

**99 WUXIAN LIMITED AND ITS CONTROLLED ENTITIES
DIRECTOR'S REPORT**



APPENDIX 4D AND HALF YEAR FINANCIAL STATEMENTS

99 WUXIAN LIMITED

ARBN 164 764 729

30 June 2014

Lodged with ASX under Listing Rule 4.2A

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

The report is based on accounts which are in the process of being audited.

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**99 WUXIAN LIMITED AND ITS CONTROLLED ENTITIES
RESULTS FOR ANNOUNCEMENTS TO THE MARKET**

Details of the reporting period and the previous corresponding period

Reporting period: 1 January 2014 to 30 June 2014
Prior corresponding period: 7 May 2013 (date of incorporation) to 30 June 2013

Results for announcement to the market

Key information

| | Period ended 30 June 2014 RMB | Prior Corresponding Period | % change |
|---|----------------------------------|----------------------------------|----------|
| Revenue from ordinary operations | 63,166,607 | 7,350,965 | 759% |
| Profit from ordinary operations after income tax expense | 5,993,077 | 3,435,656 | 74% |
| Total comprehensive income attributable to members of the Company | 5,993,077 | 3,435,656 | 74% |

Dividends

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

Consolidated Statement of Comprehensive Income

Please refer to Page 2

Consolidated Statement of Financial Position

Please refer to Page 3

Consolidated Statement of Changes in Equity

Please refer to Page 4

Consolidated Statement of Cash Flows

Please refer to Page 5

Additional dividend information

The Company has not declared any dividends.

Dividend reinvestment plan

The Company has no dividend reinvestment plan.

Net tangible asset backing

Net tangible asset backing per ordinary share at:
30 June 2014 RMB 13.9 cents

At 30 June 2014, there were 1,024,569,500 shares on issue, which would convert to an asset backing of RMB 13.9 cents per share.

Controlled entities acquired or disposed of

Nil

99 WUXIAN LIMITED AND ITS CONTROLLED ENTITIES RESULTS FOR ANNOUNCEMENTS TO THE MARKET

Associates and joint venture entities

The Company has no associates or joint venture entities.

Other significant information

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

Foreign entities

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

Commentary on the operations and results

The Company earned a profit of RMB 0.006 cents per share. The Company did not propose any dividend distribution or buy back during the period.

Acting as a market leader in the Chinese business to business to consumer (B2B2C) m-commerce segment, 99 Wuxian is well positioned to capitalise on the strong industry trends:

- China's mobile internet population reached 500 million in 2013 with penetration of 81%;
- 318 million smartphone units were shipped in 2013, jumping 64.1% year-on-year;
- the m-commerce market reached 45 billion RMB (A\$7.87 billion*) in the second quarter of 2014, rising 104.1% year-on-year; and
- mobile shopping represents over 50% of the mobile internet market and this is expected to increase steadily with compound yearly growth rates of 46% from 2015-2017 (source:iResearch).

Given the momentum in China mobile commerce market, the Company has produced good results across all key performance indicators (KPI) of its operating performance since listing in October 2013. This was again demonstrated in the performance during the June 2014 quarter through growth in all KPI's compared to the corresponding quarter last year. Registered users grew to more than 31 million, which continues to be driven by a combination of new business partners joining the platform, and current business partners' promotional activities. Gross Transaction Value for the June 2014 quarter was triple the June 2013 quarter.

The company is dedicated to expanding its service offering to the more than 50 banks and financial institutions who have joined the platform, including nine (previously eight) of the top 10 Chinese banks; activating the more than 155 leading Chinese merchants on its platform; and developing and launching new services for its B2B partner base, throughout its ICS (Incentive Cloud Service) platform and data mining/behavioural analytics.

Given the operational achievements in the business, and growth outlook for the Chinese m-commerce segment, the company has initiated a strategic review to assess its listing structure and location, in order to accommodate the significant growth opportunities across the Chinese m-commerce market.

Audit Qualification or Review

The accounts were subject to a review by the auditors and the review report is attached. The auditors have not raised any issue as a result of their review.



99 WUXIAN LIMITED

(incorporated in Hong Kong with limited liability)

**Condensed Consolidated
Financial Statements**

For the six months ended 30 June 2014

99 WUXIAN LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

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

(incorporated in Hong Kong with limited liability)

Introduction

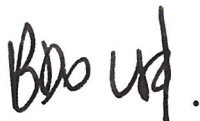
We have reviewed the interim financial information set out on pages 2 to 16, which comprises the condensed consolidated statement of financial position of 99 Wuxian Limited (the "Company") and its subsidiaries as of 30 June 2014 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and other explanatory notes. The preparation of a report on interim financial information is required to be in compliance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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



BDO Limited
Certified Public Accountants
Hong Kong

Hong Kong, 28 AUG 2014

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

| | Notes | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|--|-------|----------------------------|--|
| Turnover | 5 | 63,166,607 | 7,350,965 |
| Cost of sales | | <u>(33,218,760)</u> | <u>(1,816,953)</u> |
| Gross profit | | 29,947,847 | 5,534,012 |
| Other revenue | 6 | 43,450 | 137 |
| Other gains and losses, net | 7 | 2,843,092 | (111,598) |
| Selling and distribution expenses | | (5,582,637) | (371,538) |
| Administration expenses | | <u>(20,238,951)</u> | <u>(1,402,912)</u> |
| Profit before income tax | 8 | 7,012,801 | 3,648,101 |
| Income tax expense | 10 | <u>(1,019,724)</u> | <u>(212,445)</u> |
| Profit for the period | | 5,993,077 | 3,435,656 |
| Other comprehensive income for the period | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the period | | <u>5,993,077</u> | <u>3,435,656</u> |
| Earnings per share (RMB) | 11 | | |
| Basic and diluted | | <u>0.006</u> | <u>0.006</u> |

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

| | Notes | At 30 June 2014 RMB (unaudited) | At 31 December 2013 RMB (audited) |
|--------------------------------|-------|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 13 | 470,158 | 197,777 |
| Intangible assets | | 53,819,135 | 54,704,234 |
| Goodwill | | 3,440,400 | 3,440,400 |
| Total non-current assets | | 57,729,693 | 58,342,411 |
| CURRENT ASSETS | | | |
| Inventories | | 454,480 | - |
| Trade and other receivables | 14 | 82,982,671 | 36,815,282 |
| Advance to a director | | - | 125,634 |
| Cash and cash equivalents | | 22,469,591 | 59,721,007 |
| Total current assets | | 105,906,742 | 96,661,923 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | 8,868,163 | 9,021,503 |
| Total non-current liabilities | | 8,868,163 | 9,021,503 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 4,787,624 | 3,168,324 |
| Tax payables | | 2,093,317 | 920,253 |
| Total current liabilities | | 6,880,941 | 4,088,577 |
| NET CURRENT ASSETS | | 99,025,801 | 92,573,346 |
| NET ASSETS | | 147,887,331 | 141,894,254 |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 139,212,161 | 815,657 |
| Reserves | | 8,675,170 | 141,078,597 |
| | | 147,887,331 | 141,894,254 |

On behalf of the Board

Director

Director

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

| | Share capital RMB | Share premium RMB | Retained earnings RMB | Total RMB |
|--|-------------------------|-------------------------|-----------------------------|--------------|
| Balance at 7 May 2013 (date of incorporation) | - | - | - | - |
| Profit for the period | - | - | 3,435,656 | 3,435,656 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 3,435,656 | 3,435,656 |
| Transaction with owners | | | | |
| Issuance of shares | 776,012 | 39,634,538 | - | 40,410,550 |
| | 776,012 | 39,634,538 | - | 40,410,550 |
| Balance at 30 June 2013 (unaudited) | 776,012 | 39,634,538 | 3,435,656 | 43,846,206 |
| Balance at 1 January 2014 (audited) | 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 16(g)) | 138,396,504 | (138,396,504) | - | - |
| Profit for the period | - | - | 5,993,077 | 5,993,077 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | - | - | 5,993,077 | 5,993,077 |
| Balance at 30 June 2014 (unaudited) | 139,212,161 | - | 8,675,170 | 147,887,331 |

99 WUXIAN LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|--|----------------------------|--|
| Net cash used in operating activities | (39,840,813) | (342,332) |
| Cash flows from investing activities | | |
| Purchases of property, plant and equipment | (324,671) | - |
| Additions of intangible assets | (54,658) | - |
| Advance to other entity | - | (14,835,490) |
| Repayment from a director | 125,634 | - |
| Net cash used in investing activities | (253,695) | (14,835,490) |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares, net | - | 40,410,549 |
| Net cash from financing activities | - | 40,410,549 |
| Net (decrease)/increase in cash and cash equivalents | (40,094,508) | 25,232,727 |
| Cash and cash equivalents at the beginning of period | 59,721,007 | - |
| Effect of exchange rate changes on cash and cash equivalents | 2,843,092 | (111,598) |
| Cash and cash equivalents at the end of period | 22,469,591 | 25,121,129 |

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

1. GENERAL

99 Wuxian Limited (the “Company”) is a limited liability company incorporated in Hong Kong. Its CHESS Depositary Interests are listed on the Australian stock exchange (ASX) (stock code: NNW). The principle place of business is located at 4F, I&F Plaza, No.80 Xin Chang Road, Shanghai, 200003. The address of the registered office is located at 27/F., Alexandra House, 18 Chater Road, Central, Hong Kong.

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

The condensed consolidated financial statements for the six months ended 30 June 2014 (the “Interim Financial Statements”) were approved and authorised by the board of directors on 26 AUG 2014 .

2. BASIS OF PREPARATION

The Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Interim Financial Statements do not include all of the information required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group’s consolidated financial statements for the period ended 31 December 2013.

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

3. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis.

Except as described below, the accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the period ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations ("new or revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2014.

| | |
|-----------------------|---|
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| HK (IFRIC) 21 | Levies |

The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The following new/revised HKFRSs, potentially relevant to the Interim Financial Statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|-----------------------|--|
| HKFRS 9 | Financial Instruments ⁴ |
| Amendments to HKAS 16 | Property, Plant and Equipment ³ |
| Amendments to HKAS 38 | Intangible Assets ³ |
| HKFRSs (Amendments) | Annual Improvements 2010-2012 Cycle ² |
| HKFRSs (Amendments) | Annual Improvements 2011-2013 Cycle ¹ |

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning or transactions occurring, on or after 1 July 2014

³ Effective for annual periods beginning on or after 1 January 2016

⁴ No mandatory effective date yet determined but is available for adoption

The directors of the Company anticipate that the application of these new or revised HKFRSs will have no material impact on the results and financial position of the Group.

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

4. SEGMENT REPORTING

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

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

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

5. TURNOVER

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

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|-------------------------------|----------------------------|--|
| Commission and service income | 66,236,023 | 7,723,412 |
| Sales of merchandise | 672,915 | - |
| | 66,908,938 | 7,723,412 |
| Less: business tax | 3,742,331 | 372,447 |
| Total | 63,166,607 | 7,350,965 |

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

6. OTHER REVENUE

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|----------------------|----------------------------|--|
| Bank interest income | 43,450 | 137 |

7. OTHER GAINS AND LOSSES, NET

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|------------------------------|----------------------------|--|
| Exchange gains/(losses), net | 2,843,092 | (111,598) |

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

8. PROFIT BEFORE INCOME TAX

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|--|----------------------------|--|
| Auditor's remuneration | 160,000 | - |
| Cost of revenue by nature: | | |
| - Promotion and advertising expenses | 1,160,111 | 1,060,508 |
| - Cost of marketing merchandise | 25,740,249 | 9,718 |
| - Bank handling charge | 1,739 | 11,630 |
| - Ongoing service fee | 6,316,661 | 735,097 |
| | <u>33,218,760</u> | <u>1,816,953</u> |
| Staff cost (including directors) comprise: | | |
| - Contribution on defined contribution retirement plan | 3,390,223 | 361,190 |
| - Salaries and staff benefits | 11,538,927 | 929,011 |
| Amortisation of intangible assets | 939,757 | - |
| Depreciation of property, plant and equipment | <u>621,529</u> | <u>-</u> |

9. DIRECTORS' EMOLUMENTS

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|--|----------------------------|--|
| Director fee | 480,000 | - |
| Salaries, bonuses, allowances and benefits | 680,000 | - |
| Contribution on defined contribution retirement plan | - | - |
| | <u>1,160,000</u> | <u>-</u> |

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

10. INCOME TAX EXPENSE

- (a) Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Company had no assessable profits for the period.
- (b) 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 period is 25%.

11. 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:

Earnings

| | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|---|----------------------------|--|
| Earnings for the purposes of basic and diluted earnings per share | 5,993,077 | 3,435,656 |

Number of shares

| | 2014 (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 (unaudited) |
|---|---------------------|---|
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 1,024,569,500 | 566,030,500 |

12. DIVIDEND

No dividend was paid or proposed during the period ended 30 June 2014, nor has any dividend been proposed since the end of reporting period (from 7 May 2013 (date of incorporation) to 30 June 2013: Nil).

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

13. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

The Group incurred expenditure of RMB324,671 during the six months ended 30 June 2014 (from 7 May 2013 (date of incorporation) to 30 June 2013: Nil) on property, plant and equipment to acquire more electronic and office equipment.

14. TRADE AND OTHER RECEIVABLES

| | 30/06/2014 RMB (unaudited) | 31/12/2013 RMB (audited) |
|---|----------------------------------|--------------------------------|
| Trade receivables | 4,617,092 | - |
| Prepayments and deposits | 1,051,358 | 75,624 |
| Other receivables | 15,744,002 | 213,357 |
| Other receivables from Shanghai Handpay Information & Technology Co., Ltd ("Handpay") under licensing arrangement | 61,570,219 | 36,526,301 |
| | <u>82,982,671</u> | <u>36,815,282</u> |

At 30 June 2014, no impairment provision was made according to the Group's assessment (31 December 2013: Nil).

Other receivable under licensing arrangement represent the amount due from Handpay derived from the operation of 99wuxian.com. The amounts are unsecured, interest free and repayable on demand.

The management does not expect any significant loss from the non-performance by Handpay and hence no provision for impairment has been made as at 30 June 2014 (31 December 2013: Nil).

15. TRADE AND OTHER PAYABLES

| | 30/06/2014 RMB (unaudited) | 31/12/2013 RMB (audited) |
|-----------------------------|----------------------------------|--------------------------------|
| Trade payables | 247,142 | - |
| Accruals and other payables | 4,540,482 | 3,168,324 |
| | <u>4,787,624</u> | <u>3,168,324</u> |

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

16. SHARE CAPITAL

| | <u>Notes</u> | <u>Number of ordinary shares of HK\$1 per share</u> | <u>Number of ordinary shares of HK\$0.001 per share</u> | <u>RMB equivalent</u> |
|--|--------------|---|---|---------------------------|
| Authorised: | | | | |
| Upon incorporation | (a) | 10,000 | - | 7,962 |
| Share subdivision | (b) | (10,000) | 10,000,000 | - |
| Increase in authorised share capital | (c) | - | 1,790,000,000 | 1,425,198 |
| At 31 December 2013 and 1 January 2014 (audited) | | - | 1,800,000,000 | 1,433,160 |
| The concept of authorised share capital is abolished on 3 March 2014 | (g) | - | (1,800,000,000) | (1,433,160) |
| At 30 June 2014 (unaudited) | | - | - | - |
| Issued: | | | | |
| Fully paid up | | | | |
| Upon incorporation | (a) | 1 | - | 1 |
| Share subdivision | (b) | (1) | 1,000 | - |
| Issuance of founder shares | (d) | - | 919,999,000 | 732,103 |
| Placing of new shares | (e) | - | 54,569,500 | 43,908 |
| Initial public offering | (f) | - | 50,000,000 | 39,645 |
| At 31 December 2013 and 1 January 2014 (audited) | | - | 1,024,569,500 | 815,657 |
| Transfer from share premium account on 3 March 2014 | (g) | - | - | 138,396,504 |
| At 30 June 2014 (unaudited) | | - | 1,024,569,500 | 139,212,161 |

Note:

- (a) The Company was incorporated on 7 May 2013 with an authorised share capital of 10,000 ordinary shares of HK\$1 each. 1 ordinary share was taken up by the subscriber at par upon incorporation as the initial capital of the Company.
- (b) Pursuant to a written resolution passed by all the shareholders of the Company on 28 May 2013, the authorised share capital comprising 10,000 ordinary shares of HK\$1 each was subdivided into 10,000,000 ordinary share of HK\$0.001 each.

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

16. SHARE CAPITAL - Continued

Note: - Continued

- (c) Pursuant to a written resolution passed by all the shareholders of the Company on 28 May 2013, the authorised share capital of the Company was increased from HK\$10,000 to HK\$1,800,000 by the creation of 1,790,000,000 ordinary shares of HK\$0.001 each.
- (d) On 29 and 30 May 2013, the Company allotted and issued 919,999,000 ordinary shares at par value of HK\$0.001 for a total cash consideration of HK\$919,000 (equivalent to RMB732,103) as additional capital of the Company. All the 919,999,000 ordinary shares were fully paid up upon allotment.
- (e) On 31 May 2013, the Company issued 54,569,500 ordinary shares with a par value of HK\$0.001 per share at a price of A\$0.13 (HK\$1.04). The difference between the par value of HK\$0.001 per share and the amount received was credited to the share premium.
- (f) On 4 October 2013, as a result of an initial public offering on the Australian Stock Exchange, the Company issued 50,000,000 ordinary shares with a par value of HK\$0.001 per share at an issue price of A\$0.40 (HK\$3.20), raising A\$20,000,000. The difference between the par value of HK\$0.001 per share and the amount received was credited to the share premium, net of issuing cost.
- (g) The Hong Kong Companies Ordinance, Cap.622 (the “Ordinance”) came into effect on 3 March 2014. Under s.135 of the Ordinance, shares in a company do not have 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, share premium account as at 3 March 2014 became part of the Company’s share capital.

17. OPERATING LEASE COMMITMENT

There is no operating lease commitment for the Group at the end of report period.

99 WUXIAN LIMITED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

18. CAPTIAL COMMITMENT

| | 30/06/2014 RMB (unaudited) | 31/12/2013 RMB (audited) |
|--|----------------------------------|--------------------------------|
| Contracted for but not provided:- | | |
| Acquisition of property, plant and equipment | 18,000 | - |

19. BUSINESS ACQUISITION ON 1 JUNE 2013

According to the Handpay service agreement, on 1 June 2013, the Group acquired the right to control for daily management, operation, maintenance and financing of the 99wuxian.com mobile marketplace business, a business unit of Handpay. The Group would receive all rights, title and interest to the revenue and net profit both present and future, derived from 99wuxian.com, except for an ongoing service fee to Handpay for its ongoing management and consultation services.

The ongoing service fee has been accounted for as a transaction that is separate from the business combination as it relates to services to be provided by Handpay in the future.

The acquisition was made by the Group with the aims to participate in the provision of financial and operational services on a mobile marketplace in PRC. Principal activity of 99wuxian.com mobile marketplace is provision of financial and operational services on a mobile marketplace in PRC.

The intangible assets on licensing arrangement were independently valued by Ascent Partners Valuation Service Limited using the income-based approach. The fair value of identifiable assets and liabilities of the acquiree as at the date of acquisition were:

| | RMB |
|---|-------------|
| Intangible assets on licensing arrangement | 55,760,000 |
| Deferred tax liabilities recognised upon fair value adjustments | (9,200,400) |
| | 46,559,600 |
| The fair value of consideration transfer: | |
| - Cash | 50,000,000 |
| Goodwill | 3,440,400 |

The goodwill of RMB3,440,400, which is not deductible for tax purposes, comprises the acquired workforce with expertise in the operation of mobile marketplace, revenue growth, and future market development.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

20. RELATED PARTY TRANSACTIONS

Transaction with key management personnel

All members of key management personnel are the directors of the Company. The remuneration paid to them during the period was disclosed in note 9 to the financial statements.

Transaction with other parties

| | | 2014 RMB (unaudited) | Period from 07/05/2013 (date of incorporation) to 30/06/2013 RMB (unaudited) |
|-----------------------------------|-------------------------------|----------------------------|--|
| Investorlink Corporate Limited | Legal and professional fee | 792,326 | - |

Mr. Tony Groth and Mr. Ross Benson, directors and key management personnel of the Company, are associated with Investorlink Corporate Limited.