owners of the Company of RMB4,692,063 and had net cash used in operating activities of RMB4,276,166 for the year ended 31 March 2023 and, as of that date, the Group's current liabilities exceeded its current assets by RMB7,821,278 and the Group had net liabilities of RMB6,877,454. These conditions, along with other matters as set forth in Note 3.1 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report - Continued

KEY AUDIT MATTERS

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

The key audit matter	How the matter was addressed in our audit
Valuation of convertible bonds As disclosed in Note 25 to the consolidated financial statements, the Group had convertible bonds with the carrying amount of RMB17,938,475 as at 31 March 2023. In determining the fair values of the convertible bonds, the directors of the Company (the "Directors") engaged an independent external valuer to perform the valuation. The valuation of fair values of the liability components of the convertible bonds and embedded derivatives include significant unobservable inputs and significant management estimates which were determined by the Directors. The fair values of the liability components of the convertible bonds were determined by using discounted cash flow. The fair values of the embedded derivatives of the convertible bonds were determined using the binomial valuation model. We identified the valuation of convertible bonds as a key audit matter due to the complexity and significant management judgements involved in estimating the fair values of the convertible bonds.	Our audit procedures in relation to the valuation of the convertible bonds included: • inspecting the agreement related to the issuance of the convertible bonds, and identifying the key terms which may affect the valuation of convertible bonds; • obtaining an understanding of the management process in determining the fair values of the liability components of the convertible bonds and embedded derivatives; • evaluating the competence, capabilities and objectivity of the independent external valuer; • assessing whether the valuation methodology and the key assumptions used by the management and the independent external valuer to estimate the fair values of the liability component of the convertible bonds and embedded derivative are appropriate; and • comparing input data to supporting evidences, such as market indicators and considering the reasonableness of the data adopted.

Independent Auditor's Report - Continued

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

Independent Auditor's Report - Continued

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

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

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

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

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

Independent Auditor's Report - Continued

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

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

Asian Alliance (HK) CPA Limited

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

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

30 June 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 March 2023

	Notes	2023 RMB	2022 RMB
Revenue	5	58,383,220	64,447,596
Cost of sales and services rendered		(31,425,809)	(41,837,316)
Gross profit		26,957,411	22,610,280
Other income and gains, net	7	2,224,114	1,101,185
Selling expenses		(1,041,445)	(1,150,765)
Impairment losses under expected credit loss model, net of reversal	8	(411,382)	(692,173)
Research and development expenses		(2,531,961)	(4,291,049)
Loss on asset	37	(13,197,117)	-
General and administrative expenses		(15,751,202)	(15,328,885)
Unrealised gain on change of fair value of embedded derivatives of convertible bonds, net	25	303,287	658,206
Gain on extinguishment arising on modification of convertible bonds	25	107,059	-
Gain on modification of convertible bonds	25	-	63,759
Loss on deregistration of subsidiaries	29	(2)	(12,059)
Finance costs	9	(1,784,608)	(1,817,835)
(Loss) profit before tax		(5,125,846)	1,140,664
Income tax expense	10	-	-
(Loss) profit and total comprehensive (expense) income for the year	11	(5,125,846)	1,140,664
(Loss) profit and total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(4,692,063)	1,570,234
Non-controlling interests		(433,783)	(429,570)
		(5,125,846)	1,140,664
(Loss) earnings per share (RMB)	14		
Basic		(0.0072)	0.0024
Diluted		(0.0072)	0.0024

Consolidated Statement of Financial Position

At 31 March 2023

	Notes	2023 RMB	2022 RMB
NON-CURRENT ASSETS			
Plant and equipment	15	811,001	689,260
Intangible assets	16	36,773	7,457
Interests in associates	17	-	-
Right-of-use asset	18	96,050	1,248,660
		943,824	1,945,377
CURRENT ASSETS			
Inventories	19	627,596	824,864
Trade and other receivables	20	28,923,156	38,608,922
Cash and cash equivalents	21	1,608,321	9,008,636
		31,159,073	48,442,422
CURRENT LIABILITIES			
Trade and other payables	22	17,212,972	29,329,240
Contract liabilities	23	1,060,838	1,790,185
Convertible bonds	25	17,938,475	8,604,192
Other borrowing	24	2,734,521	-
Lease liabilities - current portion	26	33,545	1,349,967
		38,980,351	41,073,584
NET CURRENT (LIABILITIES) ASSETS		(7,821,278)	7,368,838
TOTAL ASSETS LESS CURRENT LIABILITIES		(6,877,454)	9,314,215
NON-CURRENT LIABILITIES			
Convertible bonds	25	-	11,032,278
Lease liabilities - non-current portion	26	-	33,545
		-	11,065,823
NET LIABILITIES		(6,877,454)	(1,751,608)
CAPITAL AND RESERVES			
Share capital	28	87,189,117	87,189,117
Reserves		(91,618,425)	(86,926,362)
Equity attributable to owners of the Company		(4,429,308)	262,755
Non-controlling interests	36(b)	(2,448,146)	(2,014,363)
TOTAL DEFICIT		(6,877,454)	(1,751,608)

The consolidated financial statements on pages 41 to 122 were approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:


XIONG QIANG
 Director


GAO QIUJU
 Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

	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	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 year	-	-	1,570,234	1,570,234	(429,570)	1,140,664
Lapse of share options	-	(709,576)	709,576	-	-	-
Recognition of equity-settled share-based payments	-	672,145	-	672,145	-	672,145
At 31 March 2022	87,189,117	2,690,573	(89,616,935)	262,755	(2,014,363)	(1,751,608)
Loss and total comprehensive expense for the year	-	-	(4,692,063)	(4,692,063)	(433,783)	(5,125,846)
Lapse of share options	-	(2,690,573)	2,690,573	-	-	-
At 31 March 2023	87,189,117	-	(91,618,425)	(4,429,308)	(2,448,146)	(6,877,454)

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	2023 RMB	2022 RMB
OPERATING ACTIVITIES		
(Loss) profit for the year	(5,125,846)	1,140,664
Adjustments for:		
Depreciation on plant and equipment	185,584	135,570
Depreciation on right-of-use asset	1,152,610	1,152,610
Amortisation of intangible assets	11,425	58,059
Gain on extinguishment arising on modification of convertible bonds	(107,059)	-
Gain on modification of convertible bonds	-	(63,759)
Interest income	(24,968)	(43,054)
Loss on written-off of intangible assets	6,538	-
Loss on written-off of plant and equipment	4,636	-
Gain on disposal of plant and equipment	(20,406)	(830)
Impairment loss recognised on trade receivables, net	1,989	83,276
Impairment loss recognised on other receivables, net	96,757	33,375
Impairment loss recognised on amounts due from associates	297,366	568,142
Impairment loss recognised on amounts due from a related company	15,270	7,380
Equity-settled share-based payment expenses	-	672,145
Finance costs	1,784,608	1,817,835
Unrealised gain on change of fair value of embedded derivatives of convertible bonds, net	(303,287)	(658,206)
Foreign exchange loss (gain)	1,206,457	(309,608)
Operating cash flows before movements in working capital	(818,326)	4,593,599
Decrease (increase) in inventories	197,268	(50,686)
Decrease (increase) in trade and other receivables	9,190,507	(11,033,080)
(Decrease) increase in contract liabilities	(729,347)	497,693
(Decrease) increase in trade and other payables	(12,116,268)	14,924,929
Cash (used in) generated from operations	(4,276,166)	8,932,455
Income tax paid	-	-
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(4,276,166)	8,932,455
INVESTING ACTIVITIES		
Interest received	24,968	43,054
Payments for purchase of plant and equipment	(262,678)	(238,303)
Payments for purchase of intangible assets	(47,279)	-
Proceeds from disposal of plant and equipment	55,000	868
NET CASH USED IN INVESTING ACTIVITIES	(229,989)	(194,381)

Consolidated Statement of Cash Flows - Continued

For the year ended 31 March 2023

	2023 RMB	2022 RMB
FINANCING ACTIVITIES		
New bank loan arise	5,700,000	-
New other borrowing arise	400,000	-
Repayment of bank borrowing	(5,845,757)	-
Repayment of other borrowing	(708,384)	(2,416,839)
Repayment of lease liabilities	(1,390,019)	(1,289,371)
Repayment of convertible bonds	(1,050,000)	(2,332,924)
NET CASH USED IN FINANCING ACTIVITIES	(2,894,160)	(6,039,134)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,400,315)	2,698,940
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	9,008,636	6,309,696
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	1,608,321	9,008,636

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

1. GENERAL INFORMATION

FinTech Chain Limited (the “Company”) is a limited liability company domiciled and incorporated in Hong Kong. The addresses 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 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 31 March 2023, the directors of the Company (the “Directors”) consider that the immediate and ultimate controlling party of the Company to be Mr. Xiong Qiang.

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

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

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

In the current year, The Group has applied the following amendments to IFRSs/HKFRSs issued by the International Accounting Standards Board (“IASB”)/Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on 1 April 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS/HKFRS 3	Reference to the Conceptual Framework
Amendments to International Accounting Standard (“IAS”)/ Hong Kong Accounting Standard (“HKAS”) 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS/ HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs/HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") / HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS") - Continued

2.1 Impacts on application of Amendments to HKFRS 3 *Reference to the Conceptual Framework*

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 April 2022. The amendments update a reference in HKFRS 3 *Business Combinations* so that it refers to the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") instead of *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting 2010* issued in October 2010), add a requirement that, for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 *Levies*, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the *Conceptual Framework* to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

2.2 Impacts on application of Amendments to IAS/HKAS 16 *Property, Plant and Equipment - Proceeds before Intended Use*

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with IAS/HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning on 1 April 2022. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

2.3 Impacts on application of Amendments to IFRSs/HKFRSs *Annual Improvements to IFRSs/HKFRSs 2018- 2020*

The Group has applied the amendments for the first time in the current year. The annual improvements make amendments to the following standards:

IFRS/HKFRS 9 *Financial Instruments*

The amendment clarifies that for the purpose of assessing whether modification of terms of original financial liability constitutes substantial modification under the "10 per cent" test, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged as at the date of initial application, 1 April 2022.

IFRS/HKFRS 16 *Leases*

The amendment to Illustrative Example 13 accompanying IFRS/HKFRS 16 removes from the example the illustration of reimbursement relating to leasehold improvements by the lessor in order to remove any potential confusion.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - Continued

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

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

IFRS/ HKFRS 17 (including the October 2020 and February 2022 Amendments to IFRS/ HKFRS 17)	Insurance Contracts ¹
Amendments to IFRS/HKFRS 10 and IAS/HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to IFRS/HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to IAS/HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to IAS/HKAS 1	Non-current Liabilities with Covenant (2022) ³
Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS/HKAS 8	Definition of Accounting Estimates ¹
Amendments to IAS/HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

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

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to HKFRS 10 *Consolidated Financial Statements* and HKAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - Continued

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

Amendments to IAS/HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS/HKAS 32 *Financial Instruments: Presentation*.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to IAS/HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 March 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to HKAS 1 *Non-current Liabilities with Covenants (2022)* (“the 2022 Amendments”)

The 2022 Amendments modify the requirements introduced by the amendments to HKAS 1 issued in 2020, *Classification of Liabilities as Current or Non-current* (the “2020 Amendment”) on how an entity classifies debt and other financial liabilities with covenants as current or non-current. The amendments specify that only covenants with which the entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The amendments also defer the effective date of the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 March 2023, the application of the amendments will not result in reclassification of the Group's liabilities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) / HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) - Continued

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

Amendments to IAS/HKAS 1 and IFRS/HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

IAS/HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS/ HKFRS Practice Statement 2 *Making Materiality Judgements* (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

Amendments to IAS/HKAS 8 *Definition of Accounting Estimates*

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS/HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, which collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. As HKFRSs, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA, are derived from and consistent with IFRSs, these consolidated financial statements also comply with HKFRSs. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance.

As stated in the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB4,692,063 and had net cash used in operating activities of RMB4,276,166 for the year ended 31 March 2023 and, as of that date, the Group's current liabilities exceeded its current assets by RMB7,821,278 and the Group had net liabilities of RMB6,877,454 respectively. As at the same date, the Group's other borrowing and convertible bonds due within one year of RMB2,734,521 and RMB17,938,475 respectively, while its cash and cash equivalents of RMB1,608,321 only. These conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern after taking into consideration the followings:

- (1) The wife of the executive director and also the substantial shareholder of the Company, Mr. Xiong Qiang ("Ms. Lin"), provided a long-term borrowing of RMB11,100,000 to the Company, of which all have been used to settle the existing convertible bond. Pursuant to the loan agreement ("Loan Agreement") signed on 9 June 2023, the borrowing from Ms. Lin carried interest rate at 6% per annum and repayable in 5 years;
- (2) The Group is negotiating with the bank to obtain new facility in order to maintain stable resource available for the sustainable operation of the Group. Ms. Lin agreed to undertake the loan facility by acting as a guarantor. Pursuant to the Loan Agreement, the guarantee provided by Ms. Lin carried interest rate at 2% per annum according to the guarantee amount;
- (3) Mr. Xiong Qiang have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due. Therefore, the Group can continue as a going concern and carry on its business without a significant curtailment of operations for the next twelve months from 31 March 2023.

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 31 March 2023 on the basis that the Group's aforementioned plans and measures will be successful, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 March 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements do not include any adjustments that would result from the failure of the Group to obtain sufficient future funding. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.1 Basis of preparation of consolidated financial statements - continued

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies

Basis of consolidation

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

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

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

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

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

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

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

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

Changes in the Group's interests in existing subsidiaries

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Investments in associates

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

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Investments in associates - continued

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

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

Revenue from contracts with customers

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

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

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

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

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

Sale-related warranties associated with goods cannot be purchased separately and they serve as an assurance that the goods sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* consistent with its previous accounting treatment.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Revenue from contracts with customers - continued

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

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

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

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

Output method

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

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

Sale with a right of return / exchange

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

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

Existence of significant financing component

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Revenue from contracts with customers - continued

Existence of significant financing component - continued

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

Principal versus agent

When other party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Leases

Definition of lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Leases - continued

The Group as a lessee - continued

Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

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

Refundable rental deposits

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

Lease liabilities

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

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Leases - continued

The Group as a lessee - continued

Lease liabilities - continued

The lease payments include:- continued

- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

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

Refundable rental deposits

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Foreign currencies

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

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

Borrowing costs

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

Government grants

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

Government grants related to income are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. All government grants are presented under "other income and gains, net".

Employee benefits

Retirement benefit costs

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

Termination benefits

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

Short-term employee benefits

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

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

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

At the end of the reporting period, the Group revises its estimates of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

Share options granted to non-employees

Equity-settled share-based payments transactions with parties other than employees are measured at the fair values of the services received, except where the fair value cannot be reliably measured, in which case they are measured at fair value of the share options granted, measured at the date the entity obtains the services. The fair values of the services received are recognised as expenses (unless the services qualify for recognition as assets).

Taxation

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Taxation - continued

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

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

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

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognised the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS/HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

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

Plant and equipment

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Plant and equipment - continued

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

Intangible assets acquired separately

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

Cash and cash equivalence

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Inventories

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments

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

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial assets - continued

Classification and subsequent measurement of financial assets - continued

A financial asset is held for trading if:

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

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

Amortised cost and interest income

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

Impairment of financial assets subject to impairment assessment under IFRS/HKFRS 9

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

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

The Group always recognises lifetime ECL for trade receivables.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS/HKFRS 9 - continued

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

(i) Significant increase in credit risk

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS/HKFRS 9 - continued

(i) Significant increase in credit risk - continued

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial assets - continued

Impairment of financial assets subject to impairment assessment under IFRS/HKFRS 9 - continued

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

Derecognition of financial assets

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

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

Convertible bonds

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Financial instruments - continued

Financial liabilities and equity - continued

Derecognition/ modification of financial liabilities

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

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

Impairment loss on plant and equipment, right-of-use assets and intangible assets

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

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

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES - Continued

3.2 Significant accounting policies - continued

Impairment loss on plant and equipment, right-of-use assets and intangible assets - continued

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

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

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

Provisions

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

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

Warranties

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sale of goods are recognised at the date of sale of the relevant products, at the directors' best estimated of the expenditure required to settle the Group's obligation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3.2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying accounting policies

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

(i) *Principal versus agent consideration (agent)*

The Group is considered as an agent for its contracts with customers relating to sales of SaaS for marketing/promotion services as the Group did not obtain the control over the services before passing on to customers taking into consideration indicators such as the Group is not primarily responsible for fulfilling the promise and not exposed to any risk. When the Group satisfies the performance obligation, the Group recognises a commission revenue in the amount it expects to be entitled as specified in the contracts, which amount to 7% to 15% of the gross amount of consideration as specified in the contracts.

During the year ended 31 March 2023, the Group recognised commission revenue relating to sales of SaaS for marketing/promotion services amounted to RMB817,857 (2022: RMB543,036).

(ii) *Going concern and liquidity*

As explained in Note 3.1 to the consolidated financial statements, the financial position and financial performance of the Group indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The assessment of the going concern assumptions involves making judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has ability to continue as a going concern and the major conditions that may cast significant doubt about the going concern assumptions are set out in Note 3.1 to the consolidated financial statements.

Key sources of estimation uncertainty

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

(i) *Fair value measurement of financial instruments*

As at 31 March 2023, the Group's derivative component of convertible bonds amounting to RMB465,484 (2022: RMB174,652) are measured at fair values with fair value being determined based on significant unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments. See Note 3(c) for further disclosures.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

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

Key sources of estimation uncertainty - continued

(ii) Provision of ECL for financial assets

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

The measurement of the ECL involves significant management judgments and assumptions, primarily including the selection of appropriate models and determination of relevant key measurement parameters, criteria for determining whether or not there was a significant increase in credit risk or a default was incurred, economic indicators for forward-looking measurement, and the application of economic scenarios and weightings, management consideration due to significant uncertain factors not covered in the models and the estimated future cash flows. The information about the ECL are disclosed in Note 33(b).

5. REVENUE

Disaggregation of revenue from contracts with customers

	2023 RMB	2022 RMB
Types of goods and services		
SaaS cloud service	25,815,777	25,489,493
SaaS for hardware IoT	30,853,662	37,448,152
SaaS for rights/interests/points/marketing/promotion	817,857	543,036
Total	57,487,296	63,480,681
Timing of revenue recognition		
Over time	2,044,065	5,242,742
A point in time	55,443,231	58,237,939
Total	57,487,296	63,480,681
Geographical markets		
Mainland China	57,487,296	63,480,681

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

5. REVENUE - Continued

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

	Notes	2023 RMB	2022 RMB
SaaS cloud service		25,815,777	25,489,493
SaaS for hardware IoT		30,853,662	37,448,152
SaaS for rights/interests/points/marketing/promotion		817,857	543,036
Revenue from contracts with customer	(a)	57,487,296	63,480,681
Leases of point-of-sale machines	(b)	895,924	966,915
Total revenue		58,383,220	64,447,596

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 service 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 SaaS for rights/interests/points/marketing/promotion, it is a value-added service provided to customers, which helps 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

	2023 RMB	2022 RMB
For operating leases:		
Lease payments of point-of-sale machines that are fixed	895,924	966,915

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

6. SEGMENT INFORMATION

The Group manages its business by divisions which 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 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.

Geographical information

The Group's operations are located in the PRC.

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

	Revenue from external customers	
	2023 RMB	2022 RMB
PRC	58,383,220	64,447,596

Information about major customers

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

	2023 RMB	2022 RMB
Customer A	11,269,021	8,290,774
Customer B	N/A ¹	7,591,096
Customer C	N/A ¹	13,092,844
Customer D	6,532,150	N/A ¹

¹The corresponding revenue did not contributing over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

7. OTHER INCOME AND GAINS, NET

	2023 RMB	2022 RMB
Interest income on bank deposits	24,968	43,054
Sundry income (Note a)	691,923	303,798
Government grants (Note b)	1,486,817	753,503
Gain on disposals of plant and equipment	20,406	830
	2,224,114	1,101,185

Notes:

- (a) During the year ended 31 March 2023, the Group obtained tax incentive of RMB677,627 (2022: RMB263,998) from PRC tax authority.
- (b) During the year ended 31 March 2023, the Group obtained grants of RMB1,486,817 (2022: RMB753,503) in aggregate from several government authorities in the PRC for the purpose of encouragement of development of new and high-tech industry and innovation industry.

There are no unfulfilled conditions or contingencies attached to these grants recognised in profit or loss.

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

	2023 RMB	2022 RMB
Impairment losses, net of reversal, recognised on:		
- trade receivables	1,989	83,276
- other receivables	96,757	33,375
- amounts due from associates	297,366	568,142
- amounts due from a related company	15,270	7,380
	411,382	692,173

Details of impairment assessment are set out in Note 33(b).

9. FINANCE COSTS

	2023 RMB	2022 RMB
Interests on:		
Convertible bonds	1,555,894	1,595,309
Other borrowing	42,905	117,173
Bank borrowing	145,757	-
Lease liabilities	40,052	105,353
	1,784,608	1,817,835

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

10. INCOME TAX EXPENSE

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision of taxation in Hong Kong has been made as the group entities in Hong Kong did not generate any assessable profits for both the years ended 31 March 2023 and 2022.

Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), a wholly-owned subsidiary of the Company, the other PRC subsidiaries are subject to PRC corporate income tax at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC corporate income tax (the "EIT") for the first two years starting from the first year of profitable operations after offsetting prior year losses, followed by a 50% reduction for the next three years. No provision of taxation in STIT has been made as the assessable profits of STIT were wholly absorbed by tax losses brought forward for both years ended 31 March 2023 and 2022.

No provision for the EIT has been made in the consolidated financial statements for the other PRC subsidiaries as those subsidiaries sustained a tax loss during the year (2022: Nil).

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

	2023 RMB	2022 RMB
(Loss) profit before tax	(5,125,846)	1,140,664
Income tax at applicable tax rates	(992,921)	614,296
Tax effect of non-taxable income	(483,295)	(365,016)
Tax effect of non-deductible expenses	358,081	1,031,532
Utilisation of tax loss previously not recognised	(920,488)	(2,726,288)
Tax effect of tax losses not recognised	2,038,623	1,445,476
Income tax expense	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

11. (LOSS) PROFIT FOR THE YEAR

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

	Notes	2023 RMB	2022 RMB
Auditor's remuneration			
- audit services		410,406	412,000
- non-audit services		237,834	257,560
Cost of inventories sold		13,137,871	28,281,813
Cost of services rendered		18,287,938	13,555,503
Cost of sales and services rendered		31,425,809	41,837,316
Amortisation of intangible assets		11,425	58,059
Depreciation on plant and equipment		185,584	135,570
Depreciation on right-of-use asset		1,152,610	1,152,610
Total depreciation and amortisation	(b)	1,349,619	1,346,239
Net foreign exchange loss (gain)		1,206,457	(309,608)
Loss on written-off of intangible assets		6,538	-
Loss on written-off of plant and equipment		4,636	-
Equity-settled share option expense – consultants and other qualified participants		-	672,135
Staff cost (including directors' emoluments (Note 12))	(a)		
- Salaries and allowances		20,404,304	18,188,073
- Contribution to defined contribution retirement plan		1,290,457	1,167,539
- Equity-settled share option expense		-	10
		21,694,761	19,355,622

Notes:

- (a) Staff costs amounted to RMB12,201,309 (2022: RMB8,640,022), RMB749,301 (2022: RMB628,844), RMB2,531,961 (2022: RMB4,291,049) and RMB6,212,190 (2022: RMB5,795,707) have been included in cost of sales and service rendered, selling expenses, research and development expenses and general and administrative expenses respectively.
- (b) Total depreciation and amortisation of RMB26,418 (2022: RMB15,168), RMB10,048 (2022: RMB5,663) and RMB1,313,153 (2022: RMB1,325,408) have been included in cost of sales and service rendered, selling expenses and general and administrative expenses respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

12. DIRECTORS' EMOLUMENTS

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

	Notes	2023				Total RMB
		Directors' fees RMB	Salaries and allowance RMB	Contribution to defined contribution retirement plan RMB	Equity-settled share option expense RMB	
Executive directors						
Xiong Qiang	3	-	720,000	18,339	-	738,339
Chow Ki Shui Louie	4,5	-	-	-	-	-
Gao Qiuju	6	-	4,032	187	-	4,219
Non-executive directors						
Ryan, Christopher John		-	-	-	-	-
Hong Yupeng		-	-	-	-	-
		-	724,032	18,526	-	742,558

	Notes	2022				Total RMB
		Directors' fees RMB	Salaries and allowance RMB	Contribution to defined contribution retirement plan RMB	Equity-settled share option expense RMB	
Executive directors						
Xiong Qiang	3	-	723,750	17,119	3	740,872
Chow Ki Shui Louie	4	-	-	-	3	3
Non-executive directors						
Ryan, Christopher John		-	-	-	2	2
Hong Yupeng		-	-	-	2	2
		-	723,750	17,119	10	740,879

Notes:

- The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.
- The non-executive directors' emoluments shown above were for their services as directors of the Company.
- During the years ended 31 March 2023 and 2022, Xiong Qiang agreed to waive partial of his remuneration.
- During the years ended 31 March 2023 and 2022, Chow Ki Shui Louie agreed to waive all of his remuneration.
- Retired on 27 March 2023.
- Appointed on 27 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

13. DIVIDENDS

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 March 2023, nor have any dividend been proposed since the end of reporting period (2022: Nil).

14. (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:

Earnings	2023 RMB	2022 RMB
(Loss) profit for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	(4,692,063)	1,570,234
Effect of dilutive potential ordinary shares:		
Convertible bonds	2,352,005	250,197
(Loss) earnings for the purpose of diluted (loss) earnings per share	(2,340,058)	1,820,431
Number of shares	2023	2022
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	27,221,245	23,942,729
Share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share	677,990,836	674,712,320

Note:

For the year ended 31 March 2023, the computation of diluted loss per share (2022: diluted earnings per share) does not assume the exercise of the Company's share options because the exercise price of those options were substantially higher than the average market price for shares.

For the year ended 31 March 2023, the computation of diluted loss per share (2022: diluted earnings per share) does not assume the conversion of the Company's outstanding convertible loan notes since their assumed exercise would result in a decrease in loss per share (2022: an increase in earnings per share) from operations.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

15. PLANT AND EQUIPMENT

	Computer equipment RMB	Point-of- sales machines RMB	Furniture and fixtures RMB	Leasehold improvements RMB	Total RMB
COST					
At 1 April 2021	4,302,804	7,615,466	272,344	90,078	12,280,692
Additions	238,303	-	-	-	238,303
Disposal	-	(754)	-	-	(754)
At 31 March 2022	4,541,107	7,614,712	272,344	90,078	12,518,241
Additions	99,210	247,345	-	-	346,555
Disposal	-	(6,071,441)	-	-	(6,071,441)
Written-off	(92,640)	-	-	-	(92,640)
At 31 March 2023	4,547,677	1,790,616	272,344	90,078	6,700,715
ACCUMULATED DEPRECIATION					
At 1 April 2021	3,923,613	7,553,363	156,873	60,278	11,694,127
Charge for the year	110,175	15,168	2,983	7,244	135,570
Disposal	-	(716)	-	-	(716)
At 31 March 2022	4,033,788	7,567,815	159,856	67,522	11,828,981
Charge for the year	110,756	59,193	8,226	7,409	185,584
Disposal	-	(6,036,847)	-	-	(6,036,847)
Written-off	(88,004)	-	-	-	(88,004)
At 31 March 2023	4,056,540	1,590,161	168,082	74,931	5,889,714
CARRYING AMOUNTS					
At 31 March 2023	491,137	200,455	104,262	15,147	811,001
At 31 March 2022	507,319	46,897	112,488	22,556	689,260

The above items of plant and equipment, after taking into account the residual values, are depreciated on straight-line basis at the following rates per annum:

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

As at 31 March 2023, the Group leased out the point-of-sales machines with carrying amount of RMB200,455 (2022: RMB46,897) under operating leases. The lease does not include contingent rentals.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

16. INTANGIBLE ASSETS

	Computer software RMB (Note a)	Trademarks RMB (Note b)	Total RMB
COST			
At 1 April 2021, 31 March 2022 and 1 April 2022	1,391,926	295,913	1,687,839
Additions	47,279	-	47,279
Written-off	(1,327,358)	-	(1,327,358)
At 31 March 2023	111,847	295,913	407,760
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSS			
At 1 April 2021	1,326,410	295,913	1,622,323
Amortisation for the year	58,059	-	58,059
At 31 March 2022	1,384,469	295,913	1,680,382
Written-off	(1,320,820)	-	(1,320,820)
Amortisation for the year	11,425	-	11,425
At 31 March 2023	75,074	295,913	370,987
CARRYING AMOUNTS			
At 31 March 2023	36,773	-	36,773
At 31 March 2022	7,457	-	7,457

Notes:

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

17. INTERESTS IN ASSOCIATES

	2023 RMB	2022 RMB
Cost of investments	4,811,752	4,811,752
Share of post-acquisition losses and other comprehensive expense	(4,811,752)	(4,811,752)
Share of net assets	-	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

17. INTERESTS IN ASSOCIATES - Continued

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

Name of associate	Place of incorporation and type of legal entity	Principal activities and place of operation	Registered capital	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group	
				2023	2022	2023	2022
Shenzhen Intelligent Preferential Pay Company Limited* ("IPP") (深圳市智慧付信息技术有限公司) (Note)	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.* (深圳市大售后信息技术有限公司)	PRC, limited liability company	Provision of e-commerce system development and information technology services	RMB1,000,000	47.5%	47.5%	47.5%	47.5%
TTG Fintech Services Limited	Hong Kong, limited liability company	Provision of e-commerce system development and information technology services	HK\$1,000,000	40%	40%	40%	40%

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

17. INTERESTS IN ASSOCIATES - Continued

Summarised financial information of material associate

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

IPP	2023 RMB	2022 RMB
Current assets	96,598	50,430
Current liabilities	(6,012,743)	(6,242,000)
Net liabilities	(5,916,145)	(6,191,570)
Revenue	345,984	476,028
Profit (loss) and total comprehensive income (expense) for the year	275,425	(822,649)
Dividends received from the associate during the year	-	-

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

	2023 RMB	2022 RMB
Net liabilities of IPP	(5,916,145)	(6,191,570)
Proportion of the Group's ownership interest in IPP	32.5%	32.5%
Carrying amount of the Group's interest in IPP	-	-

Aggregate information of associates that are not individually material

	2023 RMB	2022 RMB
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	-	-
Aggregate amount of the Group's share of these associates	-	-
Loss and total comprehensive expense for the year	-	-

	2023 RMB	2022 RMB
The unrecognized share of loss of associates for the year	27,805	333,436
Cumulative unrecognized share of loss of associates	3,383,360	3,355,555

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

18. RIGHT-OF-USE ASSET

	Leased properties RMB	
As at 31 March 2023		
Carrying amount		96,050
As at 31 March 2022		
Carrying amount		1,248,660
For the year ended 31 March 2023		
Depreciation charge		(1,152,610)
For the year ended 31 March 2022		
Depreciation charge		(1,152,610)
	2023 RMB	2022 RMB
Expense relating to short-term leases	157,508	115,350
Total cash outflow for leases	1,547,527	1,404,721

For both years, the Group leases 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.

The group regularly entered into short-term leases for office located in several places to cater for the customers' need. As at 31 March 2023 and 2022, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

19. INVENTORIES

	2023 RMB	2022 RMB
Point of sales machines and related accessories	627,596	824,864

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

20. TRADE AND OTHER RECEIVABLES

	Notes	2023 RMB	2022 RMB
Trade receivables			
- Contract with customers		21,550,024	27,670,118
- Leases		304,470	492,330
		21,854,494	28,162,448
Less: allowance for credit losses		(227,306)	(225,317)
	(a)	21,627,188	27,937,131
Other receivables	(b)	2,940,871	5,518,304
Amounts due from associates (Note 35©)	(c)	4,405,143	4,125,656
Amount due from a related company (Note 35(c))	(c)	624,628	654,300
Prepayments and deposits		1,306,130	1,941,772
Value added tax recoverable		325,965	329,135
		9,602,737	12,569,167
Less: allowance for credit losses		(2,306,769)	(1,897,376)
Other receivables, net of allowance		7,295,968	10,671,791
		28,923,156	38,608,922

All the trade and other receivables are expected to be recovered within one year or recognised as expense within one year.

Notes:

(a) As at 1 April 2021, trade receivables from contract with customers amounted to RMB18,286,314.

As at 31 March 2023, the credit term of trade receivables ranged from 3 months to 12 months (2022: 3 months to 12 months).

As at 31 March 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB3,693,963 (2022: RMB4,068,701) which are past due at the reporting date. Out of the past due balances, RMB3,079,767 (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 Consolidated Financial Statements

For the year ended 31 March 2023

20. TRADE AND OTHER RECEIVABLES - Continued

Notes: - continued

- (b) Included in the Group's other receivable balance are (i) amounts advanced to staffs and independent third parties with aggregated gross amount of RMB1,021,620 (2022: RMB1,119,374); and (ii) prepayment to a payment platform related to the business of SaaS for marketing/promotion of RMB624,564 (2022: RMB3,098,628).

The amounts advanced to staffs and independent third parties are unsecured, interest-free and repayable on demand.

- (c) The amounts due from associates and a related company are unsecured, interest-free and repayable on demand.

- (d) Details of impairment assessment of trade and other receivables are set out in Note 33(b).

21. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitment, which carry interest at market rates ranging from 0% to 0.35% per annum (2022: from 0% to 0.35% per annum).

Included in the bank balance and cash of the Group as at 31 March 2023 was an amount of RMB1,536,243 (2022: RMB8,924,508) denominated in RMB which is not a freely convertible currency in the international money market. The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

Details of impairment assessment of bank balances are set out in Note 33(b).

22. TRADE AND OTHER PAYABLES

	Notes	2023 RMB	2022 RMB
Trade payables	(a)	5,662,010	16,706,599
Other payables and accruals	(b)	5,883,914	6,745,890
Deposits received	(c)	1,644,909	1,678,555
Amount due to a former director (Note 35(c))	(d)	1,901,354	-
Amounts due to directors (Note 35(c))	(d)	533,445	2,390,832
Amount due to a related party (Note 35(c))	(d)	110,000	110,000
Financial liabilities measured at amortised cost		15,735,632	27,631,876
Other tax levies payables		1,477,340	1,697,364
		17,212,972	29,329,240

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

22. TRADE AND OTHER PAYABLES - Continued

Notes:

- (a) The credit period of trade payable is 30-90 days.
- (b) Material balances included in other payables and accruals are as follow:
 - (i) accrued salaries with aggregate carrying amount of RMB2,047,784 (2022: RMB2,037,678);
 - (ii) advance from customers of RMB1,658,137 (2022: RMB2,984,471) in relation to marketing/promotion for SaaS;
- (c) Deposits received are rental deposits of point-of-sales machine with aggregate carrying amount of RMB1,644,909 (2022: RMB1,678,555).
- (d) The amounts due to former director, directors and related party are unsecured, interest free and repayable on demand.

23. CONTRACT LIABILITIES

	Notes	2023 RMB	2022 RMB
SaaS cloud service	a	575,226	612,538
SaaS for hardware IoT	b	485,612	924,108
SaaS for rights/interests/points/marketing/promotion	c	-	253,539
		1,060,838	1,790,185

As at 1 April 2021, contract liabilities amounted RMB1,292,492.

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

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

For the year ended 31 March 2023

	SaaS cloud service RMB	SaaS for hardware IoT RMB	SaaS for rights/ interests/ points/ marketing/ promotion RMB
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	321,563	766,786	253,539

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

23. CONTRACT LIABILITIES - Continued

For the year ended 31 March 2022

	SaaS cloud service RMB	SaaS for hardware IoT RMB
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	618,371	450,659

Notes:

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

(a) SaaS cloud service

i) Provision of system development services

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

ii) Provision of information technology services

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

(b) SaaS for hardware IoT

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

During the year ended 31 March 2023, the decrease in contract liabilities in respect of the SaaS for hardware IoT is because performance obligation were satisfied at the end of the reporting date.

(c) SaaS for rights/interests/points/marketing/promotion

The Group receives 7% to 15% of the contract value as commission from customers when they sign the agreement with customers. Contract liabilities represent the receipts in advance from customers which is recognised as revenue at a point in time when the services are rendered.

During the year ended 31 March 2023, the decrease in contract liabilities in respect of the SaaS for rights/interests/points/marketing/promotion service is because performance obligation were satisfied at the end of the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

24. BORROWINGS

	2023 RMB	2022 RMB
Other borrowing, unsecured	2,734,521	-

On 31 January 2023, the CB 3 was matured and reclassified the principal amount of RMB3,000,000 as borrowing. On the same date, the Company and the CB 3 holder signed a loan agreement on the principal amount of RMB3,000,000, which carried fixed interest of 8% per annum, unsecured and is repayable on demand. The Company settled RMB300,000 in cash in March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

25. CONVERTIBLE BONDS

(a) Movement of the components of the convertible bonds

The movement in the liability and derivative components of the convertible bonds during the years ended 31 March 2023 and 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		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 (Note 9)		1,595,309	-	-	-	1,595,309
At 31 March 2022		19,461,818	68	174,584	174,652	19,636,470
Extinguishment during the year arising from modification of convertible bonds	(iii)	(4,966,551)	-	-	-	(4,966,551)
Issuance of convertible bond	(iii)	4,286,316	360	572,816	573,176	4,859,492
Transfer to other borrowing	(iv)	(3,000,000)	-	-	-	(3,000,000)
Repayment	(v)	(1,050,000)	-	-	-	(1,050,000)
Amortisation of deferred day one gain in profit or loss		-	-	(302,862)	(302,862)	(302,862)
Change in fair value of embedded derivatives		-	(425)	-	(425)	(425)
		-	(425)	(302,862)	(303,287)	(303,287)
Exchange movement		1,185,514	(3)	20,946	20,943	1,206,457
Interest expenses (Note 9)		1,555,894	-	-	-	1,555,894
At 31 March 2023		17,472,991	-	465,484	465,484	17,938,475
Total unrealised gain for the year included in profit or loss for liabilities held at the end of the reporting period						
- Year ended 31 March 2023		-	(425)	(302,862)	(303,287)	(303,287)
- Year ended 31 March 2022		-	(528,427)	(129,779)	(658,206)	(658,206)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

25. CONVERTIBLE BONDS - Continued

(a) Movement of 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.

During the year ended 31 March 2023

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

On 10 January 2023, the Company and the CB1 and CB 5 holder (the same holder) entered into an acknowledgement and confirmation confirming that the CB 6 with an aggregate principal amount of USD716,000 shall be issued and should be set off by the aggregate outstanding balances of CB 1 of AUD500,000 and CB 5 of USD376,687. The set off is deemed to be modification of convertible bonds. Such modification is accounted for as an extinguishment under IFRS/HKFRS 9 as the terms are substantially different.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

25. CONVERTIBLE BONDS - Continued

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

Notes: - continued

During the year ended 31 March 2023 - continued

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

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

(iv) Maturity of CB 3

CB 3 was matured on 31 January 2023 and reclassified as other borrowing with principal amount of RMB3,000,000. Details of which are set out in Note 24.

(v) Maturity of CB 4

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

(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	2023 RMB	2022 RMB
CB 1	25(a)(iii)	9/12/2016	31/12/2022	AUD500,000	1.94%	0.20	-	2,340,412
Convertible bond 2 ("CB 2")		28/4/2017	28/4/2023	HK\$15,000,000	10.82%	0.20	13,026,020	11,032,278
CB 3	25(a)(i), (iv)	31/5/2017	31/1/2023	RMB3,000,000	1.90%	0.20	-	2,952,979
CB 4	25(a)(ii), (v)	16/11/2017	31/12/2022	USD140,000	2.11%	0.20	-	875,159
CB 5	25(a)(iii)	16/11/2017	31/12/2022	USD376,687	2.14%	0.20	-	2,435,642
CB 6	25(a)(iii)	10/1/2023	9/1/2024	USD716,000	13.38%	0.20	4,912,455	-
							17,938,475	19,636,470
Less: Non-current portion							-	(11,032,278)
							17,938,475	8,604,192

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

25. CONVERTIBLE BONDS - Continued

(b) Major terms of convertible bonds - continued

All the convertible bonds are zero coupon bonds.

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

The 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.

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

	Year ended 31 March 2023				
	At issue date				
	CB 1	CB 2	CB 3	CB 4 and 5	CB 6
Share price (AUD)	0.074	0.06	0.06	0.125	0.03
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	1.91%	1.80%	1.60%	1.94%	3.386%
Time to maturity (year)	3.1	3	2.6	3	1
Expected volatility	32%	45%	40%	30%	59.56%
Expected dividend yield	0%	0%	0%	0%	0%

	At 31 March 2023	
	CB 2	CB 6
Share price (AUD)	0.02	0.02
Conversion price (AUD)	0.20	0.20
Risk free interest rate	3.210%	3.151%
Time to maturity (year)	0.08	0.78
Expected volatility	55.40%	55.97%
Expected dividend yield	0%	0%

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

25. CONVERTIBLE BONDS - Continued

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

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

	Year ended 31 March 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 modification date	
	CB 3	CB 4
	31 January 2022	31 December 2021
Share price (AUD)	0.045	0.050
Conversion price (AUD)	0.20	0.20
Risk free interest rate	0.59%	0.24%
Time to maturity (year)	1	1
Expected volatility	37%	38%
Expected dividend yield	0%	0%

	At 31 March 2022				
	CB 1	CB 2	CB 3	CB 4	CB 5
Share price (AUD)	0.043	0.043	0.043	0.043	0.043
Conversion price (AUD)	0.20	0.20	0.20	0.20	0.20
Risk free interest rate	0.62%	1.09%	0.76%	0.62%	0.62%
Time to maturity (year)	0.75	1.08	0.84	0.75	0.75
Expected volatility	41%	40%	41%	41%	41%
Expected dividend yield	0%	0%	0%	0%	0%

The gain on change in fair value of embedded derivatives of the convertible bonds for the year ended 31 March 2023 of RMB425 (2022: RMB528,427) and amortisation of deferred day one gain of RMB302,862 (2022: RMB129,779) were recognised as "Unrealised gain on change of fair value of embedded derivatives of convertible bonds, net" in the consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the year ended 31 March 2023 amounted to RMB1,555,894 (2022: RMB1,595,309), which was calculated using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

26. LEASE LIABILITIES

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	33,545	1,349,967
Within a period of more than one year but not more than two years	-	33,545
	33,545	1,383,512
Less: Amount due for settlement within 12 months shown under current liabilities	(33,545)	(1,349,967)
Amount due for settlement after 12 months shown under non-current liabilities	-	33,545

The weighted average incremental borrowing rate applied to lease liabilities is 5.19% (2022: 5.19%).

27. DEFERRED TAX

At the end of the reporting period, the Group has estimated unused tax loss of approximately RMB51,171,019 (2022: RMB47,500,643) and approximately HK\$9,953,485 (2022: HK\$9,953,485) available for offset against future profits in the PRC and Hong Kong respectively. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profits stream. The tax losses arising from STIT will expire in 10 years according to the announcement issued by State Taxation Administration of the People's Republic of China. The tax losses arising from other PRC operations will expire in five years after the relevant accounting year end. The tax losses arising from Hong Kong do not expire under current tax legislation.

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

28. SHARE CAPITAL

	Number of ordinary shares	HK\$	RMB equivalent
Issued and fully paid:			
At 31 March 2022 and 31 March 2023	650,769,591	117,194,865	87,189,117

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

29. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 March 2023

- (i) The Company disposed the entire equity interests of TTG Mobile Coupon Services Limited ("TTG Mobile") by deregistration. The deregistration was completed on 9 December 2022. The net asset of TTG Mobile at the date of deregistration was cash of RMB1 and loss on deregistration was RMB1.
- (ii) The Company disposed the entire equity interests of TTG Techfin Limited ("TTG Techfin") by deregistration. The deregistration was completed on 23 December 2022. The net asset of TTG Techfin at the date of deregistration was cash of RMB1 and loss on deregistration was RMB1.

During the year ended 31 March 2022

FinTech Chain Limited disposed the entire equity interests of Q-Life HK Limited ("Q-Life") by deregistration. The deregistration was completed on 29 October 2021.

The net liabilities of Q-Life at the date of deregistration were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB
Bank balance and cash	12,059
Amount due to the immediate holding company	(40,550)
Net liabilities discharged	(28,491)
Loss on deregistration of subsidiary:	
	RMB
Net liabilities discharged	(28,491)
Waiver of amount due to the immediate holding company	40,550
	12,059

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

30. SHARE OPTION SCHEME

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

On 12 August 2015, the Company granted 9,770,000 and 2,000,000 share options to certain consultants and other qualified participants at the exercise price of AUD0.8 and AUD1.0 per option share (the "August 2015 Option") respectively. The Company subsequently reduced the exercise price of share option 9,770,000 to AUD0.3 on 4 April 2018. Share options granted to participants other than employees are measured at fair value of options granted as these other participants are providing services that are similar to those rendered by employees. The fair value of the option determined at the date of grant using the binomial option pricing model were AUD727,445. The consultants and other qualified participants have rendered services to the Group during the years ended 31 March 2023 and 2022. The options are expired during the year ended 31 March 2023.

On 23 September 2015, the Company granted 7,577,474 share options to two directors at the exercise price of AUD0.8 per option share (the "September 2015 Option"). The Company subsequently reduced the exercise price to AUD0.3 on 4 April 2018. The fair value of the option 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 years ended 31 March 2023 and 2022. The options are expired during the year ended 31 March 2023.

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

On 23 February 2021, the Company granted 30,000,000 and 12,000,000 share options to consultants at the exercise price of AUD0.3 and AUD0.2 per option share respectively (the "February 2021 Option"). The fair value of the options determined at the date of grant using the binomial option pricing model were AUD40,000. These consultants have rendered services to the Group during the years 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 year ended 31 March 2023 and 2022. The options are expired during the year ended 31 March 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

30. SHARE OPTION SCHEME - Continued

Details of specific categories of options are as follows:

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants and other qualified participants (Group A)	9,770,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%) From 1 July 2017 to 30 June 2018 (10%) From 1 July 2018 to 30 June 2019 (20%) From 1 July 2019 to 30 June 2020 (20%) From 1 July 2020 to 30 June 2022 (40%)	AUD0.3	1-2 years
Consultants and other qualified participants (Group B)	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%) From 1 July 2017 to 30 June 2018 (10%) From 1 July 2018 to 30 June 2019 (20%) From 1 July 2019 to 30 June 2020 (20%) From 1 July 2020 to 30 June 2022 (40%)	AUD1.00	1-2 years
Directors (Note)	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%) From 1 July 2017 to 30 June 2018 (10%) From 1 July 2018 to 30 June 2019 (20%) From 1 July 2019 to 30 June 2020 (20%) From 1 July 2020 to 30 June 2022 (40%)	AUD0.3	1-2 years
Consultants	11,500,000	1 December 2020	From 1 December 2020 to 30 November 2021 (5,000,000 Options) From 1 December 2021 to 30 November 2022 (6,500,000 Options)	AUD0.2	1 year
Consultants	13,540,491	1 December 2020	From 1 December 2020 to 30 November 2021 (6,000,000 Options) From 1 December 2021 to 30 November 2022 (7,540,491 Options)	AUD0.2	1 year
Consultants	2,000,000	1 December 2020	1 December 2020 to 31 May 2022	AUD0.2	1.5 years

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

30. SHARE OPTION SCHEME - Continued

Details of specific categories of options are as follows: - continued

Category of eligible persons	No. of share options granted	Date of grant	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants	30,000,000	23 February 2021	24 February 2021 to 23 February 2022	AUD0.3	1 year
Consultants	12,000,000	23 February 2021	24 February 2021 to 23 February 2022	AUD0.2	1 year
Directors	13,000,000	19 October 2021	19 October 2021 to 27 September 2022	AUD0.3	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.

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

	Weighted average exercise price		Number of option	
	2023 AUD	2022 AUD	2023	2022
Outstanding at the beginning of the year	0.334	0.285	34,228,491	74,228,491
Granted during the year	-	0.300	-	13,000,000
Lapsed during the year	0.334	0.257	(34,228,491)	(53,000,000)
Outstanding at the end of the year	-	0.334	-	34,228,491
Exercisable at the end of the year	-	0.334	-	34,228,491

No option was exercised during the year ended 31 March 2023 (2022: Nil).

At 31 March 2022, the options have a contractual option term ranged from 0.9 year to 2 years. The options outstanding at 31 March 2022 had exercise prices ranged from AUD0.2 to AUD1.0 and a weighted average remaining contractual lives of 0.51 years.

- (ii) 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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

30. SHARE OPTION SCHEME - Continued

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

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

During the year ended 31 March 2022, the Group recognised total expenses of RMB672,145 in relation to share options granted by the Company.

31. CAPITAL COMMITMENTS

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

	2023 RMB	2022 RMB
Contracted but not provided for:		
- Capital contribution to subsidiaries	22,944,700	22,114,000
- Capital contribution to other investments	1,500,000	1,500,000
	24,444,700	23,614,000

32. CAPITAL RISK MANAGEMENT

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

During the years ended 31 March 2023 and 2022, the Group's strategy was to maintain the gearing ratio as low as feasible.

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

	2023 RMB	2022 RMB
Convertible bonds	17,938,475	19,636,470
Other borrowing	2,734,521	-
Total debt	20,672,996	19,636,470
Less: Cash and cash equivalents	(1,608,321)	(9,008,636)
Net debt	19,064,675	10,627,834
Total deficit	(6,877,454)	(1,751,608)
Total adjusted capital	12,187,221	8,876,226
Gearing ratio	1.56	1.20

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2023 RMB	2022 RMB
Financial assets		
Amortised cost	29,458,608	46,615,547
Financial liabilities		
FVTPL	465,484	174,652
Amortised cost	35,976,689	48,477,206
	36,442,173	48,651,858

(b) Financial risk management objectives and policies

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

Market risk

(i) Currency risk

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

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

Exposure to foreign currencies (expressed in RMB)

	Assets		Liabilities	
	2023 RMB	2022 RMB	2023 RMB	2022 RMB
AUD	4,917	4,576	-	(2,340,412)
US\$	29,362	23,751	(4,912,455)	(3,310,801)
HK\$	3,544,454	3,496,456	(13,767,935)	(11,655,126)

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Currency risk - continued

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% (2022: 5%) change in RMB against AUD, US\$ and HK\$. 5% (2022: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation at the end of the reporting period for a 5% (2022: 5%) change in the foreign currency rates. A positive number below indicates an increase in post-tax profit for the year and a negative number indicates an decrease in pre-tax loss for the year (2022: post-tax profit for the year) if RMB appreciate 5% against the foreign currencies. There would be an equal and opposite impact on post-tax profit for the year if RMB depreciates 5% against the relevant foreign currencies.

	2023 RMB	2022 RMB
AUD	(245)	97,521
US\$	244,155	137,234
HK\$	511,174	340,625

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowing as detailed in Note 24 and lease liabilities as detailed in Note 26. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as detailed in Note 21.

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

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

(iii) Other price risk

The Group is exposed to price risk in fair value of conversion rights of the convertible bonds. A rise of the stock price will be accompanied by an increase in the fair value of the conversion rights which will increase the unrealised loss on the change of fair value of embedded derivatives of the convertible bonds. For details of the convertible bonds, refer to Note 25.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. Sensitivity analyses for conversion rights of the convertible bonds with fair value measurement categorised within Level 3 were disclosed in Note 33(c).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment

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

Trade receivables

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

The Group's concentration of credit risk by geographical locations is mainly in PRC, which accounted for 100% (2022: 100%) of the total trade receivables as at 31 March 2023. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals.

In addition, the Group performs impairment assessment under ECL model on trade receivables individually. The Group has applied the simplified approach in IFRS/HKFRS 9 to measure the loss allowance at lifetime ECL. The Group applied internal credit risk rating for its customers as part of the Group's credit risk management. Impairment loss of RMB1,989 (2022: RMB83,276) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. For those other receivables that the Directors believe that there is no significant increase in credit risk of these amounts since initial recognition, the Group provided impairment based on 12m ECL. For those other receivables that there is significant increase in credit risk since initial recognition, the Directors provide impairment based on lifetime ECL.

Impairment loss of RMB96,757 (2022: RMB33,375) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

Amounts due from associates

The Group regularly monitors the business performance of the associates. The Group's credit risks in these balances are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of these entities. For those amounts due from associates that the Directors believe that there are no significant increase in credit risk since initial recognition, the Group provided impairment based on 12m ECL. For those amounts due from associates that are past due or there is significant increase in credit risk since initial recognition, the Directors provide impairment based on lifetime ECL. Impairment loss of RMB297,366 (2022: RMB568,142) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

Amount due from a related company

The Directors make periodic individual assessment on the recoverability of amount due from a related company based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Directors believe that there are no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 March 2023, the Group provided impairment based on 12m ECL and impairment loss of RMB15,270 (2022: RMB7,380) was recognised during the year. Details of the quantitative disclosures are set out below in this note.

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external rating agencies. The 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

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

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	2023 Gross carrying amount RMB		2022 Gross carrying amount RMB	
Financial assets at amortised costs								
Bank balances	21	Aa2-Ba3	N/A	12m ECL	1,606,172		8,950,808	
Trade receivables	20	N/A	Low risk	Lifetime ECL (not credit-impaired)	18,160,531		24,093,747	
			Watch list	Lifetime ECL (not credit-impaired)	3,693,963	21,854,494	4,068,701	28,162,448
Other receivables and deposits	20	N/A	Low risk Doubtful	12m ECL Lifetime ECL (not credit-impaired)	2,564,397		5,883,322	
			Loss	Lifetime ECL (credit-impaired d)	435,700		403,878	
					500,000	3,500,097	500,000	6,787,200
Amounts due from associates	20	N/A	Low risk Doubtful	12m ECL Lifetime ECL (not credit-impaired)			-	
			Loss	Lifetime ECL (credit-impaired d)	3,819,813		3,540,826	
					585,330	4,405,143	584,830	4,125,656
Amount due from a related company	20	N/A	Low risk	12m ECL	624,628		654,300	

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

Note 1:

The Group performs impairment assessment under ECL model on trade receivables individually. The following tables show the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (not credit-impaired) RMB	
At 1 April 2021	142,041	
Changes due to financial instruments recognised as at 1 April 2021:		
- Impairment losses recognised	98,956	
- Impairment losses reversed	(56,578)	
New financial assets originated	40,898	
At 31 March 2022	225,317	
Changes due to financial instruments recognised as at 1 April 2022:		
- Impairment losses recognised	111,283	
- Impairment losses reversed	(174,469)	
New financial assets originated	65,175	
At 31 March 2023	227,306	
Change in loss allowance for trade receivables are mainly due to:		
	2023 Increase (decrease) in lifetime ECL (not credit-impaired) RMB	2022 Increase (decrease) in lifetime ECL (not credit-impaired) RMB
Change in parameters	111,283	98,956
New trade receivables with gross carrying amount of RMB4,799,815 (2022: RMB24,093,747)	65,175	40,898
Settlement of trade receivables	(174,469)	(56,578)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

Note 2:

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

	12m ECL RMB	Lifetime ECL (not credit- impaired) RMB	Lifetime ECL (credit- impaired) RMB	Total RMB
At 1 April 2021	121,915	702,106	-	824,021
Changes due to financial instruments recognised as at 1 April:				
- Transfer to lifetime ECL (not credit-impaired)	-	(381,450)	381,450	-
- Impairment losses recognised	198	2,180	118,550	120,928
- Impairment losses reversed	(92,612)	-	-	(92,612)
New financial assets originated	5,059	-	-	5,059
Exchange adjustment	-	(12,537)	-	(12,537)
At 31 March 2022	34,560	310,299	500,000	844,859
Changes due to financial instruments recognised as at 1 April:				
- Impairment losses recognised	61,921	24,454	-	86,375
- Impairment losses reversed	(10,370)	-	-	(10,370)
New financial assets originated	20,752	-	-	20,752
At 31 March 2023	106,863	334,753	500,000	941,616

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

	2023	
	Increase (decrease) in 12m ECL RMB	Increase in lifetime ECL (not credit- impaired) RMB
Change in parameters	61,921	24,454
Settlement of other receivables	(10,370)	-
New other receivables with gross carrying amount of RMB808,059	20,752	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

Note 2: - continued

Change in loss allowances for other receivables and deposits are mainly due to:- continued

		2022	
	(Decrease) increase in 12m ECL RMB	(Decrease) increase in lifetime ECL (not credit- impaired) RMB	Increase in lifetime ECL (credit- impaired) RMB
One debtor with a gross carrying amount of RMB500,000 defaulted and transferred to credit-impaired	-	(381,450)	381,450
Change in parameters	198	2,180	118,550
Settlement of other receivables	(92,612)	-	-
New other receivables with gross carrying amount of RMB3,659,027	5,059	-	-

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

	12m ECL RMB	Lifetime ECL (not credit- impaired) RMB	Lifetime ECL (credit- impaired) RMB	Total RMB
At 1 April 2021	477,822	-	-	477,822
Changes due to financial instruments recognised as at 1 April:				
- Transfer to lifetime ECL	(477,822)	21,158	456,664	-
- Impairment losses recognised	-	439,976	128,166	568,142
Exchange adjustment	-	(827)	-	(827)
At 31 March 2022	-	460,307	584,830	1,045,137
Changes due to financial instruments recognised as at 1 April:				
- Impairment losses recognised	-	297,366	-	297,366
At 31 March 2023	-	757,673	584,830	1,342,503

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(iv) Credit risk and impairment assessment - continued

Note 2: - continued

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

	2023
	Increase in lifetime ECL (not credit- impaired) RMB
Change in parameters	297,366

	2022	
	Increase in lifetime ECL (not credit- impaired) RMB	Increase in lifetime ECL (credit- impaired) RMB
Change in parameters	461,134	584,830

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

	12m ECL RMB
At 1 April 2021	-
Changes due to financial instruments recognised as at 1 April: - Impairment losses recognised	7,380
At 31 March 2022	7,380
Changes due to financial instruments recognised as at 1 April: - Impairment losses recognised	15,270
At 31 March 2023	22,650

Change in loss allowance for amount due from a related company is mainly due to:

	2023
	Increase in 12m ECL RMB
Change in parameters	15,270

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(b) Financial risk management objectives and policies - continued

(v) Liquidity risk

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

The Group is exposed to liquidity risk as the Group had net current liabilities of RMB7,821,278 as at 31 March 2023. The liquidity of the Group primarily depends on the future funding being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in Note 3.1 to the consolidated financial statements.

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

	2023		
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB
Trade and other payables	15,735,632	15,735,632	15,735,632
Other borrowing	2,734,521	2,734,521	2,734,521
Convertible bonds	17,938,475	18,043,920	18,043,920
Lease liabilities	33,545	33,690	33,690
	36,442,173	36,547,763	36,547,763

	2022			
	Carrying amount RMB	Total contractual undiscounted cash flow RMB	Within 1 year or on demand RMB	More than 1 year but less than 5 years RMB
Trade and other payables	27,631,876	27,631,876	27,631,876	-
Convertible bonds	19,636,470	20,820,462	8,655,462	12,165,000
Lease liabilities	1,383,512	1,423,709	1,390,019	33,690
	48,651,858	49,876,047	37,677,357	12,198,690

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The Board is responsible to determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The 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	
	2023 RMB	2022 RMB
Embedded derivative of convertible bonds	465,484	174,652

Financial liability	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input
	As at 31 March 2023 RMB	As at 31 March 2022 RMB			
Embedded derivative of convertible bonds	465,484	174,652	Level 3	Binomial option pricing model, expected volatility	Expected volatility range from 55.40% to 55.97% (2022: 40% to 41%) taking into account the fluctuation of share price of the Company (Note)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

33. FINANCIAL INSTRUMENTS - Continued

(c) Fair value measurements of financial instruments - continued

Note: If the volatility rate had been 10% higher/lower than management's estimates at 31 March 2023, it would have increase/decreased the fair value of embedded derivatives of the convertible bonds by RMB10 (2022: RMB1,314) and Nil (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
Issuance of convertible bond	573,176
Fair value changes	(303,287)
Exchange movement	20,943
At 31 March 2023	465,484

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Lease liabilities RMB	Bank borrowing RMB	Other borrowing RMB	Convertible bonds RMB	Total RMB
At 1 April 2021	2,567,530	-	2,274,417	21,719,197	26,561,144
Non-cash changes:					
Exchange adjustments	-	-	25,249	(623,147)	(597,898)
Finance cost	105,353	-	117,173	1,595,309	1,817,835
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	-	-	(658,206)	(658,206)
Modification of convertible bonds	-	-	-	(63,759)	(63,759)
	105,353	-	142,422	250,197	497,972
Changes from cash flow:					
Repayment of lease liabilities	(1,289,371)	-	-	-	(1,289,371)
Repayment of other borrowing	-	-	(2,416,839)	-	(2,416,839)
Repayment of convertible bonds	-	-	-	(2,332,924)	(2,332,924)
	(1,289,371)	-	(2,416,839)	(2,332,924)	(6,039,134)
At 31 March 2022	1,383,512	-	-	19,636,470	21,019,982
Non-cash changes:					
Exchange adjustments	-	-	-	1,206,457	1,206,457
Finance cost	40,052	145,757	42,905	1,555,894	1,784,608
Issuance of CB	-	-	-	4,859,492	4,859,492
Unrealised gain on change in fair value of embedded derivatives of convertible bonds	-	-	-	(303,287)	(303,287)
Extinguishment arising from modification of convertible bonds	-	-	-	(4,966,551)	(4,966,551)
Transfer to other borrowing	-	-	3,000,000	(3,000,000)	-
	40,052	145,757	3,042,905	(647,995)	2,580,719
Changes from cash flow:					
New borrowing raised	-	5,700,000	400,000	-	6,100,000
Repayment of lease liabilities	(1,390,019)	-	-	-	(1,390,019)
Repayment of borrowings	-	(5,845,757)	(708,384)	-	(6,554,141)
Repayment of convertible bonds	-	-	-	(1,050,000)	(1,050,000)
	(1,390,019)	(145,757)	(308,384)	(1,050,000)	(2,894,160)
At 31 March 2023	33,545	-	2,734,521	17,938,475	20,706,541

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

35. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Transactions with key management personnel

All members of key management personnel are the Directors. The remuneration paid to them during the year were disclosed in Note 12 to the consolidated financial statements.

(b) Transactions with other related parties

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

Name of related party	Nature of transaction	Relationship	2023 RMB	2022 RMB
IPP	Technical services fee expenses	Associate	2,963	85,000
	Purchase of computer software	Associate	58,850	41,230

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

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

Name of related party	Notes	2023 RMB	2022 RMB
Amounts due to directors:			
- Mr. Xiong Qiang	(i)	(533,445)	(432,114)
- Mr. Chow Ki Shui Louie	(i)	-	(1,958,718)
		(533,445)	(2,390,832)
Amount due from a related company:			
- Shenzhen Bozhong Communication Technology Company Limited ("Shenzhen Bozhong") *			
(深圳市伯仲通信技術有限公司)	(i), (ii)&(iv)	601,978	646,920
Amount due to a related party:			
- Mr. Ling Song	(i)&(iii)	(110,000)	(110,000)
Amounts due from associates			
- IPP	(i) & (iv)	500	-
- TTG Fintech Service Limited	(i) & (iv)	3,062,140	3,080,519
		3,062,640	3,080,519
Amounts due to a former director:			
- Mr. Chow Ki Shui Louie	(i)	(1,901,354)	-

* The English name is for identification only

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

35. 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 year ended 31 March 2023 (2022: RMB1,490,000).
- (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of subsidiaries

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

Name of subsidiary	Place of establishment and business	Principal activities	Particulars of issued and paid up registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held by the Company			
				Directly 2023	Indirectly 2023	Directly 2022	Indirectly 2022	Directly 2023	Indirectly 2023	Directly 2022	Indirectly 2022
STIT* (深圳市淘淘谷信息技术 有限公司)	PRC (Wholly foreign - owned enterprise)	Provision of system development and information technology services	Paid up registered capital of HK\$77,000,000 (2022: HK\$77,000,000) (Note(c)(i))	100%	-	100%	-	100%	-	100%	-
Shenzhen Tao-taogu E-commerce Co., Limited.* (深圳市淘淘谷电子商务 有限公司) ("STEC")#	PRC (Domestic-funded)	Provision of E-commerce system development and information technology services	Paid up registered capital of RMB1,000,000 (2022: RMB1,000,000) (Note(c)(ii))	-	(Note (a))	-	(Note (a))	-	(Note (a))	-	(Note (a))
Shenzhen Tao-taogu Investment Co., Limited.* (深圳市淘淘谷投资有限公司) ("ST Investment")#	PRC (Domestic-funded)	Provision of investment management and consultancy services	Paid up registered capital of RMB1,000,000 (2022: RMB1,000,000)	-	(Note (b))	-	(Note (b))	-	(Note (b))	-	(Note (b))
Jiangxi Tao-taogu E-commerce Co., Limited* (江西淘淘谷电子商务有限公司) ("JTEC")#	PRC (Domestic-funded)	Investment holding	Paid up registered capital of RMB200,000 (2022: RMB200,000) (Note(c)(iii))	-	92%	-	92%	-	92%	-	92%
Jiangxi Kelaihui E-commerce Co., Limited* (江西客來惠信息技术有限公司) ("JKLH")#	PRC (Domestic-funded)	Sales of accessories of point-of-sales machine	Nil paid up registered capital (2022: Nil) (Note(c)(iv))	-	92%	-	92%	-	92%	-	92%

* English name is for identification purpose only

Wholly domestic - owned enterprise

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

(a) General information of subsidiaries - continued

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

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

Notes:

- (a) On 2 July 2013, STIT, a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with Mr. Xiong Qiang, a director and a shareholder of the Company and Ms. Ling Fang, the wife of Mr. Xiong Qiang to obtain control in STEC, a company established in the PRC. The Group does not hold any ownership interests in STEC. However, based on the terms of the Agreement under which STEC was acquired, the Group receives substantially all of the returns related to its operations and net assets and has the power to direct STEC's activities that most significantly affect these returns.
- (b) The Group does not hold any ownership interests in ST Investment. However, based on the terms of agreement under which ST Investment was established, the Group receives substantially all of the returns related to its operations and net assets and has the power to direct ST Investment's activities that most significantly affect these returns.
- (c)
 - (i) As at 31 March 2023, the registered capital of STIT was HK\$90,000,000 (2022: HK\$90,000,000) of which HK\$77,000,000 (2022: HK\$77,000,000) was paid up.
 - (ii) As at 31 March 2023, the registered capital of STEC was RMB2,000,000 (2022: RMB2,000,000) of which RMB1,000,000 (2022: RMB1,000,000) was paid up.
 - (iii) As at 31 March 2023, the registered capital of JTEC was RMB2,000,000 (2022: RMB2,000,000) of which RMB200,000 (2022: RMB200,000) was paid up.
 - (iv) As at 31 March 2023, the registered capital of JKLH was RMB10,000,000 (2022: RMB10,000,000) of which RMB Nil (2022: RMB Nil) was paid up.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in Hong Kong. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries	
		2023	2022
Not yet commenced business	Hong Kong	-	2

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

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

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

Name	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023 RMB	2022 RMB	2023 RMB	2022 RMB
JTEC (Note (i))	PRC	8%	8%	(201,777)	(46,236)	(837,691)	(635,914)
JKLH (Note (ii))	PRC	8%	8%	(232,006)	(383,334)	(1,610,455)	(1,378,449)
				(433,783)	(429,570)	(2,448,146)	(2,014,363)

Notes:

(i) JTEC

JTEC, a 92% (2022: 92%) owned subsidiary of the Company, has material non-controlling interests ("NCI"). Summarised financial information in relation to the NCI of JTEC, before intra-group eliminations, is presented below:

	2023 RMB	2022 RMB
JTEC		
Revenue	-	-
Loss and total comprehensive expense for the year	(2,522,214)	(577,946)
Loss and total comprehensive expense attributable to NCI of JTEC	(201,777)	(46,236)
Dividends paid to NCI of JTEC	-	-
Cash flows (used in) from operating activities	(3,468)	2,532
Cash flows from investing activities	22	13
Net cash (outflow) inflow	(3,446)	2,545
Non-current assets	365,583	34,365
Current assets	33,927	1,021,430
Current liabilities	(10,870,653)	(9,004,724)
Net liabilities	(10,471,143)	(7,948,929)
NCI of JTEC	(837,691)	(635,914)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY - Continued

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

Notes:- continued

(ii) JKLH

JKLH, a 92% (2022: 92%) owned subsidiary of the Company, has material NCI. Summarised financial information in relation to the NCI of JKHL, before intra-group eliminations, is presented below:

	2023 RMB	2022 RMB
JKLH		
Revenue	470,975	179,319
Loss and total comprehensive expense for the year	(2,900,078)	(4,791,676)
Loss and total comprehensive expense attributable to NCI of JKLH	(232,006)	(383,334)
Dividends paid to NCI of JKLH		-
Cash flows (used in) from operating activities	(18,366)	26,165
Net cash (outflow) inflow	(18,366)	26,165
Non-current assets	53,058	33,680
Current assets	1,920,102	226,351
Current liabilities	(22,103,853)	(17,490,646)
Net liabilities	(20,130,693)	(17,230,615)
NCI of JKLH	(1,610,455)	(1,378,449)

37. LOSS ON ASSET

As disclosed in the Company's announcements dated 12 August 2022, in July 2022, during the quarterly review, the Company discovered that the cashier of a subsidiary of the Company (the "Cashier"), was suspected to have misappropriated certain funds of the Group.

The Company has established an independent investigation committee comprising all members of the audit committee of the Company to supervise an investigation (the "Investigation"). The Investigation has revealed that an aggregate of RMB13,467,661 was misappropriated by the Cashier taking advantage of temporary structural arrangements within the finance team during the protracted COVID-19 lockdown period in Shenzhen.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

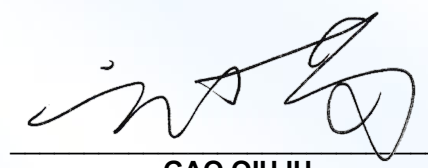
38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Statement of financial position of the Company

	2023 RMB	2022 RMB
NON-CURRENT ASSETS		
Interests in subsidiaries	16,299,232	18,836,277
Investment in an associate	-	-
	16,299,232	18,836,277
CURRENT ASSETS		
Trade and other receivables	3,468,605	3,522,850
Bank balances and cash	72,190	84,125
	3,540,795	3,606,975
CURRENT LIABILITIES		
Other payables	1,973,428	1,718,900
Other borrowing	2,734,521	-
Convertible bonds	17,938,475	8,604,191
	22,646,424	10,323,091
NET CURRENT LIABILITIES	(19,105,629)	(6,716,116)
TOTAL ASSETS LESS CURRENT LIABILITIES	(2,806,397)	12,120,161
NON-CURRENT LIABILITY		
Convertible bonds	-	11,032,277
NET (LIABILITIES) ASSETS	(2,806,397)	1,087,884
CAPITAL AND RESERVES		
Share capital	87,189,117	87,189,117
Reserves	(89,995,514)	(86,101,233)
TOTAL (DEFICIENCY) EQUITY	(2,806,397)	1,087,884

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 30 June 2023 and are signed on its behalf by:


XIONG QIANG
Director


GAO QIUJU
Director

Notes to the Consolidated Financial Statements

For the year ended 31 March 2023

38. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

- Continued

Movement of reserves of the Company

	Share option reserve RMB	Accumulated losses RMB	Total RMB
At 1 April 2021	2,728,004	(85,120,419)	(82,392,415)
Loss and total comprehensive expense for the year	-	(4,380,963)	(4,380,963)
Lapse of share options	(709,576)	709,576	-
Recognition of equity-settled share-based payments	672,145	-	672,145
At 31 March 2022	2,690,573	(88,791,806)	(86,101,233)
Loss and total comprehensive expense for the year	-	(3,894,281)	(3,894,281)
Lapse of share options	(2,690,573)	2,690,573	-
At 31 March 2023	-	(89,995,514)	(89,995,514)

ADDITIONAL ASX INFORMATION FOR CDI HOLDERS

Issued capital

As at 27 June 2023, the Company had 650,769,591 ordinary fully paid shares on issue, of which 650,769,588 shares have been converted to CHESS Depositary Interests (CDI's) and were traded on the ASX. There is no shares/CDI's that are currently under trading restrictions.

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

Substantial shareholders

The following shareholders have disclosed a substantial shareholding notice to ASX. As at 27 June 2023, the Company has received no further update in relation to these substantial shareholdings.

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

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

Distribution of Shareholders/CDI holders

There were 976 CDI holders as at 27 June 2023. Each CDI holder is entitled to one vote for each security held.

Range	Total holders	Units	% Units
1 - 1,000	50	15,169	0.00
1,001 - 5,000	237	863,008	0.13
5,001 - 10,000	178	1,465,152	0.23
10,001 - 100,000	309	11,079,756	1.70
100,001 Over	133	637,346,503	97.94
Rounding			0.00
Total	907	650,769,588	100.00

There are 628 CDI holders who hold less than a marketable parcel. The top 20 shareholders hold 92.06% of the Company's share capital.

Voting Rights

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

ADDITIONAL ASX INFORMATION FOR CDI HOLDERS

Top twenty CDI holders as at 27 June 2023

Rank	Name	Units	% Units
1	QIANG XIONG	213,699,434	32.84
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	138,037,081	21.21
3	KI SHUI LOUIE CHOW	79,249,434	12.18
4	BNP PARIBAS NOMS PTY LTD <DRP>	38,838,101	5.97
5	HOI PING HAPPY CHEUNG	30,500,000	4.69
6	MIN LAO	27,770,835	4.27
7	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	14,418,644	2.22
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,866,670	1.82
9	LING FANG	10,000,000	1.54
10	STRADBROKE PLAZA PTY LTD <RYAN RETIREMENT FUND A/C>	6,081,000	0.93
11	CITICORP NOMINEES PTY LIMITED	5,169,484	0.79
12	YANGUI XIONG	5,000,000	0.77
13	VENICS PTY LTD <EDIN A/C>	3,350,000	0.51
14	HUEI LING GRACE CHEN	3,333,800	0.51
15	MR FEN CHEN	2,500,000	0.38
16	MR LINYAN WU	2,264,026	0.35
17	MR JOSEPH PODVOREC	2,122,222	0.33
18	MRS SARAH JANE MORROW	1,700,000	0.26
19	MR KA YUNG CHAN	1,666,800	0.26
20	NEWECOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,563,346	0.24
Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)		599,130,877	92.06
Total Remaining Holders Balance		51,638,711	7.94

ADDITIONAL ASX INFORMATION FOR CDI HOLDERS

FTC's Place of Incorporation

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

Takeovers

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

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

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

Compulsory Acquisition

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

Substantial holder notices

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

CORPORATE DIRECTORY

Fintech Chain Limited

ARBN: 158 702 400

Principal place of business in the PRC

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

Registered office, principal share registrar and transfer office

1806 Gala Place
56 Dundas Street
Kowloon, Hong Kong

Board of Directors

XIONG Qiang (President & Chief Executive Officer)
GAO Qiuju (Vice President & Deputy Chief Executive Officer)
Christopher John Ryan (Independent Chairman & Non-Executive Director)
HONG Yupeng (Non-Executive Director)

Nomination and Remuneration Committee

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

Website

www.ttg.hk

Representative office in Australia

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

Australia branch share registrar and transfer office

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

Company Secretaries

GAO Qiuju

Audit and Risk Management Committee

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

Auditor

Asian Alliance (HK) CPA Limited