

WONHE MULTIMEDIA COMMERCE LIMITED

(ABN 71 607 288 755)

ASX LISTING RULES – APPENDIX 4D**FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016**

The following information is prepared in accordance with ASX Listing Rule 4.2A.3

1. Reporting period and previous corresponding period

Reporting period: - the half year ended 30 June 2016

Previous corresponding period: - Not applicable

This is the first Appendix 4D and half year report filed by the Company, and therefore there are no comparatives to contemplate.

2. Results for announcement to the market

Half year ended	30 June 2016 \$000	30 June 2015 \$000	\$000 Increase / (Decrease)	% Increase / (Decrease)
2.1 Revenue from continuing operations	29,488	-	N/A	N/A
2.2 Profit from continuing activities after tax attributable to members	7,557	-	N/A	N/A
2.3 Net profit for the period attributable to members	7,557	-	N/A	N/A
2.4 Dividends (distributions)		Amount per security	Franking amount per security	Franked %
Interim dividend (proposed)		0.4857 cents	Nil	0%
2.5 Record date for determining entitlements to the dividend			30 September 2016	
2.6 Commentary on "Results for Announcement to the Market"				
A brief explanation of any of the figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Financial Report for the Half Year ended 30 June 2016.				

3 Net Tangible Assets per Security

	30 June 2016 cents	30 June 2015 cents	cents Increase/ (Decrease)	% Increase/ (Decrease)
Net tangible assets per security	39.61	-	N/A	N/A

4. Details of entities over which control has been lost during the period

None

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ASX LISTING RULES – APPENDIX 4D**FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016**

5. Dividends

			Amount per security	Franked amount per security at 30% tax
	Record Date	30 September 2016		
Interim dividend	Payable:	31 October 2016		
Ordinary shares			0.4857c	-

6. Details of dividend reinvestment plans

None.

7. Details of Associates and Joint Ventures

Not applicable

8. Foreign entities, Accounting Standards used in this report

All accounts compiled using Australian Accounting Standards.

9. Dispute or qualification of reviewed accounts

The financial report has been subject to review and is not subject to any dispute or qualification.



Frank Cannavo

Director

1 September 2016

**WONHE MULTIMEDIA COMMERCE LIMITED
AND ITS CONTROLLED ENTITIES**

ABN 71 607 288 755

**Financial Report for the Half Year ended
30 June 2016**

WONHE MULTIMEDIA COMMERCE LIMITED
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WONHE MULTIMEDIA COMMERCE LIMITED

DIRECTORS' REPORT

The Directors of Wonhe Multimedia Commerce Limited (the "Company") submit herewith the interim Financial Report on the Company and its controlled entities (the "Group") for the half year ended 30 June 2016.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

Details of the Directors of the Company in office at any time during or since the end of the financial year and at the date of this report are:

Mr Qing Tong	Executive Chairman (Appointed 27 July 2015)
Mr Nanfang (Jack) Tong	Executive Director (Appointed 27 July 2015)
Mr Jun Li	Non-Executive Director (Appointed 27 July 2015).
Mr Raymond Lim	Non-Executive Director (Appointed 5 August 2015).
Mr Francsco Cannavo	Non-Executive Director (Appointed 27 July 2015).

Company Secretary

Mr Justyn Stedwell	Company Secretary
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Principal Activities

Wonhe Multimedia Commerce Ltd was incorporated 27 July 2015. In August 2015, through a Share Sale Agreement with World Win International Holdings Group Ltd ("World Win"), the Company acquired 100% of the shares in Kuayu International Holdings Group Ltd ("Kuayu"), a company incorporated in Hong Kong and which owns and operates the WONHE business in China via its Chinese subsidiaries. Consequently, there is no comparative statement of profit or loss and comprehensive income or statement of cash flows presented in this financial report.

The WONHE operating subsidiary company is Shenzhen WONHE Technology Co., Ltd ("Shenzhen WONHE"), a company incorporated in China. Shenzhen WONHE derives revenues from the sale of the Commercial Routers, receives a commission from the retail sales to users who purchase products from a retailer via the WONHE App and derives revenue from targeted advertisements. Shenzhen WONHE also owns the user data that is compiled and aggregated from its Commercial Routers.

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

Operating Results and Financial Position

During the period the Group made a profit of \$7.557 million after a tax expense of \$1.111 million. Net assets at 30 June 2016 were \$60.200 million (31 December 2015: \$53.018 million), constituted largely of cash and cash equivalents of \$62.198 million (31 December 2015: \$49.644 million).

The Group generated \$9.212 million in cash from operations. The Group focused significant resources on the Wireless Network Coverage Project in Beijing Area, investing \$16.031 million in the project during the period. The Group received \$18.821 million from WONHE High-Tech International Inc under an agreement to participate directly in the project. Net cash increased by \$12.554 million during the period, including an increase arising from varying foreign exchange rates of \$1.280 million.

As a result of operations and its investment in the Project the Group's net assets have increased to \$60.200 million (31 December 2015: \$53.018 million). Current assets increased to \$68.640 million (31 December 2015: \$54.419 million, with gross assets increasing to \$93.758 million (31 December 2015: \$66.054 million).

During the current period Shenzhen WONHE has entered into an agreement entitled "Wireless Network Coverage Project in Beijing Area" with Guangdong Kesheng Enterprise Co., Ltd ("Guangdong Kesheng"). The agreement contemplates that the two parties shall work together to develop a wireless network in certain designated areas of Beijing. The commercial purpose of the network will be to serve as a vehicle for advertising and marketing, with revenue to be shared between Shenzhen WONHE and Guangdong Kesheng.

WONHE MULTIMEDIA COMMERCE LIMITED

DIRECTORS' REPORT

Wireless Network Coverage Project in Beijing Area

As noted above, Shenzhen WONHE has entered into an agreement entitled "Wireless Network Coverage Project in Beijing Area" with Guangdong Kesheng. The commercial purpose of the network will be to serve as a vehicle for advertising and marketing, with revenue to be shared between Shenzhen WONHE and Guangdong Kesheng.

In the agreement Shenzhen WONHE has committed to provide RMB382.990 million (AUD \$77.454 million) to the project, including RMB226.010 million (AUD \$45.707 million) in cash and RMB118.980 million (AUD \$24.062 million) in routers and other equipment. Shenzhen WONHE will also contribute the network that it recently developed in the Tongzhou District of Beijing as a pilot project at a cost of RMB38.000 million (AUD7.685 million).

During the period Shenzhen WONHE has spent RMB79.633 million (AUD\$16.031 million) in relation to the project. These amounts have been capitalised as at 30 June 2016. Shenzhen WONHE has also received a cash advance of RMB93.067 million (AUD \$18.821 million) in January 2016 for the purpose of funding the project from WONHE High-Tech International Inc..

Rounding of Amounts

The amounts contained in this report and in the interim financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which the Class Order applies. Amounts in the directors' report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

After Balance Date Events

The Company has proposed a dividend to be paid based on the half year report profits.

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

Signed in accordance with a resolution of the Directors made pursuant to s.303 (4) of the *Corporations Act 2001*.

On behalf of the Directors



Francesco Cannavo

Director

1 September 2016

Auditor's Independence Declaration

As lead auditor for the review of the half-year financial report of WONHE Multimedia Commerce Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of WONHE Multimedia Commerce Ltd and to the entities it controlled during the half-year ended 30 June 2016.



HLB Mann Judd
Chartered Accountants

Melbourne
1 September 2016



Jude Lau
Partner

HLB Mann Judd (VIC Partnership)

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WONHE MULTIMEDIA COMMERCE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	30 June 2016 \$'000
Continuing operations		
Revenue from Sale of Goods	3	29,488
Finance revenue	3	236
Cost of goods sold		(19,580)
Research and development expenses		(209)
Directors' expenses and fees		(49)
Depreciation of property, plant and equipment		(196)
Selling expenses		(411)
General and administrative expenses		(605)
Other expenses		(6)
Profit before income tax		8,668
Income tax expense		(1,111)
Net (Loss)/Profit for the half year		7,557
Other Comprehensive income		
<i>Items that may be reclassified to profit or loss in the future:</i>		
Exchange differences on translation of foreign operations		(375)
Other comprehensive loss net of tax		(375)
Total comprehensive income		7,182
Net Profit for the period is attributable to:		
Non-controlling interest		-
Owners of Wonhe Multimedia Commerce Limited		7,557
		7,557
Total comprehensive income for the year is attributable to:		
Non-controlling interest		-
Owners of Wonhe Multimedia Commerce Limited		7,182
		7,182
Basic earnings per share (cents per share)		4.97
Diluted earnings per share (cents per share)		4.97

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

WONHE MULTIMEDIA COMMERCE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	30 June 2016 \$'000	31 December 2015 \$'000
Current Assets			
Cash and cash equivalents		62,198	49,644
Trade and other receivables		6,339	4,775
Inventory		103	
Total Current Assets		68,640	54,419
Non-Current Assets			
Property, plant and equipment	4	680	9,966
Project expenditure	5	23,896	-
Other receivable – income tax		502	1,625
Other receivable - deposit		23	22
Intangible assets		17	22
Total Non-Current Assets		25,118	11,635
Total Assets		93,758	66,054
Current Liabilities			
Trade and other payables		14,407	12,706
Loans from ultimate parent entity	6	18,821	-
Loan from shareholders		330	330
Total current liabilities		33,558	13,036
Total Liabilities		35,558	13,036
Net Assets		60,200	53,018
Equity			
Issued capital	7	2,908	2,908
Retained earnings		11,474	4,892
Other reserves	8	40,776	41,082
Statutory reserve fund	9	5,042	4,136
Total Equity		60,200	53,018

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

WONHE MULTIMEDIA COMMERCE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Issued capital	Retained earnings	Statutory reserve	Other reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 January 2016	2,908	4,892	4,136	41,082	53,018
Profit for the half year	-	7,557	-	-	7,557
Other comprehensive income	-		(69)	(306)	(375)
Total comprehensive income for the half year	-	7,557	(69)	(306)	7,182
Appropriation of statutory reserve		(975)	975	-	-
Transactions with owners in their capacity as owners:					
Issue of shares	-	-	-	-	-
As at 30 June 2016	2,908	11,474	5,042	40,776	60,200

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

WONHE MULTIMEDIA COMMERCE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	30 June 2016
		\$'000
Cash flows from operating activities		
Receipts from customers		28,010
Payments to suppliers and employees		(19,510)
Interest received		236
Income and other taxes received		476
Net cash provided by/(used in) operating activities		<u>9,212</u>
Cash flows from investing activities		
Payments for purchase of property, plant & equipment		(698)
Payments for project expenditure		(16,031)
Payments for intangible assets		(30)
Net cash (used in)/provided by investing activities		<u>(16,759)</u>
Cash flows from financing activities		
Proceeds from issue of shares		-
Cost of issuing shares		-
Loans received from ultimate parent entity		18,821
Net cash provided by/(used in) financing activities		<u>18,821</u>
Net (decrease)/increase in cash held		11,274
Cash and cash equivalents at the beginning of the year		49,644
Effects of exchange changes on the balances held in foreign currencies		1,280
Cash and cash equivalents at the end of the year		<u>62,198</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a). BASIS OF PREPARATION

This general purpose financial report for the half year ended 30 June 2016 has been prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*', for the Company and its controlled entities as a consolidated group (the "Group"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The Group is a "for-profit" entity for financial reporting purposes under Australian Accounting Standards.

The half year financial report does not include notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the period ended 31 December 2015 and considered together with any public announcements made by Wonhe Multimedia Commerce Limited during the half year ended 30 June 2016 in accordance with the continuous disclosure obligations of the ASX listing rules. Comparative figures have been adjusted to conform with changes in presentation for the current period.

The accounting policies and methods of computation are consistent with those adopted in the most recent annual financial report.

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

New, Revised or Amending Accounting Standards and Interpretations Adopted

The Group has adopted all applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2016 that are mandatory to the current reporting period. There has been no material impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards.

Impact of standards issued but not yet applied by the entity

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

- AASB 9 '*Financial Instruments*' includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 '*Financial Instruments: Recognition and Measurement*', which becomes mandatory for reporting periods beginning on or after 1 January 2018. The directors have yet to complete their assessment of how the adoption of this accounting standard will impact the financial report.
- AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 '*Revenue*', IAS 11 '*Construction Contracts*', and IFRIC 13 '*Customer Loyalty Programmes*'. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The directors have yet to complete their assessment of how the adoption of this accounting standard will impact the financial report.
- AASB 16 '*Leases*' introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. This standard becomes mandatory for reporting periods beginning on or after 1 January 2019. The directors have yet to complete their assessment of how the adoption of this accounting standard will impact the financial report.

WONHE MULTIMEDIA COMMERCE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016

1. BASIS OF PREPARATION (CONT'D)

Rounding Amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures. There are no comparatives presented for the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows as the Company was incorporated in July 2015. The comparatives in the Statement of Financial Position relate to the balances at 31 December 2015.

2. SEGMENT INFORMATION

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

30 June 2016
\$'000

3. REVENUE

Sale of Home media and Routers	29,488
Interest received	236
	<hr/>

4. PROPERTY PLANT AND EQUIPMENT

	Plant & Equipment \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Capital work in progress \$'000	Total \$'000
As at 1 January 2016					
Cost or fair value	1,695	151	647	7,677	10,170
Accumulated depreciation	(108)	(28)	(68)	-	(204)
	<hr/> 1,587	<hr/> 123	<hr/> 579	<hr/> 7,677	<hr/> 9,966
Additions		76		-	76
Disposals		(6)		-	(6)
Transfers to project expenditure	(1,486)			(7,677)	(9,163)
Depreciation expense	(101)	(30)	(62)	-	(193)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance 30 June 2016	<hr/> -	<hr/> 163	<hr/> 517	<hr/> -	<hr/> 680

WONHE MULTIMEDIA COMMERCE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016

5. PROJECT EXPENDITURE

In January 2016 the Company announced that Shenzhen WONHE Technology Co., Ltd had entered into an agreement titled "Wireless Network Coverage Project in Beijing Area with Guangdong Kesheng Enterprise Co., Ltd. The agreement is for the development of a wireless network in certain designated areas of Beijing. The commercial purpose of the network is to provide a vehicle for advertising and marketing, with revenue generated to be shared between the two parties. Under the agreement Shenzhen Wonhe has committed to provide RMB382,990,000 to the project, including RMB226,100,000 in cash and RMB 118,980,000 in commercial routers and other equipment. Shenzhen Wonhe will also contribute the network it developed in the Tongzhou District of Beijing as a pilot project. To date Shenzhen Wonhe has incurred expenditure as follows: -

	RMB'000	AUD'000
Equipment	67,394	13,630
Installation cost	2,500	506
Travel expenses	49	10
Progress payment	48,215	9,750
	118,158	23,896

During the period the Group spent \$16.031 million on the project, with a further \$9,163 million transferred from Property, plant and equipment. The amounts spent during the period included Sales tax of \$1.340 million. An adjustment for foreign exchange differences of \$0.042 million makes up the remainder of the movement for the period.

Shenzhen WONHE has contracted to receive fixed income payments from 2017 through to 2022 equal to RMB959 million (A\$193.945 million at the year-end exchange rate of RMB4.94 to \$1). Subsequent to 2022 Shenzhen WONHE will receive 20% of any profits attributable to the project.

6. LOAN FROM ULTIMATE PARENT ENTITY

	30 June 2016 \$'000	31 December 2015 \$'000
Current liability	18,821	-

In January 2016, Shenzhen WONHE. received the RMB93,066,500 (USD14,004,833) from WONHE High-Tech International Inc, the Company's ultimate parent entity. The funds are being used by Shenzhen WONHE in the Beijing Wireless Network Project.

At 30 June 2016 the loan was at call and had no formal terms in related to interest or repayments.

WONHE MULTIMEDIA COMMERCE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016

7. CONTRIBUTED EQUITY

	NUMBER OF SHARES		SHARE CAPITAL	
	30 JUNE 2016	31 DECEMBER 2015	30 June 2016 \$'000	31 December 2015 \$'000
Ordinary shares – fully paid (no par value)	151,951,802	151,951,802	2,908	2,908
Total Share Capital			2,908	2,908

Terms and Conditions of Issued Capital

Ordinary Shares

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

	30 June 2016 \$'000	31 December 2015 \$'000
8. RESERVES		
Foreign currency translation reserve	(4,828)	(4,522)
Other reserve – common control transaction	45,604	45,604
	40,776	41,082

(i) Nature and Purpose of Reserves

Foreign currency translation reserve

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

Common control transaction

In August 2015 the Company entered into a Share Sale Agreement with World Win International Holdings Group Ltd, the Company acquired 100% of the shares in Kuayu International Holdings Group Ltd ("Kuayu"). The ultimate controlling party of the Group prior to the acquisition of Kuayu remained the ultimate controlling party of the Group after the acquisition. Consequently, the transaction was deemed to be between entities under common control and therefore did not qualify for accounting under AASB 3 *Business Combinations*. The assets and liabilities were incorporated into the Group at their pre-combination carrying amounts without any adjustments for fair values, and no goodwill has been recorded on the transaction. The difference between the carrying value of the net assets and the cost of the transaction has been recorded directly in equity.

9. STATUTORY RESERVE

Pursuant to corporate law of PRC, Shenghihe and Shenzhen WONHE are required to transfer 10% of their net income, as determined under PRC accounting rules and regulations, to a statutory reserve fund.

WONHE MULTIMEDIA COMMERCE LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2016

10. DIVIDENDS

The Company has proposed dividends at 30 June 2016 of 0.4857 cents per share, payable on 31 October 2016. The total dividend proposed but not recognised at 30 June 2016 is as follows:

	30 June 2016 \$'000	31 December 2015 \$'000
Unfranked dividend on ordinary shares	738	-

11. CONTROLLED ENTITIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	EQUITY HOLDINGS	
			30 June 2016 %	31 December 2015 %
Kuayu International Holdings Group Ltd	PR China	No trading activities	100	100
Shenzhen WONHE Technology Co., Ltd	PR China	Sale of domestic and commercial routers	100	100
Shengshihe Consulting Co., Ltd	PR China	Consulting	100	100

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

12. COMMITMENTS

Operating Leases

There are no significant changes to commitments in relation to operating leases from those disclosed in the Financial Report for the year ended 31 December 2015.

Capital commitments

The Company's commitments in relation to the Wireless Network Coverage Project in Beijing remain consistent with those disclosed in the Financial Report for the year ended 31 December 2015. Expenditure recorded in the period in relation to the project is outlined in note 5.

13. CONTINGENT LIABILITIES

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

14. EVENTS OCCURRING AFTER REPORTING DATE

Other than the proposed dividend the directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

15. SIGNIFICANT RESTRICTIONS

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

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

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

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

The level of cash held by the Company's PRC based subsidiaries was \$61,935k at 30 June 2016 (31 December 2015: (\$46,594k).

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

WONHE MULTIMEDIA COMMERCE LIMITED
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Francesco Cannavo
Director

1 September 2016
Melbourne

Independent Auditor's Report to the Members of WONHE Multimedia Commerce Ltd**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of WONHE Multimedia Commerce Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

HLB Mann Judd (VIC Partnership)

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of WONHE Multimedia Commerce Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants

Melbourne
1 September 2016



Jude Lau
Partner