



## APPENDIX 4D AND HALF YEAR FINANCIAL STATEMENTS

### 99 WUXIAN LIMITED

ARBN 164 764 729

30 June 2017

Lodged with ASX under Listing Rule 4.2A

This half year report covers the consolidated entity, consisting of 99 Wuxian Limited and its controlled entities. The financial statements are presented in Renminbi (RMB), the official currency of the People's Republic of China, unless otherwise stated.

The report is based on financial statements which have been reviewed by the auditor of the Company.

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## Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2017 to 30 June 2017  
Previous corresponding period: 1 January 2016 to 30 June 2016

## Results for announcement to the market

### Key information

	Period ended 30 June 2017 RMB	Period ended 30 June 2016 RMB	% change
Revenue from ordinary operations	41,347,672	123,406,663	(66%)
(Loss) / Profit from ordinary operations after income tax expense	(22,825,887)	2,215,377	(1,130%)
Total comprehensive income attributable to members of the Company	(22,825,887)	2,215,377	(1,130%)

### Revenue from Ordinary Operations

Revenue in the first half of FY2017 decreased by 66% from the previous corresponding period due to both a strategic decrease in sales of merchandise and transactional discounting to further increase user activity and retention.

#### a) A strategic decrease in sales of merchandise

In May 2016 the PRC tax authorities introduced new legislation which in effect adopted a unified “value-added tax (VAT)” to replace “business tax” that was previously charged on services. VAT is imposed at a rate of 6% on the value added portion of a company’s products sales or services.

For commission and service income, VAT is equal to the commission and service income (that is on a net basis, exclusive of VAT) multiplied by 6%. For sales of merchandise, VAT is equal to Output VAT (revenue on a gross basis exclusive of VAT multiplied by 6%) minus Input VAT (cost exclusive of VAT multiplied by 6%).

The PRC remains in a tax reform transitional period, and the rules for implementation of the tax reform have uncertainties. As a result, the Company has elected to focus on revenue generated from commissions and service with a decreased emphasis on sales of merchandise. Notwithstanding, the Company’s revenue for the first half of FY2017 was approximately comparable to the gross profit in the first half of FY2016.

#### b) Transactional Discounting to further increase user activity and retention

The Company increased its promotional activities in the first half of FY2017 by offering loyalty and first user discounts. This strategy combined with a 94% increase in selling and distribution expenses led to a substantial increase in the Company’s user base and overall “gross transaction value”.

### (Loss) / Profit from Ordinary Operations after Income Tax Expense

The Company’s loss of RMB 22.8 million is a direct reflection of its market expansion strategy specifically:

- (i) Promotional activity discounting;
- (ii) Increased selling and distribution expenditure;

(iii) Business development staff costs.

It is forecast that the Company will make progress in the second half of FY2017 as a result of the completion of this current market expansion program.

In addition, management considers there is possibility that the Input VAT of RMB16,217,421, the tax treatment of which has not been finalised yet, may be deducted in future periods positively impacting the Company's operating results.

#### *Dividends*

No dividends have been paid nor are any dividends proposed to be paid.

#### **Condensed Consolidated Statement of Comprehensive Income**

Please refer to Page 2

#### **Condensed Consolidated Statement of Financial Position**

Please refer to Page 3

#### **Condensed Consolidated Statement of Changes in Equity**

Please refer to Page 4

#### **Condensed Consolidated Statement of Cash Flows**

Please refer to Page 5

#### **Additional dividend information**

The Company has not declared any dividends.

#### **Dividend reinvestment plan**

The Company has no dividend reinvestment plan.

#### **Net tangible asset backing**

	30 June 2017 RMB	30 June 2016 RMB
Net tangible asset backing per ordinary Security	22 cents	24 cents

At 30 June 2017, there were 1,159,682,763 shares on issue, which would convert to an asset backing of RMB 27.1 cents per share compared to an asset backing of RMB 29.7 cents per share as at 30 June 2016.

#### **Controlled entities acquired or disposed of**

The Company didn't acquire or dispose any entity in the first half of FY2017.

#### **Associates and joint venture entities**

In April 2016, the Company established and registered an associate called Allpay (International) Finance Service Corporation Limited ("Allpay"), a stored-value card issuer, with Dazhong (Hong Kong) International Corporation Limited ("Dazhong"), a fully owned subsidiary of Shanghai Dazhong Public Utilities (Group) Co., Ltd. The Company has fully paid the initial share capital of HKD 10.0mm for 40% equity interest in Allpay, and Dazhong has fully paid the initial share capital of HKD 15.0mm for 60% equity interest in Allpay. Allpay is now in the process of applying for the relevant issuance license with Hong Kong Monetary

Authority and hasn't performed any operations so far.

### **Other significant information**

99 Wuxian entered into a conditional agreement to acquire Jiangsu Ofpay E-commerce Limited ("Ofpay"), a leading upstream wholesaler of online transaction services and products in FY2015. An initial payment of RMB 160 million was made to the Original Vendors funded by a non-recourse loan from Grand Ease Holdings Limited ("Grand Ease") (an associated entity of the CEO, Amalisia Zhang) for RMB 140 million under the 2015 Grand Ease Loan Agreement with a Convertible Note embedded. Deferred payments up to a maximum of RMB 297.4 million would be paid upon certain historical performance targets and consent from the Company being achieved.

In December 2016, an agreement was entered into among the Company, Amalisia Zhang, the Original Vendors and an Investment Group, agreeing to transfer 40% of the equity interest in Ofpay to Amalisia Zhang for consideration of RMB 200 million, 35% of the equity interest in Ofpay to the Investment Group for consideration of RMB 175 million, and 25% of the equity interest in Ofpay back to the Original Vendors for nil consideration. The consideration of RMB 175 million from the Investment Group would be finally paid to the Original Vendors, which, alongside with the 25% of the equity interest in Ofpay to be transferred back to the Original Vendors, would extinguish 99 Wuxian's conditional obligation of the deferred payments to the Original Vendors.

In March 2017, the Company's Extraordinary General Meeting ("EGM") approved the divestment of Ofpay. In the first half of FY2017, the Company received the consideration of RMB175 million from the Investment Group and paid such amount to the Original Vendors as agreed. The divestment has not been totally completed yet.

The divestment of Ofpay is expected to generate a premium of RMB 40 million, and exempt the Company from all its conditional payment obligations associated with the Ofpay acquisition deal, and enable it to focus on its own B2B2C business.

Other than the details disclosed herein, there is no other information that needs to be disclosed to investors.

### **Foreign entities**

The reports have been prepared under Hong Kong Financial Reporting Standards.

### **Commentary on the operations and results**

The Company reported a net loss of RMB 2 cents per share. The Company did not propose any dividend distribution or buy back during the period.

99 Wuxian is a leading business to business to consumer ("B2B2C") Chinese mobile commerce company, executing a growth strategy focusing on expanding transaction scale, via enlarging the base of business partners and registered users, enhancing user engagement and expanding into new channels to market.

In the first half of FY2017, 99 Wuxian delivered consistent operating results. Registered user base expanded to a total of 69.0 million, up by 14% on the previous corresponding period. The number of transactions completed grew to 104.6 million, up by 89% on the previous corresponding period and GTV grew to RMB 6.4 billion, up by 18% on the previous corresponding period, reflecting the execution of the Company's growth strategy of expanding transaction scale in order to capture more of the massive Chinese mobile commerce market.

In the first half of FY2017, the Company saw a 94% increase in selling expenses primarily caused by more marketing initiatives launched. The Company believes that the money was well spent.

China's mobile commerce market is growing rapidly with consumer behaviour shifting from

offline to online and from PC end to mobile end constantly, so 99 Wuxian chooses to look far into the future market share instead of being limited to short-term interests. For instance, via marketing and advertising campaigns, we have reached several hundred extra potential business partners who are expected to convert into our contracted partners in the future, as a new point of growth for transactions and revenues. Such marketing initiatives contributed to the increase in selling expenses which the Company regards as a must when the business is in a growing stage and needs more consumers to get to know it, use it and be loyal to it. 99 Wuxian believes that the long-term benefits brought by these marketing initiatives far exceed the temporary increase in the selling expenses.

The Company continues to attract high value business partners and expand its reach across China and different sectors. The Company is actively focussed on developing new business partners and new channels to market while also continuing discussions with its existing business partners to board them onto the rewards redemption platform and the employee benefit redemption platform. For each of these partners the Company has developed tailored connections, via mobile applications, between them and their customers and employees in a trusted and secure environment. 99 Wuxian is always trying to improve the products and services to ensure outstanding user experience in our eco system. One of the key aspects is about our product and merchant mix, which the Company actively monitors and manages to catch up with the evolving market preference and consumer taste. The Company has a strong pipeline of new products for release over the medium term and will continue to optimise its product mix.

The company will continue to execute its growth strategy of expanding transaction scale. 99 Wuxian is looking forward to better operating and financial outcomes in the second half of the year.

#### **Audit Qualification or Review**

These accounts were subject to a review by the auditor and the review report is attached. The auditor has not raised any issue as a result of the review.



**99 WUXIAN LIMITED**

(incorporated in Hong Kong with limited liability)

**Condensed Consolidated  
Financial Statements**

**For the six months ended 30 June 2017**

**99 WUXIAN LIMITED**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

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## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF 99 WUXIAN LIMITED**

(incorporated in Hong Kong with limited liability)

### **Introduction**

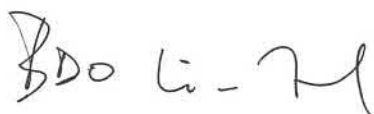
We have reviewed the condensed consolidated interim financial statements set out on pages 2 to 21, which comprises the condensed consolidated statement of financial position of 99 Wuxian Limited (the "Company") and its subsidiaries as of 30 June 2017 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The preparation of a report on interim financial information is required to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review. This report is made 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 enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

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



BDO Limited  
Certified Public Accountants

Hong Kong, 30 August 2017



99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	2017 RMB (unaudited)	2016 RMB (unaudited)
Revenue	6	41,347,672	123,406,663
Cost of sales		(887,143)	(69,677,114)
Gross profit		40,460,529	53,729,549
Other revenue	7	4,646,933	2,086,640
Other gains and losses, net	8	(324,446)	112,873
Selling and distribution expenses		(36,053,790)	(18,606,628)
Administration expenses		(29,973,776)	(28,789,837)
Operating (loss)/profit		(21,244,550)	8,532,597
Finance costs	9	(3,529,204)	(3,126,273)
Share of result of an associate		(373,191)	-
(Loss)/profit before income tax	10	(25,146,945)	5,406,324
Income tax credit/(expense)	12	2,321,058	(3,190,947)
(Loss)/profit for the period		(22,825,887)	2,215,377
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(22,825,887)	2,215,377
(Loss)/earnings per share (RMB)	13		
Basic and diluted		(0.020)	0.002

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

	Notes	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	5,854,892	7,637,278
Intangible assets		50,191,409	51,377,475
Goodwill	16	3,440,400	3,440,400
Deferred tax assets		15,875,728	13,708,010
Interest in an associate		8,349,309	8,722,500
Total non-current assets		83,711,738	84,885,663
<b>CURRENT ASSETS</b>			
Inventories		10,838,565	10,617,890
Trade and other receivables	17	705,605,288	437,483,838
Cash and cash equivalents		12,837,248	44,016,056
Total current assets		729,281,101	492,117,784
<b>NON-CURRENT LIABILITIES</b>			
Other loan	19	-	139,562,471
Deferred tax liabilities		7,948,123	8,101,463
Total non-current liabilities		7,948,123	147,663,934
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	290,964,862	73,641,578
Amount due to a related party		117,345	122,206
Amount due to a director		3,500,000	-
Other loans	19	194,824,000	17,083,000
Tax payables		920,253	948,586
Total current liabilities		490,326,460	91,795,370
<b>NET CURRENT ASSETS</b>		238,954,641	400,322,414
<b>NET ASSETS</b>		314,718,256	337,544,143
<b>CAPITAL AND RESERVES</b>			
Share capital	20	313,675,893	313,675,893
Reserves		1,042,363	23,868,250
		314,718,256	337,544,143

On behalf of the Board



Mr. Ross Benson  
Director



Ms. Amalisa Zhang  
Director

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital RMB	Other reserve RMB	Retained earnings/ (accumulated losses) RMB	Total RMB
Balance at 1 January 2016 (audited)	272,015,374	-	19,864,848	291,880,222
Profit for the period	-	-	2,215,377	2,215,377
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,215,377	2,215,377
Issuance of shares	41,660,519	-	-	41,660,519
Issuance of Convertible Note (note 18(a))	-	8,388,539	-	8,388,539
Transactions with owners	41,660,519	8,388,539	-	50,049,058
Balance at 30 June 2016 (unaudited)	313,675,893	8,388,539	22,080,225	344,144,657
Balance at 1 January 2017 (audited)	313,675,893	8,388,539	15,479,711	337,544,143
Loss for the period	-	-	(22,825,887)	(22,825,887)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(22,825,887)	(22,825,887)
Balance at 30 June 2017 (unaudited)	313,675,893	8,388,539	(7,346,176)	314,718,256

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	2017 RMB (unaudited)	2016 RMB (unaudited)
Net cash used in operating activities	(68,670,758)	(62,147,483)
Cash flows from investing activities		
Purchases of property, plant and equipment	(46,604)	(1,110,151)
Additions of intangible assets	(286,325)	(470,085)
Net cash used in investing activities	(332,929)	(1,580,236)
Cash flows from financing activities		
Advances from a director	3,500,000	-
Proceeds from borrowings	44,824,000	-
Repayments of borrowings	(7,083,000)	-
Interests paid	(3,091,675)	-
Proceeds from issue of ordinary shares	-	41,746,374
Share issue expenses	-	(85,855)
Net cash generated from financing activities	38,149,325	41,660,519
Net decrease in cash and cash equivalents	(30,854,362)	(22,067,200)
Cash and cash equivalents at beginning of period	44,016,056	40,910,686
Effect of exchange rate changes on cash and cash equivalents	(324,446)	112,873
Cash and cash equivalents at end of period	12,837,248	18,956,359



## 99 WUXIAN LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2017

#### 1. GENERAL

99 Wuxian Limited (the “Company”) is a limited liability company incorporated in Hong Kong. Its CHES Depositary Interests (“CDIs”) are listed on the Australian Securities Exchange (stock code: NNW). The principle place of business is located at 3F, Hong Kong Prosperity Tower, Meng Zi Rd, Huangpu District, Shanghai, 200023. The address of the registered office is located at 27/F., Alexandra House, 18 Chater Road, Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company referred as the “Group”) are investment holding and provision of financial and operational services on a mobile marketplace in the People’s Republic of China (the “PRC”).

#### 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated financial statements for the six months ended 30 June 2017 were approved and authorised by the board of directors on 30 August 2017.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the consolidated financial statement for the year ended 31 December 2016 (“2016 annual financial statements”), except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2017. Details of any changes in accounting policies are set out in note 3.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

## 99 WUXIAN LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2017

#### 2. BASIS OF PREPARATION - Continued

These condensed consolidated interim financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and should be read in conjunction with the 2016 annual financial statements.

These condensed consolidated interim financial statements are unaudited, but has been reviewed by BDO Limited 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 HKICPA. BDO Limited’s independent review report to the Board of Directors is included on page 1.

The financial information relating to the year ended 31 December 2016 that is included in these condensed consolidated interim financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the 2016 annual financial statements to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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



**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2017**

**3. CHANGES IN HKFRSs**

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	Clarification of the scope of disclosure requirements in HKFRS 12

Amendments to HKAS 7 Disclosure Initiative

Amendments to HKAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosures to be provided in the Group's annual financial statements. The Group is not required to provide the additional disclosures in these condensed consolidated interim financial statements.

Amendments to HKAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to HKAS 12 were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situation. The amendments clarify that an entity, when assessing whether taxable profit will be available against which it can utilise a deductible temporary difference, needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Amendments to HKFRS 12 Clarification of the scope of disclosure requirements in HKFRS 12

The amendments clarify that the disclosure requirements of HKFRS 12, other than for those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5.

None of the above amendments that are effective for the first time for periods beginning on or after 1 January 2017 have a material effect on these condensed consolidated interim financial statements. The Group has not applied any new HKFRSs or amendments that is not yet effective for the current accounting period.

## 99 WUXIAN LIMITED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 JUNE 2017

#### 4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial information, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2016 annual financial statements.

#### 5. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group's operating activities are attributable to a single operating segment focusing on provision of financial and operational services on a mobile marketplace in the PRC.

The Group's senior executive management monitors assets and liabilities on a consolidated basis and not by reportable segment. Accordingly, no additional information on assets and liabilities is presented.

#### 6. REVENUE

Revenue includes the net invoiced value of goods sold and commission income earned by the Group. The amounts of each significant category of revenue recognised during the period are as follows:

	2017 RMB (unaudited)	2016 RMB (unaudited)
Commission and service income	41,303,766	66,907,672
Sales of merchandise	767,446	61,627,008
	42,071,212	128,534,680
Less: business tax and relevant surcharge	(723,540)	(5,128,017)
Total	41,347,672	123,406,663



99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2017

7. OTHER REVENUE

	2017 RMB (unaudited)	2016 RMB (unaudited)
Bank interest income	41,743	15,461
Government grants*	4,605,190	2,071,179
	<u>4,646,933</u>	<u>2,086,640</u>

\* The Group received unconditional discretionary grants from the relevant PRC government authorities in support of enterprise operating in specified industry.

8. OTHER GAINS AND LOSSES, NET

	2017 RMB (unaudited)	2016 RMB (unaudited)
Exchange (losses)/gains, net	<u>(324,446)</u>	<u>112,873</u>

9. FINANCE COSTS

	2017 RMB (unaudited)	2016 RMB (unaudited)
Interest on other loans	<u>3,529,204</u>	<u>3,126,273</u>

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2017

10. (LOSS)/PROFIT BEFORE INCOME TAX

	2017 RMB (unaudited)	2016 RMB (unaudited)
Auditor's remuneration	208,301	188,034
Cost of revenue by nature:		
- Promotion and advertising expenses	167,422	8,381,166
- Marketing merchandise	685,756	58,679,839
- Bank handling charge	29,972	53,521
- Ongoing service fee	3,993	2,562,588
	<u>887,143</u>	<u>69,677,114</u>
Employee costs (including directors) comprise:		
- Contribution on defined contribution retirement plan	6,511,623	5,750,477
- Salaries and staff benefits	22,120,076	20,684,555
Operating lease charges in respect of leasehold buildings	2,561,216	2,055,276
Amortisation of intangible assets	1,472,390	1,364,335
Depreciation of property, plant and equipment	<u>1,828,990</u>	<u>1,764,326</u>

11. DIRECTORS' EMOLUMENTS

	2017 RMB (unaudited)	2016 RMB (unaudited)
Directors' fees	480,000	480,000
Salaries, bonuses, allowances and benefits	1,080,000	1,080,000
Contribution on defined contribution retirement plan	19,241	33,800
	<u>1,579,241</u>	<u>1,593,800</u>

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2017

12. INCOME TAX CREDIT/(EXPENSE)

- (a) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Company had no assessable profits for the period.
- (b) PRC Enterprise Income Tax ("EIT") is provided at the rates applicable to the subsidiaries in the PRC on the income for statutory reporting purpose, adjusted for income and expense items which are not assessable or deductible for income tax purposes based on existing PRC income tax regulations, practices and interpretations thereof. By reference to the EIT Law of the PRC as approved by the National People's Congress on 16 March 2007, EIT rate applicable to PRC group companies for the current period is 25% (2016: 25%).
- (c) Shanghai Handpal Information Technology Co., Ltd. ("Shanghai Handpal") has been accredited as a High-tech Enterprise by the Accrediting Bodies under the Administrative Measures for Determination of High and New Technology Enterprises on 24 November 2016 and is subject to preferential tax rate of 15% for three years commencing from 1 January 2016, on the condition that the annual written approval from the relevant government authorities is obtained.

Annual written approval for a year commencing from 1 January 2016 was obtained by Shanghai Handpal from government authorities on 3 April 2017. The Group was yet to obtain the annual approval for a year commencing from 1 January 2017. The Group therefore still applied the tax rate of 25% to accrue for the EIT of Shanghai Handpal for the six months ended 30 June 2017 (2016: 25%) for the preparation of this report.

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
30 JUNE 2017

13. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

(Loss)/earnings

	2017 RMB (unaudited)	2016 RMB (unaudited)
(Loss)/earnings for the purposes of basic and diluted earnings per share	<u>(22,825,887)</u>	<u>2,215,377</u>

Number of shares

	2017 (unaudited)	2016 (unaudited)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,159,682,763</u>	<u>1,143,425,929</u>

14. DIVIDEND

No dividend was paid or proposed during the six months ended 30 June 2017, nor has any dividend been proposed since the end of reporting period (2016: nil).

15. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of RMB46,604 during the six months ended 30 June 2017 (2016: RMB1,110,151) on property, plant and equipment to acquire more electronic and office equipment.

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16. GOODWILL

RMB

As at 1 January 2016 (audited), 31 December 2016 (audited) and 30 June 2017 (unaudited)	<u>3,440,400</u>
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For the purpose of impairment testing, goodwill is allocated to the cash generating unit (“CGU”) in relation to the Group’s provision of services on a mobile marketplace in the PRC.

The recoverable amount of the CGU has been determined from value in use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 5%, which does not exceed the long-term growth rate for the mobile payment industry in the PRC.

	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Discounted rate	24%	27%
Operating margin (after selling and distribution expenses and administration expenses)	4% - 31%	3% - 9%
Growth within the five-year period	5%	2%

The discount rate used is pre-tax and reflect specific risks relating to the relevant CGU. The operating margin and growth rate within the five-year period have been based on past experience.

17. TRADE AND OTHER RECEIVABLES

		30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Trade receivables	(a)	97,463,326	38,960,452
Prepayments and deposits	(b)	454,833,641	240,294,247
Other receivables		5,777,549	3,627,231
Other receivable from Shanghai Handpay Information & Technology Co., Ltd (“Handpay”)	(c)	<u>147,530,772</u>	<u>154,601,908</u>
		<u>705,605,288</u>	<u>437,483,838</u>



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17. TRADE AND OTHER RECEIVABLES - Continued

Notes:

- (a) Trade receivables arose from m-Commerce transactions and mobile marketing business.

During the period, the Group discounted part of its trade receivables with full recourse to financial institutions. In the event of default by the debtors, the Group is obliged to pay the financial institutions the amount in default. Interest is charged ranging from 12% to 18% (31 December 2016: 12% to 18%) on the proceeds received from the financial institutions until the date the debtors pay. The Group is therefore exposed to the risks of credit losses and late payment in respect of the discounted debts.

As the Group retains substantially significant risks and rewards relating to these trade receivables, it continues to recognise the full carrying amount of these trade receivables, and includes the proceeds of the discounting transactions as other loan (note 19(b)). At 30 June 2017, trade receivables of RMB36,835,387 (31 December 2016: nil) continue to be recognised in the Group's financial statements even though they have been legally transferred to the financial institutions. The carrying amount of the transferred assets and their associated liabilities approximates their fair value as at 30 June 2017 and 31 December 2016.

- (b) In 2015, the Group has entered into a binding conditional agreement (the "Ofpay Agreement") to acquire 100% equity interests in Jiangsu Ofpay E-commerce Limited ("Ofpay") from its equity holders (the "Vendors"). An initial deposit of RMB160,000,000 ("Initial Deposit") was paid and three deferred payments up to a total maximum of RMB297.4 million will be paid upon certain historical performance targets and consent from the Group being achieved (the "Conditional Deferred Payments Clause"). Up to the date of the report, no payments have been paid by the Group under the Conditional Deferred Payments Clause.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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17. TRADE AND OTHER RECEIVABLES - Continued

Notes: - Continued

(b) - Continued

As confirmed by the Group's legal advisor, the Group could not unilaterally direct the relevant activity of Ofpay as certain conditions under the Ofpay Agreement had not been fulfilled.

In December 2016, the Group has entered into a binding conditional agreement (the "Ofpay Divestment Agreement") with Ms. Amalisia Zhang ("Ms. Zhang", a director of the Company), certain independent investors (the "Investors") and the Vendors to divest 100% equity interests in Ofpay, and contract amounts of RMB200,000,000 (the "Consideration I"), RMB175,000,000 (the "Consideration II") and nil will be received from Ms. Zhang, the Investors and the Vendors respectively. Upon the completion of Ofpay Divestment Agreement, Ms. Zhang, the Investors and the Vendors would respectively hold 40%, 35% and 25% equity interests in Ofpay and the Conditional Deferred Payments Clause would be cancelled. The Consideration I from Ms. Zhang would be settled by cash of RMB20,000,000; discharge of other loan to the Company from Grand Ease Holdings Limited ("Grand Ease", a holder of the Company's CDIs and of which Ms. Zhang is a beneficial shareholder) (note 19(a)); and a loan receivable of RMB40,000,000 due from Ms. Zhang to the Company for a maximum of 3 years, which would be secured by equity interests of the Company held by Grand Ease and bear interest at the RMB deposit rate provided by China Merchants Bank, Hong Kong Branch plus 50% (the "Payment Method").

Both Ofpay Divestment Agreement and Payment Method by Ms. Zhang are subject to the approval from the shareholders of the Company (the "Shareholders' Approval"). The Shareholders' Approval has been obtained on 27 March 2017.

During the period, Consideration II was received (note 18(b)) and paid to the Vendors ("Additional Deposit") by the Group under Ofpay Divestment Agreement. As at 30 June 2017, the directors of the Company expected Initial Deposit and Additional Deposit would be utilised within twelve months and included them in current assets.

Up to the date of this report, Consideration I has not been settled and Ofpay Divestment Agreement has not been completed.

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17. TRADE AND OTHER RECEIVABLES - Continued

Notes: - Continued

- (c) Other receivable due from Handpay is mainly derived from the operation of 99wuxian.com. According to a licensing arrangement entered between the Group and Handpay in 2013 and the relevant supplementary agreements entered in 2015, during the transition period, Handpay would continue to perform all third party contracts entered into with respect to the 99wuxian.com mobile marketplace until renewal of existing contracts. Handpay continues to collect revenue and pay expenses on behalf of the Group. The amount is unsecured, interest free and repayable on demand.

Impairment on trade and other receivables

At 30 June 2017, no impairment provision was made according to the Group's assessment (31 December 2016: nil).

The management expects to collect the receivable due from Handpay and hence no provision for impairment has been made as at 30 June 2017 (31 December 2016: nil).

18. TRADE AND OTHER PAYABLES

		30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Trade payables		2,656,928	3,398,409
Accruals and other payables	(a)	12,101,123	12,596,403
Receipts in advance	(b)	276,206,811	57,646,766
		<u>290,964,862</u>	<u>73,641,578</u>

Notes:

- (a) The Group is in progress to finalise certain tax treatment in relation to Value-added Tax ("VAT") filing with relevant tax authority in the PRC. In the opinion of the management, there is possibility that VAT of RMB16,217,421 may be reversed.
- (b) Receipts in advance included Consideration II received from the Investors in accordance with Ofpay Divestment Agreement (note 17(b)).



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19. OTHER LOANS

	Notes	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
<b>Non-current</b>			
Other loan from a shareholder	(a)	-	139,562,471
<b>Current</b>			
Other loan from a shareholder	(a)	140,000,000	-
Other loans from financial institutions	(b)	54,824,000	17,083,000
<b>Total borrowings</b>		<u>194,824,000</u>	<u>156,645,471</u>

The Group's other loans are denominated in RMB and repayable as follows:

	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Within one year or on demand	194,824,000	17,083,000
In the second year	-	-
In the third to fifth year	-	139,562,471
	<u>194,824,000</u>	<u>156,645,471</u>

Notes:

- (a) On 17 March 2016, all conditions precedent under a convertible note agreement ("CN Agreement") entered into between the Company and Grand Ease have been agreed. Pursuant to the CN Agreement, the Company issued to Grand Ease a 3-year convertible note ("Convertible Note") with a principal amount of RMB140,000,000 at a coupon rate of 7%. At the sole discretion of the Company, the Convertible Note can be early settled by a combination of paying cash or issuance of the Company's CDIs at an initial conversion price of RMB0.6563 per CDI (subject to adjustment), subject to the completion of acquisition of Ofpay (the "Conversion Clause").

On initial recognition, the fair value of other loan is determined by the directors of the Company with reference to the valuation performed by a firm of independent professional valuers using discount cash flow method. The difference of RMB8,388,539 between the cash consideration received for Convertible Note and the fair value of other loan was accounted as capital contribution in equity.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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19. OTHER LOANS - Continued

Notes: - Continued

(a) - Continued

On 5 May 2016, a supplementary agreement has been entered and Grand Ease agreed to exempt the Company from the obligation to pay interest for the Convertible Note for the period from 17 March 2016 to 31 December 2016. The effective interest rate on other loan adjusted from 9.5% to 7.2% accordingly.

On 27 March 2017, Conversion Clause was extinguished and the Convertible Note became interest-free upon the commencement of Ofpay Divestment Agreement.

As at 30 June 2017, the directors of the Company expected other loan from a shareholder would be discharged within twelve months and included it in current liabilities.

During the six months ended 30 June 2017, interest expense in total of RMB437,529 (2016: RMB3,126,273) was amortised as finance costs.

(b) Other loans from financial institutions represent the amounts of financing obtained in factoring transactions on the Group's trade receivables with full recourse (note 17(a)).

20. SHARE CAPITAL

	Number of ordinary shares	RMB
<b>Issued:</b>		
<b>Fully paid up</b>		
At 1 January 2016 (audited)	1,070,024,045	272,015,374
Placing of new shares	<u>89,658,718</u>	<u>41,660,519</u>
At 31 December 2016 (audited) and 30 June 2017 (unaudited)	<u>1,159,682,763</u>	<u>313,675,893</u>

On 3 February 2016, the Company issued 89,658,618 ordinary shares at a price of Australian Dollars ("A\$") 0.1 per share.

On 4 April 2016, the Company issued 100 ordinary shares at a price of A\$0.1 per share.

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21. OPERATING LEASE COMMITMENT

At the end of the period, the total future minimum lease payments under non-cancellable operating leases are payable by the Group as follows:

*As a lessee*

	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Within one year	4,878,248	5,144,738
In the second to fifth years, inclusive	9,653,761	12,069,668
	<u>14,532,009</u>	<u>17,214,406</u>

22. CAPITAL COMMITMENT

At the end of the period, the Group had the following capital commitments:

	30 June 2017 RMB (unaudited)	31 December 2016 RMB (audited)
Contracted but not provided for property, plant and equipment	<u>769,368</u>	<u>-</u>

23. CONTINGENT LIABILITIES

As at 31 December 2016, corporate financial guarantees are given by the Group in respect of certain bank borrowing amounting to RMB12,000,000 of Ofpay. The fair value of this financial guarantee contract of the Group is insignificant and the directors of the Company consider that the possibility of default of the parties involved is remote; accordingly, no value has been recognised at the inception of this guarantee contract and at 31 December 2016. The Group did not give any corporate financial guarantee as at 30 June 2017.

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24. RELATED PARTY TRANSACTIONS

Transaction 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 disclosed in note 11 to the financial statements.

Transaction with other party

In addition to the transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following material related party transactions:

		2017 RMB (unaudited)	2016 RMB (unaudited)
Investorlink Corporate Limited	Professional		
("Investorlink Corporate")	services fees	279,870	1,310,557

Mr. Ross Benson, director and key management personnel of the Company, is associated with Investorlink Securities Limited ("Investorlink Securities"), Investorlink Corporate and Investorlink Group Limited ("Investorlink Group").

Investorlink Group and Investorlink Securities are the shareholders of the Company.