WONHE MULTIMEDIA COMMERCE LIMITED
AND ITS CONTROLLED ENTITIES

ABN 71 607 288 755

Financial Report for the Year Ended 31 December 2018

Table of Contents

DIRECTORS' REPORT ... 1
AUDITOR'S INDEPENDENCE DECLARATION ... 15
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ... 16
CONSOLIDATED STATEMENT OF FINANCIAL POSITION ... 17
CONSOLIDATE STATEMENT OF CHANGES IN EQUITY ... 18
CONSOLIDATED STATEMENT OF CASH FLOWS ... 19
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT ... 20
DIRECTORS' DECLARATION ... 41
INDEPENDENT AUDIT REPORT ... 42
SHAREHOLDER INFORMATION ... 46
CORPORATE DIRECTORY ... 48

The Directors of Wonhe Multimedia Commerce Limited (the "Company") submit herewith the Financial Report on the Company and its controlled entities (the "Group") for the financial year ended 31 December 2018.

To comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

Details of the Directors of the Company in office at the date of this report are:

Mr Qianfeng Lin	Non-Executive Chairman
Experience and qualifications	Mr Qianfeng Lin has been a non-Executive Director of the Company since 21 December 2018. Mr Qianfeng Lin holds the chairman position within the WONHE group of companies since 1 March 2019. Mr Qianfeng Lin holds an EMBA from Fudan University in China and has over 10 years of experience in the field of high-tech and new materials (e.g. graphite materials). Mr Qianfeng Lin has worked across a number if organisations in key operational and research and development roles and has accumulated numerous resources in technology, marketing, government relations and funds. Mr Qianfeng Lin brings with him diverse experience in business as well as research and development in the field of high-tech and new materials.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	None
Mr Qing Tong	Executive Director
Experience and qualifications	Mr Qing Tong holds a Bachelor of Arts from Hubei University. Mr Qing Tong acted as the Marketing Director of Zhongshan Cordyceps Products Co., Ltd from 1996 to April 1998, and served as the Manager of Guangdong Xingbao Group from October 1998 to June 2000. Mr Qing Tong has acted as the Director of Wonhe International Holdings Group Co. Ltd and overseen its international venture capital investment from August 2000 to June 2010, and has served as a Director of Shenzhen WONHE since January 2011. Mr Qing Tong has a wealth of practical experience in capital investment and capital raising, enterprise management, marketing and team-building.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	35,402,400 ordinary shares. *Mr Qing Tong holds 100% of the shares of Wonhe International Holdings Group Co. Ltd which holds 33,750,000 ordinary shares in the Company. Mr Qing Tong also holds 1,500,000 shares in WONHE High-Tech International Inc. (being a 2.04% of the issued share capital of WONHE High-Tech International Inc.). World Win International Holding Ltd, which holds shares in the Company, is a wholly owned subsidiary of WONHE High-Tech International. Therefore, Mr Qing Tong holds an indirect interest in 1,652,400 shares in the Company that are held by World Win*.

Mr Nanfang Tong	Executive Director
Experience and qualifications	Mr Nanfang Tong is the Chief Executive Officer of the WONHE Group's operating company, Shenzhen WONHE. Mr Nanfang Tong holds a Bachelor Degree with an Applied Electronics major from Huazhong Technology University. From 2004 to 2009, Mr Nanfang Tong held the postion of General Manager in Zhongshanyinli Auto Equipment Co, a major supplier of automatic teller machines to banks. From 2009 to 2010, Mr Tong held the position of Administrative Assistant General Manager at Zhongshanyinli Auto Equipment Co. Mr Nanfang Tong has also acted as Technical Manager, Service Manager, Sales Director and General Manager of several information technology companies in the PRC. Mr Nanfang Tong has a deep understanding of computer technology and enterprise management and has a strong sense of innovation, profound insight and decisive decision-making ability.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	1,830,600 ordinary shares *Mr Nanfang Tong holds 1,659,369 shares in WONHE High-Tech International Inc. (being 2.26% of the issued share capital of WONHE High-Tech International). World Win, which holds shares in the Company, is a wholly owned subsidiary of WONHE High-Tech International. Therefore, Mr Nanfang Tong holds an indirect interest in 1,830,600 shares in the Company that are held by World Win*.
Mr Jun Li	Non-Executive Director
Experience and qualifications:	Mr Jun Li graduated from Shanxi Normal University with a Bachelor Degree in Foreign Languages before obtaining a Master's Degree in International Business Finance from Touro College, New York. Mr Li served as a principal staff member at the Bank of China's International Settlement Division and a Deputy General Manager of the International Business Department of Shenzhen CITIC Industrial Bank before moving to Singapore to serve as general manager of Turus Jaya Resources Pte Ltd and Refco (Singapore) Pte Ltd, where he supervised commodity financing. After serving as President of Compo International Inc, where he developed export strategy techniques, he joined Moneylink Inc, where he negotiated investment of mezzanine funds in Chinese real-estate projects. Mr Li has previously participated in Initial Public Offerings of Chinese companies in the United States and has considerable experience in cross-border finance, international marketing and project management.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	None

Mr Raymond Lim	Non-Executive Director
Experience and qualifications:	Mr Raymond Lim is an Australian based Non-Executive Director. Raymond holds qualifications in Accounting, Finance and Law and holds dual qualifications as a Chartered Accountant and solicitor. Raymond is a Chartered Tax Adviser of the Taxation Institute of Australia, a member of the Law Society's Elder Law and Succession Committee, Institute of Chartered Accountants and a full member of the Society of Trust and Estate Practitioners. Raymond also holds a diploma in Chinese Law and Mandarin, Cantonese and Hokkien.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in Shares and options	10,000 ordinary shares
Mr Xinming Xu	Non-Executive Director
Experience and qualifications:	Mr Xinming Xu, based in Australia, has been a non-Executive Director of the Company since 1 September 2018 since Mr Frank Cannavo resignation on the same date. Mr Xu holds a Master of International Business at the University of Melbourne and Bachelor of Engineering at Beijing Union University. Mr Xu is currently Vice President of the Australia China Agribusiness Association and has previously held management and executive roles with Cadbury China, Foster's Brewing International, RIFA Group, CLS-GTech and Reckitt Benckiser China. Mr Xu brings board commercial experience to the Company with 26 years' experience working with Chinese and Australian firms.
Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	None

Company Secretaries

Mr Xinming Xu	Company Secretary
Experience and qualifications:	Mr Xinming Xu is the Non-Executive Director based in Australia, and has been the company secretary of the Company since 30 October 2018 after the resignation of Justyn Stedwell on the same date. Mr Xu holds a Master of International Business at the University of Melbourne and Bachelor of Engineering at Beijing Union University. Mr Xu is currently Vice President of the Australia China Agribusiness Association and has previously held management and executive roles with Cadbury China, Foster's Brewing International, RIFA Group, CLS-GTech and Reckitt Benckiser China. Mr Xu brings board commercial experience to the Company with 26 years' experience working with Chinese and Australian firms.

Other Directorships in listed entities:	None
Former Directorships in listed entities in last 3 years:	None
Interests in shares and options	None

Meeting of Directors

The following table sets out the number of meetings of the Company's Directors during the year ended 31 December 2018 and the number of meetings attended by each Director.

DIRECTOR		BOARD MEETING	
		Held	Attended
Mr Qing Tong		3	3
Mr Nanfang Tong		3	3
Mr Jun Li		3	1
Mr Raymond Lim		3	3
Mr Francesco Cannavo	Resigned on 1 September 2018	3	2
Mr Xinming Xu	Appointed on1 September 2018	3	0
Mr Qianfeng Lin	Appointed on 21 December 2018	3	0

Principal Activities

Wonhe Multimedia Commerce Ltd was incorporated 27 July 2015. In August 2015, through a Share Sale Agreement with World Win International Holding Ltd ("World Win"), the Company acquired 100% of the shares in Kuayu International Holdings Group Ltd ("Kuayu"), a company incorporated in Hong Kong and which owns and operates the WONHE business in China via its Chinese subsidiaries.

The WONHE operating subsidiary company is Shenzhen WONHE Technology Co., Ltd ("Shenzhen WONHE"), a company incorporated in China. Shenzhen WONHE derives revenues from the sale of the Commercial Routers, Set-top Boxes and Advertising Screens. Shenzhen WONHE also owns the user data that is compiled and aggregated from its Commercial Routers.

The WONHE business operates solely within the People's Republic of China.

Operating Results and Financial Position

During the period the Group made a profit of $6.426 million (2017: $5.892 million) after a tax expense of $2.256 million (2017: $2.637 million). The result for the previous year includes a finance charge of $4.166 million arising from the discounting for risk factors of the loan to Guangdong Kesheng Enterprise Co., Ltd. This loan was sold during the previous year for $22.879 million.

As a result of operations, the Group's net assets have increased to $73.182 million (2017: $63.743 million). Current assets increased to $87.596 million (2017: $77.767 million), with gross assets increasing to $89.412 million (2017: 79.668 million). The Group used $32.864 million in cash from operations (2017: generated $11.640 million), with cash and cash equivalents decreasing in total during the year to $41.392 million (2017: increasing to $70.468 million).

Dividends

No dividend for the 2018 financial results has been proposed or paid.

Significant Change in State of Affairs

There were no other significant changes in the state of affairs of the Group during the financial year.

After Balance Date Events

The Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Future Developments

The Group's strategic focus remains:

- The Expansion Production of Star Products

  Combined with the required information of product sales and market feedback in 2018, the Group will expand the production of the products with higher sales and better evaluation, including router product AV-500, set-top box products PC-STB, advertising screen and other new products such as set-top box products TX1 and W1. The Group will use the product development and enhancement to expand its market share with high quality products, in order to achieve the business objectives in the coming year;

- The Update and Replacement of the Existing Products

  Due to the continued technical renovation of electronic products and market feedback, the company phased out the production of YLT-100S products in April 2018 and YLT-300S products in January 2019, enabling focus on the Star products.

- The Outstanding Increase of Research and Development Investment

  The Group plans to continue to increase research and development investment and strengthen its research and development activities in the year of 2019. The Group will expand the product types, the specific research and development projects are as follows:

  - home micro terminal server,
  - integrated personal tablets,
  - car wireless router, etc.,

  The Group will expand the business through research and development and through diversified products. The Group will also improve the competitiveness and expand market share through effective product development;

- Strong New Product Launch

  Based on feedback received from the Market Research Report, the Group will develop a smart cloud WIFI router, which has a network HD output interface function, whilst supporting Android Player with 3D Blu-ray Decoding. This will make the products the choice of users who like the blue-ray 3D and pursue the stereoscopic vision.

- Positive Expansion of Sales Channels

  In 2019, the Group will increase the marketing activities of new products to expand its product sales channels and form a nationwide sales agent network taking Guangdong as the centre. This will promote the Group as a nationwide entity enabling promotion of its products throughout the country. The Group will focus on high-quality products and diversified services and promote the Group as a supplier of high quality products, increasing the Group's brand identity to win more customer trust, improve the competitiveness of new products, increase market penetration, and, by extension, sales revenue.

Business Risk

The material risks faced by the Group that are likely to influence the financial prospects of the Group, and how the Group manages these risks include: -

1. Economic Conditions

   The Group's revenues may be negatively influenced by changes in regional or local economic variables and consumer confidence in China. Unemployment rates, levels of personal disposable income and regional or local economic conditions may adversely affect consumer spending, decreasing demand for the WONHE products. Based on the views of prominent economic commentators, the Directors do not anticipate any significant slowdown in the current market economies but are continuing to investigate the potential of the Group to expand sales into emerging economies and to diversify into other products.

2. Technological Obsolescence

   Given the rapidly changing environment in which the Group operates, this could have an impact on the Group's financial results. The Group addresses this risk through investment in research and development and by constantly monitoring market trends and developments. With competitors constantly seeking to enter the market with improved designs, this risk is likely to increase in the future.

3. The Company is exposed to various economic, environmental and social sustainability risks. The Company has adopted a Risk Management Policy to assist with management of these risks, which is available on the Company's website.

Indemnity and Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the directors and officers of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and Insurance of Auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Environmental Regulations

The operations of the Group in Australia and PRC are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia or PRC.

Shares under Option or Issued on Exercise of Options

The Company has no shares under option. No shares were issued during the year upon the exercise of options.

Proceedings on Behalf of the Company

No person has applied for leave of the Court under Section 327 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any proceedings during the year.

REMUNERATION REPORT (AUDITED)

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

A. Principles Used to Determine the Nature and Amount of Remuneration

The performance of the Group depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives. To that end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Focus on creating sustained shareholder value;
- Placing a portion of executive remuneration at risk, dependent upon meeting predetermined performance benchmarks; and
- Differentiation of individual rewards commensurate with contribution to overall results and according to individual accountability, performance and potential.

The Board's policy for determining the nature and amount of remuneration for Key Management Personnel ("KMP") for the Group is based on the following: -

- The remuneration policy is to be developed and approved by the Board after professional advice is sought from independent external consultants (where applicable).
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.

- Performance incentives (in the form of a cash bonus) are generally only paid once predetermined key performance indicators (KPIs) have been met.
- No share based/options incentives are offered to KMP.
- The Board, which also serves as the remuneration committee, reviews the remuneration packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

All remuneration paid to KMP is valued at the cost to the Group and expensed.

KMP or closely related parties of KMP are prohibited from entering hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration. In addition, the Board's remuneration policy prohibits Directors and KMP from using the company's shares as collateral in any financial transaction.

Engagement of remuneration consultants

During the year, the Company did not engage any remuneration consultants.

Remuneration Structure

The structure of Non-Executive Director, Executive Director and Senior Manager remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders.

Each Director receives a fee for being a Director of the Company.

Senior Management and Executive Director Remuneration

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company to:

- Reward Executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of Executives with those of shareholders;
- Link reward with the strategic goals and performance of the Company;
- Ensure total remuneration is competitive by market standards; and
- Executive remuneration is designed to support the Company's reward philosophies and to underpin the Company's growth strategy. The program comprises the following available components:
  - Fixed remuneration component
  - Variable remuneration component including cash bonuses paid.

Fixed Remuneration

The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The fixed (primary) remuneration is provided in cash.

Variable Remuneration

The Group does not offer any variable remuneration or short-term incentives.

B. Details of Remuneration

Details of the remuneration of the Directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Group) are set out in the following tables.

Key Management Personnel - Directors and Executives

The key management personnel ("KMP") of the Group consisted of the following Directors and executives:

Non-Executive Directors	***Position***
Jun Li	Non-Executive Director
Raymond Lim	Non-Executive Director
Xinming Xu	Non-Executive Director
Qianfeng Lin	Non-Executive Chairman
Executive Directors	
Qing Tong	Executive Director
Nanfang Tong	Executive Director
Executives	
Xinming Xu	Company Secretary
Jingwu Li	Chief Financial Officer
Gang Xiong	Chief Technology Officer
Jianbo Qiu	Customer Service Manager
Fen Chen	Finance Manager

Key Management Personnel – Service Agreements

Qing Tong and Nanfang Tong

The key terms of Mr Qing Tong's and Mr Nanfang Tong's Employment Agreements with Shenzhen WONHE are the same, and the key terms are as follows:

- Both shall be employed for a 36-month term from 1 November 2016;
- Mr Tong's working hours shall be eight hours per day, five days a week, and shall be entitled to holidays and leave as stipulated by the PRC labour department;
- Mr Nanfang Tong shall be paid a basic salary of RMB13,000 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- Mr Qing Tong shall be paid a basic salary of RMB15,000 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- The agreement shall be terminated by mutual consent;
- Mr Tong shall also be entitled to terminate the agreement in the case of failure of Shenzhen WONHE to pay Mr Tong's salary in a timely manner, failure by Shenzhen WONHE to comply with applicable laws or in other circumstances contemplated by related laws, administrative rules and regulations;
- Shenzhen WONHE may terminate the agreement immediately if Mr Tong seriously violates rules and regulations, seriously neglects his duties or engages in graft, engages in work with another employer which detrimentally impacts his work performance with Shenzhen WONHE or Mr Tong is charged with a criminal offence;
- Shenzhen WONHE may terminate the agreement with 30 days' notice if Mr Tong is seriously sick or injured (such injury being sustained outside of his employment duties) which adversely affects his ability to perform his role, Shenzhen WONHE needs to lay off more than 20 employees, or the basis for the contract has greatly changed such that the contract can no longer be carried out;
- If a dispute occurs, it shall be resolved through consultation, or, failing this, shall be mediated through the Labour Union, Committee of Labour or Labour Dispute Arbitration Committee.

Fen Chen

The key terms of Ms Chen's Employment Agreement with Shenzhen WONHE are as follows: -

- Ms Chen shall be employed for a 36-month term from 4 November 2017;
- Ms Chen's working hours shall be eight hours per day, five days a week, and shall be entitled to statutory holidays, marriage leave, maternity leave, funeral leave and such leave as stipulated by the PRC labour department;
- Ms Chen shall be paid a basic salary of RMB3,300 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- The agreement shall be terminated by mutual consent;

- Ms Chen shall also be entitled to terminate the agreement in the case of failure of Shenzhen WONHE to pay Ms Chen's salary in a timely manner, failure by Shenzhen WONHE to comply with applicable laws or in other circumstances contemplated by related laws, administrative rules and regulations;
- Shenzhen WONHE may terminate the agreement immediately if Ms Chen seriously violates rules and regulations, seriously neglects his duties or engages in graft, engages in work with another employer which detrimentally impacts his work performance with Shenzhen WONHE or Ms Chen is charged with a criminal offence;
- Shenzhen WONHE may terminate the agreement with 30 days' notice if Ms Chen is seriously sick or injured (such injury being sustained outside of his employment duties) which adversely affects his ability to perform his role, Shenzhen WONHE needs to lay off more than 20 employees, or the basis for the contract has greatly changed such that the contract can no longer be carried out;
- If a dispute occurs, it shall be resolved through consultation, or, failing this, shall be mediated through the Labour Union, Committee of Labour or Labour Dispute Arbitration Committee.

Gang Xiong

The key terms of Gang Xiong's Employment Agreements with Shenzhen WONHE are as follows: -

- Mr Xiong shall be employed for a 36-month term from 28 April 2018;
- Mr Xiong's working hours shall be eight hours per day, five days a week, and shall be entitled to statutory holidays, marriage leave, maternity leave, funeral leave and such leave as stipulated by the PRC labour department;
- Mr Xiong shall be paid a basic salary of RMB7,000 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- The agreement shall be terminated by mutual consent;
- Mr Xiong shall also be entitled to terminate the agreement in the case of failure of Shenzhen WONHE to pay Mr Xiong's salary in a timely manner, failure by Shenzhen WONHE to comply with applicable laws or in other circumstances contemplated by related laws, administrative rules and regulations;
- Shenzhen WONHE may terminate the agreement immediately if Mr Xiong seriously violates rules and regulations, seriously neglects his duties or engages in graft, engages in work with another employer which detrimentally impacts his work performance with Shenzhen WONHE or Mr Xiong is charged with a criminal offence;
- Shenzhen WONHE may terminate the agreement with 30 days' notice if Mr Xiong is seriously sick or injured (such injury being sustained outside of his employment duties) which adversely affects his ability to perform his role, Shenzhen WONHE needs to lay off more than 20 employees, or the basis for the contract has greatly changed such that the contract can no longer be carried out;
- If a dispute occurs, it shall be resolved through consultation, or, failing this, shall be mediated through the Labour Union, Committee of Labour or Labour Dispute Arbitration Committee.

Jianbo Qiu

The key terms of Jianbo Qiu's Employment Agreements with Shenzhen WONHE are as follows: -

- Mr Qiu shall be employed for a 36-month term from 14 May 2018;
- Mr Qiu's working hours shall be eight hours per day, five days a week, and shall be entitled to statutory holidays, marriage leave, maternity leave, funeral leave and such leave as stipulated by the PRC labour department;
- Mr Qiu shall be paid a basic salary of RMB4,700 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- The agreement shall be terminated by mutual consent;
- Mr Qiu shall also be entitled to terminate the agreement in the case of failure of Shenzhen WONHE to pay Mr Qiu's salary in a timely manner, failure by Shenzhen WONHE to comply with applicable laws or in other circumstances contemplated by related laws, administrative rules and regulations;
- Shenzhen WONHE may terminate the agreement immediately if Mr Qiu seriously violates rules and regulations, seriously neglects his duties or engages in graft, engages in work with another employer which detrimentally impacts his work performance with Shenzhen WONHE or Mr Qiu is charged with a criminal offence;
- Shenzhen WONHE may terminate the agreement with 30 days' notice if Mr Qiu is seriously sick or injured (such injury being sustained outside of his employment duties) which adversely affects his ability to perform

his role, Shenzhen WONHE needs to lay off more than 20 employees, or the basis for the contract has greatly changed such that the contract can no longer be carried out;

- If a dispute occurs, it shall be resolved through consultation, or, failing this, shall be mediated through the Labour Union, Committee of Labour or Labour Dispute Arbitration Committee.

Jingwu Li

The key terms of Jingwu Li's Employment Agreements with Shenzhen WONHE are as follows: -

- Mr Li shall be employed for a 36-month term from 1 May 2018;
- Mr Li's working hours shall be eight hours per day, five days a week, and shall be entitled to statutory holidays, marriage leave, maternity leave, funeral leave and such leave as stipulated by the PRC labour department;
- Mr Li shall be paid a basic salary of RMB7,000 per month and also be entitled to annual increases, performance payments, social security premiums, medical benefits and year-end bonuses;
- The agreement shall be terminated by mutual consent;
- Mr Li shall also be entitled to terminate the agreement in the case of failure of Shenzhen WONHE to pay Mr Li's salary in a timely manner, failure by Shenzhen WONHE to comply with applicable laws or in other circumstances contemplated by related laws, administrative rules and regulations;
- Shenzhen WONHE may terminate the agreement immediately if Mr Li seriously violates rules and regulations, seriously neglects his duties or engages in graft, engages in work with another employer which detrimentally impacts his work performance with Shenzhen WONHE or Mr Li is charged with a criminal offence;
- Shenzhen WONHE may terminate the agreement with 30 days' notice if Mr Li is seriously sick or injured (such injury being sustained outside of his employment duties) which adversely affects his ability to perform his role, Shenzhen WONHE needs to lay off more than 20 employees, or the basis for the contract has greatly changed such that the contract can no longer be carried out;
- If a dispute occurs, it shall be resolved through consultation, or, failing this, shall be mediated through the Labour Union, Committee of Labour or Labour Dispute Arbitration Committee.

Directors Service Agreement – Qing Tong and Nanfang Tong
The Company has entered into a Directors' Service Agreement with both Qing Tong and Nanfang Tong. Pursuant to such agreement, Qing Tong shall be entitled to directors' fees of $1 per annum as both are already employed by Shenzhen WONHE.

Directors Service Agreement – Raymond Lim and Jun Li
The Company has entered into a Directors' Service Agreement with each of the named directors on 5 August 2015. Pursuant to such agreement, each of the named directors shall be entitled to directors' fees of $40,000 plus superannuation per annum. During the current year, Mr Li received RMB200,000 payments from the Group. Mr Lim invoiced his fees to the Company, including additional fees for consulting services where appropriate.

Directors Service Agreement – Xinming Xu
The Company has entered into a Directors' Service Agreement with Xinming Xu on 27 August 2018. Pursuant to such agreement, Mr Xu shall be entitled to directors' fees of $15,000 including superannuation per annum. During the current year, Mr Xu invoiced his fees to the Company, including additional fees for consulting services where appropriate.

Directors Service Agreement – Qianfeng Lin
The Company has entered into a Directors' Service Agreement with Qianfeng Lin on 19 December 2018. Pursuant to such agreement, Mr Lin shall be entitled to directors' fees of $40,000 including superannuation per annum. During the current year, Mr Lin received no payments from the Group.

Secretary Service Agreement – Xinming Xu
The Company has entered into a Secretary Service Agreement with Xinming Xu on 17 October 2018. Pursuant to such agreement, Mr Xu shall be entitled to secretary fees of $1,000 per month. During the current year, Mr Xu invoiced his fees to the Company, including additional fees for consulting services where appropriate.

Details of Remuneration for the Year ended 31 December 2018

The individual remuneration for key management personnel of the Group receiving the highest remuneration during the year was as follows:

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT	TOTAL
	Cash Salary and Fees $	Leave provision $	Cash Bonus	Superannuation Contributions $	$
Non–Executive Directors					
Jun Li*	41,260	-	-	-	41,260
Frank Cannavo	29,200	-	-	-	29,200
Raymond Lim	43,800	-	-	-	43,800
Xinming Xu	5,000	-	-	-	5,000
Qianfeng Lin	-	-	-	-	-
Sub-Total	**119,260**	**-**	**-**	**-**	**119,260**
Executive Directors					
Qing Tong *	52,165	-	-	-	52,165
Nanfang Tong *	56,885	-	-	-	56,885
Sub-Total	**109,050**	**-**	**-**	**-**	**109,050**
Other KMP					
Justyn Stedwell	29,952	-	-	-	29,952
Jingwu Li *	23,456	-	-	-	23,456
Gang Xiong *	32,466	-	-	-	32,466
Jianbo Qiu *	24,441	-	-	-	24,441
Fen Chen *	30,592	-	-	-	30,592
Sub-Total	**140,907**	**-**	**-**	**-**	**140,907**
Total	**369,217**	**-**	**-**	**-**	**369,217**

** Amounts paid in RMB, and translated at average rates for the year*

Details of Remuneration for the Period ended 31 December 2017

The individual remuneration for key management personnel of the Group receiving the highest remuneration during the year was as follows:

	SHORT TERM EMPLOYMENT BENEFITS			POST EMPLOYMENT	TOTAL
	Cash Salary and Fees $	Leave provision $	Cash Bonus	Superannuation Contributions $	$
Non–Executive Directors					
Jun Li	39,380	-	-	-	39,380
Frank Cannavo	43,800	-	-	-	43,800
Raymond Lim	43,800	-	-	-	43,800
Sub-Total	**126,980**	**-**	**-**	**-**	**126,980**
Executive Directors					
Qing Tong *	48,831	-	-	-	48,831
Nanfang Tong *	43,259	-	-	-	43,259
Sub-Total	**92,090**	**-**	**-**	**-**	**92,090**
Other KMP					
Justyn Stedwell	33,000	-	-	-	33,000
Jingwu Li *	20,123	-	-	-	20,123
Gang Xiong *	24,688	-	-	-	24,688
Jianbo Qiu *	17,347	-	-	-	17,347
Fen Chen *	18,515	-	-	-	18,515
Sub-Total	**113,674**	**-**	**-**	**-**	**113,674**
Total	**332,744**	**-**	**-**	**-**	**332,744**

** Amounts paid in RMB, and translated at average rates for the year*

Bonuses included in remuneration

No bonuses or performance related payments were made during 2018 and 2017.

C. Share Based Compensation

No new shares or options were issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2018 (2017: Nil).

There was no share-based payments as part of remuneration during the year ended 31 December 2018 (2017: Nil).

D. Additional Information

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The chosen method to achieve this aim is being a performance-based bonus based on KPIs. The Company believes this policy will be effective in increasing shareholder wealth. The earnings of the Group for the reporting periods to 31 December 2018 are summarised below, along with details that are considered to be factors in shareholder returns:

	2018 $000	**2017 $000**	**2016 $000**
Revenue	83,516	77,448	66,775
Net profit after tax	6,426	5,892	8,191
Share price at period end $	$0.02	$0.17	$0.15
Dividend - Interim (cents per share)	Nil	Nil	0.4857
Dividend – Final (cents per share)	Nil	Nil	0.5882

E. Additional Information in relation to key management personnel shareholdings

Ordinary shares held in Wonhe Multimedia Commerce Limited (number)

	Balance 1 January 2018	**Issued as Remuneration**	**Share buy back**	**Other changes**	**Balance 31 December 2018**
Directors					
Jun Li	-	-	-	-	-
Raymond Lim	10,000	-	-	-	10,000
Xinming Xu	-	-	-	-	-
Qianfeng Lin	-	-	-	-	-
Qing Tong (1)	35,402,400	-	-	-	35,402,400
Nanfang Tong (2)	1,830,600	-	-	-	1,830,600
Other KMP					
Jingwu Li (3)	2,203,200	-	-	-	2,203,200
Gang Xiong	-	-	-	10,000	10,000
Jianbo Qiu	-	-	-	-	-
Fen Chen	-	-	-	10,000	10,000
	39,446,200	-	-	-	39,466,200

(1) *Mr Qing Tong holds 100% of the shares of Wonhe International Holdings Group Co. Ltd which holds 33,750,000 ordinary shares in the Company.*

Mr Qing Tong also holds 1,500,000 shares in WONHE High-Tech International (being a 2.04% of the issued share capital of WONHE High-Tech International). World Win, which holds shares in the Company, is a wholly owned subsidiary of WONHE High-Tech International. Therefore, Mr Qing Tong holds an indirect interest in 1,652,400 shares in the Company that are held by World Win.

(2) *Mr Nanfang Tong holds 1,659,369 shares in WONHE High-Tech International (being 2.26% of the issued share capital of WONHE High-Tech International). World Win, which holds shares in the Company, is a wholly owned subsidiary of WONHE High-Tech International. Therefore, Mr Nanfang Tong holds an indirect interest in 1,830,600 shares in the Company that are held by World Win*.

(3) *Mr Jingwu Li holds 2,000,000 shares in WONHE High-Tech International (being 2.72% of the issued share capital of WONHE High-Tech International). World Win, which holds shares in the Company, is a wholly owned subsidiary of WONHE High-Tech International. Therefore, Mr Jingwu Li holds an indirect interest in 2,203,200 shares in the Company that are held by World Win*.

F. Loans From KMP

Loans provided by Wonhe International Holding Co., Ltd, an entity owned 100% by Mr Qing Tong and by Mr Qing Tong personally amounted to $680k (2017: $681k).

	31 December 2018 $000	**31 December 2017 $000**	**31 December 2016 $000**
Opening balance	681	676	330
Loans advance	-	-	349
Loans repaid	-	-	-
Interest charged	-	-	-
Foreign exchange variance	(1)	5	(3)
Balance at the end of the period	680	681	676

The loan is repayable at call and interest free. Mr Qing Tong provided RMB1,606,000 directly, equivalent to $330,807 at 31 December 2018. $349,000 was advanced by Wonhe International Holding Co., Ltd during the 2016 financial year.

This concludes the remuneration report, which has been audited.

Non-Audit Services

During the year INP Sydney, the Company's auditor, has provided no other services in addition to their statutory duties. The Directors are satisfied that the engagement with INP Sydney has met the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable are as follows:

	2018 $	2017 $
Auditors of the parent entity:		
Auditing the financial report – INP Sydney	**42,060**	40,000
Non-audit services – INP Services	**-**	-
	42,060	40,000

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included at page 15 of the Financial Report.

Auditor

INP Sydney continues in accordance with section 327 of the *Corporations Act 2001*. There are no officers of the Company who are former audit partners of INP Sydney. INP Sydney was appointed as auditor after a resolution made at a General Meeting of the Company on 15 August 2017 in accordance with Section 329 of the Corporations Act.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191. The company is an entity to which the Class Order applies. Amounts in the directors' report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support the principles of Corporate Governance. The Group continued to follow best practice recommendations as set out by the ASX Corporate Governance Council. Where the Group has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement. The Company's Corporate Governance statement is available on the Company's website at www.wonhe.com.au/investor.php.

Signed in accordance with a resolution of the Directors made pursuant to s.298 (2) of the *Corporations Act 2001*.

On behalf of the Directors

林前锋

Qianfeng Lin
Director
1 April 2019

Melbourne - Sydney - Adelaide

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

INP Sydney
Suite 1204, 227 Elizabeth Street, Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of WONHE Multimedia Commerce Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2018, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WONHE Multimedia Commerce Limited and to the entities it controlled during the year.

INP Sydney

Christopher Wong
Partner

1st April 2019

Sydney NSW 2000

WONHE MULTIMEDIA COMMERCE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $000	2017 $000
Continuing Operations			
Revenue from Sale of Goods	**4**	**83,204**	76,070
Finance revenue	**4**	**312**	1,378
		83,516	77,448
Expenses			
Cost of goods sold		**(55,545)**	(51,967)
Research and development expenses		**(8,567)**	(5,874)
Directors' expenses and fees		**(78)**	(88)
Depreciation of property, plant and equipment		**(147)**	(138)
Selling expenses		**(9,024)**	(5,610)
General and administrative expenses		**(1,473)**	(1,076)
Finance cost		**-**	(4,166)
Profit before income tax	**5**	**8,682**	8,529
Income tax expense	**6**	**(2,256)**	(2,637)
Net Profit		**6,426**	5,892
Other Comprehensive income / (loss)			
Items that may be reclassified to profit or loss in the future:			
Exchange differences on translation of foreign operations		**3,013**	(824)
Other comprehensive income / (loss) net of tax		**3,013**	(824)
Total comprehensive income		**9,439**	5,068
Net Profit for the period is attributable to:			
Non-controlling interest			-
Owners of Wonhe Multimedia Commerce Limited		**6,426**	5,892
		6,426	5,892
Total comprehensive income for the year is attributable to:			
Non-controlling interest			-
Owners of Wonhe Multimedia Commerce Limited		**9,439**	5,068
		9,439	5,068
Basic earnings per share (cents per share)	**21**	**4.23**	3.88
Diluted earnings per share (cents per share)	**21**	**4.23**	3.88

The above statement should be read in conjunction with the accompanying notes.

	Note	2018 $000	2017 $000
Current Assets			
Cash and cash equivalents	**7**	**41,392**	70,468
Trade and other receivables	**8**	**46,202**	7,296
Inventory		**2**	3
Total Current Assets		**87,596**	77,767
Non-Current Assets			
Property, plant and equipment	**9**	**325**	454
Other receivable - income tax	**6**	**1,460**	1,414
Other receivable – deposit		**31**	29
Intangible assets	**10**	**-**	4
Total Non-Current Assets		**1,816**	1,901
Total Assets		**89,412**	79,668
Current Liabilities			
Trade and other payables	**11**	**1,522**	1,728
Loans from ultimate parent entity	**12**	**14,135**	13,516
Loan from shareholders	**12**	**573**	681
Total current liabilities		**16,230**	15,925
Total Liabilities		**16,230**	15,925
Net Assets		**73,182**	63,743
Equity			
Issued capital	**13**	**2,908**	2,908
Retained earnings		**22,663**	16,237
Other reserves	**14**	**42,085**	39,499
Statutory reserve fund		**5,526**	5,099
Total Equity		**73,182**	63,743

The above statement should be read in conjunction with the accompanying notes.

	Issued capital	Retained earnings	Statutory reserve	Other reserves	Total
	$000	$000	$000	$000	$000
At 1 January 2017	**2,908**	**11,239**	**5,526**	**39,896**	**59,569**
Profit for the year	-	5,892			5,892
Other comprehensive income	-	-	(427)	(397)	(824)
Total comprehensive income	-	5,892	(427)	(397)	5,068
Appropriation of statutory reserve		-	-	-	-
Transactions with owners in their capacity as owners:					
Issue of shares	-	-	-	-	-
Dividends paid	-	(894)	-	-	(894)
As at 31 December 2017	**2,908**	**16,237**	**5,099**	**39,499**	**63,743**

	Issued capital	Retained earnings	Statutory reserve	Other reserves	Total
	$000	$000	$000	$000	$000
At 1 January 2018	**2,908**	**16,237**	**5,099**	**39,499**	**63,743**
Profit for the year	-	6,426	-	-	6,426
Other comprehensive income	-	-	427	2,586	3,013
Total comprehensive income	-	6,426	427	2,586	9,439
Appropriation of statutory reserve	-	-	-	-	-
Transactions with owners in their capacity as owners:					
Issue of shares	-	-	-	-	-
Dividends paid	-	-	-	-	-
As at 31 December 2018	**2,908**	**22,663**	**5,526**	**42,085**	**73,182**

The above statement should be read in conjunction with the accompanying notes.

	Note	2018 $000	2017 $000
Cash flows from operating activities			
Receipts from customers		**58,788**	80,968
Payments to suppliers and employees		**(84,835)**	(67,701)
Interest received		**312**	1,516
Income and other taxes paid		**(7,129)**	(3,143)
Net cash (used in) / provided by operating activities	**7(c)**	**(32,864)**	11,640
Cash flows from investing activities			
Payments for purchase of property, plant & equipment		**-**	-
Payments for project expenditure		**-**	-
Proceeds from disposal of loan receivable		**-**	22,879
Net cash provided by investing activities		**-**	22,879
Cash flows from financing activities			
Dividends paid		**-**	(894)
Loans received from ultimate parent entity		**-**	-
Loans repaid to affiliates		**(123)**	(637)
Net cash (used in) financing activities		**(123)**	(1,531)
Net (decrease)/increase in cash held		**(32,987)**	32,988
Cash and cash equivalents at the beginning of the year		**70,468**	38,672
Effects of exchange changes on the balances held in foreign currencies		**3,911**	(1,192)
Cash and cash equivalents at the end of the year	**7(a)**	**41,392**	70,468

The above statement should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*, as appropriate for profit oriented entities.

The financial statements cover the Company and its controlled entities as a group for the financial year ended 31 December 2018. The Company is a company limited by shares, incorporated and domiciled in Australia.

Separate financial statements for the Company as an individual entity are no longer presented as a consequence of a change to the *Corporations Act 2001*, however limited financial information for the Company as an individual entity is included in note 15. Except for the Statement of Cash Flows, the financial statements have been prepared on the accruals basis.

The following is a summary of material accounting policies adopted by the Group in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

The financial statements were authorised for issue by the Directors on 31 March 2019.

The Group's principle activities are the design and development of software and hardware technology products for distribution in the People's Republic of China.

(a) Basis of Preparation of the Financial Statements

Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, modified where appropriate by the measurement of fair value of selected non-current assets. All amounts are presented in Australian dollars unless otherwise noted.

(b) Principles of Consolidation

The consolidated financial statements are those of the Group, comprising the parent entity and its controlled entities as defined in Accounting Standard AASB 10 '*Consolidated Financial Statements'*. Control is achieved when the Company:

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

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

Details of the controlled entities are contained in note 16(b).

Financial statements for controlled entities are prepared for the same reporting period as the parent entity. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

Non-controlling interests in the equity and results of the entities that are controlled are shown separately in the consolidated financial statements.

(c) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with the current year's disclosures.

(d) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2017/191 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes certain estimates and assumptions concerning the future, which, by definition, will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed within the relevant notes to the financial statements.

3. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

The carrying amounts and net fair values of the Group's financial assets and liabilities at balance date are:

	CARRYING AMOUNT		NET FAIR VALUE	
	2018	2017	**2018**	2017
	$000	$000	**$000**	$000
Financial Assets				
Cash and cash equivalents	**41,392**	70,468	**41,392**	70,468
Trade and other receivables	**46,202**	7,296	**46,202**	7,296
Non-Traded Financial Assets	**87,594**	77,764	**87,594**	77,764
Financial Liabilities at amortised cost				
Trade and other payables	**1,522**	1,728	**1,522**	1,728
Loans received	**14,708**	14,197	**14,708**	14,197
Non-Traded Financial Liabilities	**16,230**	15,925	**16,230**	15,925

(a) Significant accounting policies

Classification

The Group classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial instruments at the time of initial recognition. The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable financial instruments. Accordingly, such interests are accounted for on a cost basis.

At the reporting date the Group's financial instruments were classified within the following categories:

Loans and Receivables

Loan and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

Financial Liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to Director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principle payments and amortisation.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial assets(s).

In the case of financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management established that the carrying amount cannot be recovered by any means, at that point the written off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered

(b) Risk Exposures and Responses

(i) Interest Rate Risk

Exposure to interest rate risk arises on financial instruments whereby future a future change in interest rates will affect future cash flows or the fair value of the fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. At balance date, the Group had the following mix of financial assets exposed to Australian and overseas variable interest rate risks that are not designated as cash flow hedges:

	2018	2017
	$000	$000
Financial Assets		
Cash and cash equivalents	**41,392**	70,468
Net exposure	**41,392**	70,468

Interest rate risk is managed by monitoring the level of floating rate which the Group is able to secure. It is the policy of the Group to keep the majority of its cash in accounts with floating interest rates.

(ii) Foreign Currency Risk

The Group’s trading and capital assets are located in China. As a result of operations in China the Group’s statement of financial position can be affected significantly by movements in the RMB/AUD exchange rates. The Group does not have a formal policy or strategy implemented to mitigate the effects of its foreign currency exposure. As the majority of the Group’s operations occur within controlled entities located within China, foreign currency risk relating to the reported values of financial instruments is considered to be an inherent risk of the Group.

Exposure to foreign exchange variances is summarised as follows:

	2018 $000	2017 $000
Financial Assets		
Cash and cash equivalents	**41,375**	69,999
Trade and other receivables	**46,181**	7,272
Financial liabilities		
Trade and other payables	**(1,477)**	(1,692)
Loan payables	**(14,482)**	(13,848)
Net exposure	**71,597**	61,731

(iii) Foreign currency sensitivity risk

The trading activities of the Group are all located within China, and all operations are transacted in Chinese RMB. Consequently, the directors believe the results of the Group are not exposed to significant risk from fluctuating exchange risks. However, a fluctuation in rates will result in variances in the reported results and net assets as follows:

Judgements of reasonably possible movements:	**Post Tax Profit Higher/(Lower)**		**Equity Higher/(Lower)**	
	2018 $000	2017 $000	**2018 $000**	2017 $000
AUD/RMB +10%	**(677)**	(491)	**(7,343)**	**(5,787)**
AUD/RMB -10%	**677**	491	**7,343**	**5,787**

The Group does not hedge or enter into forward contracts.

(iv) Liquidity Risk

Liquidity Risk is the risk that the Group, although balance sheet solvent, cannot meet or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group has Total Liabilities as follows:

	2018 $000	2017 $000
Financial Liabilities		
Trade and other payables	**1,522**	1,728
Loans from related parties	**14,708**	14,197
Total liabilities	**16,230**	15,925

All Trade and other payables fall due within normal trade terms, which are generally 30 days. Loans are payable at call. The Group's cash reserves are sufficient to meet all current liabilities at 31 December 2018 taking into account the restrictions outlined in note 16(e).

(v) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents (note 7) and trade and other receivables (note 8). The Group's exposure to credit risk arises from potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

Credit risk management policies are discussed within the relevant notes.

(c) Fair Value

Other than the receivable recorded in note 8, the Group does not carry any of its assets at fair value after initial recognition. The receivable in note 8 has been discounted to reflect fair value at 31 December 2018, using a discount factor that has been estimated by management. The discount rate will be re-assessed over the period of the repayments and amended when appropriate. Such amendments will impact profit or loss. It is considered that the carrying value of financial assets and liabilities are equivalent to their fair values.

4. REVENUE AND OTHER INCOME

(a) Revenue from Continuing Operations

	2018	2017
	$000	$000
Sale of Home Media, Routers and other products	**83,204**	76,070
Interest received	**312**	1,378
	83,516	77,448

(b) Significant Accounting Policy - Revenues

Revenue arises from the sale of goods and services. It is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Group often enters sales transaction involving a range of the Group’s products and services, for example for the delivery of hardware, software and related after-sales service. The Group applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these multiple-component transactions are allocated to the separately identifiable component in proportion to its relative fair value.

The Group has applied AASB 15: Revenue from Contracts with Customers using the cumulative effect method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue. The details of accounting policies under AASB 118 are disclosed separately since they are different from those under AASB 15 and the impact of changes is disclosed under this note. Management has determined that no adjustment to opening retained earnings is required upon adoption of AASB 15: Revenue from Contracts with Customers using the cumulative effect method.

In the current period

Revenue arises mainly from the contracts for sale of products and services.

To determine whether to recognise revenue, the Group follows a 5- step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to performance obligations
5. Recognise revenue when performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligation by transferring the promised goods or services to its customers.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated further cash receipts through the expected life of financial assets to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

In the comparative period

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer, generally, when the buyer has taken undisputed delivery of the goods.

Revenue from the sale of goods with no significant service obligation is recognised on delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Where significant tailoring, modification or integration is required as a part of the sales agreement, revenue is recognised based on estimates of stage of completion or, where that is not possible, to the extent that recoverable costs are recognised.

When goods are sold together with customer loyalty incentives, the consideration receivable is allocated between the sale of goods and sale of incentives based on their fair values. Revenue from sales of incentives is recognised when incentives are redeemed by customers in exchange for products supplied by the Group.

Revenue is recognised net of applicable goods and services taxes.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the Group’s right to receive the payment is established.

5. EXPENSES

(a) Profit before income tax expense includes the following specific expenses:

	2018 $000	2017 $000
Employee benefits	**1,289**	**929**
Rental expenses on operating leases	**807**	**391**

(b) Significant Accounting Policies – operating expenses

Operating expenses are recognised in profit or loss upon utilisation or at the date of their origin.

6. INCOME TAX

	2018 $000	2017 $000
(a) Income tax expense		
Current tax expense	**2,210**	**2,637**
Deferred tax movements	**46**	**-**
	2,256	**2,637**
(b) Reconciliation of income tax expense to prima facie tax on accounting profit		
Profit before income tax expense	**8,682**	**8,529**
Tax expense at Australian tax rate of 30% (2017: 30%)	**2,604**	**2,559**
Tax effect of amounts which are not deductible in calculating taxable income	**-**	**413**
Withholding tax paid in foreign jurisdiction	**-**	**-**
	2,604	**2,972**
Difference in overseas tax rates	**(451)**	**(444)**
Deferred taxes not recognised	**103**	**109**
Income Tax Expense	**2,256**	**2,637**
(c) Tax Losses		
Unused tax losses for which no deferred tax asset has been recognised	**1,510**	**1,219**
Potential tax benefit at 30% (2017: 30%)	**453**	**366**
(d) Income Tax receivable		
Income tax receivable attributable by:		
Deferred Tax Assets - PRC	**1,460**	**1,414**
	1,460	**1,414**
(e) Current Tax Liabilities		
Income tax payable attributable by:		
Parent Entity	**-**	**-**
Other entities not in the tax Group	**1,078**	**1,203**
	1,078	**1,203**

(f) Significant accounting policies – income tax

Current income tax expense is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised if it arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Critical accounting estimates and judgments

The benefit of the tax losses has not been brought to account at 31 December 2018 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

(a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;
(b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and
(c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

Australian tax losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

7. CASH & CASH EQUIVALENTS

	2018 $000	2017 $000
(a) Cash at bank and on hand	**41,392**	70,468

(b) Cash at bank and in hand includes amounts in foreign currencies as follows:

	2018 Foreign currency 000	**2018** AUD $000	2017 Foreign currency 000	2017 AUD $000
Chinese RMB	200,830	41,375	355,464	69,999

(c) Reconciliation of operating profit after income tax to net cash (outflow) from operating activities

	2018 $000	2017 $000
Operating profit after income tax:	**6,426**	5,892
Depreciation and amortisation	**147**	138
Disposal of non-current assets		-
Non-cash finance cost	**-**	4,166
Change in net operating assets and liabilities:		
(Increase) / decrease in trade receivables	**(38,558)**	5,061
Decrease in inventory	**1**	-
(Increase) in prepayments	**(627)**	(1,175)
(Increase) in security deposits	**(2)**	(6)
(Increase) in prepaid income taxes	**(47)**	(1,930)
(Decrease) in trade and other payables	**(81)**	(1,317)
(Decrease) / increase in tax liability	**(125)**	811
Net cash (outflow) / inflow from operating activities	**(32,864)**	11,640

(d) Significant accounting policies – cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

8. TRADE & OTHER RECEIVABLES

	2018	2017
	$000	$000
(a) Balances		
Trade receivables	**44,370**	6,088
Other receivables	**9**	12
Prepaid expenses	**1,823**	1,196
	46,202	7,296

(b) Significant accounting policies – trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. They are subsequently measured at amortised cost using the effective interest method. The Group extended trade receivables trading term to 12 months in the financial year 2018, which was 7-90 days in the financial year 2017. Trade receivable of AUD $2,802,766 from Shenzhen Yunlutong Technology Co. Ltd where Jingwu Li is a major shareholder and legal representative. Jingwu Li is also Key Management Personnel of Shenzhen Wonhe Technology Co. Ltd.

(c) Credit risk

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitize its trade and other receivables.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The risks are regularly monitored.

The Group has the following significant concentrations of credit risk with counterparties: -

Top five customers accounted for approximately 35.8% of total receivables at 31 December 2018, with the next five most significant balances accounting for 24.2% of the total balance. A total of 31 customers accounted for the total of accounts receivable at 31 December 2018. This concentration requires that customers are monitored regularly. No bad debts in relation to trade receivables have been recorded during the current year.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtor and provision is made where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

Trade receivables aging is as follows:	**2018**		**2017**	
	Debtor $000	**Allowance $000**	**Debtor $000**	**Allowance $000**
0 to 90 days	**22,709**	**-**	6,088	-
91 to 180 days	**8,272**	**-**	-	-
181 + days	**13,389**	**-**	-	-
	44,370	**-**	6,088	-

(d) Geographic spread

On a geographical basis, the Group has significant credit risk exposures in China as its operations are based substantially within China.Trade receivables include amounts in foreign currencies as follows:

	2018		2017	
	Foreign currency 000	$000	Foreign currency 000	$000
Chinese RMB	215,383	44,370	30,915	6,088

9. PROPERTY, PLANT AND EQUIPMENT

	2018 $000	2017 $000
(a) Carrying amount		
Office equipment – at cost	**300**	300
Less accumulated depreciation	**(228)**	(192)
	72	108
Motor vehicles – at cost	**846**	846
Less accumulated depreciation	**(593)**	(500)
	253	346
Total Assets	**325**	454

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the financial year are set out below:

	Plant & equipment $000	Office equipment $000	Motor vehicle $000	Work in progress $	Total $
(b) Movements					
Balance at 1 January 2017	-	140	457	-	597
Additions	-	9	-	-	9
Disposals	-	-	-	-	-
Depreciation expense	-	(37)	(101)	-	(138)
Adjustment for effects of changes in foreign exchange rates	-	(4)	(10)	-	(14)
Balance at 31 December 2017	-	108	346	-	454
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(40)	(103)	-	(143)
Adjustment for effects of changes in foreign exchange rates	-	4	10	-	14
Balance at 31 December 2018	-	72	253	-	325

(c) Significant accounting policies – property plant and equipment

Each class of property, plant and equipment is initially recognised at cost, and then subsequently measured at cost less, where applicable, any accumulated depreciation and impairment losses. Depreciation is charged over the life of the asset on a straight-line basis.

The expected useful life is:

Motor vehicles	5 years
Plant and other equipment	5 years
Leasehold improvements	Shorter of the remaining term of the lease or the life of the improvement

Residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in other income or other expenses.

10. INTANGIBLE ASSETS – SOFTWARE

	2018	2017
	$000	$000
(a) Carrying Value		
Software acquired on acquisition of Kuayu and controlled entities	**68**	68
Accumulated amortisation	**(68)**	(64)
Total net carrying amounts	**-**	4
(b) Reconciliations		
Carrying amount at beginning	**4**	13
Amortisation in the year	**(4)**	(9)
Carrying amount at end	**-**	4

(c) Significant accounting policies – software

Acquired computer software licences are capitalised based on the costs incurred to acquire and install the specific software. Subsequently software is measured at cost less accumulated amortisation and impairment costs. Amortisation is charged over a three-year period on a straight-line basis. Residual values are reviewed at each reporting date. Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

11. TRADE AND OTHER PAYABLES

	2018	2017
	$000	$000
(a) Unsecured		
Trade payables	**9**	**162**
Sundry payables and accrued expenses	**435**	**363**
Taxes payable	**1,078**	**1,203**
	1,522	**1,728**

Due to the short-term nature of these payables, the carrying value is assumed to approximate fair value.

(b) Trade and other payables include amounts in foreign currencies as follows:

	2018		2017	
	Foreign currency 000	**$000**	Foreign currency 000	$000
Chinese RMB	**7,169**	**1,477**	8,587	1,692

(c) Significant accounting policies – trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

12. LOANS RECEIVED FROM RELATED PARTIES

	2018	2017
	$000	$000
Amounts payable to ultimate parent entity (a)	**14,135**	13,516
Amounts payable to related parties (b)	**573**	681
	14,708	14,197

(a) Parent entity loan

Amounts were provided to the Group by WONHE High-Tech International, Inc, the ultimate parent entity. The loans are at call, unsecured and non-interest bearing.

(b) Related party loans

Amounts were provided to the Group by Wonhe International Holding Group Co., Ltd, a company 100% owned by Mr Qing Tong, the Company's Executive Director and by Mr Qing Tong personally. The loans are at call, unsecured and non-interest bearing. The amount provided by Mr Qing Tong directly is RMB1,606,000, equivalent to $331,000 at 31 December 2018, and by Wonhe International Holding Group Co., Ltd is $226,000.

(c) Significant accounting policies – loan payables

Loan payables are carried at amortised cost and represent liabilities for payments made on behalf of the Group or monies received by the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the transactions

(d) Loan payables include amounts in foreign currencies as follows:

	2018		2017	
	Foreign currency 000	**$000**	Foreign currency 000	$000
Chinese RMB	**70,300**	**14,482**	70,300	13,848

13. ISSUED CAPITAL

	NUMBER OF SHARES		**SHARE CAPITAL**	
	2018	**2017**	**2018 $000**	**2017 $000**
(a) Ordinary shares – fully paid (no par value)	**151,951,802**	151,951,802	**2,908**	2,908

(b) Movements in ordinary share capital:

DATE	**DETAILS**	**ORDINARY SHARES**	**PRICE $**	**$000**
1/1/2017	Balance beginning of period	151,951,802	-	2,908
31/12/2017	Balance at end of period	151,951,802	-	2,908
31/12/2018	Balance at end of year	151,951,802	-	2,908

There are no options on issue at 31 December 2018.

(c) Significant accounting policies

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received. Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

(d) Terms and Conditions of Issued Capital

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands each holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

14. RESERVES

	2018 $000	2017 $000
Foreign currency translation reserve	**(3,519)**	(6,105)
Other reserve – common control acquisition	**45,604**	45,604
	42,085	39,499

Foreign currency translation reserve
This reserve is used to record the exchange differences arising on translation of foreign operations where the foreign operations functional currency is different from the Group's presentation currency.

Movement in Foreign currency translation reserve

	2018 $000	2017 $000
Opening balance	**(6,105)**	(5,708)
Other comprehensive income	**2,586**	(397)
	(3,519)	(6,105)

(a) Significant accounting policies – foreign currency

(i) Functional and Presentation Currency

The financial statements of each group entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies of entities within the Group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of financial year.

Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

(iii) Group Companies

The financial statements of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the year; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve as a separate component of equity in the consolidated statement of financial position.

Other reserve – common control acquisition
During the period ended 31 December 2015, the Company completed the acquisition of the Kuayu Group of companies. After completion of the Group, the ultimate controlling party prior to the acquisition and the restructure of the group remained the ultimate controlling party of the group post-acquisition due to the interest it holds in Wonhe Multimedia Commerce Limited. Consequently, this transaction was deemed to be between entities under common control. As a 'transaction between companies under common control' the acquisition does not meet the definition of a business combination as per AASB 3 *Business Combinations*.

As a result, the Company has incorporated the assets and liabilities of the entities acquired at their pre-combination carrying amounts without fair value uplift. This accounting treatment is applied on the basis that there is no substantive economic change. No goodwill has been recorded as part of the transaction, instead, any difference between the cost of the transaction and the carrying value of the net assets acquired has been recorded in equity.

The other reserve is made up as follows:

	$000
Acquisition of Kuayu (i)	42,586
WONHE restructure (ii)	3,018
	45,604

(i) The acquisition of Kuayu, as noted above, is accounted for as a transaction between entities under common control. Consequently, the excess of net assets over purchase consideration has been accounted for in equity. The amount recorded in the reserve on 3 August 2016 is made up as follows:

	$000
Net assets	48,455
Purchase consideration paid	2
Excess of net assets over purchase consideration	48,453
Recognised as follows:	
- Other reserve	42,586
- Statutory reserve	3,461
- Non-controlling interest	2,406
	48,453

(ii) On 15 September 2015, one of the Company's subsidiaries, Shengshihe, acquired all of the issued share capital of Shenzhen WONHE for a purchase consideration of RMB10,000 or AUD$2,131 and the VIE agreements terminated. Under the VIE agreements there existed 5% non-controlling interest. The WONHE restructure is another transaction between companies under common control, as the ultimate holding company of Shenzhen WONHE has remained unchanged.

The effect of the WONHE transaction on the financial position of the Group was as follows: -

	$000
Carrying amount of NCI at 15 September 2015	3,020
Consideration paid to Non-Controlling interest	(2)
	3,018

(b) Significant accounting policy – business combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination is accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

In respect of the acquisition of Kuayu during the previous period, as the ultimate controlling party prior to the acquisition and the restructure to eliminate the VIE structure, remained the ultimate controlling party of the Group post acquisition, these transactions are deemed to be between entities under common control. As a 'transaction between entities under common control' the acquisition does not meet the definition of a business combination as per AASB 3 *Business Combinations*. As a result, the Company has incorporated the assets and liabilities of the entities acquired at their pre-combination carrying amounts without fair value uplift. This accounting is applied on the basis that there has been no substantive economic change. No goodwill has been recorded as part of the transaction, instead, any difference between the cost of the transaction and the carrying value of the net assets acquired has been recorded in equity.

15. PARENT ENTITY INFORMATION

Information relating to Wonhe Multimedia Commerce Limited:

	2018 $000	2017 $000
Financial position		
Current assets		
Cash and cash equivalents	**16**	469
Trade and other receivables	**21**	23
Inter-company loan	**2,600**	2,600
	2,637	3,092
Non – current assets	**2**	2
Total assets	**2,639**	3,094
Current liabilities		
Trade and other payables	**47**	38
Inter-company loan	**2,435**	2,435
Related party loan	**226**	349
	2,708	2,822
Non-current liabilities	**-**	-
Total liabilities	**2,708**	2,822
Net assets	**(69)**	272
Contributed equity	**2,908**	2,908
Reserves		-
Accumulated Losses	**(2,977)**	(2,636)
Total equity	**(69)**	272

Financial performance	**2018 $000**	**2017 $000**
(Loss) for the period	**(341)**	(325)
Comprehensive (loss) for the period	**(341)**	(325)

The Company has not entered into any guarantees in respect to its controlled entities or associates.

Capital Commitments
There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases
There are no commitments in relation to finance leases.

Contingent Liabilities
The parent entity is not subject to any liabilities that are considered contingent upon events known at balance date.

16. RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the entity is set out below:

	2018	2017
	$	$
Short term employment benefits	**369,217**	332,744
Post-employment benefits	**-**	-
	369,217	332,744

Refer to the Remuneration Report in the Director's Report for detailed compensation disclosures on key management personnel.

(b) Group Companies

NAME OF ENTITY	**COUNTRY OF INCORPORATION**	**PRINCIPAL ACTIVITY**	**2018 %**	2017 %
Shenzhen WONHE Technology Co. Ltd	China	Sale of routers, set-top boxes and advertising screens	**100**	100
Shengshihe Management Consulting (Shenzhen) Co. Ltd	China	Consulting	**100**	100
Kuayu International Holdings Group Ltd	Hong Kong	No trading activity	**100**	100

(c) Ultimate Parent Entity

The ultimate parent entity of the Group is WONHE High-Tech International, Inc., a company incorporated in the USA.

(d) Related party transactions

Loans due to related parties are noted in note 12.

In addition, the parent entity has the following loan balances with related parties: -

	2018	2017
	$000	$000
Amounts due from subsidiaries (1)	**2,600**	2,600
Amounts payable to subsidiaries (2)	**(2,435)**	(2,435)

(1) During the previous year the parent entity advanced $2.6 million in funds for working capital to Shengshihe Consulting.

(2) Prior to listing Shenzhen WONHE met IPO costs. During the previous year Shenzhen WONHE provided funding of $1,421,000 to repay funding for dividends previously provided by the ultimate parent company on behalf of WONHE Multimedia Commerce Ltd, as well as advancing $600,000 in funding for working capital.

The loans are at call and non-interest bearing. They are also unsecured. During the prior period, the subsidiary met costs relating to the Initial Public Offering on behalf of the Company.

(e) Significant Restrictions

Other than the following, there are no significant restrictions over the Group's ability to access of use assets, and settle liabilities of the Group:

According to Chinese laws and regulations, if the Company needs to finance its Chinese operations in the future, it is able to provide funding by means of capital contributions to Shenzhen WONHE and/or loans to Shengshihe. These loans would be subject to applicable government registration and approval requirements.

In October 2005, the National Administration of Foreign Exchange published the Notice of Domestic Residents Financing through Specific Companies Overseas and Returned Investments of Foreign Exchange Administration Issues (*Document 75*), which came into operation on November 1, 2005. Under Document 75, PRC residents must apply for overseas foreign exchange investment clearance from the PRC Foreign Exchange Administration and Foreign Exchange Bureau in order to invest in specific types of overseas companies. While the Chinese shareholders in the Company have applied for, and received, approval for foreign investment under Document 75, there is no guarantee that such approval will not be restricted or lapse in the future.

Current Chinese regulations allow the Company's China Subsidiaries to pay dividends to the Company, but this is subject to applicable regulatory requirements. In addition, the Company has no direct business operations in China, other than indirect ownership of subsidiaries, which may limit the payment of dividends to the Company.

Cash transfers from Chinese subsidiaries to their parent companies outside China are subject to government control of currency conversion, and the Company may receive the majority or all of its revenues in RMB. Under the current corporate structure of the WONHE group, the Company's income is primarily derived from its Chinese Subsidiaries. Under existing Chinese foreign exchange regulations, payment of current account items, including profit distributions, interest payments and expenditures from trade-related transactions can be made in foreign currency without prior regulatory approval by complying with certain procedural requirements.

As profit and dividends are current account items, the profit and dividends generated in China may be paid to shareholders outside China without prior approval, as long as the Company complies with certain procedural requirements. However, the Chinese government also may, at its discretion, restrict access in the future to foreign currencies for current account transactions. If changes to the foreign exchange control system prevents the Company's Chinese Subsidiaries from obtaining sufficient foreign currency to satisfy their currency demands, they may not be able to pay dividends in foreign (non-RMB) currencies to the Company.

Any inability to obtain the requisite approval for converting RMB into foreign currencies, any delays in obtaining such approval or future restrictions on currency exchange may restrict the ability of the Company's China Subsidiaries to remit sufficient foreign currency to pay dividends or other payments to the Company, or otherwise satisfy its obligations.

The level of cash held by the Company's PRC Subsidiaries was A$41.376 million (2017: A$69.999 million).

In addition, under PRC regulations, the Company's operating subsidiary, Shenzhen WONHE, may pay dividends only out of its accumulated profits, determined in accordance with the accounting standards and regulations prevailing in the PRC ('PRC GAAP')

17. REMUNERATION OF AUDITORS

Remuneration for audit and review of the financial reports of the parent entity or any entity in the Group:

	2018	2017
	$	$
Auditors of the parent entity:		
Auditing the financial report (a)	**42,060**	40,000
Non-audit services	**-**	-
	42,060	40,000
Other auditors (b)		
Auditing the financial report – subsidiary companies	**70,960**	-
Non-audit services - subsidiary companies	**-**	-
	113,020	40,000

(a) INP Sydney are the auditors of Wonhe Multimedia Commerce Limited.
(b) Audit services provide by Wei, Wei & Co., LLP in relation to subsidiary company audits located in China and are paid by Wonhe Multimedia Commerce Limited.

18. CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amounts of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

During the year, management elected not to pay a dividend. The Board determined this decision was appropriate to maintain the Group's capital for optimum use.

	2018	2017
	$000	$000
Loans from related parties	**14,708**	14,197
Trade and other payables	**1,522**	1,728
Total debt	**16,230**	15,925
Less cash and cash equivalents	**(41,392)**	(70,468)
Net (cash)	**(25,162)**	(54,543)
Total issued capital	**2,908**	2,908
Total equity	**73,182**	63,743

The Group is not subject to any externally imposed capital requirements, with the exception of the matters outlined in note 16(e).

19. COMMITMENTS FOR EXPENDITURE

Capital Commitments

There are no commitments for the acquisition of plant and equipment contracted for at the reporting date.

Finance Leases

There are no commitments in relation to finance leases.

	2018	2017
	$000	$000
Operating Leases - Premises		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable - minimum lease payments		
- not later than 12 months	818	231
- between 12 months and 5 years	252	20
	1,070	251

20. SEGMENT INFORMATION

Management views only one segment in the operation and treats the operation in terms of revenue and costs, as well as G&A expenses as a whole. Although the Company can breakdown the revenue from each type of product, as well as the direct costs associated with the purchase, management does not operate it as separate segments and therefore management considers that Segment reporting disclosure is not necessary for the Group based on the current operation model.

Geographic Information
All operating revenue is generated in China by the Group's subsidiaries. All non-current assets are held within China.

21. EARNINGS PER SHARE

	2018	2017
	CENTS	CENTS
Basic earnings per share	**4.23**	3.88
Diluted earnings per share	**4.23**	3.88
	$000	$000
Net profit from continuing operations attributable to the Owners of Wonhe Multimedia Commerce Ltd used in calculation of basic and diluted earnings per share for.	**6,426**	5,892
	Number	Number
(a) Basic		
Weighted average number of ordinary shares outstanding during the year/period used in the calculation of basic earnings per share	**151,951,802**	151,951,802
(b) Diluted		
Weighted average number of ordinary shares and convertible redeemable cumulative preference shares outstanding and performance rights during the period used in the calculation of basic earnings per share	**151,951,802**	151,951,802

(c) Significant accounting policies

Basic earnings per share is calculated as net profit attributable to members of the parent entity, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the year that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(d) Information Concerning the Classification of Securities

(a) Ordinary shares held in escrow:

No ordinary shares were held in escrow during the respective financial periods, or in the period to the date of these financial statements.

(b) Potential ordinary shares:

There were no options or other forms of potential shares on issue at 31 December 2018 (31 December 2017: Nil).

22. EVENTS OCCURRING AFTER REPORTING DATE

The Board is not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

23. CONTINGENT LIABILITIES

There are no matters which the Group consider would result in a contingent liability as at the date of this report.

24. NEW, REVISED OR AMENDING ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the year.

None of the new standards and amendments to standards that are mandatory for the first time for the financial year commencing 1 January 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

- AASB 9 '*Financial Instruments'* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 '*Financial Instruments: Recognition and Measurement'*, which becomes mandatory for the Group's 31 December 2018 financial statements. The adoption of the new Standard does not have a material impact on the Group's classification and measurement of the financial assets and liabilities, or its results on adoption of the new impairment model.
- AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 '*Revenue'*, IAS 11 '*Construction Contracts'*, and IFRIC 13 *'Customer Loyalty Programmes'*. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. The implementation of the standard does not have a material impact on the reporting of the Group's sales revenues significantly.

New, Revised or Amending Accounting Standards and Interpretations Not Yet Adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not yet mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The major accounting standards that have not been early adopted for the year ended 31 December 2018 but will be applicable to the Group in future reporting years, are detailed below. Apart from these standards, the Group has considered other accounting standards that will be applicable in future years, however they have been considered insignificant to the Group.

- AASB 16 *'Leases'* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This standard becomes mandatory for the Group's 31 December 2019 financial statements. The Group has decided not to early adopt AASB 16. Once adopted, the structure of cash flows and the presentation of the balance sheet and income statement will change, with no material impact on overall cash flows and net profits. The Group has not entered into operating leases relating to material assets as at 31 December 2018.

1. In the opinion of the Directors of Wonhe Multimedia Commerce Limited (the "Company"):

   (a) The financial report of the Group is in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date; and

      ii. Complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

2. The financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board, as described in note 1(a) to the financial statements; and

3. This declaration has been made after receiving the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and the Chief Financial Officer for the financial year ended 31 December 2018.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*. This declaration is made in accordance with a resolution of the Directors.

林前锋

Qianfeng Lin
Director

1 April 2019
China

INP Sydney
Suite 1204,227 Elizabeth Street Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

Independent Audit Report to the members of WONHE Multimedia Commerce Limited

Report on the Audit of the consolidated Financial Report

Opinion

We have audited the consolidated financial report of WONHE Multimedia Commerce Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying consolidated financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, however we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue Recognition	
The Group's major source of sales revenue is from the sale of home media, routers, advertising machine, set-top box and other products. Revenue recognition was identified as a key audit matter due to the significance of revenue to the financial report and the additional judgement required in assessing whether the adoption of AASB15 Revenue from Contracts with Customers has an impact on revenue recognition. Note 4 to the financial statements contains the revenue accounting policy and the disclosures in relation to revenue	Our procedures, amongst others, included: • Evaluating the accounting policy in relation to revenue recognition, considering compliance with the requirements of the newly adopted AASB 15 Revenue from Contracts with Customers and assessing the adequacy of the Group's revenue disclosures within the financial statements • Obtaining copies of and reviewing sales agreements with major customers to understand the terms and conditions under which sales are

INP Sydney
Suite 1204,227 Elizabeth Street Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

of the Group.	made and determine whether the correct accounting treatment has been applied to recognise sales revenue in each case • Performing substantive tests on revenue by tracing sales transactions through to relevant supporting documentation • Evaluating the occurrence of sales revenue by seeking direct confirmations from several of the Group's customers • Performing analytical procedures on revenue, cost of sales and gross profit percentages both within the audit period and between years to identify trends and assess whether these are in accordance with our expectations and understanding of the group. • Performing cut off procedures by testing a sample of sales transactions both before and after balance date to determine whether they have been recorded in the correct periods • Evaluating the impact of potential returns or exchange requests subsequent to balance date
Trade Debtors	
Trade debtors increased significantly compared to the previous financial year due primarily to management extending trading terms to customers to 12 months instead of the previous terms of 7-30 days. These comparatively generous trading terms have had a detrimental impact on cash flow from operations which are shown in the consolidated statement of cash flows as a net cash outflow for the year ended 31 December 2018 of $32.864m.	Our procedures, amongst others, included: • Reviewing debtor confirmations sent by the component auditor confirming amounts payable to the Group at 31 December 2018 • Performing post balance date receipts testing from January to March 2019 to ensure an adequate percentage of debtors have been collected since balance date • Discussions with management on the collectability of trade debtors. Management communicated to us that they have no reason to suspect that any of the debtors existing at 31 December 2018 would not settle their accounts in full
Audit strategy for overseas operations	
The Group's structure comprises significant overseas operations. Component auditors were engaged to audit the material components of the group. Co-ordination between ourselves as the lead auditors and the component auditors was crucial to ensuring our audit plan could be executed effectively and in a timely manner.	Our procedures, amongst others, included: • Reviewing the structure of the Group, identifying key components/subsidiaries, understanding their role in the business, operating locations and the environments within which they operate • Engaging a component auditor to complete the audit of material overseas components to the Group • Assessing whether the component auditor has sufficient skills and competence to conduct the audit of these components in the context of our audit of the Group • Detailed group audit instructions were agreed with the component auditor to ensure alignment in our audit approach and to capture relevant information required for our audit of the Group • Perform a detailed review of the component auditors workpapers to ensure appropriate audit procedures had been carried out and sufficient appropriate audit evidence had been obtained.

INP Sydney
Suite 1204,227 Elizabeth Street Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

	Where any audit work was deemed deficient in this regard, we performed our own audit procedures to mitigate any deemed deficiencies • A senior member of the audit team visited Beijing, China to review the component auditors workpapers in person and to discuss relevant audit matters with them

Other Information other than the Consolidated Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018 but does not include the consolidated financial report and our auditor's report thereon.

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

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Report

The directors of the Company are responsible for the preparation of the consolidated financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial report.

A further description of our responsibilities for the audit of the consolidated financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf . This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2018.

Melbourne - Sydney - Adelaide

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

INP Sydney
Suite 1204,227 Elizabeth Street Sydney NSW 2000
PO Box 43 Willoughby NSW 2068
Telephone: 1300 168 368

In our opinion, the Remuneration Report of WONHE Multimedia Commerce Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

INP Sydney

Christopher Wong
Partner

1st April 2019

Sydney NSW 2000

The shareholder information set out below was applicable as at 25 March 2019.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

SPREAD OF HOLDINGS	NUMBER OF HOLDERS	NUMBER OF UNITS	% OF TOTAL ISSUED CAPITAL
1 - 100	4	84	0.00
101 - 1,000	6	4,769	0.00
1,001 - 10,000	158	1,345,533	0.88
10,001 - 100,000	144	5,661,469	3.73
100,001 and over	44	144,939,947	95.39
TOTAL	**356**	**151,951,802**	**100.00**

The number of shareholders with less than a marketable parcel is 229.

B. Equity Security Holders

Twenty largest quoted equity security holders.

The names of the twenty largest holders of quoted equity securities are listed below:

NAME	ORDINARY SHARES NUMBER HELD	% OF ISSUED SHARES
WORLD WIN INTERNATIONAL HOLDING LTD	81,000,000	53.31
WONHE INTERNATIONAL HOLDINGS GROUP CO LTD	33,750,000	22.21
HUILI CHEN	6,750,000	4.44
MR ANDREW RONALD MACKINNON	2,110,546	1.39
MR JOHN ANASSIS	1,579,420	1.04
NOBLE INVESTMENTS	1,302,019	0.86
YI CAI	1,239,498	0.82
BNP PARIBAS NOMINEES PTY LTD	1,160,937	0.76
CITICORP NOMINEES PTY LIMITED	1,058,843	0.70
BIDDLE PARTNERS PTY LTD	1,000,000	0.66
MS KIA BOON TAY	975,838	0.64
LIJUN GUO	813,176	0.54
YULU MIAO	798,650	0.53
SUWEN DENG	759,758	0.50
MR RICHARD JOHN BOARDMAN &	725,000	0.48
PING ZHANG	650,978	0.43
MR SCOTT DOUGLAS AMOS &	640,000	0.42
YAN GUO	631,344	0.42
KAI ZHANG	627,034	0.41
LIRU KOU	557,634	0.37

As at 25 March 2019, the 20 largest shareholders held ordinary shares representing 90.90% of the issued share capital.

Substantial Shareholders

Substantial holders in the Company are set out below:

NAME	NUMBER OF SHARES HELD	%
WORLD WIN INTERNATIONAL HOLDING LTD	81,000,000	53.31
WONHE INTERNATIONAL HOLDINGS GROUP CO LTD	33,750,000	22.21

C. Voting Rights

The voting rights attached to ordinary shares are set out below:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

D. Use of Cash

Cash and assets readily convertible to cash held by the Company at the time of admission to the Australian Stock Exchange are being used in a way consistent with its business objectives as set out in the listing prospectus.

Board of Directors

Mr Qing Tong	(Executive Director)
Mr Nanfang Tong	(Executive Director)
Mr Jun Lin	(Non-Executive Director)
Mr Raymond Lim	(Non-Executive Director)
Mr Xinming Xu	(Non-Executive Director)
Mr Qianfeng Lin	(Non-Executive Chairman)

Company Secretary
Mr Xinming Xu

Registered Office
Tower One - International Towers Sydney
Level 46 100 Barangaroo Avenue
Barangaroo NSW 2000, AUSTRALIA
Telephone: +61 2 9225 0200

Principal Place of Business
Shenzhen WONHE Technology Co. Ltd
208 2nd Floor, No. 5 Aimin Road
Hourui Community, Hangcheng Subdistrict
Baoan District, Shenzhen, China

Web: www.wonhe.com.au

Postal Address
Tower One - International Towers Sydney
Level 46 100 Barangaroo Avenue
Barangaroo NSW 2000, AUSTRALIA

Share Registry
Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, VIC 3067, AUSTRALIA
Telephone: +61 3 9415 5000

Auditor
INP Sydney
Suite 1204,227 Elizabeth Street
Sydney NSW 2000 AUSTRALIA

Stock Exchange Listing
Wonhe Multimedia Commerce Limited shares are listed on the Australian Securities Exchange, code WMC.