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Annual Report 2016

TTG Fintech Limited
ARBN: 158 702 400

About TTG

By combining bank-card and non-bank-card bank accounts, TTG's FEA technology allows clearing and settlement of digital currencies and payment of commissions.

With the use of FEA technology, currency is not only a medium and consideration of exchange, but also a means of communication, sharing, analysis, transmission, promotion, data sourcing and labelling, and targeted marketing. FEA technology is used in TTG's Tlinx systems, ULPOS platform, and is being extended to other applications.

Tlinx can be applied to both traditional and smart POS. Tlinx accommodates varying payment methodologies (e.g. cash, bank card, debit card, QR code, NFC, mobile payment, payment by royalty points, etc.) to be transacted on one hardware portal. Commercial banks, merchants, POS acquirers, traditional POS manufacturers, Management Information System (MIS) manufacturers, electronic tax invoice system providers, retail chains and other private companies all benefit from the use of Tlinx.

Tlinx allows for data transmission and supports risk analysis of bank loan financing for commercial banks and financiers, MIS functions and financial planning for merchants, as well as numerous CRM functions (e.g. promotion of merchants, coupon, transaction data management, customer loyalty data analysis and management, etc) for diverse industries such as beverage, retail chain stores and B2C e-commerce.

In addition, our technology can serve to upgrade a traditional POS to a smart POS so the clients with existing traditional POS facilities can enjoy the value added services.

TTG is entitled to a percentage of fees generated on transactions that employ FEA and Tlinx.

"TTG's R&D phase is complete for its main functional products and services being FEA and Tlinx and a series of IP pools. We now move to the commercialisation phase as a leader in the PRC payment service sector."

Mr Qiang Xiong
Chairman

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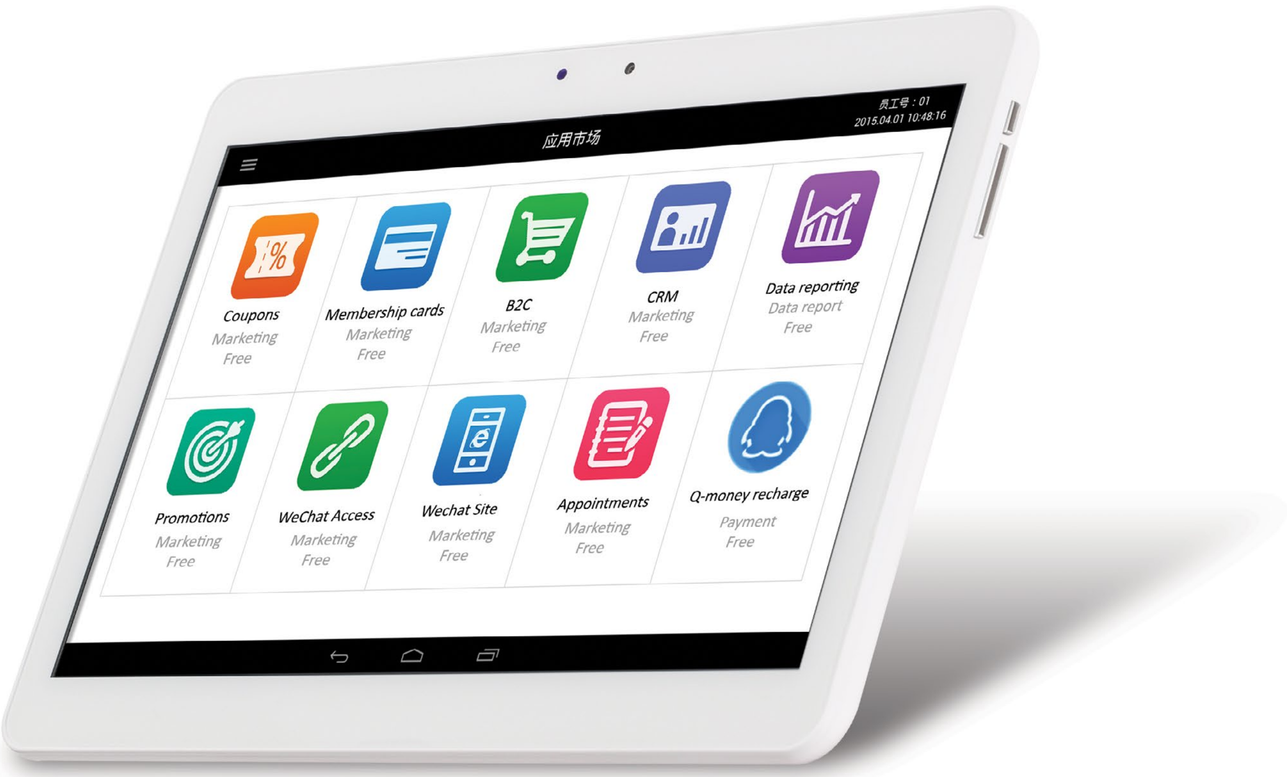

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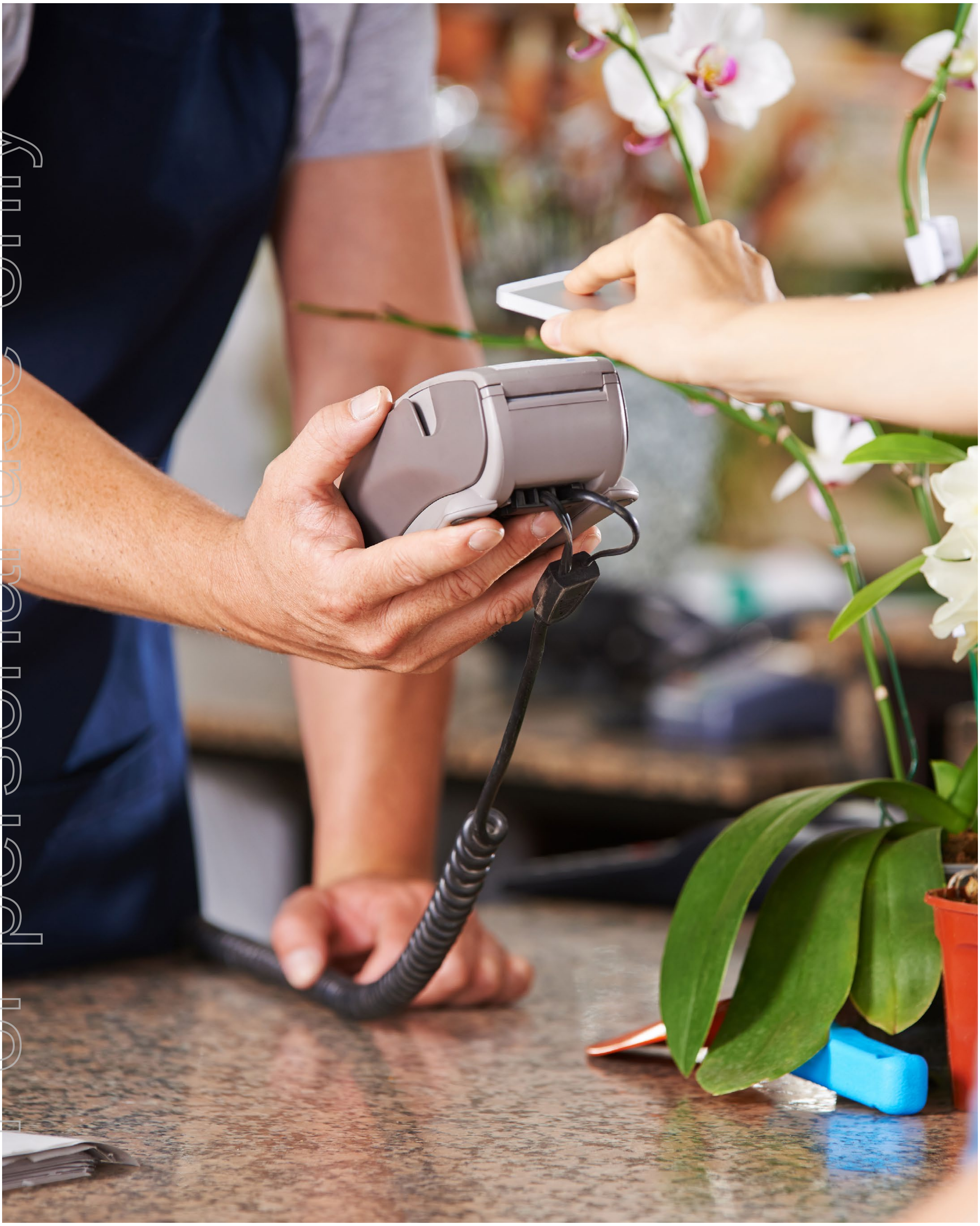


Chairman’s statement

On behalf of our fellow board members, we are pleased to present the annual report for TTG Fintech Limited for the year ended 31 March 2016.

The financial year ended 31 March 2016 was a transitional year for TTG. In the prior financial period, TTG completed its main technology platforms research and development phase and commenced marketing the resulting products to payment companies, POS acquirers, commercials banks, merchants and retail chains. In the current financial year, we also extended our marketing direction to traditional POS manufacturers, management information system (MIS) manufacturers and electronic tax invoice system providers. We received positive responses from all these sector participants.

The period required to execute customer contracts was longer than expected. As a result, sales did not materially emerge. However this is expected in the current financial year.

The work completed thus far has laid a solid foundation for TTG’s future growth. With the continuing growth in the new payment technologies especially in China, demand for our fintech technologies and solutions will escalate exponentially and quickly.

We specifically commenced distributing our Tlinx driven POS terminals to a leading provincial POS acquirer in China during the financial year. In the upcoming 24 months, we believe that 50,000 to 100,000 Tlinx POS will be ordered by this customer alone.

We have further executed a memorandum of understanding (MOU) with Jiujiang Bank (JJB) where JJB will adopt Tlinx to replace its traditional POS, or alternatively upgrade its traditional POS with Tlinx chip technology. This will extend to JJB’s merchants’ POS. We are currently negotiating the final contract and expect it to be executed shortly.

We have also signed a MOU with a leading traditional POS manufacturer in China. This manufacturer will adopt TTG’s Tlinx technologies and solutions and aim to embed them in its future POS. Both parties are now working on the execution of a formal contract.

In addition to the Chinese market, TTG has penetrated into the Taiwanese market. We have signed a cooperation agreement with久昌金融科技股份有限公司 (“TBF”, translated name: Taiwan Boom FinTech Co., Ltd) which will promote and distribute TTG’s products and services in Taiwan. We have also held preliminarily discussion in Japans, Korea and Thailand to seek cooperation in similar structure.

Outlook

All the above points lead to the combined conclusion that TTG’s products and services are receiving increasing acceptance, from different industries such as merchants and retailers which require intelligent POS to help them to either improve their efficiencies and reduce costs, or in industries such as POS acquirers, commercial banks, traditional POS manufacturers, etc. maintain their offering superiority in servicing their merchant clients. Therefore we look forward to a turnaround financial year ending 31 March 2017.

Mr Qiang Xiong
Chairman

Mr Chris Ryan
Co-Chairman

Board of Directors

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

Executive Directors

Mr XIONG Qiang - Chairman, Chief Executive Officer

Mr Xiong graduated from Jiangxi University of Finance and Economics with a bachelor degree.

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 TTG's strategic direction, expansion plans, and the management of TTG's overall business development.

Mr CHOW Ki Shui Louie - Deputy-Chairman, Deputy Chief Executive Officer

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

Mr Chow has many years of experience in both domestic and international direct investment.

Mr Chow is responsible for TTG's strategic planning and corporate finance activities.

Mr KWOK Kin Kwong Gary - Chief Financial Officer

Mr Kwok has a Bachelor of Business Administration (Professional Accountancy) from the Chinese University of Hong Kong.

Mr. Kwok has over 15 years of experience in the Hong Kong and PRC financial services industry, with extensive knowledge and experience in asset management, corporate finance and accounting. Prior to joining TTG, Mr Kwok was the Deputy General Manager, Investment Division, of CITIC International Assets Management Limited, an investment arm of CITIC Group in Hong Kong. He had also been engaged in handling securities and corporate finance transactions in a few regional investment banks including BOCI (Asia) Limited, and served as an accountant in Deloitte Touche Tohmatsu.

Mr. Kwok is now a member of the Hong Kong Institute of Certified Public Accountants (HKICPA).

Non-Executive Directors

Mr RYAN, Christopher John - Co-Chairman

Mr Ryan is an Executive Director of Investorlink Group Limited; a Sydney based corporate finance and advisory firm. Mr Ryan has diverse experience and expertise in mergers and acquisitions together with initial public offerings.

Mr Ryan has advised on ASX listings since 1986.

Mr Ryan has served as Chairman of ASX listed Bravura Solutions Limited and China Waste Corporation Limited and is currently Non-Executive Director of unlisted public company Propertylink (Holdings) Limited and Non-Executive Director of eCargo Holdings Limited (ASX: ECG).

Mr Ryan holds a Bachelor of Financial Administration from the University of New England and is a Fellow of Chartered Accountants Australia and New Zealand.

Mr CAI Wensheng

Mr Cai is a well-known figure in the internet industry in China. Mr Cai founded 265.com in May 2003, which was subsequently acquired by Google in 2007.

Mr Cai is currently a director of cnzz.com, 4399.com, meitu.com, flashget, youhua.com, baofeng.com, Zcom magazine and other well-known websites.

Mr Cai has on three occasions organised the China Internet Webmaster General Assembly.

Board skills and experience

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

Skills and Experience (out of 5 Directors)

Leadership and Management	
Executive management	3
Corporate Governance	5
Strategy	4
Policy Development	5
Corporate	
Business Operation	3
Legal	2
Investor Relation	4
Marketing	2
International Operation Management	3
Capital Markets	
Capital Raising	4
Capital Management	5
Corporate Actions	5
Finance and Risk	
Risk Management and Compliance	3
Financial	2
Sector Experience	
Software Development	3
IT Technology	3

Directors report

Your directors present their report on the consolidated entity consisting of TTG Fintech Limited ("TTG") and the entities it controlled for the year ended 31 March 2016 (hereinafter referred to as the "Group").

Incorporation

The company was incorporated as "TTG Mobile Coupon Services Limited" under the laws of Hong Kong on 24 December 2010.

Change of Name

Pursuant to a special resolution passed at an extraordinary general meeting on 16 August 2013, the name of the company was changed from "TTG Mobile Coupon Services Limited" to "TTG Fintech Limited" with effect from 30 September 2013.

Registered Office and Principal Place of Business

TTG is a company incorporated and domiciled in Hong Kong and has its registered office located at:

1806, Park In Commercial Centre
56 Dundas Street, Kowloon
Hong Kong

Its principal place of business is located at:

Level 12, Block 2, Xunmei Tech Plaza
No. 8 Keyuan Blvd,
Nanshan District
Shenzhen 518000
PRC

Directors

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

1. TTG Fintech Limited

Executive Directors
XIONG Qiang (Chairman & Chief Executive Officer)
CHOW Ki Shui Louie (Deputy Chairman & Deputy Chief Executive Officer)
KWOK Kin Kwong Gary (Chief Financial Officer)
WU Linyan (Chief Technology Officer) (resigned on 8 June 2015)

Non-executive Directors
RYAN Christopher John (Co-Chairman)
CAI Wensheng

Please refer to Directors on pages 6 to 7 for details of their experience.

Mr. Wu Linyan was appointed the executive director of Shenzhen Taotaogu Information Technology Company Limited (深圳市淘淘谷信息科技有限公司), a wholly owned subsidiary of TTG in China. As a result Mr Wu relinquished his Executive Director role with TTG, effective from 8 June 2015 whilist remaining TTG's Chief Technology Officer.

In accordance with Article 104 of the company's Articles of Association, Mr. Xiong Qiang and Mr. Chow Ki Shui, Louie retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

2. Shenzhen Taotaogu Information Technology Company Limited (深圳市淘淘谷信息科技有限公司)

XIONG Qiang
CHOW Ki Shui Louie
LAN Jun (resigned on 17 April 2015)
WANG Ming Hui (resigned on 5 May 2015)
YANG Yuchuan (resigned on 17 April 2015)
WU Linyan (appointed on 5 May 2015)
Mr. Lan Jun, Mr. Wang Ming Hui a nd Mr. Yang Yuchuan resigned on personal reasons.

3. Shenzhen Taotaogu E-commerce Company Limited (深圳市淘淘谷電子商務有限公司)

XIONG Qiang

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

CHOW Ki Shui Louie

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

WANG Haibin

6. Jiangxi Taotaogu Information Technology Company Limited (江西淘淘谷信息技术有限公司)

LING Chen

7. TTG Mobilie Coupon Company Limited (renamed from TTG Fintech Limited on 30 September 2013)

XIONG Qiang
CHOW Ki Shui Louie
KWOK Kin Kwong Gary

8. TTG Techfin Limited

XIONG Qiang
CHOW Ki Shui Louie
KWOK Kin Kwong Gary

Directors Interest in Shares/CDI

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

XIONG Qiang	222,200,000
CHOW Ki Shui	132,350,000
KWOK Kin Kwong Gary	3,500,000
RYAN, Christopher John	6,056,000
CAI, Wensheng	76,287,500

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

KWOK Kin Kwong Gary	6,377,474
RYAN, Christopher John	1,200,000

The share options in which Mr. RYAN, Christopher John has interest is under his family trust called Chris Ryan & Sabine Ryan and Lois Ryan as trustee for Ryan Retirement Fund ("Ryan Retirement Fund")

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

Each option can be converted into 1 ordinary share.

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

None of them holds any partly-paid shares at the date of report.

Principal activities

TTG is a financial technology service provider. Its core business is now based in China and has presence in Taiwan, and aims to gradually expand into other east Asian and southeast Asian countries.

The consolidated entity operates within the software and information services industry in the People's Republic of China. The main business of the consolidated entity derives its income from its self-developed technologies called Financial Electronic Authentication ("FEA") which provides the solution for clearing and settlement for multi parties, and "Tlinx", a smart cloud-supported point of sales ("POS") system.

By combining bank-card and non-bank-card bank accounts, this FEA technology allows clearing and settlement of digital currencies and payment of commissions. With the use of FEA technology, currency is not just a medium and consideration of exchange, but also a means of communication, sharing, analysis, transmission, promotion, data sourcing and labelling, and targeted marketing. FEA technology is now used in TTG's Tlinx systems, ULPOS platform, and is being extended to other applications.

Tlinx can be applied to different types of POS, both traditional and smart. Tlinx accommodates varying payment methodologies (e.g. cash, bank card, debit card, QR code, NFC, mobile payment, payment by royalty points, etc.) to be transacted on one hardware portal. Commercial banks, merchants, POS acquirers, traditional POS manufacturers, Management Information System (MIS) manufacturers, electronic tax invoice system providers, retail chains and other private companies all benefit from the use of our Tlinx.

Tlinx allows for data transmission and supports risk analysis of bank loan financing for commercial banks and financiers, MIS functions and financial planning for merchants, as well as numerous CRM functions (e.g. promotion of merchants, coupon, transaction data management, customer loyalty data analysis and management, etc) for diverse industries such as beverage, retail chain stores and B2C e-commerce.

In addition, our technology can serve to upgrade the traditional POS to the intelligent POS so that the clients with existing traditional POS facilities can enjoy the above value added services.

TTG is entitled to:

i. System development fee
ii. System maintenance fee
iii. Transaction fees generated on the transactions that employ the FEA and Tlinx.

Financial Review

	Year ended 31 March 2016 RMB '000	Year ended 31 March 2015 RMB '000	% change
Revenue	5,267	5,328	-1.1%
Loss after income tax expense	(19,319)	(12,500)	55%
Loss attributable to members of the company	(18,919)	(12,475)	52%

Revenues decreased by 1.1% to RMB5.27 million. Our revenue is mainly derived from distribution of our smart cloud-supported POS system called Tlinx. Gross profit also dropped from RMB2 million to RMB902k because of increasing direct costs.

Other net income dropped from RMB1.7 million to RMB1.1 million. Other net income for the financial year mainly includes exchange gain of RMB0.3 million and government grant of RMB0.6 million.

General administrative expenses increased by 34%, or RMB4.1 million, to RMB16.3 million. Main reasons include:

i. increase in salary and directors' remuneration totalling RMB3.9 million
ii. increase in office rental of RMB1.1 million
iii. Increase in share based payment of RMB0.8 million
iv. decrease in professional fee of RMB1.5 million

Increase in salary was due to increase in human resources to cope with the expansion and market salary level. Increase in rental expenses was due to the rental of a new office in Shenzhen and the rental of subsidiary offices. Increase in share based payment was a non-cash item derived from the issue of share options (below).

On the other hand, professional fee was higher in the previous financial year because of equity raising activities. As there was no equity issue for this financial year, professional fee dropped by RMB1.5 million.

Sales and marketing expenses also increased by 12%, or RMB380k, to RMB3.6 million, to cope with the increasing expansion of the Company.

Together with the share of results of associates of RMB1.2 million and the non-controlling interests of RMB0.4 million, our loss attributable to shareholders increased by 52%, or RMB6.4 million, to RMB18.9 million.

Loss per share

Loss per share increased from RMB2.0 cent per share to RMB3.0 cent per share for the current financial year. Increase in loss per share is mainly due to increase in costs as discussed above.

Net current assets and net tangible asset

The Group has net current liabilities of RMB0.7 million as at 31 March 2016, compared to net current assets of RMB19.2 million as at 31 March 2015.

Net tangible assets also decreased to RMB6.7 million as at 31 March 2016 from RMB24.7 million as at 31 March 2015.

Both decreases are mainly due to the net effect of loss attributable to shareholders of RMB18.9 million.

The net tangible backing per share was RMB1.0 cents per share at 31 March 2016, compared to RMB3.9 cents per share at 31 March 2015.

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.

Results

The results of the Group for the year are set out on page 39.

Property, plant and equipment

Details of the movements in property, plant and equipment during the year are set out in note 12 to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 24 to the consolidated financial statements.

Controlled entities acquired or disposed of

The Group had no acquisition or disposal of controlled entities during the financial year.

Associates

During the financial year, the Company acquired 1.5% of equity interest in 深圳市大售后信息技术有限公司 (English translated name: Shenzhen Dashouhou Information Technology Co., Ltd) at a consideration of RMB15,000. Other than this transaction, the Group did not acquire or dispose of any interest in associates.

As at 31 March 2016, the Company has investments in two associates:

1. 37.5% of 深圳市智惠付信息技术有限公司 (English translated name: Shenzhen Intelligent Preferential Pay Co., Limited, or "IPP")
2. 47.5% of Shenzhen Dashouhou Information Technology Co., Ltd

Pledge of assets

The Group has not pledged any assets.

Commitments

Except as disclosed in note 32(a) to the consolidated financial statements, the Group had no capital commitments as at 31 March 2016.

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 considered its exposure to foreign currency exchange risk arising from its operating activities is insignificant as the majority of the Group's operating activities are denominated in functional currency of the respective group entities.

Share Options

In August 2015, the Company issued 9,770,000 share options to Group A investors, and 2,000,000 share options to Group B investors.

Pursuant to TTG Employee Incentive Plan, the Company also issued 6,377,474 share options to Mr. Gary Kwok, and 1,200,000 Share Options to Chris Ryan & Sabine Ryan and Lois Ryan as trustee for Ryan Retirement Fund ("Ryan Retirement Fund"). Given Mr. Gary Kwok and Mr. Chris Ryan are directors of TTG Fintech Limited, the issue of these options required shareholders' approval, which were obtained on 23 September 2015.

The options are exercisable from 1 July 2016 to 30 June 2021 at an exercise price of A$0.80 for Group A investors, Mr. Gary Kwok and Ryan Retirement Fund, and A$1.00 for Group B investors. In the event there are outstanding options yet to be exercised upon the expiry of the exercise period for the Tranche 5, they can be extended for another 12 months up to 30 June 2022, after which it is the discretion of the Board to extend further.

Each option can be converted into 1 ordinary share.

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

Details of the share option scheme are set out in note 25 to the consolidated financial statements.

Convertible Bonds

i. Issue during the financial year

On 7 March 2016, the Company issued one-year convertible bonds at a principal amount of RMB3,000,000 and RMB3,000,000 respectively due on 6 March 2017. The major terms and conditions of the convertible bonds are the same and as follows:

a. *Interest rate*

The Company shall not pay any interest on the convertible bonds.

b. *Conversion price*

The bonds mature one year from the date of issuance at their principal amount of RMB3,000,000 and RMB3,000,000 respectively or can be converted into ordinary shares of the Company at an original conversion price of AUD0.20 ("Conversion Price") per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds ("holders") to the Company, before the maturity date. The actual total number of ordinary shares can be converted depend on the exchange rate at one day before the conversion.

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

c. Maturity

Unless previously converted, the Company will redeem all convertible bonds upon the maturity date at the principal amount of RMB6,000,000.

d. Conversion at the option of the holders

The Company will, at the option of the holders redeem all the convertible bonds on 6 March 2017.

Please refer to note 20 to the consolidated financial statements for the details of the convertible bonds issued during the financial year.

ii. Issue after financial year – Subsequent event

On 24 June 2016, the Company issued two-year convertible bonds at a principal amount of HKD1,000,000 and HKD1,800,000 respectively. The first HKD1,000,000 convertible bonds was fully paid up as at the date of the report. For the second convertible bonds, the first tranche of HKD600,000 was received on 27 June 2016 and the second tranche of HKD1,200,000 is expected to be received within six months from 24 June 2016. Other major terms and conditions of the convertible bonds are as follows:

a. Interest rate

The Company shall not pay any interest on the convertible bonds.

b. Conversion price

The bond at principal amount of HK$1,800,000 matures upon the second anniversary date from the respective date of installment payments. The bond at principal amount of HK$1,000,000 matures two years from the date of issuance. The bonds can be converted into ordinary shares of the Company at an original conversion price of AUD0.20 ("Conversion Price") per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds ("holders") to the Company, before the maturity date.

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

c. Early redemption

The holder can request the Company to redeem the bond at the principal amount of HK$1,800,000 from the first anniversary date of the respective installment payments. The holder can request the Company to redeem the bond at the principal amount of HK$1,000,000 from the first anniversary date from the issuance date until maturity.

d. Maturity and redemption

Unless previously converted, the Company will redeem the convertible bond at principal amount of HK$1,000,000 on 23 June 2018. The Company will redeem the convertible bond at principal amount of HK$1,800,000 upon the second anniversary date from the respective date of installment payments.

Management contracts

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

Directors' interests in contracts

Except for the directors' interests as disclosed in the note 31 to the consolidated financial statements, no contract of significance in relation to the Company's business to which the Company or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the reporting period or at any time during the year.

Employee, remuneration policies and share option scheme

At 31 March 2016, the Group had 96 full-time employees (31 March 2015:95). The salaries of the Group's employees were determined by reference to personal performance, professional qualifications, industry experience and relevant market trends. The Group ensures all levels of employees are paid competitively within market parameters and employees are rewarded on a performance-related basis within the framework of the Group's salary, incentives and bonus schemes. The management reviews the remuneration policy of the Group on a regular basis and evaluates the work performance of the employees. The remuneration of employees includes salaries, allowances, and social insurance.

Emphasis of Matter

The auditor of the Company had audit opinion with emphasis of matter paragraph below:

"We draw attention in note 2(b) to the consolidated financial statements which indicate that the Company and its subsidiaries incurred a loss attributable to owners of the Company of RMB18,919,418 and net cash outflow from operating activities of RMB18,326,207 for the year ended 31 March 2016 and the Company and its subsidiaries had net current liabilities and net debt of RMB669,257 and RMB1,393,760 as at 31 March 2016 respectively. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the ability of the Company and its subsidiaries to attain profit and positive cashflows from operations and the financial support from shareholders. These conditions, along with other matters as set forth in note 2(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company and its subsidiaries to continue as a going concern. Our opinion is not qualified in respect of this matter."

The management has already taken the following steps to improve the situation:

1. Strengthening the sales and marketing;
2. Speeding up the collection process;
3. Confirmation of loan agreement for RMB12 million with Mr. Xiong Qiang and Mr. Chow Ki Shui Louie, directors and major shareholders of the Company, for a period from 27 May 2016 to 30 September 2017.

Apart from the RMB2 million (RMB1.6 million after tax) received from TBF, we expect to receive about RMB2.5 million from another client in China shortly. We expect to generate more sales from this client after settlement of the above outstanding sum. We also expect to sign formal contracts with potential clients which already signed memorandum of understanding with us in the coming financial year. One of them is a regional bank in China while the other is one of the leading POS manufacturers in China.

In this regard, at the date of this report, 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.

Market and business overview

China market

In the financial year, TTG continued to promote POS our Tlinx inside. The merchants, and banks and POS manufacturers which will sell or promote their services with POS, are more willing to accept our Tlinx inside POS which works as a mini computer for all cashier, marketing, accounting functions for merchants in a one-stop shop. They showed increasing interests to employ POS with Tlinx inside. As the new payment methodology is widely accepted, we believe our products and services which can help simplify users' and merchants' payment will also become more popular.

We started to distribute our Tlinx-inside POS to a leading provincial POS acquirer in China during the financial year. In the upcoming 24 months, we believe that 50,000 to 100,000 Tlinx-inside POS will be ordered by the same company.

We signed a memorandum of understanding with Jiujiang Bank (JJB) where JJB will use Tlinx to replace the traditional POS, or upgrade the traditional POS with Tlinx inside, for its merchants' POS. We are negotiating for the formal contract and expect it to be finalized shortly.

We signed a memorandum of understanding with a leading traditional POS manufacturer in China. This manufacturer is happy with our Tlinx technologies and solutions and aim to embed our technologies into its future POS. Both parties are now working for a formal contract too.

In the coming financial year, TTG will continue to work closely with different payment clearance related service companies, including POS acquiring companies, banks, telecommunication companies, POS manufacturers, and merchants, to further promote our products and services. We expect a very strong demand of our Tlinx products in the PRC in the next financial year.

Overseas market

Apart from China market, TTG already expanded our Tlinx into Taiwan markets. According to the agreement between the Company and 久昌金融科技股份有限公司 ("TBF", translated name: Taiwan Boom FinTech Co., Ltd), a company incorporated in Taiwan, which is engaged in the provision of intelligent POS platform cloud systems and IP rights to Taiwanese banks, telecommunication companies, retail chains and other business merchants. As a result, TBF will be granted exclusive rights for distribution and sale of TTG Fintech's product and solutions in Taiwan. In return TBF will pay RMB20 million to TTG in addition to the transfer of 30% of its total issued capital to TTG. Payment terms of the RMB20 million are as follows:

1. RMB2 million – on or before 28 May 2016;

2. RMB2 million – on or before 30 September 2016;
3. RMB2 million – on or before 30 January 2017;
4. RMB14 million will be repaid by TBF to TTG out of 50% of the first RMB28 million gross revenue receivable from TBF within 3 years commencing from the date the actual distribution and sale is in operation.

Upon repayment in full of the first RMB20 million, TTG can share 25% of gross revenue generated from distribution and sale of TTG Fintech's products and solutions.

The first payment of RMB2 million (RMB1.6 million after tax) was received on 28 May 2016.

In the upcoming financial year, we target to expand our services into other Asian countries such as Japan, Thailand, etc.

Outlook

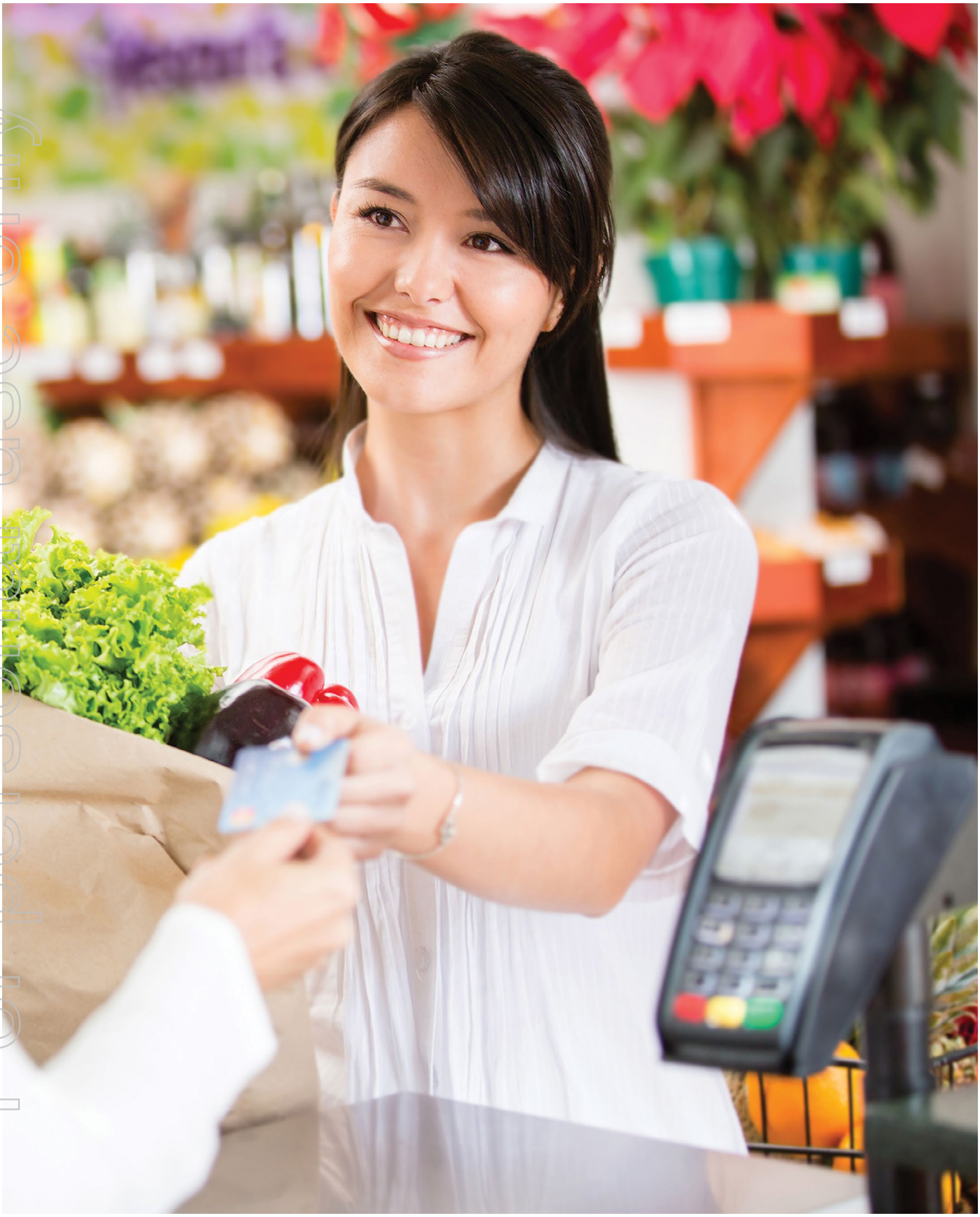
Other than the longer than expected timing to roll out our Tlinx products, TTG's board considers the Company's operations for the current financial year have met management expectations. Our Tlinx system has achieved increasing acceptance and our FEA services is expected to grow significantly in the future.

Your Board considers FY17 will yield significant revenue as the anticipated R&D phase of Tlinx has been completed and the Company has now entered the commercialisation stage of its resulting intellectual property. While timing is difficult to predict, the Company still aims to break-even during the financial year ending 31 March 2017.

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

Mr Qiang Xiong
Chairman

Shenzhen, 30 June 2016



Statement by Directors

In accordance with a resolution of the Directors of TTG Fintech 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 2016; 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 2016; and
   b. The state of affairs of the Group at 31 March 2016.

On behalf of the Board

Mr Qiang Xiong
Chairman

Shenzhen, 30 June 2016

Corporate governance

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

This statement sets out the Company's current compliance with the third edition of the ASX Corporate 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 TTG 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: 1. the respective roles and responsibilities of its board and management; and 2. 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: 1. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and 2. 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: www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf
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: 1. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; 2. disclose that policy or a summary of it; and 3. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either: 4. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or 5. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Does not comply	The Board considers that the Company is not currently of a size, nor has it been established for long enough to approve and comply 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 2016, TTG had 40 female employees (42%) and 3 female employees held senior executive positions.
Recommendation 1.6 A listed entity should: 1. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and 2. 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 FY16. The Board takes this evaluation into consideration when recommending Directors for election.

Recommendation 1.7 A listed entity should: 1. have and disclose a process for periodically evaluating the performance of its senior executives; and 2. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Complies	The Nomination and Remuneration Committees is responsible for reviewing the performance targets for senior management and where appropriate, making recommendations to the Board for approval. The Committee is also responsible to establish process for the review of the performance of individual non-executive directors. At the moment the full board assume the function of the Nomination and Remuneration Committee which means the Board is responsible for the evaluation the performance of individual Directors and other senior executives. This internal review is conducted on an annual basis and if deemed necessary this internal review is facilitated by an independent third party. In accordance with the process disclosed above, the Company conducted the annual performance reviews for its senior executives during the year

Principle 2 - Structure the board to add value		
Recommendation 2.1 The board of a listed entity should: 1. have a nomination committee which: a. has at least three members, a majority of whom are independent directors; and b. is chaired by an independent director, c. and disclose: d. the charter of the committee; e. the members of the committee; and f. 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 2. 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.	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 which is contained in the Corporate Governance Plan on the Company's website at www.ttg.hk The Nomination and Remuneration Committee consists of the entire Board which has the current member of five, namely, Mr Christopher Ryan, non-executive Director, Mr Qiang Xiong, executive Director, Mr Louie Chow, executive Director, Mr Gary Kwok, executive Director and Mr Wensheng Cai, non-executive Director, the majority of whom are not 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 pages 35 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 8 of the annual report.

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 five members, of which Mr Christopher Ryan is an independent non-executive Directors. The Board regularly assessed, using the criteria set out in the ASX Corporate Governance Principle and Recommendations, the independence of the Directors in light of their interests and associations disclosed . The appointment and rotation of Directors is governed by the Constitution of the Company and the terms and conditions of the each director are contained in the letter of appointment. The nomination and remuneration committee is responsible in monitoring the length of service of current Board members, considering succession planning issues and identifying the likely order of retirement by rotation of Directors.
Recommendation 2.4 A majority of the board of a listed entity should be independent directors.	Does not comply	The full Board determines the size and composition of the Board, subject to the limits imposed by the Company's Memorandum and Articles of Association. Subsequent to the resignation of Mr Yuchuan Yang, Mr Jun Lan and Mr Linyan Wu as Directors on 17 April 2015, 29 April 2015 and 8 June 2015 respectively, the majority of the current Board is not independent. The Board considers that the Company is not currently of a size nor are its affairs of such complexity to justify the expense of the appointment of a majority of independent non-executive Directors. The Company has structured its Board with a focus on a combination of skill and experience consistent with its operations and size. The Board believes that this is both appropriate and acceptable at this stage for the Company's development. The Board is of the opinion that each Director on the Board holds sufficient experience to make quality independent judgement and decision in their role as Director in the best interests of the Company on all relevant issues.

Recommendation 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Does not comply	The Chairman, Mr Qiang Xiong is an executive Director and is not considered independent under the ASX guidelines. The Board believes that having an executive Chairman is good for the business development and decision making in China and the Company has adequate procedures to ensure the independence of the Chairman's decisions. The Board has however appointed a non-executive independent director as co-chairman. Given the experience of Mr Qiang Xiong and the size and operations of the Company, Mr Qiang Xiong currently occupies the role of both Chief Executive Officer and Chairman. The appointment of Mr Qiang Xiong to both positions will be continuously reviewed at the appropriate stages of the Company's development.
Recommendation 2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complies	The nomination and remuneration committee is responsible to design induction and ongoing training and education programs for the Board to ensure that directors are provided with adequate information regarding the operations of the business, the industry and their legal responsibilities and duties.
Principle 3 – Act ethically and responsibly		
Recommendaion 3.1 A listed entity should: 1. have a code of conduct for its directors, senior executives and employees; and 2. disclose that code or a summary of it.	Complies	All directors, senior executives, employees and consultants are expected to act with the utmost integrity and objectivity and to enhance the reputation and performance of the Company. A code of conduct has been established requiring directors and employees to act honestly and in good faith, exercise due care and diligence in fulfilling the functions of office, avoid conflicts and make full disclosure of any possible conflict of interest, comply with the law, encourage the reporting and investigating of unlawful and unethical behavior and comply with the securities trading policy. The Code of Conduct is available at: www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf

Principle 4 – Safeguard integrity in corporate reporting		
Recommendation 4.1 The board of a listed entity should: 1. have an audit committee which: a. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and b. is chaired by an independent director, who is not the chair of the board, and disclose: d. the charter of the committee; e. the relevant qualifications and experience of the members of the committee; and f. 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 2. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Partially complies	The Board has established an Audit and Risk Management Committee The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuring the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining polices or inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at: www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf The Audit and Risk Management Committee currently consists of two members. Of these members, one is executive Director, Mr Gary Kwok and one is Independent non- Executive Director, Mr Chris Ryan. The committee does not have a majority of Independent directors. The Committee is chaired by the Co-Chairman of the Company. The Board considers the current mix of one Independent non-executive Director and one executive Director and the fact that it is chaired by the Co-Chairman 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 6 to 7 of the annual report. Details of the committee meeting during the year are contained on pages 35 of the annual report.

Recommendation 4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Complies	Prior to the recommendation to the Board to approve the financial statements, the Audit and Risk Management Committee reviewed the draft financial statements for the year ended 31 March 2016 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 2016 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 as 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 that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Does not comply	The external auditor is based in Hong Kong and they did not attend the 2015 annual general meeting held in Shenzhen, Chian. However they are prepared to answer any questions from the shareholders prior to the commencement of the annual general meeting. The Chief Financial Officer was in attendance in the meeting to answer any questions relating to the financial position of the company from the shareholders. The Company will invite the external auditor to attend its next annual general meeting and any future annual general meeting to answer questions from security holders relevant to the audit.
Principle 5 – Make timely and balanced disclosure		
Recommendation 5.1 A listed entity should: 1. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and 2. disclose that policy or a summary of it.	Complies	The Company has established a Continuous Disclosure Policy and Communications Strategy and the Board recognises its duty to ensure that its shareholders and the market are informed of all major developments affecting the Company's state of affairs. The policy is available at : www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf

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: www.ttg.hk/investor.asp
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: www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf
Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies	All shareholders have the right to access details of their holdings, provide email address contacts and make certain elections via the Company's share registry, Computershare Investor Services Pty Limited by accessing the web site: www.computershare.com.au Shareholders have the right of option of receiving all or a selection of communication electronically.

Principle 7 – Recognise and manage risk		
Recommendation 7.1 The board of a listed entity should: 1. have a committee or committees to oversee risk, each of which: a. has at least three members, a majority of whom are independent directors; and b. is chaired by an independent director, and disclose: d. the charter of the committee; e. the members of the committee; and f. 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 2. if it does not have a risk committee or committees that satisfy (1.) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Partially complies	The Board has established an Audit and Risk Management Committee The function of the Audit and Risk Management Committee is contained in the Audit and Risk Management Committee Charter which assists with ensuing the integrity and reliability of information prepared for use by the Board and the integrity of the Company's internal controls affecting the preparation and provision of that information in determining polices or for inclusion in the financial report. The Company's Audit and Risk Management Committee Charter is contained in the Corporate Governance Plan which is available at : www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf The Audit and Risk Management Committee currently consists of two members. Of these members, one is Independent non-executive Director, Mr Chris Ryan and one is an Executive Director, Mr Gary Kwok. The committee does not have a majority of Independent directors. The Committee is chaired by the Co-Chairman, Mr Chris Ryan of the Company, who is the independent non-executive Director. The Board considers the current mix of one non-executive Director and one executive Director and the fact that it is chaired by the Co-Chairman 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 6 to 7 of the annual report. Details of the committee meeting during the year are contained on pages 35 of the annual report.

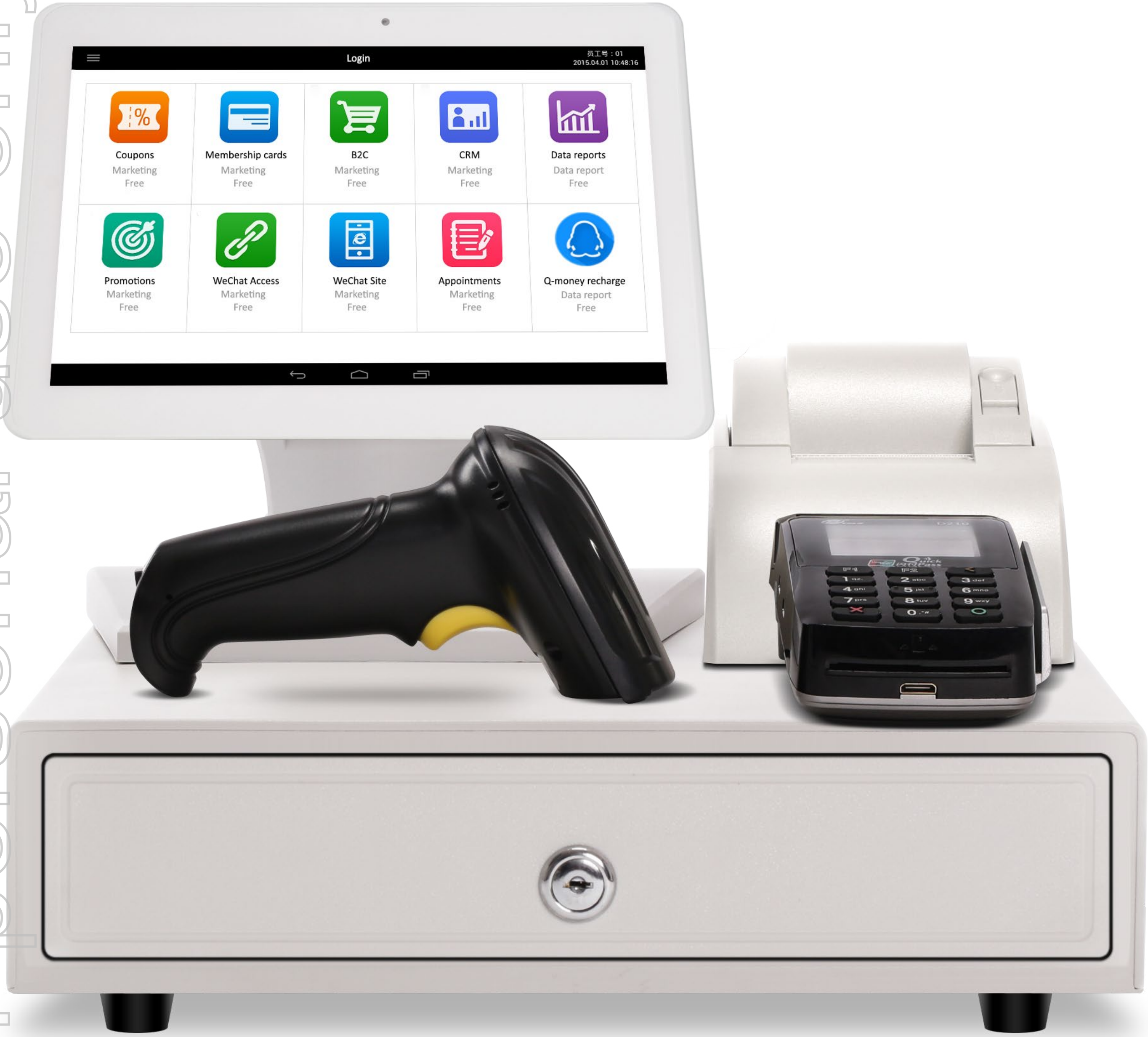
Recommendation 7.2 The board or a committee of the board should: 1. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and 2. disclose, in relation to each reporting period, whether such a review has taken place.	Complies	The Audit and Risk 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: 1. if it has an internal audit function, how the function is structured and what role it performs; or 2. 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.

Principle 8 – Remunerate fairly and responsibly		
Recommendation 8.1 The board of a listed entity should: 1. have a remuneration committee which: a. has at least three members, a majority of whom are independent directors; and b. is chaired by an independent director, and disclose: d. the charter of the committee; e. the members of the committee; and f. 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 2. 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: www.ttg.hk/Upfiles/investor/92132531_1_Corporate_GovernancePlan_TTG_Approved_27_September_2012_2.pdf The full Board fulfills the function of the Committee with the members of five, namely, Mr Qiang Xiong the executive Director, Mr Louie Chow, executive Director, Mr Gary Kwok, executive Director, Mr Wensheng Cai non-executive Director and Mr Chris Ryan, non-executive Director. Of these members, the majority are non-independent directors except Mr Chris Ryan. 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 pages 35 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.

Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should: 1. 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 2. 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.

Meetings Attendance Record

	Board	Audit and risk committee	Remuneration and nomination committee
Number of meetings held for the period	3	4	1
Executive Directors:			
XIONG Qiang	3/3	N/A	1/1
CHOW Ki Shui Louie	3/3	N/A	1/1
KWOK Kin Kwong Gary	3/3	4/4	1/1
Non-executive Directors:			
RYAN, Christopher John	3/3	4/4	1/1
CAI Wensheng	3/3	N/A	1/1


Login
Coupons
Marketing
Free
Membership cards
Marketing
Free
B2C
Marketing
Free
CRM
Marketing
Free
Data reports
Data report
Free
Promotions
Marketing
Free
WeChat Access
Marketing
Free
WeChat Site
Marketing
Free
Appointments
Marketing
Free
Q-money recharge
Data report
Free

國富浩華(香港)會計師事務所有限公司
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Causeway Bay, Hong Kong

Independent auditor's report to the members of TTG Fintech Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of TTG Fintech Limited ("the Company") and its subsidiaries set out on pages 39 to 87, which comprise the consolidated statement of financial position as at 31 March 2016, 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by

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9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Emphasis of matter

We draw attention in note 2(b) to the consolidated financial statements which indicate that the Company and its subsidiaries incurred a loss attributable to owners of the Company of RMB18,919,418 and net cash outflow from operating activities of RMB18,326,207 for the year ended 31 March 2016 and the Company and its subsidiaries had net current liabilities and net debt of RMB669,257 and RMB1,393,760 as at 31 March 2016 respectively. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the ability of the Company and its subsidiaries to attain profit and positive cashflows from operations and the financial support from shareholders. These conditions, along with other matters as set forth in note 2(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company and its subsidiaries to continue as a going concern. Our opinion is not qualified in respect of this matter.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong, 30 June 2016

Lam Cheung Shing
Practising Certificate Number P03552

Financial Statements

TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		RMB	RMB
Revenue	4	5,267,490	5,327,966
Cost of sales		(4,365,890)	(3,271,595)
Gross profit		901,600	2,056,371
Other revenue	5	153,268	220,975
Other net income	5	1,145,855	1,730,459
		2,200,723	4,007,805
Selling expenses		(3,579,515)	(3,199,888)
General and administrative expenses		(16,335,783)	(12,230,960)
Loss on change of fair value of embedded derivative of convertible bonds	20	(376,361)	-
Share of losses of associates		(1,164,010)	(1,076,702)
Finance costs	6(a)	(63,689)	-
Loss before taxation	6	(19,318,635)	(12,499,745)
Income tax	7	-	-
Loss for the year		(19,318,635)	(12,499,745)
Other comprehensive income for the year, net of nil tax		-	-
Total comprehensive loss for the year		(19,318,635)	(12,499,745)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company		(18,919,418)	(12,475,227)
Non-controlling interests		(399,217)	(24,518)
		(19,318,635)	(12,499,745)
Loss per share (RMB)	10		
Basic		(0.0297)	(0.0196)
Diluted		(0.0297)	(0.0196)

The notes on pages 43 to 87 form an integral part of these financial statements.

TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016	2015
		RMB	RMB
Non-current assets			
Property, plant and equipment	12	4,282,524	1,848,515
Intangible asset	13	-	-
Interests in associates	14	2,558,997	3,708,007
Prepayment and deposits	17	903,376	-
		7,744,897	5,556,522
Current assets			
Inventories	16	1,683,999	449,458
Trade and other receivables	17	3,546,445	2,842,944
Cash and cash equivalents	18	5,046,290	20,640,241
		10,276,734	23,932,643
Current liabilities			
Trade and other payables	19	4,177,908	4,782,456
Convertible bonds	20	6,440,050	-
Deferred government grants	21	328,033	-
		10,945,991	4,782,456
Net current (liabilities)/assets		(669,257)	19,150,187
Total assets less current liabilities		7,075,640	24,706,709
Non-current liabilities			
Other liabilities	22	403,689	-
Net assets		6,671,951	24,706,709
Capital and reserves			
Share capital	24	72,743,496	72,743,496
Reserves	26	(65,729,810)	(48,078,269)
Equity attributable to owners of the Company		7,013,686	24,665,227
Non-controlling interests		(341,735)	41,482
Total equity		6,671,951	24,706,709

Approved and authorised for issue by the board of directors on 30 June 2016.

Mr Qiang Xiong
Chairman

Mr Chris Ryan
Co-Chairman

The notes on pages 43 to 87 form an integral part of these financial statements.

TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

		Attributable to owners of the Company					
	Note	Share capital	Share option reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
		RMB (Note 24)	RMB (Note 26)	RMB	RMB	RMB	RMB
At 1 April 2014		54,440,463	-	(35,603,042)	(35,603,042)	-	18,837,421
Loss for the year		-	-	(12,475,227)	(12,475,227)	(24,518)	(12,499,745)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	(12,475,227)	(12,475,227)	(24,518)	(12,499,745)
Contribution from non-controlling interests		-	-	-	-	66,000	66,000
Issuance of new shares	24	18,554,513	-	-	-	-	18,554,513
Share issue expenses		(251,480)	-	-	-	-	(251,480)
		18,303,033	-	-	-	66,000	18,369,033
At 31 March 2015 and 1 April 2015		72,743,496	-	(48,078,269)	(48,078,269)	41,482	24,706,709
Loss for the year		-	-	(18,919,418)	(18,919,418)	(399,217)	(19,318,635)
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		-	-	(18,919,418)	(18,919,418)	(399,217)	(19,318,635)
Contribution from non-controlling interests		-	-	-	-	16,000	16,000
Equity-settled share-based transaction		-	1,267,877	-	1,267,877	-	1,267,877
		-	1,267,877	-	1,267,877	16,000	1,283,877
At 31 March 2016		72,743,496	1,267,877	(66,997,687)	(65,729,810)	(341,735)	6,671,951

The component of other comprehensive income does not have any significant tax effect for the years ended 31 March 2016 and 2015.

Note:

Share capital contribution of RMB16,000 from non-controlling interests in a subsidiary with a registered capital of RMB2,000,000 of which RMB200,000 was paid during the year ended 31 March 2016.

Share capital contribution of RMB66,000 from non-controlling interests in a subsidiary with a registered capital of RMB1,000,000 of which RMB206,000 was paid during the year ended 31 March 2015.

The notes on pages 43 to 87 form an integral part of these financial statements.

TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016	2015
		RMB	RMB
Operating activities			
Loss before taxation		(19,318,635)	(12,499,745)
Adjustments for:			
Depreciation	12	911,231	498,115
Interest income	5	(16,145)	(47,950)
Amortisation of intangible asset	13	-	47,957
Loss on disposal of property, plant and equipment	6(b)	88,293	647
Share of losses of associates		1,164,010	1,076,702
Waiver of amount due to a related party		-	(56,700)
Equity-settled share-based payment expenses		1,249,660	-
Finance costs	6(a)	63,689	-
Loss on change of fair value of embedded derivative of convertible bonds	20	376,361	-
Net foreign exchange (gain)/loss		(395,387)	2,630
		(15,876,923)	(10,978,344)
Changes in working capital			
Increase in inventories		(1,234,541)	(449,458)
Increase in trade and other receivables		(1,306,674)	(2,070,557)
Increase in other liabilities		410,721	-
(Decrease)/increase in trade and other payables		(646,823)	2,428,978
Increase in deferred government grants		328,033	-
Net cash used in operations		(18,326,207)	(11,069,381)
Tax paid		-	-
Net cash used in operating activities		(18,326,207)	(11,069,381)
Investing activities			
Interest received	5	16,145	47,950
Payment for investment in an associate		(15,000)	(460,000)
Proceeds from disposal of property, plant and equipment		12,846	60
Payments for purchase of property, plant and equipment		(3,446,379)	(750,418)
Deposit paid for purchase of property, plant and equipment		(300,000)	-
Net cash used in investing activities		(3,732,388)	(1,162,408)
Financing activities			
Proceeds from issuance of convertible bonds		6,000,000	-
Proceeds from issuance of new shares		-	18,554,513
Payment of transaction costs on issuance of new shares		-	(251,480)
Contribution from non-controlling interests		16,000	66,000
Net cash generated from financing activities		6,016,000	18,369,033
Net (decrease)/increase in cash and cash equivalents		(16,042,595)	6,137,244
Cash and cash equivalents at the beginning of the year		20,640,241	14,506,557
Effect of foreign exchange rate changes		448,644	(3,560)
Cash and cash equivalents at the end of the year			
Cash and bank balances	18	5,046,290	20,640,241

The notes on pages 43 to 87 form an integral part of these financial statements.

1. General information

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

The Company is an investment holding company. Its subsidiaries are principally engaged in provision of system development services and information technology services, sale of point-of-sale machines and licensing for the sale and distribution of an internally generated smart cloud-supported point-of-sale system "Tlinx" in the People's Republic of China (the "PRC").

2. Significant accounting policies

a. Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the IASB. As Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), are derived from and consistent with IFRSs, these financial statements also comply with HKFRSs. These financial statements also comply with the requirements of the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively as the "Group") is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. The equivalent new and revised HKFRSs consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

Note 3 provides information on the initial application of those developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b. Going concern

The Group incurred a loss attributable to owners of the Company of RMB18,919,418 (2015: RMB12,475,227) and net cash outflow from operating activities of RMB18,326,207 (2015: RMB11,069,381) for the year ended 31 March 2016 and the Group had net current liabilities and net debt of RMB669,257 and RMB1,393,760 (note 28) as at 31 March 2016 respectively. In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the ability of the Group to attain profit and positive cash flows from operations in the immediate and longer term.

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

- on 27 May 2016, the Company entered into a loan agreement with Mr. Xiong Qiang and Mr. Chow Ki Shui Louie, the directors and major shareholders of the Company for RMB12,000,000, for a period from 27 May 2016 to 27 March 2017, the loan agreement was renewed on 27 June 2016 to extend the loan period to 30 September 2017. Up to the date of approval of these financial statements, RMB3,611,361 were utilized under the loan agreement;

- on 24 June 2016, the Company issued a zero coupon convertible bond with principal amount of HK$1.8 million (equivalent to RMB1,502,630) for a period of 2 years. The holder of convertible bond shall pay the principal amount of the convertible bond by two installments of HK$0.6 million (equivalent to RMB500,877) and HK$1.2 million (equivalent to RMB1,001,753) respectively. The first installment was paid on 27 June 2016. The second installment shall be paid within six months from 24 June 2016;
- on 24 June 2016, the Company issued another zero coupon convertible bond with principal amount of HK$1 million (equivalent to RMB834,794) for a period of 2 years. The holder of convertible bond paid the principal amount of the convertible bond on 29 June 2016; and
- the management have been implementing various strategies to broaden the customer base and revenue of the Group.

Based on the cash flow projections of the Group and having taken into account the available financial resources of the Group and the above measures, the directors have concluded that the Group is able to continue as a going concern and to meet their financial liabilities as and when they fall due in the foreseeable future.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their immediate recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

c. Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2016 comprise the Company and its subsidiaries and the Group's interests in associates.

These consolidated financial statements have been prepared under the historical cost convention, as modified by financial liabilities (including derivative instruments) at fair value through profit or loss, as explained in the accounting policies set out below. The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the Company's functional currency as the majority of the Group's transactions are denominated in RMB.

The preparation of financial statements in conformity with IFRSs and HKFRSs, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of IFRSs and HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 30.

d. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. 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. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 2(i)), unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale).

e. Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(i)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year and the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

f. Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(i)).

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

Computer equipment	20% per annum
Leasehold improvements	Over the shorter of the term of the lease or 20% per annum
Furniture and fixtures	20% per annum
Motor vehicles	20% per annum

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

g. Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognised as an expense in the period in which it is incurred.

The Group classified the acquired trademarks as intangible assets in accordance with IAS 38 and HKAS 38 Intangible Assets. Trademarks acquired that have an indefinite useful life are stated at cost less any subsequent accumulated impairment losses.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out below.

Trademarks acquired that have a finite useful life are carried at cost less amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of two years.

h. Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases. Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Any difference between the straight-line rent amount and the amount payable under the lease is included in other liabilities in the consolidated statement of financial position. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

i. Impairment of assets

i. Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates accounted for under the equity method in the consolidated financial statements, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(i)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(i)(ii).

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii. Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepayments and deposits;
- intangible asset; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

j. Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is determined on a first-in first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

k. Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment losses for bad and doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment losses for bad and doubtful debts.

l. Convertible bonds

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

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

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

m. Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

o. Employee benefits

i. Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii. Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

p. Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credit.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

q. Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

r. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i. Provision of services

Revenue from the provision of system development services and information technology services, promotion services income and management fee income are recognised when its services are rendered by reference to the stage of completion.

ii. Interest income

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

iii .Rental income

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

iv. Licensing income

Licensing income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

v. Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Government grants relating to property, plant and equipment are included in current liabilities as deferred government grants and are credited to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the expected lives of the related assets.

vi. Sale of goods

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

s. Translation of foreign currency

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

t. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

u. Derivative financial instruments

The Group has entered into transactions which will mature in one year, where fair value are determined using valuation models for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as "day one gain or loss", is not recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

The timing of recognition of deferred day one gain or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The financial instrument is subsequently measured at fair value, adjusted for deferred day one gain or loss. Subsequent changes in fair value are recognised immediately in the consolidated statement of profit or loss and other comprehensive income without reversal of deferred day one gain or loss.

v. Related parties

a. A person, or a close member of that person's family, is related to the Group if that person:
   i. has control or joint control over the Group;
   ii. has significant influence over the Group; or

iii. is a member of the key management personnel of the Group or the Group's parent.

b. An entity is related to the Group if any of the following conditions applies:

i. the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

iii. both entities are joint ventures of the same third party.

iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

v. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

vi. the entity is controlled or jointly controlled by a person identified in (a).

vii. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

w. Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the board of directors, being the chief operating decision maker, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production process, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. Application of new and revised International Financial Reporting Standards ("IFRSs") and Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new standards and amendments to IFRSs issued by the IASB and HKFRSs issued by HKICPA that are effective for the current accounting period.

Amendments to IFRSs / HKFRSs	Annual Improvements to IFRSs / HKFRSs 2010-2012 Cycle
Amendments to IFRSs / HKFRSs	Annual Improvements to IFRSs / HKFRSs 2011-2013 Cycle
Amendments to IAS 19 / HKAS 19	Defined Benefit Plans: Employee Contributions

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs/HKFRSs are discussed below:

Amendments to IAS 19/HKAS 19, Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, the Company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

Annual Improvements to IFRSs/HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24/HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

4. Revenue

Revenue represents the income from provision of system development services and information technology services, sale of point-of-sale machines and licensing income from sale and distribution of Tlinx. The amount of each significant category of revenue during the years is as follows:

	2016	2015
	RMB	RMB
Revenue from provision of system development services	1,245,903	265,243
Revenue from provision of information technology services	1,858,945	628,312
Revenue from sale of point-of-sale machines	2,162,642	162,566
Licensing income from sale and distribution of Tlinx	-	4,271,845
	5,267,490	5,327,966

5. Other revenue and other net income

	2016	2015
	RMB	RMB
Other revenue		
Interest income on bank deposits	16,145	47,950
Total interest income on financial assets not at fair value through profit or loss	16,145	47,950
Promotion services income	-	15,198
Management fee income	137,123	115,081
Income from sub-letting of computer equipment	-	42,746
	153,268	220,975

	2016	2015
	RMB	RMB
Other net income		
Net exchange gain	340,161	99,186
Sundry income	142,747	40,273
Government grants (note below and note 21)	581,567	1,534,300
Income from show rooms	81,380	-
Waiver of amount due to a related party (note 31(c)(i))	-	56,700
	1,145,855	1,730,459

Note:

During the year ended 31 March 2016, the Group successfully applied for funding support of RMB700,000 from "深圳市2015年戰略新興產業發展專項資金", set up by the PRC government and RMB371,967 was recognised as income in profit or loss. One of the purposes of the fund is to support startup of small and medium size technology corporation. In addition, the Group also successfully applied for funding support from "深圳市羅湖區產業轉型升級專項資金", set up by the PRC government. The Group obtained funding of RMB165,300 to support operation of E-commerce entity and registered high-tech enterprise and of RMB12,300 for encouraging the PRC entity to register its self-developed software under the National Copyright Administration of the PRC. Furthermore, the Group successfully applied for funding support of RMB30,200 and RMB1,800 from "深圳市知識產權專項資金" and "2015年福田區產業發展專項資金" respectively, set up by the PRC government. The purpose of the funds is to encourage the PRC entity to register its intellectual properties.

During the year ended 31 March 2015, the Group successfully applied for funding support of RMB600,000 from "2013深圳市地方特色產業中小企業發展資金", set up by the PRC government. The purpose of fund is to support the development of new innovation industries by granting financial assistance. In addition, the Group also successfully applied for funding support of RMB793,300 from "2015深圳市民營及中小企業發展事項資金企業改制上市培育項目", set up by the PRC government. One of the purposes of the fund is to support the PRC incorporated entities to go public in oversea stock exchange. Furthermore, the Group successfully applied for funding support of RMB141,000 from "2011羅湖區產業轉型升級專項資金" , set up by the PRC government. The purpose of fund is to support the entities which involved in E-commerce business and support those entities to move into E-commerce business district.

6. Loss before taxation

Loss before taxation is arrived at after charging:

	2016	2015
	RMB	RMB
a. Finance costs		
Interest expense on convertible bonds	63,689	-
b. Other items		
Auditor's remuneration		
- audit services	357,095	340,700
- other services	156,229	149,766
Cost of inventories sold	1,562,906	96,463
Cost of services rendered	2,802,984	3,175,132
Depreciation on property, plant and equipment	911,231	498,115
Operating lease charges in respect of properties		
- minimum lease payments	2,442,385	1,270,697
Amortisation of intangible asset	-	47,957
Development expenses	-	570,828
Loss on disposal of property, plant and equipment	88,293	647
Staff costs (including directors' emoluments)		
Contribution to defined contribution retirement plan	315,572	271,064
Equity-settled share option expense	417,756	-
Salaries and allowances	10,656,342	9,115,134
	11,389,670	9,386,198

7. Income tax

No Hong Kong Profits Tax has been made in these consolidated financial statements as the Group has no estimated assessable profits arising in Hong Kong for the years.

Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), 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 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 for the PRC corporate income tax for Shenzhen Tao-taogu E-commerce Co., Limited ("STEC") has been made in these consolidated financial statements as STEC has accumulated tax losses brought forward which exceed the estimated assessable profits for the year ended 31 March 2016. No provision for the PRC corporate income tax has been made in these consolidated financial statements for the other PRC subsidiaries as those subsidiaries sustained a loss during the years.

Reconciliation between tax expenses and accounting loss at applicable tax rates is as follows:

	2016	2015
	RMB	RMB
Loss before taxation	(19,318,635)	(12,499,745)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	(4,490,750)	(2,648,169)
Tax effect of non-taxable income	-	(1,452)
Tax effect of non-deductible expenses	978,223	1,055,545
Tax effect of tax losses from previous periods utilised	(135,614)	-
Tax effect of unrecognised tax losses	3,648,141	1,594,076
Actual tax	-	-

8. Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2016				
	Directors' fees	Salaries, allowance and benefits in kind	Retirement scheme contributions	Equity-settled share option expense	Total
	RMB	RMB	RMB	RMB	RMB
Executive Directors					
Xiong Qiang	-	655,897	8,400	-	664,297
Chow Ki Shui Louie	-	226,270	12,342	-	238,612
Kwok Kin Kwong Gary	-	822,800	14,810	351,598	1,189,208
Wu Lin Yan (resigned on 8 June 2015)	-	36,695	1,015	-	37,710
Non-Executive Directors					
Ryan, Christopher John	-	56,403	-	66,158	122,561
Cai Wen Sheng	-	56,403	-	-	56,403
Yang Yu Chuan (resigned on 17 April 2015)	-	2,507	-	-	2,507
Lan Jun (resigned on 29 April 2015)	-	4,543	-	-	4,543
	-	1,861,518	36,567	417,756	2,315,841

	2015			
	Directors' fees	**Salaries, allowance and benefits in kind**	**Retirement scheme contributions**	**Total**
	RMB	RMB	RMB	RMB
Executive Directors				
Xiong Qiang	-	542,906	8,400	551,306
Chow Ki Shui Louie	-	239,789	12,889	252,678
Kwok Kin Kwong Gary	-	479,578	14,887	494,465
Wu Lin Yan (resigned on 8 June 2015)	-	217,558	5,376	222,934
Non-Executive Directors				
Yang Yu Chuan (resigned on 17 April 2015)	-	65,031	-	65,031
Lan Jun (resigned on 29 April 2015)	-	65,031	-	65,031
Ryan, Christopher John	-	65,031	-	65,031
Benson, Ross Kenneth (resigned on 12 September 2014)	-	34,683	-	34,683
Cai Wen Sheng	-	65,031	-	65,031
	-	1,774,638	41,552	1,816,190

9. Dividends

The directors do not recommend the payment of any dividend for the year ended 31 March 2016 (2015: Nil).

10. Loss per share

Basic loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2016	**2015**
	RMB	RMB
Loss for the year attributable to owners of the Company	18,919,418	12,475,227

	2016	**2015**
	RMB	RMB
Weighted average number of ordinary shares	637,747,400	637,477,318

Diluted loss per share

The computation of diluted loss per share for the year ended 31 March 2016 did not assume the conversion of the Company's outstanding convertible bonds as their exercise would result in a decrease in loss per share.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 March 2016 in respect of the share options in issue as the average market price of ordinary shares did not exceed the exercise price of the share options for the year ended 31 March 2016.

Diluted loss per share equals to the basic loss per share for the year ended 31 March 2015 as there are no dilutive potential ordinary shares outstanding for the year ended 31 March 2015.

11. Segment information

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

In a manner consistent with the way in which information is reported internally to the Company's board of directors, being the chief operating decision maker, for the purpose of resources allocation and performance assessment, the Group's operating activities are attributable to a single operating segment as the revenue and loss are derived entirely from the provision of system development services and information technology services, sale of point-of-sale machines and licensing for the sale and distribution of an internally generated smart cloud-supported point-of-sale system "Tlinx" to the customers in the PRC. In addition, the principal assets employed by the Group are located in the PRC. Accordingly, no segment analysis and geographical information is presented other than the below entity-wide disclosures.

Information about major customers

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

	2016	2015
	RMB	RMB
Customer A	-	4,281,696
Customer B	1,415,095	-
Customer C	662,393	-
Customer D	573,778	-

12. Property, plant and equipment

	Computer equipment	Furniture and fixtures	Leasehold improvements	Motor vehicle	Total
	RMB	RMB	RMB	RMB	RMB
Cost					
At 1 April 2014	2,287,297	-	89,175	-	2,376,472
Additions	655,118	22,300	73,000	-	750,418
Disposals	(2,458)	-	-	-	(2,458)
At 31 March 2015 and at 1 April 2015	2,939,957	22,300	162,175	-	3,124,432
Additions	1,015,292	722,039	1,657,162	51,886	3,446,379
Disposals	(4,630)	(22,300)	(162,175)	-	(189,105)
At 31 March 2016	3,950,619	722,039	1,657,162	51,886	6,381,706
Accumulated depreciation					
At 1 April 2014	749,696	-	29,857	-	779,553
Charge for the year	479,480	1,177	17,458	-	498,115
Written back on disposals	(1,751)	-	-	-	(1,751)
At 31 March 2015 and at 1 April 2015	1,227,425	1,177	47,315	-	1,275,917
Charge for the year	675,871	62,179	167,430	5,751	911,231
Written back on disposals	-	(4,944)	(83,022)	-	(87,966)
At 31 March 2016	1,903,296	58,412	131,723	5,751	2,099,182
Carrying amount					
At 31 March 2016	2,047,323	663,627	1,525,439	46,135	4,282,524
At 31 March 2015	1,712,532	21,123	114,860	-	1,848,515

As at 31 March 2015, the Group leased out certain computer equipment with carrying amount of RMB23,633 under an operating lease. The lease typically runs for an initial period of one year. The lease does not include contingent rentals.

13. Intangible asset

	Trademarks
Cost	RMB
At 1 April 2014, 31 March 2015, 1 April 2015 and 31 March 2016	295,913
Accumulated amortisation and impairment loss	
At 1 April 2014	247,956
Amortisation for the year	47,957
At 31 March 2015, 1 April 2015 and 31 March 2016	295,913
Carrying amount	
At 31 March 2016	-
At 31 March 2015	-

Note:

The trademarks with cost of RMB200,000 are with an indefinite life. On initial recognition, the directors of the Company 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.

The trademark with cost of RMB95,913 has a finite useful life and is thereafter carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation has been provided on a straight-line method over the expected life of trademark of 2 years. The amortisation charge of RMB47,957 is included in "general and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2015.

14. Interests in associates

	2016	**2015**
	RMB	RMB
Share of net assets	2,558,997	3,708,007

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

Name of associates	**Place of establishment and business**	**Form of business structure**	**Particulars of registered capital**	**Proportion of ownership interest held directly**		**Principal activities**
				2016	**2015**	
Shenzhen Intelligent Preferential Pay Company Limited* ("IPP")(深圳市智惠付信息技術有限公司)	The PRC	Incorporated	RMB2,000,000	37.5%	37.5%	Provision of e-commerce, information technology consultancy services, electronic promotion services and electronic messaging information services.
Shenzhen Dashouhou Information Technology Company Limited* ("DIT")(深圳市大售後信息技術有限公司)	The PRC	Incorporated	RMB1,000,000	47.5%	46.0%	Not yet commenced business

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

Notes:

1. IPP operates in the PRC and is a strategic partner for the Group in developing the information technology services sector where IPP has an established customer base.
2. DIT will operate in the PRC and will be a strategic partner for the Group in developing the information technology services sector where the other shareholders of DIT have an established customer base.

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

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

	IPP	
	2016	**2015**
	RMB	RMB
Non-current assets	7,587,324	8,433,462
Current assets	670,271	1,506,071
Current liabilities	(1,705,145)	(838,682)
Equity	6,552,450	9,100,851
Revenue	2,373,081	2,044,044
Loss for the year	(2,548,401)	(2,431,706)
Other comprehensive income	-	-
Total comprehensive loss	(2,548,401)	(2,431,706)

Reconciled to the Group's interest in the associate is as follows:

	IPP	
	2016	**2015**
	RMB	RMB
Net assets of the associate	6,552,450	9,100,851
The Group's effective interest in the associate	37.5%	37.5%
The Group's share of net assets of the associate	2,457,169	3,412,819

Information of an associate that is not individually material:

	DIT	
	2016	**2015**
	RMB	RMB
Carrying amount of individually immaterial associate in the consolidated financial statements	101,828	295,188
Amounts of the Group's share of the associate's		
Loss for the year	(208,360)	(164,812)
Other comprehensive income	-	-
Total comprehensive loss	(208,360)	(164,812)

15. Subsidiaries

Details of the principal subsidiaries as at 31 March 2016 are as follows:

Name of subsidiary	Place of establishment and business	Principal activities	Issued share capital / paid up registered capital	Proportion of ownership interest held by the Company	
				Directly	Indirectly
Shenzhen Tao-taogu Information Technology Co., Ltd. * (深圳市淘淘谷信息技術有限公司) ("STIT")	The PRC	Provision of system development and information technology services	Paid up registered capital of HK$38,000,000	100%	-
Shenzhen Tao-taogu E-commerce Co., Limited * (深圳市淘淘谷電子商務有限公司) ("STEC")	The PRC	Provision of E-commerce system development and information technology services	Paid up registered capital of RMB1,000,000	-	- (Note (d))
Shenzhen Tao-taogu Investment Co., Limited *(深圳市淘淘谷投資有限公司)("ST Investment")	The PRC	Provision of investment management and consultancy services	Paid up registered capital of RMB1,000,000	-	- (Note (a))
Xiamen Tao-taogu Information Technology Co., Ltd. * (廈門市淘淘谷信息技術有限公司) ("XTIT")	The PRC	Provision of system development and information technology services	Paid up registered capital of RMB206,000 (Note (b))	-	67%
Jiangxi Tao-taogu E-commerce Co., Limited *(江西淘淘谷電子商務有限公司) ("JTEC")	The PRC	Investment holding	Paid up registered capital of RMB200,000 (Note (c))	-	92%

*The English translation of the subsidiaries' name are for reference only. The official name of the subsidiaries are in Chinese.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the financial performance for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

a. 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 current ability to direct ST Investment's activities that most significantly affect these returns.

b. XTIT was incorporated as a limited liability company in the PRC. As at 31 March 2016, the registered capital of XTIT was RMB1,000,000 of which RMB206,000 was paid up.

c. JTEC was incorporated as a limited liability company in the PRC. As at 31 March 2016, the registered capital of JTEC was RMB2,000,000 of which RMB200,000 was paid up.

d. 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 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 current ability to direct STEC's activities that most significantly affect these returns.

16. Inventories

	2016	2015
	RMB	RMB
Point-of-sale machines held for sale	1,683,999	449,458

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2016	2015
	RMB	RMB
Carrying amount of inventories sold	1,562,906	96,463

17. Trade and other receivables

	Note	2016	2015
		RMB	RMB
Trade receivables	(a)	458,800	1,600,000
Other receivables		283,185	112,698
Amount due from an associate (note 31(c))	(b)	97,523	50,000
Amount due from a related company (note 31(c))	(b)	34,109	4,669
Loans and receivables		873,617	1,767,367
Advance to suppliers		1,225,780	240,630
Deposit paid for purchase of property, plant and equipment (note 31(c)(iv))		300,000	-
Prepayments and deposits		1,729,427	718,444
Value added tax receivables		320,997	116,503
		4,449,821	2,842,944
Less: Non-current portion		(903,376)	-
		3,546,445	2,842,944

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

Notes:

a. Trade receivables are due within 60 days from the date of billing. There are no trade receivables impaired as at 31 March 2016 and 2015.
Further details of the Group's credit policy are set out in note 29(a)(i).
The ageing analysis of the trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016	2015
	RMB	RMB
Neither past due nor impaired	438,800	1,600,000
Past due but not impaired		
Less than 1 month past due	20,000	-
	458,800	1,600,000

Receivables that were neither past due nor impaired related to a number of customers (2015: one customer) for whom there was no recent history of default.

Receivables that were past due but not impaired relate to one independent customer that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

b. The amounts due from an associate and related company are unsecured, interest free and repayable on demand. Further details are set out in note 31(c) to the consolidated financial statements.

18. Cash and cash equivalents

Included in the cash and cash equivalents of the Group as at 31 March 2016 was an amount of RMB3,283,436 (2015: RMB8,607,028) denominated in RMB which is not a freely convertible currency in the international money market. The remittance of these funds out of the PRC is subject to exchange restrictions imposed by the Government of the PRC. The bank balances carry interest at market rates ranging from nil to 0.35% per annum (2015: from nil to 0.35% per annum).

19. Trade and other payables

	Note	2016	2015
		RMB	RMB
Trade payables		68,780	-
Other payables and accruals		1,270,865	1,433,676
Amounts due to directors (note 31(c))	(b)	812,165	364,292
Amount due to an associate (note 31(c))	(b)	-	2,600
Financial liabilities measured at amortised cost		2,151,810	1,800,568
Advance from customers		1,955,236	2,842,501
Business tax and other levies payables		63,830	139,387
Other liabilities (note 22)		7,032	-
		4,177,908	4,782,456

Notes:

a. All the trade and other payables are expected to be settled or recognised as income within one year or repayable on demand.

b. The amounts due are unsecured, interest free and repayable on demand.

20. Convertible bonds

On 7 March 2016, the Company issued one-year convertible bonds at a principal amount of RMB3,000,000 and RMB3,000,000 respectively due on 6 March 2017. The major terms and conditions of the convertible bonds are the same and as follows:

a. Interest rate

The Company shall not pay any interest on the convertible bonds.

b. Conversion price

The bonds mature one year from the date of issuance at their principal amount of RMB3,000,000 and RMB3,000,000 respectively or can be converted into ordinary shares of the Company at an original conversion price of AUD0.2 ("Conversion Price") per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds ("holders") to the Company, before the maturity date. The actual total number of ordinary shares can be converted depend on the exchange rate at one day before the conversion.

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

c. Maturity

Unless previously converted, the Company will redeem all the convertible bonds upon the maturity date at the principal amount of RMB6,000,000.

d. Conversion at the option of the holders

The Company will, at the option of the holders convert all the convertible bonds on 6 March 2017.

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

According to the valuation report issued by an independent qualified valuer, the fair value of the liability component of the convertible bonds on 7 March 2016 amounted to RMB5,034,297. The effective interest rate of the liability component is 19.24%. The carrying value of derivative component recognised in the consolidated statement of financial position was net of deferred day one gain, which arose from the difference between its fair value at initial recognition and its transaction price. The deferred day one gain was amortised on a straight-line method over the terms of convertible bonds.

The 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:

	Issue date of 7 March 2016	At 31 March 2016
Share price	AUD0.12	AUD0.165
Conversion price (per share)	AUD0.2	AUD0.2
Risk free interest rate	1.97%	1.93%
Time to maturity	1 year	0.9 year
Expected volatility	35%	35%
Expected dividend yield	0%	0%

The fair value loss of embedded derivatives (conversion component) of the convertible bonds for the year ended 31 March 2016 of RMB432,475 and amortisation of deferred day one gain of RMB56,114 were recognised as “Loss on change of fair value of embedded derivative of convertible bonds” in the consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the year ended 31 March 2016 amounted to RMB63,689, which was calculated using the effective interest method.

e. Movements in the components of the convertible bonds

The movements in the components of the convertible bonds during the year ended 31 March 2016 are set out below:

	Debt component	Derivative component: Gross	Derivative component: Deferred day one gain	Derivative component: Net	Total
	RMB	RMB	RMB	RMB	RMB
At 1 April 2015	-	-	-	-	-
Issuance of convertible bonds	5,034,297	112,298	853,405	965,703	6,000,000
Amortisation of deferred day one gain in profit or loss	-	-	(56,114)	(56,114)	(56,114)
Change in fair value of embedded derivative	-	432,475	-	432,475	432,475
	-	432,475	(56,114)	376,361	376,361
Interest expenses	63,689	-	-	-	63,689
At 31 March 2016	5,097,986	544,773	797,291	1,342,064	6,440,050
Total gain or losses for the year included in profit or loss for liabilities held at the end of the reporting period	-	432,475	(56,114)	376,361	376,361

According to the valuation report issued by an independent qualified valuer, the fair value of the liability component of the convertible bonds at 31 March 2016 amounted to RMB5,132,992, which is calculated using cash flows discounted at a rate of 18.24%. Such rate was adopted with reference to the option-adjusted spreads of corporate bonds with similar credit rating and in similar sector, plus country risk premium and specific risk premium. The liability component of convertible bonds was within level 3 of the fair value hierarchy.

21. Deferred government grants

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

	RMB
At 1 April 2015	-
Received during the year	700,000
Recognised in profit or loss (note 5)	(371,967)
At 31 March 2016	328,033

22. Other liabilities

The amounts represented the non-current portion of accrued rental expenses.

23. Deferred tax

In accordance with the accounting policy set out in note 2(p), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB44,487,442 (2015: RMB30,437,339) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses may be carried forward for five years for PRC corporate income tax purpose.

Under the Corporate Income Tax 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 sources 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.

24. Share capital

	Number of ordinary shares	HK$	RMB equivalent
Ordinary shares, issued and fully paid:			
At 1 April 2014	636,687,400	66,668,328	54,440,463
Issuance of new shares (Note)	1,060,000	23,444,636	18,554,513
Share issue expenses	-	(317,759)	(251,480)
	1,060,000	23,126,877	18,303,033
At 31 March 2015, 1 April 2015 and 31 March 2016	637,747,400	89,795,205	72,743,496

Note:

Pursuant to a written resolution passed by all the directors of the Company on 3 July 2014, the Company allotted and issued 1,060,000 ordinary shares for a total cash consideration of HK$23,444,636 (equivalent to RMB18,554,513) as additional capital of the Company. All the 1,060,000 ordinary shares were fully paid up upon allotment.

25. Share option scheme

During the year ended 31 March 2016, the shareholders of the Company approved the adoption of a share option scheme (the "Share Option Scheme"). The purpose of the Share Option Scheme is to encourage qualifying grantees to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. Qualifying grantees of the Share Option 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. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

On 12 August 2015, the Company has 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 ("August 2015 Option") respectively. Share options granted to participants other than employees are measured at fair values of options granted as these other participants are providing services that are similar to those rendered by employees. The fair value of the option determined at the date of grant using the binomial option pricing model were AUD727,445 (equivalent to RMB3,607,190). The consultants and other qualified participants have rendered services to the Group during the year ended 31 March 2016.

On 23 September 2015, the Company has granted 7,577,474 share options to 2 directors at the exercise price of AUD0.8 per option share ("September 2015 Option"). The fair value of the option determined at the date of grant using the binomial option pricing model were AUD414,920 (equivalent to RMB2,057,467).

The fair value of the share options granted during the year ended 31 March 2016 was RMB5,664,657 (2015: Nil) of which the Group recognised total expenses of RMB1,249,660 (2015: Nil) as a share option expense during the year ended 31 March 2016.

i. The terms and conditions of the grants are as follows:

Category of eligible persons	No. of share options granted	Date of grant	Vesting conditions	Period during which share options are exercisable	Exercise price per share	Exercise period of options
Consultants and other qualified participants (Group A)	9,770,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%) From 1 July 2017 to 30 June 2018 (10%) From 1 July 2018 to 30 June 2019 (20%) From 1 July 2019 to 30 June 2020 (20%) From 1 July 2020 to 30 June 2021 (40%)	1 July 2016 to 30 June 2022	AUD0.8	6 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 2021 (40%)	1 July 2016 to 30 June 2022	AUD1.0	6 years
Directors	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%) From 1 July 2017 to 30 June 2018 (10%) From 1 July 2018 to 30 June 2019 (20%) From 1 July 2019 to 30 June 2020 (20%) From 1 July 2020 to 30 June 2021 (40%)	1 July 2016 to 30 June 2022	AUD0.8	6 years

ii. The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price	Number of options
	AUD	
Outstanding at the beginning of the year	-	-
Granted during the year	0.821	19,347,474
Outstanding at the end of the year	0.821	19,347,474
Exercisable at the end of the year	N/A	N/A

The options have a contractual option terms ranged from 6.768 years to 6.883 years. The options outstanding at 31 March 2016 had exercise prices of AUD0.8 or AUD1.0 and a weighted average remaining contractual lives of 6.25 years.

iii. Fair value of share options and assumptions:

	August 2015 Option		September 2015 Option
	Group A	Group B	
Fair value per share option (AUD)	0.063	0.054	0.055
Grant date share price (AUD)	0.2	0.2	0.2
Exercise price (AUD)	0.8	1	0.8
Expected volatility (note)	61.239%	61.239%	57.986%
Expected life (Years)	6.883	6.883	6.768
Expected dividend yield (%)	0	0	0
Risk-free rate of interest (%)	2.353	2.353	2.363

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 effects 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 value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

26. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity in the financial statements.

The share option reserve relates to share options granted to directors, employees, consultants and other qualified participants under the Company's share option scheme. Further information about share option is set out in note 25.

27. Statement of financial position and movement of reserves of the company

a. Statement of financial position of the Company

	2016	2015
	RMB	RMB
Non-current assets		
Interests in subsidiaries	11,296,932	44,438,354
Current assets		
Other receivables	35,360	4,669
Cash and cash equivalents	1,690,228	10,314,965
	1,725,588	10,319,634
Current liabilities		
Other payables	784,045	810,287
Convertible bonds	6,440,050	-
	7,224,095	810,287
Net current (liabilities)/assets	(5,498,507)	9,509,347
Net assets	5,798,425	53,947,701
Capital and reserves		
Share capital	72,743,496	72,743,496
Reserves	(66,945,071)	(18,795,795)
Total equity	5,798,425	53,947,701

Approved and authorised for issue by the board of directors on 30 June 2016.

Mr Qiang Xiong
Chairman

Mr Chris Ryan
Co-Chairman

b. Movement of reserves of the Company

The change in the reserves of the Company during the years ended 31 March 2016 and 2015 are as follows:

	Share option reserve	Accumulated losses	Total
	RMB	RMB	RMB
At 1 April 2014	-	(13,097,167)	(13,097,167)
Loss for the year	-	(5,698,628)	(5,698,628)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(5,698,628)	(5,698,628)
At 31 March 2015 and 1 April 2015	-	(18,795,795)	(18,795,795)
Loss for the year	-	(49,417,153)	(49,417,153)
Other comprehensive income	-	-	-
Total comprehensive loss	-	(49,417,153)	(49,417,153)
Equity-settled share-based transaction	1,267,877		1,267,877
At 31 March 2016	1,267,877	(68,212,948)	(66,945,071)

28. Capital management

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

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

During the year ended 31 March 2016, the Group's strategy was to maintain the gearing ratio as low as feasible.

	2016
	RMB
Convertible bonds	6,440,050
Total debt	6,440,050
Less: Cash and cash equivalents	(5,046,290)
Net debt	1,393,760
Total equity	6,671,951
Total capital	8,065,711
Gearing ratio	17.3%

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

29. Financial risk management and fair values of financial instruments

a. Financial risk factors

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables and convertible bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk, cash flow and fair value interest rate risk and price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i. Credit risk

The Group's credit risk is primarily attributable to trade receivables, other receivables and cash and cash equivalents. Management has a credit policy in place and the exposures to this credit risk is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all debtors requiring credit over a certain amount. These evaluations focus on the debtor's past history of making payments when due and current liability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operate. Trade receivables are normally due within 60 days from date of billing. Normally, the Group does not obtain collateral from debtors.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry or country in which the debtors operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual debtors. At the end of the reporting period, the Group has concentration of credit risk as 95% (2015: 100%) of total trade related receivables was due from the Group's largest trade debtor.

Amounts due from an associate and related companies are regularly reviewed and settled unless the amounts are specifically intended to be long-term in nature.

In respect of cash at banks, the credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings assigned by international credit rating agencies.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

ii. Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirement.

To manage the liquidity risk, the Group held cash and cash equivalents amounted to RMB5,046,290 (2015: RMB20,640,241) as at 31 March 2016.

The table below analyses the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal to their carrying balances, as the impact of discounting is not significant.

	2016	
	Total contractual undiscounted cash flow	**Within 1 year or on demand**
	RMB	RMB
Trade and other payables	2,151,810	2,151,810
Convertible bonds	6,000,000	6,000,000
	8,151,810	8,151,810

	2015	
	Total contractual undiscounted cash flow	**Within 1 year or on demand**
	RMB	RMB
Trade and other payables	1,800,568	1,800,568

iii. Currency risk

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

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

Exposure to foreign currencies (expressed in RMB)

	2016		
	AUD	**US$**	**HK$**
Trade and other receivables	34,109	-	-
Cash and cash equivalents	778,796	50,367	861,066
Other payables	(145,160)	-	(529,305)
Overall net exposure	667,745	50,367	331,761

	2015		
	AUD	**US$**	**HK$**
Trade and other receivables	4,669	-	-
Cash and cash equivalents	1,689,430	64,117	10,227,853
Other payables	(195,455)	-	(509,824)
Overall net exposure	1,498,644	64,117	9,718,029

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

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in HK$, US$ and AUD against the functional currency of the relevant group entities. 5% is the sensitivity rate used that 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 adjusts their translation at the reporting date for a 5% change in foreign currency rates. A positive number below indicates a decrease in post-tax loss and increase in equity where relevant currencies strengthen 5% against the functional currency of the relevant group entities. For a 5% weakening of relevant currencies against the functional currency of the relevant group entities, there would be an equal and opposite impact on the financial performance and equity and the balances below would be negative.

	2016		
	Increase/(decrease) in foreign exchange rates	**Effect on loss after tax**	**Effect on equity***
		RMB	RMB
US$	(5%)	2,518	2,518
	(5%)	(2,518)	(2,518)
HK$	(5%)	16,588	16,588
	(5%)	(16,588)	(16,588)
AUD	(5%)	33,387	33,387
	(5%)	(33,387)	(33,387)

	2015		
	Increase/(decrease) in foreign exchange rates	**Effect on loss after tax**	**Effect on equity***
		RMB	RMB
US$	(5%)	2,677	2,677
	(5%)	(2,677)	(2,677)
HK$	(5%)	398,645	398,645
	(5%)	(398,645)	(398,645)
AUD	(5%)	62,568	62,568
	(5%)	(62,568)	(62,568)

*Including accumulated losses

iv. Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to the Group's variable interest generating bank balances. The Group's interest rate risk also arises from its convertible bonds. The zero coupon rate convertible bonds expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures.

v. 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 derivative of the convertible bonds as well as the liability of the Group. For details of the convertible bonds, refer to note 20 to the consolidated financial statements.

The market price of the Company's shares was AUD0.165 as at 31 March 2016, if the market price of the Company's shares had been 10% higher/lower than that at 31 March 2016, the fair value of the embedded derivatives of the convertible bonds and loss after tax and accumulated losses would have increased/decreased by RMB275,799 and RMB235,858 respectively.

b. Fair values estimation

The disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's liabilities that are measured at fair value at 31 March 2016.

	Level 1	Level 2	Level 3	Total
	RMB	RMB	RMB	RMB
Embedded derivative of convertible bonds	-	-	1,342,064	1,342,064

During the year ended 31 March 2016, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of embedded derivative of the convertible bonds was valued by estimating the values of the whole bonds with and without the embedded derivatives. Refer to note 20 for details of convertible bonds and significant unobservable inputs.

The increase/decrease in the fair value of embedded derivatives of convertible bonds will increase/decrease the Group's post-tax loss for the year as well as the Group's total liabilities and equity as at 31 March 2016. The significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility rate.

If the volatility rate had been 10% higher/lower than management's estimates at 31 March 2016, it would have increased/decreased the fair value of embedded derivatives of the convertible bonds by RMB182,253 and RMB200,816 respectively.

The chief financial officer of the Company is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engaged third party qualified valuers to perform the valuation. The chief financial officer works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Chief financial officer reports to audit committee semi-annually to explain the cause of fluctuations in the fair value of the liabilities.

30. Accounting estimates and judgements

a. Key sources of estimation uncertainty

In the process of applying the Group's accounting policies which are described in note 2, management has made certain 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 period, as discussed below.

i. Impairment of property, plant and equipment

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. They are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in impairment charge in future periods. Carrying amount of property, plant and equipment as at 31 March 2016 was RMB4,282,524 (2015: RMB1,848,515).

ii. Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the trade and other receivables, where applicable, at the end of each reporting period. The estimates are based on the ageing of receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, impairment allowance may be required. Carrying amount of financial assets included in trade and other receivables as at 31 March 2016 was RMB873,617 (2015: RMB1,767,367).

iii. Fair values of convertible bonds and embedded conversion options

The fair values of convertible bonds and the embedded conversion options are determined using valuation techniques including reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Carrying amount of convertible bonds and embedded conversion options at 31 March 2016 was RMB6,440,050. Details of the assumptions used in determining the fair values of the convertible bonds and the embedded conversion options are set out in note 20.

b. Critical accounting judgements in applying the Company's accounting policies

In determining the carrying amounts of assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of the reporting period. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Going concern

As mentioned in note 2(b) to the consolidated financial statements, the directors are satisfied that the Group will be able to meet its financial obligations in full as and when they fall due in the foreseeable future. As the directors are confident that the Group will be able to continue in operational existence in the foreseeable future, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their immediate recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

31. Material related party transactions

In addition to the transactions and balances disclosed in notes 17 and 19 to these 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 of the Company. The emoluments paid to them during the year were disclosed in note 8 to the consolidated financial statements:

	2016	2015
	RMB	RMB
Short-term employee benefits	1,861,518	1,774,638
Equity compensation benefits	417,756	-
Post-employment benefits	36,567	41,552
	2,315,841	1,816,190

b. Transactions with other related parties

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

Name of related party	Nature of transaction	Note	2016	2015
			RMB	RMB
Shenzhen Bozhong Communication Technology Company Limited * ("Shenzhen Bozhong") (深圳市伯仲通信技術有限公司)	Rental expenses	i	-	40,000
	Management fee for provision of office facilities and manpower	i	-	98,982
Shenzhen Intelligent Preferential Pay Company Limited * ("IPP")(深圳市智惠付信息技術有限公司)	Technical services fee expenses	ii	308,542	41,000
Investorlink Securities Limited	Legal and professional fees	iii	-	691,484

*The English translation of the companies' names are for reference only. The official names of these companies are in Chinese.

Notes:

i. 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.

ii. IPP is an associate company of the Group.

iii. The Company paid Investorlink Securities Limited a fee of RMB691,484 for the services rendered for performing industry search and marketing for institutional and broker presentation in Australia during the year ended 31 March 2015. Mr. Christopher Ryan, a director of the Company, is also the director of Investorlink Securities Limited.

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

Name of related party	Note	2016	2015
		RMB	RMB
Amounts due to directors	(i)		
- Chow Ki Shui Louie		583,525	100,040
- Xiong Qiang		-	23,999
- Kwok Kin Kwong Gary		83,480	39,998
- Wu Lin Yan (resigned on 8 June 2015)		-	4,799
- Yang Yu Chuan (resigned on 17 April 2015)		-	65,152
- Lan Jun (resigned on 29 April 2015)		-	65,152
- Ryan, Christopher John		57,225	-
- Cai Wensheng		87,935	65,152
		812,165	364,292
Amount due from a related company			
- Investorlink Securities Limited	(ii)	34,109	4,669
Amount due from an associate			
- IPP	(iii)	97,523	50,000
Amount due to an associate			
- Shenzhen Dashouhou Information Technology Company Limited* ("DIT") (深圳市大售后信息技術有限公司)	(iii)	-	2,600
A deposit paid to an associate			
- IPP	(iv)	300,000	-

*The English translation of the companies' names are for reference only. The official names of these companies are in Chinese.

Notes:

i. The amounts due to directors are unsecured, interest free and repayable on demand.
During the year ended 31 March 2015, Ms. Ling Fang, the wife of Mr. Xiong Qiang, waived an amount of RMB56,700 due by the Group, accordingly, the amount of RMB56,700 was credited to the consolidated statement of profit or loss and other comprehensive income.

ii. The amount was unsecured, interest free and repayable on demand. Mr. Christopher Ryan, a director of the Company, is also the director of Investorlink Securities Limited. The maximum outstanding balance is RMB293,640 (2015: RMB672,283) during the year ended 31 March 2016. At 31 March 2016 and 2015, there was no provision made against the amount due.

iii. The amounts were unsecured, interest free and repayable on demand.

iv. As at 31 March 2016, a deposit of RMB300,000 for the purchase of property, plant and equipment for RMB800,000 was paid to IPP, the balance of RMB500,000 was classified as capital commitments and disclosed in note 32(a).

32. Commitments

a. Capital commitments

The Group had the following capital commitments at the end of the year:

	2016	2015
	RMB	RMB
Contracted, but not provided for		
Purchase of property, plant and equipment	500,000	145,000

b. Operating lease commitments

i. The Group as lessor

The Group had total future minimum lease receivables under the non-cancellable operating leases in respect of computer equipment which falling due as follows:

	2016	2015
	RMB	RMB
Within 1 year	-	2,446

ii. The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of properties which fall due as follows:

	2016	2015
	RMB	RMB
Within 1 year	970,467	313,356
After 1 year but within 5 years	563,561	-
	1,534,028	313,356

The lease typically run for an initial period of 1 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

33. Events after the reporting period

a. On 24 June 2016, the Company issued a zero coupon convertible bond with principal amount of HK$1.8 million (equivalent to RMB1,502,630). The holder of convertible bond shall pay the principal amount of the convertible bond by two installments of HK$0.6 million (equivalent to RMB500,877) and HK$1.2 million (equivalent to RMB1,001,753) respectively. The first installment was paid on 27 June 2016. The second installment shall be paid within six months from 24 June 2016. The convertible bond will mature upon the second anniversary date from the respective date of installment payments.

   The holder of the convertible bond can make partial or full conversion of the bond into ordinary shares of the Company at an original conversion price of AUD0.2 per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds to the Company, before the maturity date.

The holder of the convertible bond shall have the right at its sole discretion (but is not obliged) to request the Company to redeem the convertible bond at the principal amount from the first anniversary date of the respective installment payments until maturity.

b. On 24 June 2016, the Company issued another zero coupon convertible bond with principal amount of HK$1 million (equivalent to RMB834,794) for a period of 2 years. The holder of convertible bond paid the principal amount of the convertible bond on 29 June 2016.

The holder of the convertible bond can convert the bond into ordinary shares of the Company at an original conversion price of AUD0.2 per share, subject to adjustments, upon giving 30 days notice by the holders of the convertible bonds to the Company, before the maturity date. The actual number of ordinary shares can be converted depends on the exchange rate at one day before the conversion.

The holder of the convertible bond shall have the right at its sole discretion (but is not obliged) to request the Company to redeem the convertible bond at the principal amount from the first anniversary date until maturity.

Unless previously converted or the holder of the convertible bond exercises the early redemption right, the Company will redeem the convertible bond on 23 June 2018 at the principal amount of HK$1.2 million of convertible bond 2 years after its actual investment at the principal amount of HK$1.2 million.

c. On 27 May 2016, the Company entered into a loan agreement with Mr. Xiong Qiang and Mr. Chow Ki Shui Louie, the directors and major shareholders of the Company for RMB12million for a period from 27 May 2016 to 27 March 2017. The loan agreement was renewed on 27 June 2016 to extend the loan period to 30 September 2017. Up to the date of approval of these financial statements, RMB3,611,361 was utilized under the agreement.

34. Ultimate controlling party

At 31 March 2016, the directors of the Company consider that the ultimate controlling party of the Company to be Mr. Xiong Qiang.

35. Possible impact of amendments and new standards issued but not yet effective for the year ended 31 March 2016

Up to the date of issuance of these financial statements, the IASB and HKICPA has issued the following new and revised IFRSs/HKFRSs which are not yet effective for the year ended 31 March 2016 and which may be relevant to the Group.

IFRS 9 / HKFRS 9	Financial Instruments[2]
IFRS 15 / HKFRS 15	Revenue from Contracts with Customers[2]
IFRS 16 / HKFRS 16	Leases[4]
Amendments to IFRS 11 / HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to IFRS 15 / HKFRS 15	Clarifications to IFRS 15 / HKFRS 15 "Revenue from Contracts with Customers"[2]
Amendments to IAS 1 / HKAS 1	Disclosure Initiative[1]
Amendments to IAS 16 / HKAS 16 and IAS 38 / HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to IAS 16 / HKAS 16 and IAS 41 / HKAS 41	Agriculture: Bearer Plants[1]
Amendments to IFRS 10 / HKFRS 10 and IAS 28 / HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRSs / HKFRSs	Annual Improvements to IFRSs / HKFRSs 2012-2014 Cycle[1]
Amendments to IFRS 10 / HKFRS 10, IFRS 12 / HKFRS 12 and IAS 28 / HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to IAS 7 / HKAS 7	Disclosure Initiative[5]
Amendments to IAS 12 / HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[5]

1. Effective for annual periods beginning on or after 1 January 2016
2. Effective for annual periods beginning on or after 1 January 2018
3. Effective for annual periods beginning on or after a date to be determined
4. Effective for annual periods beginning on or after 1 January 2019
5. Effective for annual periods beginning on or after 1 January 2017

The Group is in the process of making an assessment of what the impact of these new IFRSs and HKFRSs and amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's financial performance and financial position.

Additional ASX information for CDI holders

Issued capital

As at 26 May 2016, the Company had 637,747,400 ordinary fully paid shares on issue, of which 637,747,397 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

At 26 May 2016, CDN Nominees Pty Ltd held 637,747,397 ordinary shares on behalf of different CDI holders. According to the latest filing of shareholders, the substantial CDI holders of the Company include:

Name	Number of shares	% of total issued shares
Xiong Qiang & associates	222,200,000	35.00%
Chow Ki Shui & associates	132,350,000	20.84%
Baolink Capital Limited	76,287,500	12.02%
Yang Yuchuan & associates	55,541,670	8.74%
Yang Yuchuan & associates	55,541,670	8.74%

Distribution of Shareholders/CDI holders

There were 475 CDI holders at 26 May 2016. Each CDI holder is entitled to one vote for each security held.

Range	Total holders	Units	% of Issued Capital
1 - 1,000	21	10,888	0.00
1,001 – 5,000	175	594,609	0.09
5,001 – 10,000	32	249,011	0.04
10,001 – 100,000	147	5,494,123	0.86
Over 100,000	100	631,398,766	99.00
Total	**475**	**637,747,397**	**100.00**

There are 170 CDI holders who hold less than a marketable parcel. The top 20 shareholders hold 93.79% 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.

Top twenty CDI holders as at 26 May 2016

Rank	Name	No. of Shares	% of total issued shares
1.	QIANG XIONG	212,199,999	33.27
2.	KI SHUI LOUIE CHOW	101,849,999	15.97
3.	BAOLINK CAPITAL LIMITED	76,287,500	11.96
4.	J P MORGAN NOMINEES AUSTRALIA LIMITED	39,765,509	6.24
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,208,623	5.99
6.	HOI PING HAPPY CHEUNG	30,500,000	4.78
7.	MIN LAO	27,770,835	4.35
8.	INVESTORLINK GROUP LIMITED	11,461,487	1.80
9.	LING FANG	10,000,000	1.57
10.	FEIJUN INVESTMENTS LIMITED	8,869,000	1.39
11.	CHRIS RYAN + SABINE RYAN + LOIS RYAN <RYAN RETIREMENT FUND A/C>	6,056,000	0.95
12.	FORTH WELL INVESTMENTS LIMITED	5,875,000	0.92
13.	YANGUI XIONG	5,000,000	0.78
14.	MR YU CHUAN YANG	5,000,000	0.78
15.	CITICORP NOMINEES PTY LIMITED	4,695,505	0.74
16.	MR KIN KWONG GARY KWOK	3,499,999	0.55
17.	HUEI LING GRACE CHEN	3,333,800	0.52
18.	BNP PARIBAS NOMS PTY LTD <UOB KH P/L AC UOB KH DRP>	2,821,851	0.44
19.	MR FEN CHEN	2,500,000	0.39
20.	RJ SHERLOCK FINANCIAL SERVICES PTY LIMITED	2,470,310	0.39

Use of Cash Consistent with Business Objectives

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

TTG Fintech's Place of Incorporation

As TTG 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. TTG 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

TTG Fintech Limited

ARBN: 158 702 400

Principal place of business in the PRC

Level 12, Block 2, Xunmei Tech Plaza
No. 8 Keyuan Blvd,
Nanshan District
Shenzhen 518000, PRC

Representative office in Australia

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

Registered office, principal share registrar and transfer office

1806, Park-In Commercial Centre
56 Dundas Street
Kowloon, Hong Kong

Australia branch share registrar and transfer office

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

Board of Directors

XIONG Qiang (Chairman & Chief Executive Officer)
CHOW Ki Shui Louie (Deputy Chairman & Deputy Chief Executive Officer)
KWOK Kin Kwong Gary (Chief Financial Officer)
RYAN Christopher John (Co-Chairman)
CAI Wensheng

Remuneration and nomination commitee

RYAN Christopher John (Chairman)
XIONG Qiang
CHOW Ki Shui Louie
KWOK Kin Kwong Gary
CAI Wensheng

Audit committee

RYAN Christopher John (Chairman)
KWOK Kin Kwong Gary

Auditor

Crowe Horwath (HK) CPA Limited

Website

www.ttg.hk

Company Secretary

KWOK Kin Kwong Gary