



TTG FINTECH LIMITED

ARBN 158 702 400

INTERIM REPORT

Six months ended 30 September 2016

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 31 March 2016 and any public announcements and prospectus made by TTG FINTECH LIMITED in accordance with the continuing disclosure requirements of the Corporation Acts 2001.

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



Contents

Results for Announcement to the Market.....	3
Directors Report	5
Statement by Directors.....	12
Independent Report on Review of Interim Financial Information.....	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income.....	15
Consolidated Statement of Financial Position.....	16
Consolidated Statement of Changes in Equity.....	17
Condensed Consolidated Statement of Cash Flows.....	18
Notes to the Consolidated Interim Financial Information.....	19
Corporate Directory.....	37

For personal use only



RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 30 SEPTEMBER 2016
(Previous corresponding period half-year ended 30 September 2015)

			RMB'000
Revenue from ordinary activities	up	81.0% to	4,010.6
Loss after tax for the period	up	17.1% to	10,039.0
Loss for the period attributable to owners of the Company	up	18.3% to	9,962.3

Dividends

No dividends were paid or declared during the six months ended 30 September 2016 (2015: Nil)

Explanation of Revenue

Revenue increased from RMB2.22 million for the six months ended 30 September 2015 to RMB4.01 million for the six months ended 30 September 2016, representing a 81.0% growth. Increase in revenue is mainly due to the increasing acceptance of our Tlinx related products.

Comments on above figures

Loss after tax for the period is RMB10.04 million, an increase of RMB 1.46 million or 17.1% over the previous corresponding period.

The increase in the net loss was primarily driven by

1. increase in gross profit of RMB1.21 million;
2. decrease in other revenue and other net income of RMB0.24 million;
3. increase in selling expenses of RMB 0.90 million;
4. increase in general and administrative expenses of RMB2.87million;
5. decrease in share of losses of associates of RMB0.89 million;
6. gain on change of fair value of embedded derivatives of convertible bonds of RMB1.12 million; and
7. increase in finance costs of RMB0.68 million due to issue of convertible bonds.

Increase in gross profit is due to increasing revenue and margin for our Tlinx related products during the period.

More selling expenses and general and administrative expenses are incurred to cope with our expanding business.

Decrease in share of losses of associates are due to improving financial performance of our two associates.

The gain on change of fair value of embedded derivatives of convertible bonds and increase in finance costs due to issue of convertible bonds are non-cash items as a result of our issuance of convertible bonds for the year ended 31 March 2016 and during the current financial period.

Net loss for the period attributable to owners of the Company is RMB9.96 million, an increase of RMB1.54 million or 18.3% over the previous corresponding period. This is derived by deducting the non-controlling interests of RMB0.08 million from the loss after tax attributable to members.

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



RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont'd)

NTA Backing	30 September 2016	30 September 2015
Net tangible assets backing per ordinary share	(0.38) cents	2.56 cents

Controlled entities acquired or disposed of

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

Additional dividend information

The Company has not declared any dividend during both periods.

Dividend reinvestment plans

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

Associates and joint venture entities

The Company did not have any additional investment in associates or joint ventures during the period.

Foreign entities

The reports have been prepared under both Hong Kong Financial Reporting Standards and International Financial Reporting Standards, and further details can be obtained by referring to Note 2 in the half year report attached.

Audit qualification or review

The accounts were subject to a review by the auditors and the review report is attached.

Emphasis of matter

We draw attention to note 2 to the unaudited consolidated interim financial information which indicate that the Company and its subsidiaries incurred a loss attributable to owners of the Company of RMB9,962,271 and net cash outflow from operating activities of RMB8,215,198 for the six months ended 30 September 2016 and the Company and its subsidiaries had net current liabilities, net liabilities and net debt of RMB9,346,467, RMB2,432,349 and RMB9,535,193 as at 30 September 2016 respectively. Notwithstanding the above, the unaudited consolidated interim financial information 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.

Please refer to Directors Report for details of steps taken by management and the major shareholders to remedy the situation.



DIRECTORS REPORT

Your directors present their report on the consolidated entity consisting of TTG FINTECH LIMITED (“TTG”) and its controlled entities for the six months ended 30 September 2016 (hereinafter the “Group”).

Directors

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

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)

Non-executive Directors

RYAN Christopher John (Co-Chairman)
CAI Wensheng

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.



DIRECTORS REPORT (Cont'd)

Review of operations

TTG recorded a net loss attributable to members of the Company of RMB9.96 million, an increase of 18.3% compared to the previous corresponding period.

Revenue

Revenue increased from RMB2.22 million for the six months ended 30 September 2015 to RMB4.01 million for the six months ended 30 September 2016, representing a 81.0% growth. Increase in revenue is mainly due to the increasing acceptance of our Tlinx related products.

Revenue for the period mainly comes from delivery of our intelligent POS to a subsidiary of UnionPay Merchants. We also started to deliver our intelligent POS (on rental basis) to two regional banks after the period end. We expect revenue to grow with increasing sales to these clients in the second half of the financial year.

Gross profit

Gross profit amounted to RMB1.58 million, an increase of RMB1.21 million, or 323.3% compared to the previous corresponding period. The products that we deliver to our client during the period are mainly software application and therefore we enjoyed a higher margin.

Other revenue and net income

Other revenue and net income amounted to RMB0.38 million, a decrease of 38.5% compared to the previous corresponding period. Other revenue and net income represents income from products not directly related to FEA or Tlinx.

Expenses

Total expenses amounted to RMB11.99 million, an increase of RMB2.43 million, or 25.5% compared to the previous corresponding period. This is the net effect of:

1. increase in selling expenses of RMB 0.90 million;
2. increase in general and administrative expenses of RMB2.87 million;
3. decrease in share of losses of associates of RMB0.89 million;
4. gain on change of fair value of embedded derivatives of convertible bonds of RMB1.12 million; and
5. increase in finance costs of RMB0.68 million due to issue of convertible bonds.

More selling expenses and general and administrative expenses are incurred to cope with our expanding business.

Decrease in share of losses of associates are due to improving financial performance of our two associates.

The gain on change of fair value of embedded derivatives of convertible bonds and increase in finance costs due to issue of convertible bonds are non-cash items as a result of our issuance of convertible bonds for the year ended 31 March 2016 and during the current financial period.



DIRECTORS REPORT (Cont'd)

Net loss attributable to owners of the Company

Net loss after tax attributable to owners of the Company is RMB9.96 million. This is the net effect of:

1. gross profit of RMB1.58 million;
2. other revenue and net income of RMB0.38 million;
3. total expenses, including share of losses of associates, of RMB11.99 million; and
4. non-controlling interests of RMB0.08 million.

The increase in net loss attributable to owners of the Company of RMB1.54 million, or 18.3% over the last corresponding period, was primarily driven by

1. increase in gross profit of RMB1.21 million;
2. decrease in other revenue and net income of RMB0.24 million;
3. increase in total costs, including share of losses of associates, of RMB2.43 million; and
4. decrease in non-controlling interests of RMB0.08 million.

Loss per share

The Company incurred a loss of RMB1.56 cents per share, compared to the loss of RMB1.32 cents per share in the previous period.

Net current assets and net tangible assets

The Group has net current liabilities of RMB9.35 million as at 30 September 2016 compared to RMB0.67 million at 31 March 2016.

Net tangible liabilities was RMB2.43 million compared to the net tangible assets of RMB6.67 million as at 31 March 2016.

Both decreases are mainly due to the net loss of RMB10.04 million for the six months ended 30 September 2016.

The net tangible backing per share was -RMB0.38 cents per share at 30 September 2016, compared to +RMB1.05 cents per share at 31 March 2016.

Dividends

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

Management Discussion and Analysis

Our Tlinx related products continue to receive positive feedback from the market. In addition to the increasing orders from the subsidiary of UnionPay Merchants, we also started to deliver our intelligent POS to two regional banks in China after the period end.

We are also in negotiation with a wide range of potential clients, including top 10 banks in China, for them to use our Tlinx related products. We aim to sign cooperation agreements with at least one of them by the end of first quarter of 2017.

We started our Taiwan expansion during the period but the registration process of Taiwan Boom FinTech Co., Ltd was delayed. We aim that the registration process will be completed by end of 2016 and business will start from the first quarter of 2017. TTG will transfer 14% of our equity interest to a third party for expansion in Taiwan and keep 16% net equity interest of Taiwan Boom FinTech Co., Ltd after the period end.



DIRECTORS REPORT (Cont'd)

To facilitate the expansion of the company, costs for staff and other supporting costs were increased in the financial period:

1. increase in selling expenses of RMB0.90 million; and
2. increase in general and administrative expenses of RMB2.87 million.

Given our cashflow constraints, we will closely monitor our costs but we will ensure enough resources are devoted to cope with our expansion.

TTG has adopted the following immediate measures to improve our operating cashflow:

1. Mr. Xiong Qiang and Mr. Chow Ki Shui, our major shareholders and executive directors, have requested to suspend their salary payment starting April 2016. Their salaries are accrued until cashflow position is improved. The amount due to them is also treated as part of their financial support. They also requested to stop any payment and accrual of their respective salary until after the Company's cashflow situation is improved.
2. Salary payment to Mr. Gary Kwok, executive director of the Company was accrued starting October 2016 and will be resumed until after the Company's cashflow situation is improved.
3. Non-executive directors remuneration to Mr. Christopher Ryan and Mr. Cai Wensheng was accrued starting March 2015 and will be resumed until after the Company's cashflow situation is improved.

Our two associates, namely 37.5% owned Shenzhen Intelligent Preferential Pay Company Limited ("IPP") and 47.5% owned Shenzhen Dashouhou Information Technology Company Limited ("DIT") improved during the six months ended 30 September 2016. As a result, the share of losses of associates dropped from RMB0.94 million from the previous corresponding period to RMB0.05 million during current financial period, representing a decrease of 94.8%. We target that these two companies will turn positive in the second half of the financial year.

During the financial period, TTG also incurred the following net non-cash income, due to the issue of convertible bonds and the change in fair value of the convertible bonds during the financial period:

1. gain on change of fair value of embedded derivatives of convertible bonds of RMB1.12 million; and
2. increase in finance costs due to issue of convertible bonds of RMB0.68 million.

In total, TTG incurred RMB11.99 million expenses for the current financial period, an increase of RMB2.43 million or 25.5% over the previous corresponding period.

As a result, the Company incurred a net loss of RMB10.04 million for the financial period ended 30 September 2016.

Emphasis of Matter

We draw attention to note 2 to the unaudited consolidated interim financial information which indicate that the Company and its subsidiaries incurred a loss attributable to owners of the Company of RMB9,962,271 and net cash outflow from operating activities of RMB8,215,198 for the six months ended 30 September 2016 and the Company and its subsidiaries had net current liabilities, net liabilities and net debt of RMB9,346,467, RMB2,432,349 and RMB9,535,193 as at 30 September 2016 respectively. Notwithstanding the above, the unaudited consolidated interim financial information 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.

DIRECTORS REPORT (Cont'd)

In order to improve the cash situation, Mr. Xiong Qiang (“Mr. Xiong”) and Mr. Chow Ki Shui, Louie (“Mr. Chow”), signed another supplementary agreement dated 24 November 2016 to support the Company with details as follows:

1. According to the loan agreement dated 27 May 2016 and the supplementary agreement dated 27 June 2016 (collectively “Original Loan Agreements”), Mr. Xiong and Mr. Chow agreed to provide not less than RMB12 million financial support to the Company when it is required. Mr. Xiong and Mr. Chow each already invested RMB2 million up to date as unsecured zero coupon convertible bond. Both TTG and Mr. Xiong and Mr. Chow agreed to convert the convertible bonds into shares at A\$0.25 per bond upon maturity of the convertible bonds, effectively reducing our liability position of RMB4 million.
2. Mr. Xiong and Mr. Chow also transferred the RMB8 million into the Company on 24 November 2016 according to the Original Loan Agreements.
3. In addition, Mr. Xiong and Mr. Chow provided further facility of RMB6 million from 24 November 2016 upto 27 September 2017. Mr. Xiong and Mr. Chow already put the RMB6 million (including setoff against its current account balance) into the Company on 24 November 2016.

The sums as described in points 2 and 3 (i.e. RMB8 million and RMB6 million respectively) carry interest payable to Mr. Xiong and Mr. Chow at RMB loan interest rates of financial institutions of People’s Bank of China. Also Mr. Xiong and Mr. Chow can request TTG for payment once TTG’s operation and cash flow has improved and would not be affected adversely if the above sum is repaid to them.

In addition to the above financial support, TTG has adopted measures to:

1. Strengthen the sales and marketing: as discussed above, the Company is expanding sales to more diverse customers.
2. Speed up the collection process: TTG received RMB1.83 million receivable from the subsidiary of UnionPay Merchants on 25 November 2016. We expect to receive another RMB0.5 million in December 2016.

We are also in deep discussion with different investors on potential investment into TTG. We will make public announcements once a conclusive agreement is agreed.

Share Capital

Movements in share capital of the Company during the period are set out in note 18 to the interim financial information.

Transfer to Reserves

Please refer to Consolidated Statement of Changes in Equity for the Group’s transfer to reserves.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the period are set out in note 10 to the interim financial information.



DIRECTORS REPORT (Cont'd)

Pledge of assets

Except for the pledge of assets for our associate, namely Shenzhen Intelligent Preferential Pay Company Limited, as disclosed in note 22 to the interim financial information, the Group has no other pledge of assets.

Commitments

The Group had capital commitments for capital injection to an associate of RMB2,000,000 as at 30 September 2016. Both parties agreed not to provide any capital contribution until after this associate commences business. Details are set out in note 21 to the interim financial information.

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.

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 19 to the interim financial information, 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 30 September 2016, the Group had 116 full-time employees (31 March 2016: 96). The salaries of the Group's employees were determined by reference to personal performance, professional qualifications, industry experience and relevant market trends. The Company ensures all levels of employees are paid competitively within market parameters and employees are rewarded on a performance-related basis within the framework of the Group's salary, incentives and bonus schemes. The management reviews the remuneration policy of the Group on a regular basis and evaluates the work performance of the employees. The remuneration of employees includes salaries, allowances, year-end bonuses and social insurance.

TTG also issued options to certain employees. For details please refer to share option scheme below.

Share options

The Company did not issue any share options during the financial period. Please refer to Note 18(b) of the interim financial information for details of options issued before the financial period.



DIRECTORS REPORT (continued)

Convertible bonds

The Company issued convertible bonds during the financial period. Please refer to Note 15 of the interim financial information for details of convertible bonds of the Company up to 30 September 2016.

Business outlook

We understand our priority is to solve our short term cash flow problem, and we shall use best endeavors to raise funds from investors to overcome the short-term cashflow problems. We are in discussion with a few potential investors and expect to conclude with one or two of them in the near future.

Notwithstanding the current cashflow concerns and delay in breakeven, TTG's management is still confident that its FEA and Tlinx products will enjoy increased recognition and acceptance in the market. We still aim to become one of the largest POS software providers in China in the medium to long term.

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

Mr. XIONG Qiang
Chairman
TTG FINTECH LIMITED

Mr RYAN Christopher John
Co-Chairman
TTG FINTECH LIMITED

Shenzhen, 30 November 2016

For personal use only

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 subsidiary (the "Group") as at 30 September 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 interim financial information give a true and fair view of:

- a. The loss and cash flows of the Group for the six months ended 30 September 2016; and
- b. The state of affairs of the Group at 30 September 2016.

On behalf of the Board



Mr XIONG Qiang
Chairman
TTG FINTECH LIMITED



Mr RYAN Christopher John
Co-Chairman
TTG FINTECH LIMITED

Shenzhen, 30 November 2016

For personal use only



國富浩華(香港)會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

**INDEPENDENT REPORT ON REVIEW OF
INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
TTG FINTECH LIMITED**
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the consolidated interim financial information of TTG Fintech Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 15 to 36, which comprise the consolidated statement of financial position as of 30 September 2016 and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month then ended and explanatory notes. As the annual financial statements of the Group are prepared in accordance with both International Financial Reporting Standards and Hong Kong Financial Reporting Standards, the directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with both International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting” and Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

For personal use only



**INDEPENDENT REPORT ON REVIEW OF
INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF
TTG FINTECH LIMITED**
(Incorporated in Hong Kong with limited liability)

(Continued)

EMPHASIS OF MATTER

We draw attention to note 2 to the unaudited consolidated interim financial information which indicate that the Company and its subsidiaries incurred a loss attributable to owners of the Company of RMB9,962,271 and net cash outflow from operating activities of RMB8,215,198 for the six months ended 30 September 2016 and the Company and its subsidiaries had net current liabilities, net liabilities and net debt of RMB9,346,467, RMB2,432,349 and RMB9,535,193 as at 30 September 2016 respectively. Notwithstanding the above, the unaudited consolidated interim financial information 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 to the unaudited consolidated interim financial information, 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 November 2016

Lam Cheung Shing
Practising Certificate Number P03552

TCH1012-2016_interim



TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Note	Six months ended 30 September	
		2016 RMB (unaudited)	2015 RMB (unaudited)
Revenue	3	4,010,632	2,215,457
Cost of sales		<u>(2,431,294)</u>	<u>(1,842,396)</u>
Gross profit		1,579,338	373,061
Other revenue	5	2,190	118,167
Other net income	5	374,049	494,098
		376,239	612,265
Selling expenses		(2,288,411)	(1,393,036)
General and administrative expenses		(10,101,518)	(7,228,953)
Gain on change of fair value of embedded derivatives of convertible bonds	15	1,120,403	-
Share of losses of associates		(48,691)	(938,723)
Finance costs	6(a)	(676,398)	-
		<u>(11,994,615)</u>	<u>(9,560,712)</u>
Loss before taxation	6	(10,039,038)	(8,575,386)
Income tax	7	-	-
Loss for the period		(10,039,038)	(8,575,386)
Other comprehensive loss for the period, net of nil tax		-	-
Total comprehensive loss for the period		<u>(10,039,038)</u>	<u>(8,575,386)</u>
Loss and total comprehensive loss for the period attributable to:			
- Owners of the Company		(9,962,271)	(8,420,555)
- Non-controlling interests		(76,767)	(154,831)
		<u>(10,039,038)</u>	<u>(8,575,386)</u>
Loss per share (RMB)	8		
Basic		<u>(0.0156)</u>	<u>(0.0132)</u>
Diluted		<u>(0.0156)</u>	<u>(0.0132)</u>

The notes on pages 19 to 36 form an integral part of this unaudited consolidated interim financial information.

For personal use only



TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	<u>Note</u>	As at 30 September 2016 RMB (unaudited)	As at 31 March 2016 RMB (audited)	As at 30 September 2015 RMB (unaudited)
Non-current assets				
Property, plant and equipment	10	4,247,779	4,282,524	2,339,122
Intangible assets		-	-	-
Interests in associates	11	2,510,306	2,558,997	2,769,284
Prepayment and deposits	13	556,206	903,376	-
		7,314,291	7,744,897	5,108,406
Current assets				
Inventories	12	2,359,606	1,683,999	1,341,380
Trade and other receivables	13	5,652,344	3,546,445	3,712,250
Cash and bank balances		3,070,852	5,046,290	11,524,839
		11,082,802	10,276,734	16,578,469
Current liabilities				
Trade and other payables	14	7,423,224	4,177,908	5,352,892
Convertible bonds	15	12,606,045	6,440,050	-
Deferred government grants	16	400,000	328,033	-
		20,429,269	10,945,991	5,352,892
Net current (liabilities)/assets		<u>(9,346,467)</u>	<u>(669,257)</u>	<u>11,225,577</u>
Total assets less current liabilities		(2,032,176)	7,075,640	16,333,983
Non-current liabilities				
Other liabilities	17	400,173	403,689	-
NET (LIABILITIES)/ASSETS		<u>(2,432,349)</u>	<u>6,671,951</u>	<u>16,333,983</u>
CAPITAL AND RESERVES				
Share capital	18	72,743,496	72,743,496	72,743,496
Reserves		(74,757,343)	(65,729,810)	(56,312,164)
Equity attributable to owners of the Company		(2,013,847)	7,013,686	16,431,332
Non-controlling interests		<u>(418,502)</u>	<u>(341,735)</u>	<u>(97,349)</u>
(CAPITAL DEFICIENCY)/TOTAL EQUITY		<u>(2,432,349)</u>	<u>6,671,951</u>	<u>16,333,983</u>

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

Mr. Qiang Xiong

Mr. Chris Ryan

The notes on pages 19 to 36 form an integral part of this unaudited consolidated interim financial information.

For personal use only



TTG FINTECH LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Attributable to owners of the Company				Non-controlling interests RMB	Total equity RMB
	Share capital RMB	Share option reserve RMB (note 18(b))	Accumulated losses RMB	Sub-total RMB		
At 1 April 2015 (audited)	72,743,496	-	(48,078,269)	(48,078,269)	41,482	24,706,709
Loss for the period	-	-	(8,420,555)	(8,420,555)	(154,831)	(8,575,386)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(8,420,555)	(8,420,555)	(154,831)	(8,575,386)
Contribution from non-controlling interests	-	-	-	-	16,000	16,000
Equity-settled share-based transaction	-	186,660	-	186,660	-	186,660
At 30 September 2015 (unaudited)	<u>72,743,496</u>	<u>186,660</u>	<u>(56,498,824)</u>	<u>(56,312,164)</u>	<u>(97,349)</u>	<u>16,333,983</u>
At 1 April 2016 (audited)	72,743,496	1,267,877	(66,997,687)	(65,729,810)	(341,735)	6,671,951
Loss for the period	-	-	(9,962,271)	(9,962,271)	(76,767)	(10,039,038)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(9,962,271)	(9,962,271)	(76,767)	(10,039,038)
Equity-settled share-based transaction	-	934,738	-	934,738	-	934,738
At 30 September 2016 (unaudited)	<u>72,743,496</u>	<u>2,202,615</u>	<u>(76,959,958)</u>	<u>(74,757,343)</u>	<u>(418,502)</u>	<u>(2,432,349)</u>

The notes on pages 19 to 36 form an integral part of this unaudited consolidated interim financial information.

For personal use only



TTG FINTECH LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Six months ended 30 September	
	<u>2016</u> RMB (unaudited)	<u>2015</u> RMB (unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(8,215,198)	(8,574,255)
INVESTING ACTIVITIES		
Interest received	2,190	13,081
Payments for purchase of property, plant and equipment	(428,423)	(825,758)
Proceeds from disposal of property, plant and equipment	2,000	11,846
NET CASH USED IN INVESTING ACTIVITIES	(424,233)	(800,831)
FINANCING ACTIVITIES		
Proceeds from issuance of convertible bonds	6,610,000	-
Contribution from non-controlling interests	-	16,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>6,610,000</u>	<u>16,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,029,431)	(9,359,086)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,046,290	20,640,241
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>53,993</u>	<u>243,684</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash and bank balances	<u>3,070,852</u>	<u>11,524,839</u>

The notes on pages 19 to 36 form an integral part of this unaudited consolidated interim financial information.



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

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 and its shares are listed on Australian Securities Exchange. Its subsidiaries are principally engaged in provision of system development services and information technology services, sale of point-of-sale machines and licensing for the sale and installation of an internally generated smart cloud-supported point-of-sale system “Tlinx” in the People’s Republic of China (the “PRC”).

The unaudited consolidated interim financial information was approved for issue by the board of directors on 30 November 2016.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The directors are responsible for preparing the unaudited consolidated interim financial information in accordance with applicable law and regulations. The unaudited consolidated interim financial information has been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”, issued by the International Accounting Standard Board (“IASB”)(“IAS 34”). IAS 34 is consistent with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”)(“HKAS 34”) and accordingly this unaudited consolidated interim financial information is also prepared in accordance with HKAS 34. The consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and Hong Kong Financial Reporting Standards (“HKFRS”).

The Group incurred a loss attributable to owners of the Company of RMB9,962,271 and net cash outflow from operating activities of RMB8,215,198 for the six months ended 30 September 2016 and the Group had net current liabilities, net liabilities and net debt of RMB9,346,467, RMB2,432,349 and RMB9,535,193 as at 30 September 2016 respectively. In preparing these unaudited consolidated interim financial information, 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 shareholder 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.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

- On 24 November 2016, the Company entered into a supplementary agreement with Mr. Xiong and Mr. Chow pursuant to which an additional facility of RMB6,000,000 was granted to the Group. Moreover, Mr. Xiong and Mr. Chow agreed to convert the loans in form of convertible bonds of RMB3,250,000 and RMB750,000 received by the Company on 5 August 2016 and 27 October 2016 respectively into shares, upon the maturity of these convertible bonds on 4 August 2017. Up to the date of approval of these unaudited consolidated interim financial information, RMB17,800,000 were utilized under the loan agreements; 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 unaudited consolidated interim financial information.

The unaudited consolidated interim financial information has been prepared under the historical cost convention, as modified by financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the unaudited consolidated interim financial information in conformity with IAS 34 and HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the unaudited consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty and critical accounting judgements were the same as those that applied to the consolidated financial statements for the year ended 31 March 2016, as set out on pages 81 to 82 of the 2016 annual report.

The financial information relating to the year ended 31 March 2016 that is included in the unaudited consolidated interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

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

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Except as described below, the accounting policies adopted in the preparation of the unaudited consolidated interim financial information are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group. The equivalent amendments to HKFRSs, which term collectively includes all applicable individual HKFRSs, HKASs and interpretations, consequently issued by the HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material aspects identical to the pronouncements issued by the IASB.

Amendments to IAS 1 / HKAS 1	Disclosure Initiative
Amendments to IAS 16 / HKAS 16 and IAS 38 / HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 / HKAS 16 and IAS 41 / HKAS 41	Agriculture: Bearer Plants
Amendments to IAS 27 / HKAS 27	Equity Method in Separate Financial Statements
Amendments to IFRSs / HKFRSs	Annual Improvements to IFRSs / HKFRSs 2012-2014 Cycle
Amendments to IFRS 11 / HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IFRS 10 / HKFRS 10, IFRS 12 / HKFRS 12 and IAS 28 / HKAS 28	Investment Entities: Applying the Consolidation Exception
IFRS 14 / HKFRS 14	Regulatory Deferred Accounts

The adoption of the above new and amended standards did not give rise to any significant impact on the Group's financial performance and financial position for the six months ended 30 September 2016. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The IASB and HKICPA has issued the following amendments and new standards which are not yet effective for the financial year beginning 1 April 2016.

IFRS 9 / HKFRS 9	Financial Instruments ¹
IFRS 15 / HKFRS 15	Revenue from Contracts with Customers ¹
Amendments to IFRS 15 / HKFRS 15	Clarifications to IFRS 15 / HKFRS 15 Revenue from Contracts with Customers 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 ²
IFRS 16 / HKFRS 16	Leases ³
Amendments to IAS 1 / HKAS 1	Disclosure Initiative ⁴
Amendments to IAS 12 / HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴

¹ Effective for annual periods beginning on or after 1 January 2018.

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

³ Effective for annual periods beginning on or after 1 January 2019.

⁴ Effective for annual periods beginning on or after 1 January 2017.



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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.

3. REVENUE

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

	Six months ended 30 September	
	2016 RMB (unaudited)	2015 RMB (unaudited)
Revenue from provision of system development services	360,520	-
Revenue from provision of information technology services	643,142	1,710,569
Revenue from sale of point-of-sale machines	3,006,970	504,888
	<u>4,010,632</u>	<u>2,215,457</u>

4. 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 and sale of point-of-sale machines. 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 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:

	Six months ended 30 September	
	2016 RMB (unaudited)	2015 RMB (unaudited)
Customer A	-	1,514,585
Customer B	<u>2,792,863</u>	<u>-</u>

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

5. OTHER REVENUE AND OTHER NET INCOME

	Six months ended 30 September	
	2016 RMB (unaudited)	2015 RMB (unaudited)
Other revenue		
Interest income on bank deposits	2,190	13,081
Total interest income on financial assets not at fair value through profit or loss	2,190	13,081
Income from sub-letting of computer equipment	-	105,086
	<u>2,190</u>	<u>118,167</u>
Other net income		
Income from show rooms	135,696	-
Government grants	168,033	193,700
Sundry income	89,459	157,395
Net exchange (loss)/gain	(19,139)	143,003
	<u>374,049</u>	<u>494,098</u>

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	Six months ended 30 September	
	2016 RMB (unaudited)	2015 RMB (unaudited)
a) Finance costs		
Interest expense on convertible bonds	676,398	-
b) Other items		
Depreciation	766,331	330,888
Operating lease charges in respect of properties		
- minimum lease payments	1,516,100	730,240
Loss/(gain) on disposal of property, plant and equipment	36,717	(7,583)
Cost of services rendered	769,348	1,411,164
Cost of inventories sold	1,661,946	431,232
Staff costs (including directors' emoluments)		
- Salaries and allowances	6,401,225	5,370,753
- Contribution to defined contribution retirement plan	141,462	134,877
- Equity-settled share option expense	348,194	15,033
	<u>6,890,881</u>	<u>5,520,663</u>

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

7. INCOME TAX

No Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in Hong Kong for the six months ended 30 September 2016 (six months ended 30 September 2015: Nil).

Except for Shenzhen Tao-taogu Information Technology Co., Ltd. ("STIT"), the other PRC subsidiaries are subject to PRC enterprise income tax at 25%. Pursuant to a notice issued by the tax authority on 5 April 2012, STIT is exempted from PRC enterprise income tax 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 enterprise income tax has been made in the unaudited consolidated interim financial information as the PRC subsidiaries sustained a loss during the periods.

8. LOSS PER SHARE

Basic loss per share

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

	<u>Six months ended 30 September</u>	
	<u>2016</u>	<u>2015</u>
	RMB	RMB
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	<u>(9,962,271)</u>	<u>(8,420,555)</u>
Weighted average number of ordinary shares	<u>637,747,400</u>	<u>637,747,400</u>

Diluted loss per share

The computation of diluted loss per share for the six months ended 30 September 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 six months ended 30 September 2015 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 six months ended 30 September 2015.

9. DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 September 2016 and 2015.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

10. PROPERTY, PLANT AND EQUIPMENT

	<u>RMB</u>
Carrying amount at 1 April 2016 (audited)	<u>4,282,524</u>
Costs	
Additions	770,303
Disposals	<u>(46,000)</u>
	<u>724,303</u>
Depreciation	
Charge for the period	(766,331)
Written back on disposals	<u>7,283</u>
	<u>(759,048)</u>
Carrying amount at 30 September 2016 (unaudited)	<u><u>4,247,779</u></u>

11. INTERESTS IN ASSOCIATES

	As at 30 September <u>2016</u> RMB (unaudited)	As at 31 March <u>2016</u> RMB (audited)	As at 30 September <u>2015</u> RMB (unaudited)
Share of net assets	<u>2,510,306</u>	<u>2,558,997</u>	<u>2,769,284</u>

The particulars of the material associates of the Group as at 30 September 2016, which are unlisted corporate entities are as follows:

<u>Name of associates</u>	<u>Place of establishment and business</u>	<u>Form of business structure</u>	<u>Particulars of registered capital</u>	<u>Proportion of ownership interest held directly</u>	<u>Principal activities</u>
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%	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%	Not yet commenced business

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

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

12. INVENTORIES

Inventories comprise the point-of-sale machines held for sale.

13. TRADE AND OTHER RECEIVABLES

	Note	As at 30 September 2016 RMB (unaudited)	As at 31 March 2016 RMB (audited)	As at 30 September 2015 RMB (unaudited)
Trade receivables	(a)	3,337,216	458,800	48,000
Other receivables		301,213	283,185	660,258
Amount due from an associate (note 19(c))	(b)	39,830	97,523	169,434
Amount due from a non-controlling shareholder (note 19(c))	(b)	-	-	45,696
Amount due from a related company (note 19(c))	(b)	-	34,109	59,599
Loans and receivables		3,678,259	873,617	982,987
Advance to suppliers		509,600	1,225,780	-
Prepayments and deposits		1,591,148	1,729,427	2,483,751
Deposit paid for purchase of property, plant and equipment (note 19(c)(iv))		-	300,000	-
Value added tax receivables		429,543	320,997	245,512
		6,208,550	4,449,821	3,712,250
Less: Non-current portion		(556,206)	(903,376)	-
		<u>5,652,344</u>	<u>3,546,445</u>	<u>3,712,250</u>

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

Note:

- a) Trade receivables are due within 60 days from the date of billing. There are no trade receivables impaired for the periods. The Group does not hold any collateral over these balances. The ageing analysis of trade receivables that are neither nor collectively considered to be impaired are as follows:

	As at 30 September 2016 RMB (unaudited)	As at 31 March 2016 RMB (audited)	As at 30 September 2015 RMB (unaudited)
Neither past due nor impairment	2,971,680	438,800	12,000
Past due but not impairment			
Less than 1 month past due	365,536	20,000	-
1 to 3 months past due	-	-	36,000
	<u>3,337,216</u>	<u>458,800</u>	<u>48,000</u>

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

13. TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

- b) The amounts due from an associate, a non-controlling shareholder and a related company are unsecured, interest-free and repayable on demand.

14. TRADE AND OTHER PAYABLES

	As at 30 September <u>2016</u> RMB	As at 31 March <u>2016</u> RMB	As at 30 September <u>2015</u> RMB
<u>Note</u>	(unaudited)	(audited)	(unaudited)
Trade payables	638,916	68,780	35,537
Other payables and accruals	1,514,543	1,270,865	1,434,365
Amount due to a related company (note 19(c))	(b) 14,818	-	-
Amounts due to directors (note 19(c))	(b) <u>1,297,229</u>	<u>812,165</u>	<u>325,674</u>
Financial liabilities measured at amortised cost	3,465,506	2,151,810	1,795,576
Advance from customers	3,882,227	1,955,236	3,417,562
Business tax and other levies payables	68,459	63,830	139,754
Other liabilities (note 17)	<u>7,032</u>	<u>7,032</u>	-
	<u><u>7,423,224</u></u>	<u><u>4,177,908</u></u>	<u><u>5,352,892</u></u>

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.

15. CONVERTIBLE BONDS

During the year ended 31 March 2016, the Company issued 2 convertible bonds with total principal amounts of RMB6,000,000.

During the six months ended 30 September 2016, the Company issued 5 convertible bonds with total principal amounts of RMB6,610,000.



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

15. CONVERTIBLE BONDS (Continued)

The major terms and conditions of the convertible bonds are as follows:

	Convertible bonds								
			Subtotal on <u>issue date</u>						Subtotal on <u>issue dates</u>
Principal amount (RMB)	3,000,000	3,000,000	6,000,000	850,000	510,000	1,250,000 #	2,000,000 #	2,000,000 #	6,610,000
Issued on	7 March 2016	7 March 2016		24 June 2016	24 June 2016	5 August 2016	5 August 2016	5 August 2016	
Mature on	6 March 2017	6 March 2017		23 June 2018	23 June 2018	4 August 2017	4 August 2017	4 August 2017	
Fair value of liability component (RMB)	2,517,149	2,517,148	5,034,297	598,514	359,109	1,031,219	1,649,949	1,649,949	5,288,740
Effective interest rate of liability component	19.24%	19.24%		19.2%	19.2%	21.27%	21.27%	21.27%	

On 5 August 2016, the Company issued zero coupon convertible bonds of RMB1,250,000, RMB2,000,000 and RMB2,000,000 to Mr. Xiong, Mr. Chow and Mr. Cai Wensheng, the directors of the Company, respectively. The carrying amount of the debt component of convertible bonds at 30 September 2016 was RMB1,064,957, RMB1,703,930 and RMB1,703,930 respectively. The fair value of the derivative component of convertible bonds at 30 September 2016 was RMB184,936, RMB295,898 and RMB295,898 respectively.

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 or can be converted into ordinary shares of the Company at an original conversion price as stated above ("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.



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

15. CONVERTIBLE BONDS (Continued)

b) Conversion price (Continued)

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 amounts as stated above.

d) Conversion at the option of the holders

For the convertible bonds issued on 24 June 2016, the Company will, at the option of the holders convert such convertible bonds on 23 June 2017. Except for the convertible bonds issued on 24 June 2016, the Company will, at the option of the holders convert all the remaining respective convertible bonds upon the maturity date.

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 respective issue date as stated above. 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			At 30 September 2016
	7 March 2016	24 June 2016	5 August 2016	
Share price (AUD)	0.12	0.095	0.09	0.075
Conversion price (AUD)	0.2	0.2	0.25	0.2 to 0.25
Risk free interest rate	1.97%	1.54%	1.49%	1.56% to 1.61%
Time to maturity (year)	1	2	1	0.4 to 1.7
Expected volatility	35%	32%	34%	33%
Expected dividend yield	0%	0%	0%	0%

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

15. CONVERTIBLE BONDS (Continued)

d) Conversion at the option of the holders (Continued)

The change in fair value of embedded derivatives (conversion component) of the convertible bonds for the six months ended 30 September 2016 of RMB522,796 and amortisation of deferred day one gain of RMB597,607 were recognised as “Gain on change of fair value of embedded derivatives of convertible bonds” in the consolidated statement of profit or loss and other comprehensive income. The related interest expense of the liability component of the convertible bonds for the six months ended 30 September 2016 amounted to RMB676,398 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 six months ended 30 September 2016 are set out below:

	Debt component RMB	Derivative component			Total RMB
		Gross RMB	Deferred day one gain RMB	Net RMB	
At 1 April 2016 (audited)	5,097,986	544,773	797,291	1,342,064	6,440,050
Issuance of convertible bonds	5,288,740	188,025	1,133,235	1,321,260	6,610,000
Amortisation of deferred day one gain in profit or loss	-	-	(597,607)	(597,607)	(597,607)
Change in fair value of embedded derivatives	-	(522,796)	-	(522,796)	(522,796)
	-	(522,796)	(597,607)	(1,120,403)	(1,120,403)
Interest expenses	676,398	-	-	-	676,398
At 30 September 2016 (unaudited)	<u>11,063,124</u>	<u>210,002</u>	<u>1,332,919</u>	<u>1,542,921</u>	<u>12,606,045</u>
Total gain for the period included in profit or loss for liabilities held at the end of the reporting period	-	(522,796)	(597,607)	(1,120,403)	(1,120,403)

According to the valuation report issued by an independent qualified valuer, the fair value of the liability component of the convertible bonds at 30 September 2016 amounted to RMB10,924,224 which is calculated using cash flows discounted at rates ranging from 21.77% to 21.83%. Such rates were 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 the convertible bonds was within level 3 of the fair value hierarchy.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

16. DEFERRED GOVERNMENT GRANTS

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

	<u>RMB</u>
At 1 April 2016 (audited)	328,033
Received during the period	240,000
Recognised in profit or loss (note 5)	<u>(168,033)</u>
At 30 September 2016 (unaudited)	<u>400,000</u>

17. OTHER LIABILITIES

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

18. SHARE CAPITAL

	<u>Number of ordinary shares</u>	<u>HK\$</u>	<u>RMB equivalent</u>
Issued and fully paid:			
At 1 April 2015 (audited), 30 September 2015 (unaudited), 31 March 2016 (audited) and 30 September 2016 (unaudited)	<u>637,747,400</u>	<u>89,795,205</u>	<u>72,743,496</u>

Note:

Equity-settled share-based transactions

On 12 August 2015 and 23 September 2015, 11,770,000 and 7,577,474 share options were granted respectively to certain consultants and directors of the Company under the Company's incentive plan at a consideration of HK\$1 per grantee.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

18. SHARE CAPITAL (Continued)

(b) Equity-settled share-based transactions (Continued)

The terms and conditions of the grants are as follows:

<u>Category of eligible persons</u>	<u>No. of share options granted</u>	<u>Date of grant</u>	<u>Vesting conditions</u>	<u>Period during which share options are exercisable</u>	<u>Exercise price per share</u>	<u>Contractual life of options</u>
Group A investors	9,770,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	1 July 2016 to 30 June 2022	AUD0.8 (equivalent to RMB3.82)	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			
Group B investors	2,000,000	12 August 2015	From 1 July 2016 to 30 June 2017 (10%)	1 July 2016 to 30 June 2022	AUD1.00 (equivalent to RMB4.77)	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			
Directors	7,577,474	23 September 2015	From 1 July 2016 to 30 June 2017 (10%)	1 July 2016 to 30 June 2022	AUD0.8 (equivalent to RMB3.82)	6 years
			From 1 July 2017 to 30 June 2018 (10%)			
			From 1 July 2018 to 30 June 2019 (20%)			
			From 1 July 2019 to 30 June 2020 (20%)			
			From 1 July 2020 to 30 June 2021 (40%)			

No options were exercised during the six months ended 30 September 2016 (2015: nil).

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

19. MATERIAL RELATED PARTY TRANSACTIONS

The Group has entered into the following material related party transactions during the period.

a) Transactions with key management personnel

All members of key management personnel are the directors of the Company. The remuneration paid to them during the period was as follows:

	Six months ended 30 September	
	2016 RMB (unaudited)	2015 RMB (unaudited)
Short-term employee benefits	1,018,195	885,387
Post-employment benefits	18,617	22,460
Equity compensation benefits	348,194	15,033
	<u>1,385,006</u>	<u>922,880</u>

b) Transactions with other related parties

Name of related party	Nature of transaction	Note	Six months ended 30 September	
			2016 RMB (unaudited)	2015 RMB (unaudited)
Shenzhen Intelligent Preferential Pay Company Limited * ("IPP") (深圳市智惠付信息技术有限公司)	Development expenses for existing platform	(i)	-	244,340
	Purchase of computer softwares	(i)	726,496	-
	Technical service fee	(i)	1,283	4,151
Investorlink Securities Limited	Legal and professional fees	(ii)	-	141,365
Chow Ki Shui, Louie	Convertible bonds issued	(iii)	2,000,000	-
Xiong Qiang	Convertible bonds issued	(iii)	1,250,000	-
Cai Wensheng	Convertible bonds issued	(iii)	2,000,000	-

* The English translation of the company's name is for reference only. The official name of this company is in Chinese.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

19. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with other related parties (Continued)

Note:

- i) IPP is an associate company of the Group.
- ii) The Company paid Investorlink Securities Limited a fee of RMB141,365 for the services rendered for performing industry search and marketing for institutional and broker presentation in Australia. Mr. Christopher Ryan, a director of the Company, is also the director of Investorlink Securities Limited.
- iii) Details on convertible bonds issued to the directors are set out in note 15 to the consolidated interim financial information.

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

Name of related party	Note	As at	As at	As at
		30 September 2016 RMB (unaudited)	31 March 2016 RMB (audited)	30 September 2015 RMB (unaudited)
Amounts due to directors	(i)			
- Chow Ki Shui Louie		699,045	583,525	102,403
- Xiong Qiang		215,088	-	23,747
- Kwok Kin Kwong Gary		172,320	83,480	81,887
- Ryan, Christopher John		89,540	57,225	28,644
- Cai Wensheng		121,236	87,935	88,993
		<u>1,297,229</u>	<u>812,165</u>	<u>325,674</u>
Amount due (to)/from a related company				
- Investorlink Securities Limited	(ii)	<u>(14,818)</u>	<u>34,109</u>	<u>59,599</u>
Amount due from an associate - IPP	(iii)	<u>39,830</u>	<u>97,523</u>	<u>169,434</u>
Amount due from a non-controlling shareholder - Ling Chen	(iii)	<u>-</u>	<u>-</u>	<u>45,696</u>
A deposit paid to an associate	(iv)	<u>-</u>	<u>300,000</u>	<u>-</u>

Note:

- i) The amounts due to directors were unsecured, interest free and repayable on demand.
- ii) The amount was unsecured, interest free and repayable on demand. Mr. Christopher Ryan, the director of the Company, is also the director of Investorlink Securities Limited.
- iii) The amounts due are 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 21.

For personal use only



TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

20. OPERATING LEASE COMMITMENT

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:

	As at 30 September 2016 RMB (unaudited)	As at 31 March 2016 RMB (audited)	As at 30 September 2015 RMB (unaudited)
Within 1 year	970,510	970,467	592,350
After 1 year but within 5 years	<u>366,982</u>	<u>563,561</u>	<u>451,890</u>
	<u>1,337,492</u>	<u>1,534,028</u>	<u>1,044,240</u>

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

21. CAPITAL COMMITMENT

At 30 September 2016, the Company had capital commitments not provided for in the unaudited consolidated interim financial information were as follows:

	As at 30 September 2016 RMB (unaudited)	As at 31 March 2016 RMB (audited)	As at 30 September 2015 RMB (unaudited)
Contracted but not provided for			
- Capital contribution to an associate	2,000,000	-	-
- Purchase of property, plant and equipment	<u>85,470</u>	<u>500,000</u>	<u>13,938</u>
	<u>2,085,470</u>	<u>500,000</u>	<u>13,938</u>

For personal use only



**TTG FINTECH LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

22. PLEDGE OF ASSETS

During the six months ended 30 September 2016, the associate, namely Shenzhen Intelligent Preferential Pay Company Limited (“IPP”) entered into syndicated loan agreements under which IPP was granted a facility in the aggregate sum of RMB3,000,000 of which RMB2,000,000 were utilized as at 30 September 2016. The syndicate under the syndicated loan agreements are arranged by Wuhan Yifan Wealth Investment Co., Ltd. (武漢億房財富投資有限公司), a company registered in the PRC, with participation from a consortium of individual and/or corporate investors. Such facility was secured by an equity pledge over the Company’s interest in 10% of the registered capital of IPP.

23. EVENTS AFTER THE REPORTING PERIOD

On 24 November 2016, the Company entered into a supplementary agreement with Mr. Xiong and Mr. Chow pursuant to which an additional facility of RMB6,000,000 was granted to the Group in addition to the original loan facility of RMB12,000,000. Moreover, Mr. Xiong and Mr. Chow agreed to convert the loans in form of convertible bonds of RMB3,250,000 and RMB750,000 received by the Company on 5 August 2016 and 27 October 2016 respectively into shares, upon the maturity of these convertible bonds on 4 August 2017.

24. ULTIMATE CONTROLLING PARTY

At 30 September 2016, the directors of the Company consider that the ultimate controlling party of the Company to be Mr. Xiong Qiang.

For personal use only



CORPORATE DIRECTORY

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Level 12, Block 2, Xunmei Tech Plaza
No. 8 Keyuan Blvd,
Nanshan District
Shenzhen 518000
People's Republic of China

REGISTERED OFFICE, PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

REPRESENTATIVE OFFICE IN AUSTRALIA

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

BOARD OF DIRECTORS

Executive Directors

XIONG Qiang (Chairman & Chief Executive Officer)
CHOW Ki Shui Louie (Deputy Chairman & Deputy Chief Executive Officer)
KWOK Kin Kwong Gary (Chief Financial Officer)

Non-Executive Directors

RYAN Christopher John (Co-Chairman)
CAI Wensheng

COMPANY SECRETARIES

KWOK Kin Kwong Gary

AUDITORS

Crowe Horwath (HK) CPA Limited

AUDIT COMMITTEE

RYAN Christopher John (Chairman)
KWOK Kin Kwong Gary

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

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

AUSTRALIA BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.ttg.hk>

For personal use only