



**99 WUXIAN LIMITED**

(incorporated in Hong Kong with limited liability)

**Directors' Report and  
Financial Statements**

**For the year ended 31 December 2015**

**99 WUXIAN LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

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## **99 WUXIAN LIMITED**

### **DIRECTORS' REPORT**

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2015.

#### **PRINCIPAL ACTIVITY**

The Company is an investment holding company. The principal activities and other particulars of the Company's subsidiaries are set out in note 28 to the financial statements.

#### **FINANCIAL STATEMENTS AND APPROPRIATIONS**

The financial performance of the Group for the year ended 31 December 2015 and the financial position of the Group as at that date are set out in the financial statements on pages 10 to 60.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015.

#### **SHARE CAPITAL**

Details of the movements during the year are set out in note 23 to the financial statements.

## **99 WUXIAN LIMITED**

### **DIRECTORS' REPORT**

#### **DIRECTORS**

The directors of the Company during the year and up to the date of this report were:-

Mr. Ross Benson ("Mr. Benson")  
Ms. Amalisa Zhang  
Mr. David Chen  
Mr. YongKuan Duan  
Mr. Simon Green  
Mr. Tony Groth

In accordance with article 105 of the Company's articles of association, the directors retire and, being eligible, offer themselves for re-election.

The directors of the Company's subsidiaries included in the consolidated financial statements during the year and up to the date of this report were as follows:

Mr. David Chen  
Mr. Wen Tao  
Ms. Qian Jing Wen  
Mr. Ni Yun Hua

#### **MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Mr. Benson is a director of Investorlink Corporate Limited. He has interests in a contract for the provision of professional services of RMB1,454,182 to the Group during the year.

Except as disclosed above and in note 29, no contracts of significance to which the Company's subsidiary or fellow subsidiary was a party and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted during or at the end of the financial year.

#### **PERMITTED INDEMNITY PROVISIONS**

During the financial year and as at the date of this report, a qualifying indemnity provision made by the Company for the benefit of the directors of the Company is in force.



## 99 WUXIAN LIMITED

### DIRECTORS' REPORT

#### BUSINESS REVIEW

##### Business overview and key operating and financial metrics

The Group positions itself as the leading business to business to consumer Chinese mobile commerce company, providing comprehensive incentive solutions for business partners by connecting their customers and employees with high quality merchants for transactions.

With the advanced cloud based technology and a solid experience gained from years of operation with the mobile Internet, the Group provides business partners with mobile commerce, value-added applications, user and employee incentive solutions, data mining, precision marketing and other mobile Internet services via its proprietary platforms.

The Group focuses on implementing its strategy of expanding its platform across business partners and merchants, increasing its registered users and user engagement, and entering into new channels. For the year ended 31 December 2015, it added 11 new business partners, enriched product mix including petrol cards, healthcare products, virtual vouchers, etc., and grew its user base to 54.5 million registered users as at 31 December 2015, up from 40.8 million registered users as at 31 December 2014.

The efforts have taken net revenue up from RMB154.2 million for the year ended 31 December 2014 to RMB192.3 million for the year ended 31 December 2015, earnings before interest, taxes, depreciation and amortisation up from RMB11.8 million for the year ended 31 December 2014 to RMB21.5 million for the year ended 31 December 2015, and net profit after tax up from RMB7.0 million for the year ended 31 December 2014 to RMB10.2 million for the year ended 31 December 2015.

In the long term, the Group will focus on executing a compelling growth strategy including growing the existing business with current business partners by driving user engagement, increasing penetration rate and growing loyalty point redemption platform; growing the existing business with new business partners across banks, insurers and companies in other industries; expanding business by distribution channel expansion, new product offering and merchant mix optimisation; bridging online and offline by deploying online-to-offline capabilities with cloud-POS partner; and knowing the customer through big data analysis and data mining. The Group will continue to take full advantage of the favourable market trend and great market opportunities and achieve sustainable competitiveness by “gateway + service + transaction”.

##### Environmental policies and compliance

The Group operates in China where substantially all the revenue is sourced from. Thus our performance is impacted by the economic, political and legal development in China.

## BUSINESS REVIEW - Continued

### Environmental policies and compliance - Continued

China's economy is still expected to grow in the upcoming years at a growth rate higher than those developed economies, and mobile commerce industry is expected to develop prosperously and sustain in the long term. Simultaneously, the market is under rigorous regulation of the Chinese government who plays a significant role in market supervision and economic regulation. Generally, the government imposes various policies over China's economic growth by both monetary policies including reserve requirement ratio policy, rediscount rate policy, open market operation, etc., and fiscal policies including tax policy, government expenditure, resource allocation, etc.

Specifically, regarding mobile commerce industry, the government has imposed Provisional Measures on Online Merchandise Transactions and Relevant Services, Standards of Third Party Electronic Commerce Platform Services, Regulations on Information System Security Protection, etc., based on laws covering Contract Law, Consumer Protection Law, Product Quality Law, Trademark Law, etc. The Group has complied with all the laws and regulations so far.

Laws, rules and regulations on mobile commerce industry are relatively new, so the interpretation and enforcement of them involve uncertainties. To ensure compliance with laws, rules and regulations, the Group has set up specific functions to handle relevant issues, including internal control and compliance department, public affairs department, etc. These efforts can provide assurance that the Group is operated in a legal way, and profit is made without dispute.

### Risk factors

Risk identification is critical, ignorance of which could adversely impact the business.

External risk factors include:

- Risks in laws and regulations:  
Mobile commerce is strictly monitored and supervised by Chinese government. The government could probably continue to issue new laws and regulations and require the market players to react in a timely manner. The Group has to constantly follow up with any change in laws and regulations and take action immediately to avoid any non-compliance which could probably result in punishment from the government that could hurt the Group's reputation and earnings.
- Risks in macro economy:  
Chinese economy differs from those developed economies in many aspects, including the extent of government involvement, level of development, growth rate, control of foreign currency, and allocation of resources. Chinese government continues to play a significant role in economic regulation including allocation of resources, setting monetary and fiscal policies, and providing preferential treatment to particular industries or companies, all of which could probably affect us. Besides, China's economic growth rate has been uneven, both geographically and among various sectors of the economy, which could probably affect our regional strategic deployment.



## 99 WUXIAN LIMITED

### DIRECTORS' REPORT

#### BUSINESS REVIEW- Continued

##### Risk factors- Continued

Internal risk factors include:

- Risks in strategic business development:  
The Group focuses on long term sustainable interests of our unique ecosystem which requires capital expenditure in various initiatives like new platform development, prepayment for loyalty point redemption business, marketing campaigns, etc. It takes some time for new initiatives to generate considerable profits, which cannot be immediately reflected in short term financial results.
- Risks in knowing the consumers:  
Consumer behaviour evolves rapidly, and failure to well understand the evolving trend could make the Group's competitive advantage suffer. The precondition of increasing user base and user engagement is to provide what consumers exactly need, where the Group has to make continuous efforts in.
- Risks in information technology:  
As more traffic is generated on our platform, failure to maintain our technology infrastructure like system upgrade and hardware addition could probably lead to system disruptions, slower responses and delays in deal information generation which could hurt user experience. Besides, failure to maintain the Group's information system, network, database and access authority could hurt the healthy operation of the Group.

To better manage the risks, the Group has established a business risk alert system, and set up the quality and risk control department. The Chief Technology Officer leads the business risk alert task force, which is composed of people from quality and risk control department, business lines, and supportive functions. On a quarterly basis, the task force forecasts and assesses the impact of the Group's important business projects, significant changes of internal operations, and development of relevant laws and regulations, based on which the task force raises various risk scenarios and relevant emergency-response plans and procedures.

##### Particulars of important events affecting the Group or the Company that have occurred since the end of the financial year

Details of important events affecting the Group or the Company that have occurred since the end of the financial year are set out in note 34 to the financial statements. On 4 February 2016, the Company had completed a placement to public investors via the issue of 89,658,618 fully paid CHESS Depositary Interests to raise a total appropriately RMB42 million (A\$9.02 million), except which there are no material subsequent events undertaken by the Company or the Group after 31 December 2015.

## 99 WUXIAN LIMITED

### DIRECTORS' REPORT

#### **BUSINESS REVIEW - Continued**

##### **Employee relations management**

The Group maintains good working relationship with its employees. The Group provides its employees with various benefits including public housing fund, different types of social insurance, allowance, bonus, festival gifts, health check arrangement, etc. Moreover, the Group helps employees with their career development by organising professional trainings, providing career advisory services and promotion chances based on performance evaluation. Furthermore, the Group is constantly improving the effectiveness of the promotion channel and constructing employees' competitiveness model to make the process more transparent and reasonable.

##### **Business partner relations management**

The Group is devoted to providing comprehensive solutions to business partners and making continuous efforts in improving satisfaction of business partners and their users. The Group has a service team who assists business partners in connecting to our platform, provides necessary trainings, offers operation services, and solves technical problems.

##### **Customer relations management**

The Group focuses on customer relations management to enhance user engagement. The Group has a 7\*24 hotline and diversified online service platforms including Wechat platform to handle customers' inquiries and problems, and a customer relations management system to ensure prompt reaction to customer complaints. All these efforts provide assurance of timely response to customer needs and excellent user experience.

##### **Merchant relations management**

The Group has established a merchant admittance mechanism which obligates rigorous review of potential merchants' qualifications, background and rankings in the industry, to control the product and service quality and ensure excellent user experience. Besides, the Group reviews and evaluates the merchants on their products and services on a regular basis. For those merchants who failed in the evaluation process, the Group will temporarily take their products off our platform and send notifications to them requiring immediate rectification. After rectification those merchants will be re-evaluated by the Group, and if they still cannot satisfy our requirement, the Group has to terminate the cooperation with them. On the other hand, the Group also provides merchant incentives including price incentives, order incentives, reputation and goodwill incentives for better relations management.

**99 WUXIAN LIMITED**

**DIRECTORS' REPORT**

**AUDITOR**

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board



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Mr. Ross Benson  
Chairman

Hong Kong, 30 March 2016



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF 99 WUXIAN LIMITED**

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of 99 Wuxian Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") set out on pages 10 to 60, which comprise the consolidated statement of financial position as at 31 December 2015, and 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, and a summary of significant accounting policies and other explanatory information.

**Directors' responsibility for the consolidated financial statements**

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF 99 WUXIAN LIMITED**

(incorporated in Hong Kong with limited liability)

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

A handwritten signature in black ink, appearing to read 'BDO Lin 7 l'.

BDO Limited  
Certified Public Accountants  
Wong Kwok Wai  
Practising Certificate no.: P06047

Hong Kong, 30 March 2016

99 WUXIAN LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 RMB	2014 RMB
Revenue	7	192,334,487	154,225,315
Cost of sales		<u>(64,129,905)</u>	<u>(74,394,348)</u>
Gross profit		128,204,582	79,830,967
Other revenue	8	1,602,704	271,675
Other gains and losses, net	9	(533,541)	(5,897,719)
Selling and distribution expenses		(27,121,526)	(11,165,337)
Administration expenses		<u>(85,952,076)</u>	<u>(54,102,009)</u>
Profit before income tax	10	16,200,143	8,937,577
Income tax expense	12	<u>(5,999,956)</u>	<u>(1,955,009)</u>
Profit for the year		10,200,187	6,982,568
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>10,200,187</u>	<u>6,982,568</u>
Earnings per share (RMB)	13		
Basic and diluted		<u>0.0095</u>	<u>0.0067</u>

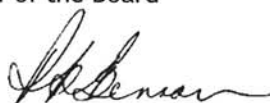


99 WUXIAN LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015

	Notes	2015 RMB	2014 RMB
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	9,973,468	3,716,495
Intangible assets	16	53,156,773	52,928,520
Goodwill	17	3,440,400	3,440,400
Deposit paid	19	160,000,000	-
Deferred tax assets	20	17,825,095	-
Total non-current assets		<u>244,395,736</u>	<u>60,085,415</u>
<b>CURRENT ASSETS</b>			
Inventories	18	17,369,679	17,231,860
Trade and other receivables	19	194,299,772	159,978,103
Cash and cash equivalents		<u>40,910,686</u>	<u>67,779,281</u>
Total current assets		<u>252,580,137</u>	<u>244,989,244</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	20	<u>8,408,143</u>	<u>8,714,823</u>
Total non-current liabilities		<u>8,408,143</u>	<u>8,714,823</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	21	52,811,804	11,497,859
Amount due to a shareholder	22	140,000,000	-
Tax payables		<u>3,875,704</u>	<u>3,181,942</u>
Total current liabilities		<u>196,687,508</u>	<u>14,679,801</u>
<b>NET CURRENT ASSETS</b>		<u>55,892,629</u>	<u>230,309,443</u>
<b>NET ASSETS</b>		<u>291,880,222</u>	<u>281,680,035</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	23	272,015,374	272,015,374
Reserves		<u>19,864,848</u>	<u>9,664,661</u>
		<u>291,880,222</u>	<u>281,680,035</u>

On behalf of the Board



Mr. Ross Benson  
Director



Ms. Amalisia Zhang  
Director

99 WUXIAN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital RMB (Note 23)	Share premium RMB	Retained earnings RMB	Total RMB
Balance at 1 January 2014	815,657	138,396,504	2,682,093	141,894,254
Transfers upon the abolition of nominal value of shares on 3 March 2014 (note 23(a))	138,396,504	(138,396,504)	-	-
Profit for the year	-	-	6,982,568	6,982,568
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	6,982,568	6,982,568
Transaction with owners Issuance of shares	132,803,213	-	-	132,803,213
Balance at 31 December 2014 and 1 January 2015	272,015,374	-	9,664,661	281,680,035
Profit for the year	-	-	10,200,187	10,200,187
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	10,200,187	10,200,187
Balance at 31 December 2015	272,015,374	-	19,864,848	291,880,222

99 WUXIAN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RMB	2014 RMB
<b>Cash flows from operating activities</b>		
Profit before income tax	16,200,143	8,937,577
Adjustments for:		
Interest income	(45,204)	(266,719)
Depreciation of property, plant and equipment	3,192,793	1,214,629
Amortisation of intangible assets	2,154,068	1,887,466
Loss on disposal of property, plant and equipment	277,306	-
Exchange losses, net	533,541	5,897,719
<b>Operating profit before changes in working capital</b>	<b>22,312,647</b>	<b>17,670,672</b>
Increase in inventories	(137,819)	(17,231,860)
Increase in trade and other receivables	(56,013,762)	(124,115,915)
Increase in trade and other payables	41,313,945	8,329,535
<b>Cash generated from/(used in) operations</b>	<b>7,475,011</b>	<b>(115,347,568)</b>
Interest income	45,204	266,719
Income taxes paid	(2,704,863)	-
<b>Net cash generated from/(used in) operating activities</b>	<b>4,815,352</b>	<b>(115,080,849)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(8,768,085)	(3,780,253)
Additions of intangible assets	(2,382,321)	(111,752)
Deposit paid for acquisition of equity interests of an entity	(160,000,000)	-
Repayment from a director	-	125,634
<b>Net cash used in investing activities</b>	<b>(171,150,406)</b>	<b>(3,766,371)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	-	143,882,165
Share issue expenses	-	(11,078,952)
Advance from a shareholder	140,000,000	-
<b>Net cash generated from financing activities</b>	<b>140,000,000</b>	<b>132,803,213</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(26,335,054)</b>	<b>13,955,993</b>
<b>Cash and cash equivalents at the beginning of year</b>	<b>67,779,281</b>	<b>59,721,007</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(533,541)</b>	<b>(5,897,719)</b>
<b>Cash and cash equivalents at the end of year</b>	<b>40,910,686</b>	<b>67,779,281</b>

**99 WUXIAN LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

**1. GENERAL**

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

The principal activity of the Company is investment holding. The principal activities of subsidiaries are described in note 28 to the financial statements. The Company and its subsidiaries are referred to as the “Group” hereinafter.

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

**(a) Adoption of new/revised HKFRSs - effective 1 January 2015**

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group’s financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

**2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued**

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle <sup>1</sup>
Amendments to HKAS 1	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>1</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>1</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 16 and HKAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 27 - Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective - Continued

HKFRS 9 (2014) - Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income (“FVTOCI”) if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss (“FVTPL”).

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) - Continued

(b) New/revised HKFRSs that have been issued but are not yet effective - Continued

HKFRS 15 - Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above new HKFRSs and amendments to existing HKFRSs to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group’s accounting policies and financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

2. **ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - Continued**

(c) **New Hong Kong Companies Ordinance provisions relating to the preparation of financial statements**

The provisions of the new Hong Kong Companies Ordinance, Cap. 622, in relation to the preparation of financial statements apply to the Group in this financial year.

The directors consider that there is no impact on the Group's financial position or performance, however the new Hong Kong Companies Ordinance, Cap. 622, impacts on the presentation and disclosures in the consolidated financial statements. For example, the statement of financial position of the Company is now presented in the notes to the financial statements rather than as a primary statement and related notes to the statement of financial position of the Company are generally no longer presented.

3. **BASIS OF PREPARATION**

(a) **Statement of compliance**

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the provisions of the Hong Kong Companies Ordinance which concern the preparation of financial statements.

(b) **Basis of measurement**

The financial statements have been prepared under the historical cost basis.

(c) **Functional and presentation currency**

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company as the majority of the Group's transactions are denominated in RMB.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES

A summary of significant accounting policies adopted by the Group is set out below.

(a) **Business combination and basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(a) Business combination and basis of consolidation - Continued

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the Company and other parties who hold voting rights;
- Other contractual arrangements; and
- Historic patterns in voting attendance

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(c) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see note 4(m)), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.



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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold improvements	The shorter of lease terms and 5 years
Electronic and office equipment	3 years
Motor vehicles	4 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

*The Group as lessee*

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(f) Financial Instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Financial Instruments - Continued

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For Loans and receivables

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(f) Financial Instruments - Continued

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost, including trade and other payables, and amount due to a shareholder, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instrument

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The Hong Kong Companies Ordinance, Cap. 622, came into operation on 3 March 2014. Under the Ordinance shares of the Company do not have a nominal value. Consideration received or receivable for the issue of shares on or after 3 March 2014 is credited to share capital. Commissions and expenses are allowed to be deducted from share capital under s. 148 and s. 149 of the Ordinance.



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**NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(f) Financial Instruments - Continued**

**(vi) Derecognition**

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

**(g) Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**(h) Revenue recognition**

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Commission income is recognised when the services on which the commission is calculated are delivered.

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

Service income is recognised when services are provided. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(h) Revenue recognition - Continued

m-Commerce transactions business

Revenue derived from m-Commerce transactions business primarily arises from mobile recharge, online game recharge services and sales of merchandise on the mobile marketplace. The Group would recognise revenues from above sales transaction and related costs on a gross basis when it acts as a principal.

Following the guidance under HKAS 18 “Revenue”, whether the Group acts as a principal is based on a number of criteria, including whether it is a primary obligor, whether it is subject to inventory risk, whether it has latitude in establishing prices, whether it has latitude in selecting suppliers, in a transaction. When the Group is not a principal and is instead acting as an agent, revenues are recognised on a net basis which is commission income based on certain percentage of the sales.

In assessing the recognition basis for mobile recharge and online game recharge service, the management concluded that the ultimate suppliers are the principals based on the fact that the telecommunication operators and online game operators take responsibilities including copyright dispute, legal risk as well as price determination, while the Group mainly offers the service in provision of mobile marketplace as well as customer service to end users. Therefore, the management report revenue on a net basis.

In assessing the recognition basis for sales of merchandise, the management concluded that the ultimate suppliers are the principals based on the fact that they are primary obligor, are subject to inventory risk, and have latitude in establishing prices, while the Group mainly offers the service in provision of mobile marketplace as well as customer service to end users. Therefore, the management report revenue also on a net basis.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(h) Revenue recognition - Continued

Mobile marketing

Mobile marketing revenues are mainly derived from marketing activities for business partners, including many financial institutions, through mobile marketplace.

Mobile marketing would include revenue from mobile recharge, online game recharge services and sales of merchandise on the mobile marketplace. Also, mobile marketing revenue would also include revenue from business partners.

For marketing service income based on the actual time period that the business partners' marketing activities are carried out through the mobile marketplace, the revenue would be recognised ratably over the period in which the marketing activities are carried out.

For marketing revenue generated from mobile recharge and online game recharge service, the revenue would be recognised on net basis as explained in m-Commerce transactions business.

For marketing revenue generated from sales of merchandise, the management concluded that the Group is the principal based on the fact that the Group is primary obligor, is subject to inventory risk, and has latitude in establishing prices of merchandise for marketing activities. Therefore, the revenue would be recognised on gross basis. Relevant costs of merchandise would be recognised as a component of the cost of revenue.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

**4. PRINCIPAL ACCOUNTING POLICIES - Continued**

**(i) Income taxes**

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

**(j) Foreign currency**

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(j) Foreign currency - Continued

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(k) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(iv) Other employee entitlements

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(l) Intangible assets

(i) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Licensing arrangement	30 years
Computer software	3 to 4 years

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(m)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the income statement immediately.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(m) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- investments in subsidiaries; and
- deposit paid

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or CGU (see note 4(c)), discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, and it is probable to result in an outflow of economic benefits that can be reliably estimated.

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

(o) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.



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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

4. PRINCIPAL ACCOUNTING POLICIES - Continued

(p) Related Parties

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

5. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

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

Except as discussed below, the directors of the Company are of the opinion that there are no significant effects on amounts recognised in the financial statements arising from the judgement used by management.

(a) **Determination of functional currency**

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the group entities, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the group entities are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) **Revenue recognition for m-Commerce transaction business**

m-Commerce transaction business for mobile recharge, online game recharge, and sales of merchandise is recognised on a net basis. In assessing the recognition basis, the management concluded that the content providers are the principals based on the fact that the content providers retain the responsibility to deliver the services and merchandise, while the Group mainly offers the service in provision of promotion, collecting money on behalf of the content providers as well as customer service to end users through the mobile marketplace. Therefore, the management report m-Commerce transaction business revenue on a net basis.

NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY - Continued

(c) Income taxes

The Group is subject to income taxes in the jurisdiction it operates. Significant judgment is required in determining the amount of provision for income taxes as well as deferred tax assets and liabilities. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated and intangible assets are amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account their estimated residual values. The Group reviews the estimated useful lives of the assets regularly. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

(e) Impairment

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, intangible assets and deposit paid, recoverable amounts of these assets need to be determined. The recoverable amount is the greater of the fair value less costs to sell and the value in use. It is difficult to precisely estimate fair value less costs to sell because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which require significant judgment relating to items such as level of sales, selling price and amount of operating costs. The Group uses all readily available information in determining amounts that are reasonable approximations of recoverable amounts, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and amount of operating costs.



NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY - Continued

(e) Impairment - Continued

In considering the impairment losses that may be required for current receivables, future cash flows need to be determined. One of the key assumptions that have to be applied is the ability of the debtors to settle the receivables. Although the Group has used all available information to make this estimation, inherent uncertainty exists and actual may be different from the amount estimated.

(f) Consolidation of entities

Where the Group held 100% of equity interests in an entity and the Group has determined that the Group does not have the practical ability to unilaterally direct the relevant activity of an entity, the Group did not consolidate the entity as a subsidiary. Details are given in note 28.

6. SEGMENT REPORTING

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

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

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



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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

6. SEGMENT REPORTING - Continued

(a) Geographic information

All of the Group's operations and assets are located in the PRC (including Hong Kong), in which all of its revenue was derived.

(b) Information about major customers

Revenues for the year of RMB155,838,767 (2014: RMB144,594,699) are derived from three customers (2014: four) which individually contributed more than 10% to the Group's revenue. Details of the revenues from these three customers are as follows:

	2015		2014	
	Revenue	Proportion	Revenue	Proportion
	RMB	to the total	RMB	to the total
		revenues		revenues
Customer A	90,765,847	47%	49,733,724	32%
Customer B	39,924,290	21%	55,409,940	36%
Customer C	25,148,630	13%	N/A	N/A
Customer D	N/A	N/A	20,726,224	13%
Customer E	N/A	N/A	18,724,811	12%
Total	<u>155,838,767</u>	<u>81%</u>	<u>144,594,699</u>	<u>93%</u>

N/A - Transactions during the year did not exceed 10% of the Group's revenue.

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NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2015

7. REVENUE

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

	2015 RMB	2014 RMB
Commission and service income	168,568,290	159,647,516
Sales of merchandise	34,695,677	3,596,841
	203,263,967	163,244,357
Less: business tax and relevant surcharge	(10,929,480)	(9,019,042)
Total	192,334,487	154,225,315

8. OTHER REVENUE

	2015 RMB	2014 RMB
Bank interest income	45,204	266,719
Government grants*	1,557,500	-
Others	-	4,956
	1,602,704	271,675

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

9. OTHER GAINS AND LOSSES, NET

	2015 RMB	2014 RMB
Exchange losses, net	533,541	5,897,719

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NOTES TO THE FINANCIAL STATEMENTS  
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10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	2015 RMB	2014 RMB
Auditor's remuneration	578,082	489,118
Cost of revenue by nature:		
- Promotion and advertising expenses	9,188,579	22,253,289
- Marketing merchandise	44,160,342	36,714,540
- Bank handling charge	373,144	3,987
- Ongoing service fee	10,407,840	15,422,532
	<u>64,129,905</u>	<u>74,394,348</u>
Staff cost (including directors) comprise:		
- Contribution on defined contribution retirement plan	14,484,000	8,002,970
- Salaries and staff benefits	54,259,199	31,733,081
Operating lease charges in respect of leasehold buildings	5,280,171	2,426,182
Amortisation of intangible assets	2,154,068	1,887,466
Depreciation of property, plant and equipment	3,192,793	1,214,629
Loss on disposal of property, plant and equipment	<u>277,306</u>	<u>-</u>

11. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap.622G) is as follows:

	2015 RMB	2014 RMB
Directors' fees	960,000	960,000
Salaries, bonuses, allowances and benefits	2,205,000	2,103,622
Contribution on defined contribution retirement plan	63,640	56,378
	<u>3,228,640</u>	<u>3,120,000</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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12. INCOME TAX EXPENSE

	2015 RMB	2014 RMB
Current tax - PRC		
- Tax for the year	23,688,558	2,261,689
- Under-provision in respect of prior year	443,173	-
	<u>24,131,731</u>	<u>2,261,689</u>
Deferred tax (note 20)	<u>(18,131,775)</u>	<u>(306,680)</u>
	<u>5,999,956</u>	<u>1,955,009</u>

Hong Kong profits tax is calculated at 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Company had no assessable profits for the year.

By reference to the Corporate Income Tax Law of the PRC as approved by the National People's Congress on 16 March 2007, the enterprise income tax rate applicable to PRC group companies for the current year is 25% (2014: 25%).

The income tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	2015 RMB	2014 RMB
Profit before income tax	<u>16,200,143</u>	<u>8,937,577</u>
Tax calculated at the PRC enterprise income tax rate of 25%	4,050,036	2,234,394
Effect of non-taxable and non-deductible items, net	1,423,684	(422,079)
Tax losses not recognised	2,778	69,397
Under-provision in respect of prior year	443,173	-
Deductible temporary difference not recognised	<u>80,285</u>	<u>73,297</u>
Income tax expense	<u>5,999,956</u>	<u>1,955,009</u>



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**13. EARNINGS PER SHARE**

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

<u>Earnings</u>	<b>2015</b>	<b>2014</b>
	<b>RMB</b>	<b>RMB</b>
Earnings for the purposes of basic and diluted earnings per share	<u>10,200,187</u>	<u>6,982,568</u>
<u>Number of shares</u>	<b>2015</b>	<b>2014</b>
	<b>RMB</b>	<b>RMB</b>
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	<u>1,070,024,045</u>	<u>1,042,128,653</u>

**14. DIVIDEND**

No dividend was paid or proposed during the year ended 31 December 2015 (2014: Nil), nor has any dividend been proposed since the end of reporting period.

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NOTES TO THE FINANCIAL STATEMENTS  
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15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements RMB	Electronic and office equipment RMB	Motor vehicle RMB	Total RMB
<b>Cost</b>				
At 1 January 2014	-	199,453	-	199,453
Additions	188,500	3,591,753	-	3,780,253
At 31 December 2014	188,500	3,791,206	-	3,979,706
Additions	4,184,829	3,354,196	1,229,060	8,768,085
Disposals	(337,923)	-	-	(337,923)
At 31 December 2015	4,035,406	7,145,402	1,229,060	12,409,868
<b>Accumulated depreciation</b>				
At 1 January 2014	-	1,676	-	1,676
Charge for the year	6,283	255,252	-	261,535
At 31 December 2014	6,283	256,928	-	263,211
Charge for the year	256,104	1,831,690	146,012	2,233,806
Disposals	(60,617)	-	-	(60,617)
At 31 December 2015	201,770	2,088,618	146,012	2,436,400
<b>Net Book Value</b>				
At 31 December 2015	3,833,636	5,056,784	1,083,048	9,973,468
At 31 December 2014	182,217	3,534,278	-	3,716,495

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NOTES TO THE FINANCIAL STATEMENTS  
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16. INTANGIBLE ASSETS

	Licensing arrangement RMB	Computer software RMB	Total RMB
<b>Cost</b>			
At 1 January 2014	55,760,000	29,915	55,789,915
Additions	-	111,752	111,752
At 31 December 2014	55,760,000	141,667	55,901,667
Additions	-	2,382,321	2,382,321
At 31 December 2015	55,760,000	2,523,988	58,283,988
<b>Accumulated amortisation</b>			
At 1 January 2014	1,084,222	1,459	1,085,681
Amortisation expense	1,858,667	28,799	1,887,466
At 31 December 2014	2,942,889	30,258	2,973,147
Amortisation expense	1,858,667	295,401	2,154,068
At 31 December 2015	4,801,556	325,659	5,127,215
<b>Carrying amounts</b>			
At 31 December 2015	50,958,444	2,198,329	53,156,773
At 31 December 2014	52,817,111	111,409	52,928,520

In accordance with a licensing agreement entered into between the Group and Shanghai Handpay Information & Technology Co., Ltd (“Handpay”) in 2013 and the relevant supplementary agreements entered into in 2015 (together the “Handpay Service Agreements”), the Group acquired all rights, title and interest to the operating results of 99wuxian.com mobile marketplace. The licensing period is 30 years and RMB55,760,000 was paid by the Group to Handpay in 2013 in accordance with the Handpay Service Agreements.

99wuxian.com mobile marketplace conducts its business mainly in business to business to consumer platforms by linking business partners (“Business Partners”) and merchants (“Merchants”). Business Partners include large scale companies from the banking, finance and telecommunication sectors with strong customer bases and merchant resources. Merchants include telecommunication companies, online game providers and travel agents which can provide goods or service to customers through 99wuxian.com mobile marketplace.

In accordance with the Handpay Service Agreements, Handpay entitles to an ongoing service fee which was originally calculated as 10% of revenue derived from the 99wuxian.com mobile marketplace and was revised to 3% of the Company’s revenue derived from the 99wuxian.com mobile marketplace with effective from 1 July 2015.

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**17. GOODWILL**

**RMB**

As at 1 January 2014, 31 December 2014 and 2015

3,440,400

For the purpose of impairment testing, goodwill is allocated to the CGU in relation to the Group's provision of financial and operational services on a mobile marketplace in the PRC.

The recoverable amount of the CGU has been determined from value in use calculation based on cash flow projections from formally approved budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2%, which does not exceed the long-term growth rate for the mobile payment industry in the PRC.

	2015	2014
Discounted rate	24%	30%
Operating margin	67%	52%
Growth within the five-year period	2% - 20%	2% - 15%

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



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**18. INVENTORIES**

	2015 RMB	2014 RMB
Marketing merchandise	<u>17,369,679</u>	<u>17,231,860</u>

**19. TRADE AND OTHER RECEIVABLES**

	Notes	2015 RMB	2014 RMB
<b>Non-current</b>			
Deposit paid	(a)	<u>160,000,000</u>	<u>-</u>
<b>Current</b>			
Trade receivables	(b)	20,582,790	7,133,839
Prepayments and deposits		39,119,686	37,550,717
Other receivables		5,526,776	336,518
Other receivable from Handpay	(c)	<u>129,070,520</u>	<u>114,957,029</u>
		<u>194,299,772</u>	<u>159,978,103</u>

Note:

- (a) In 2015, the Group has entered into a binding conditional agreement (the “Ofpay Agreement”) to acquire 100% equity interests in Jiangsu Ofpay E-commerce Limited (“Ofpay”). An initial deposit of RMB160,000,000 was paid during the year and three deferred payments (“Deferred Payments”) up to a total maximum of RMB297,400,000 contingent upon certain performance targets being achieved are payable between 31 December 2015 to 30 June 2017.

As confirmed by the Group’s legal advisor, the acquisition was not completed as at 31 December 2015 and the Group did not have the practical ability to unilaterally direct the relevant activity of Ofpay as certain conditions under the Ofpay Agreement had not been fulfilled.

Up to the date of the report, no Deferred Payments have been paid by the Group.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. TRADE AND OTHER RECEIVABLES - Continued**

Notes:

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

Ageing analysis of trade receivables which are past due but not impaired is as follows:

	2015 RMB	2014 RMB
Neither past due nor impaired	16,955,927	-
Less than 1 month past due	275,503	7,133,839
1 to 3 months past due	677,261	-
More than 3 months but less than 12 Months past due	2,674,099	-
	<u>20,582,790</u>	<u>7,133,839</u>

Trade receivables which were neither past due nor impaired related to a wide range of trade debtors for who there was no recent history of default.

- (c) Other receivable due from Handpay is mainly derived from the operation of 99wuxian.com. According to the Handpay Service Agreements, during the transition period, Handpay would continue to perform all third party contracts entered into with respect to the 99wuxian.com mobile marketplace until renewal of existing contracts. Handpay continues to collect revenue and pay expenses on behalf of the Group (note 30). The amount is unsecured, interest free and repayable on demand.

Impairment on trade and other receivables

The Group recognised impairment loss on trade and other receivables based on the accounting policy stated in note 4(f)(ii). At the reporting dates, the Group reviewed receivables for evidence of impairment on both an individual and collective basis. At 31 December 2015, no impairment provision was made according to the Group's assessment as there was no recent history of default in respect of these trade debtors (2014: nil).

The other classes within trade and other receivables do not contain impaired assets. The management expects to collect the receivable due from Handpay and hence no provision for impairment has been made as at 31 December 2015 (2014: nil).

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NOTES TO THE FINANCIAL STATEMENTS  
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20. DEFERRED TAXATION

The component of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax losses RMB
As at 1 January 2015	-
Credited to profit or loss for the year	<u>17,825,095</u>
As at 31 December 2015	<u>17,825,095</u>

Deferred tax assets are recognised for tax losses carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2015, the Group has unrecognised tax losses of RMB11,112 (2014: RMB277,558). The tax losses will expire in the next one to five financial years for offsetting future taxable profits of the Group.

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Fair value adjustment of Intangible assets RMB
As at 1 January 2014	9,021,503
Credited to profit or loss for the year	<u>(306,680)</u>
As at 31 December 2014 and 1 January 2015	8,714,823
Credited to profit or loss for the year	<u>(306,680)</u>
As at 31 December 2015	<u>8,408,143</u>

21. TRADE AND OTHER PAYABLES

	2015 RMB	2014 RMB
Trade payables	1,232,674	2,173,085
Accruals and other payables	15,249,438	9,324,774
Receipts in advance	<u>36,329,692</u>	<u>-</u>
	<u>52,811,804</u>	<u>11,497,859</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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22. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest-free and repayable on demand.

23. SHARE CAPITAL

	Notes	Number of ordinary shares	RMB
<b>Authorised:</b>			
At 1 January 2014		1,800,000,000	1,433,160
The concept of authorised share capital is abolished on 3 March 2014	(a)	<u>(1,800,000,000)</u>	<u>(1,433,160)</u>
At 31 December 2014, 1 January 2015, and 31 December 2015		<u>-</u>	<u>-</u>
<b>Issued:</b>			
<b>Fully paid up</b>			
At 1 January 2014		1,024,569,500	815,657
The concept of authorised share capital is abolished on 3 March 2014	(a)	-	138,396,504
Placing of new shares	(b)	<u>45,454,545</u>	<u>132,803,213</u>
At 31 December 2014, 1 January 2015, and 31 December 2015		<u>1,070,024,045</u>	<u>272,015,374</u>

Notes:

- (a) The Hong Kong Companies Ordinance, Cap. 622 came into effect on 3 March 2014. Under s.135 of the Ordinance, shares in a company do not have a nominal value. Accordingly, the concept of authorised share capital is abolished. The no nominal value regime applies to the Company. Following the transitional provisions in the Ordinance, any amount standing to the credit of the share premium account at the beginning of 3 March 2014 became part of the Company's share capital.

The use of share capital from 3 March 2014 is governed by s.149 of the new Hong Kong Companies Ordinance, Cap. 622. However, the application of the amount transferred from share premium account at the beginning of 3 March 2014 is governed by the transitional provision in s.38 of Schedule 11 to the Ordinance.

- (b) On 13 August 2014, the Company issued 45,454,545 ordinary shares at a price of Australian Dollar ("A\$") 0.55 per share.



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24. RESERVES

	Company		
	Share premium RMB	Retained earnings RMB	Total RMB
At 1 January 2014	138,396,504	9,891,105	148,287,609
The concept of authorised share capital is abolished on 3 March 2014 (note 23(a))	(138,396,504)	-	(138,396,504)
Loss for the year	-	(216,077)	(216,077)
At 31 December 2014 and 1 January 2015	-	9,675,028	9,675,028
Profit for the year	-	64,020,927	64,020,927
At 31 December 2015	-	73,695,955	73,695,955

25. OPERATING LEASE COMMITMENT

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

	2015 RMB	2014 RMB
Not later than one year	4,139,120	19,200
Later than one year and not later than five years	15,806,267	-
	<u>19,945,387</u>	<u>19,200</u>

Operating lease payments represent rentals payable by the Group for its offices. Leases are negotiated for terms of one to five years at fixed rental.

The contingent ongoing service fee in relation to the Handpay Service Agreements as stated in note 16 to the financial statements recognised as an expenses for the year are RMB10,407,840 (2014: RMB15,422,532).

26. CAPITAL COMMITMENT

There is no capital commitment for the Group at the end of report year (2014: Nil).

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NOTES TO THE FINANCIAL STATEMENTS  
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27. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 RMB	2014 RMB
<b>NON-CURRENT ASSETS</b>			
Intangible asset		50,958,444	52,817,111
Interests in subsidiaries	28	31,787,500	31,787,500
Goodwill	17	3,440,400	3,440,400
Total non-current assets		86,186,344	88,045,011
<b>CURRENT ASSETS</b>			
Trade and other receivables		175,189,759	101,056,346
Amount due from a subsidiary		94,789,742	73,000,000
Cash and cash equivalents		3,086,770	30,165,515
Total current assets		273,066,271	204,221,861
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		8,408,143	8,714,823
Total non-current liabilities		8,408,143	8,714,823
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,291,945	941,394
Tax payables		3,841,198	920,253
Total current liabilities		5,133,143	1,861,647
<b>NET CURRENT ASSETS</b>		267,933,128	202,360,214
<b>NET ASSETS</b>		345,711,329	281,690,402
<b>CAPITAL AND RESERVES</b>			
Share capital	23	272,015,374	272,015,374
Reserves	24	73,695,955	9,675,028
		345,711,329	281,690,402

On behalf of the Board



Mr. Ross Benson  
Director



Ms. Amalisia Zhang  
Director

99 WUXIAN LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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28. INTERESTS IN SUBSIDIARIES

	2015 RMB	2014 RMB
Unlisted equity interest, at cost	31,787,500	31,787,500
Less: Provision for impairment	-	-
Net carrying amount at 31 December	<u>31,787,500</u>	<u>31,787,500</u>

Particulars of the subsidiaries at 31 December 2015 are as follows:

Name	Form of business structure	Place and date of incorporation	Place of operation and principal activity	Paid up capital	Percentage of ownership interest
<u>Direct</u>					
Ninety nine Trading (Shanghai) Co., Ltd. 耐特耐商贸(上海)有 限公司	Limited liability company	PRC 2 July 2013	Investment holding in PRC	HK\$40,000,000	100%
上海泰北金融信息服 务有限公司 (Formerly known as 上海泰北信息技 术有限公司) ("Shanghai Tapit")	Limited liability company	PRC 24 November 2014 (Note (i))	Dormant	Nil	100%
<u>Indirect</u>					
Shanghai Xinshunhui Trading Co., Ltd. 上海鑫顺汇商贸有限 公司	Limited liability company	PRC 27 June 2013	Investment holding in PRC	RMB30,100,000	100%
Shanghai Handpal Information Technology Co., Ltd. 上海瀚之友信息技 术服务有限公司	Limited liability company	PRC 4 July 2013	Provision of financial and operational services on a mobile marketplace in PRC	RMB30,000,000	100%

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28. INTERESTS IN SUBSIDIARIES - Continued

Particulars of the subsidiaries at 31 December 2015 are as follows: - Continued

Name	Form of business structure	Place and date of incorporation	Place of operation and principal activity	Paid up capital	Percentage of ownership interest
					<u>Indirect</u>
Shanghai Handqian Information Technology Co., Ltd. ("Handqian") 上海瀚乾信息技术服务有限公司	Limited liability company	PRC 20 April 2015 (Note (ii))	Provision of operational services on a mobile marketplace in PRC	RMB1,000,000	100%

Notes:

- (i) Shanghai Tapit was established by the Company on 24 November 2014 with registered capital of RMB1,000,000. Upon the fulfilment of certain criteria as stated in an agreement dated 8 September 2014, the Company, Tapit Media Pty Ltd. and Investorlink Group Limited (formerly known as Investorlink China Limited) ("Investorlink Group") would inject to Shanghai Tapit to obtain 55%, 25% and 20% of its equity interests respectively. These criteria have not been fulfilled and the registered capital of the Shanghai Tapit remains unpaid up to the date of this report.
- (ii) Handqian was established by the Group on 20 April 2015 with paid-up capital of RMB1,000,000.



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NOTES TO THE FINANCIAL STATEMENTS  
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29. RELATED PARTY TRANSACTIONS

Transaction with key management personnel/Material interests of directors in transactions, arrangements or contracts

All members of key management personnel are the directors of the Company. The remuneration paid to them during the year was disclosed in note 11 to the financial statements.

	2015 RMB	2014 RMB
Investorlink Corporate Limited Professional ("Investorlink Corporate") services fee	1,454,182	1,042,349

Mr. Ross Benson, director and key management personnel of the Company, is associated with Investorlink Securities Limited ("Investorlink Securities"), Investorlink Corporate and Investorlink Group Limited ("Investorlink Group"). Mr. Tony Groth, director and key management personnel of the Company, was also associated with Investorlink Securities, Investorlink Corporate and Investorlink Group until his resignation in June 2015. In addition to above, the professional services fees of RMB5,539,476 for Investorlink Corporate (advisor and underwriter on placement) were included in equity as part of the share issuance costs during the year ended 31 December 2014.

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

30. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Transactions with Handpay under Handpay Service Agreements are set out below. The amount due from Handpay in respect of these transactions is included in other receivables (note 19).

	2015 RMB	2014 RMB
<i>Operating activities</i>		
Sales received by Handpay on behalf of the Group	109,897,039	129,777,782
Operating cost paid by Handpay on behalf of the Group	(28,046,523)	(49,387,073)
Ongoing service fee charged by Handpay	(10,407,840)	(15,422,532)
	<u>71,442,676</u>	<u>64,968,177</u>

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31. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The capital structure of the Group consists of amount due to a shareholder, share capital and retained earnings.

The Group monitors capital using a gearing ratio, which is total debts divided by the total shareholders' equity. Total shareholders' equity comprises all components of equity attributable to the equity holders. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios as at the reporting dates were as follows:

	2015 RMB	2014 RMB
Total debts	<u>140,000,000</u>	<u>-</u>
Total shareholders' equity	<u>291,880,222</u>	<u>281,680,035</u>
Gearing ratio	<u>48%</u>	<u>0%</u>

NOTES TO THE FINANCIAL STATEMENTS  
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**32. FINANCIAL RISK MANAGEMENT**

The main risks arising from the Group's financial instruments in the normal course of the Group's business and credit risk, liquidity risk, interest rate risk and currency risk.

These risks are limited by the Group's financial management policies and practices and practices described below.

**(a) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group exposed to credit risk from loan and receivables. The Group assesses credit risk based on debtor's past due record, trading history, financial condition or credit rating.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has a certain concentration of credit risk as 83.3% (31 December 2014: 93.9%) of the total trade and other receivables was due from the one largest debtor of the Group.

The Group does not provide any other guarantees which would expose the Group to credit risk.

**(b) Liquidity risk**

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet its working capital requirements, where necessary. The directors consider that the Group does not have significant liquidity risk.

The following table shows the remaining contractual maturities of the Group for its non-derivative financial liabilities. The table has been drawn up using undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

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**32. FINANCIAL RISK MANAGEMENT - Continued**

**(b) Liquidity risk - Continued**

	Within one year or on demand RMB
<b>At 31 December 2015</b>	
Trade and other payables	16,482,112
Amount due to a shareholder	<u>140,000,000</u>
	<u>156,482,112</u>
<b>At 31 December 2014</b>	
Trade and other payables	<u>11,497,859</u>

**(c) Interest rate risk**

As the Group has no significant interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

**(d) Currency risk**

The following table indicates the approximate change in the Group's profit/loss for the year and retained earnings and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. A positive number in the sensitivity analysis below indicates an increase in profit and other equity where the RMB strengthens against the relevant currency. For a weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the loss and other equity, and the balances below would be negative.



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32. FINANCIAL RISK MANAGEMENT - Continued

(d) Currency risk - Continued

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

	2015 RMB	2014 RMB
<b>Impact of HKD</b>		
Cash and cash equivalent	671,123	15,829,182
<b>Overall net exposure</b>	<u>671,123</u>	<u>15,829,182</u>
<b>Impact of AUD</b>		
Cash and cash equivalent	2,746,540	14,649,922
<b>Overall net exposure</b>	<u>2,746,540</u>	<u>14,649,922</u>

	Increase/ (decrease) in foreign exchange rates %	Effect on profit/loss for the year ended 31 December 2015 and retained profits RMB	Increase/ (decrease) in foreign exchange rates %	Effect on profit/loss for the year ended 31 December 2014 and retained profits RMB
HKD	+5%	33,556	+5%	791,459
	-5%	(33,556)	-5%	(791,459)
AUD	+5%	137,327	+5%	732,496
	-5%	<u>(137,327)</u>	-5%	<u>(732,496)</u>

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33. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2015 and 2014 may be categorised as follows:

	2015 RMB	2014 RMB
<b>Financial assets</b>		
Loans and receivables:		
Trade and other receivables	155,180,086	122,427,386
Cash and cash equivalents	<u>40,910,686</u>	<u>67,779,281</u>
	<u>196,090,772</u>	<u>190,206,667</u>
<b>Financial liabilities</b>		
Liabilities measured at amortised cost:		
Trade and other payables	16,482,112	11,497,859
Amount due to a shareholder	<u>140,000,000</u>	<u>-</u>
	<u>156,482,112</u>	<u>11,497,859</u>

34. EVENT AFTER THE REPORTING DATE

On 4 February 2016, the Company had completed a placement to public investors via the issue of 89,658,618 fully paid CDIs to raise a total appropriately RMB42 million (A\$9.02 million).

Except as disclosed above and elsewhere in this report, there are no material subsequent events undertaken by the Company or the Group after 31 December 2015.

35. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 30 March 2016.