



# Full year results presentation

## 28 February 2017



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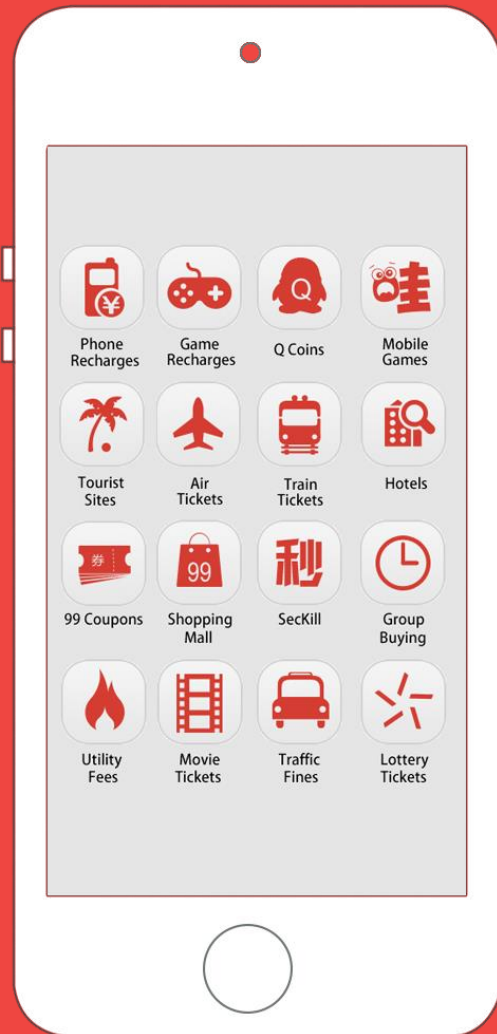
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***99 Wuxian is a market leading m-commerce gateway providing online marketplace, rewards redemption and employee benefit services in China.***



# Unique Ecosystem

*Offers a value proposition that connects business partners' valuable users with merchants*

## Current Business Offerings



数字商品开放平台  
99无限旗下品牌

### 99 Marketplace:

- Cash payment transaction platform



ICS  
JILYUN.COM  
全程数字化激励云服务  
99无限旗下品牌

### Incentive Cloud Service:

- Reward point redemption platform
- Marketing and channel incentives platform



云弹福  
yuntanfu.com  
弹性福利云平台  
99无限旗下品牌

### iBenefit:

- Employee benefit redemption platform



CUSTOMERS



EMPLOYEES



# 99 Marketplace - Current Business Offerings

99 Marketplace serves over 300 million users on financial institutions' mobile apps, offering a comprehensive digital product mix, precision marketing, and one-stop services covering product, operation, marketing and technology to maximize user value

## Transaction Platform

- A convenient m-commerce platform
- Tailored marketing initiatives
- Standardized modules
- Quick system interface

## Procurement

- Scalable procurement
- Delicacy operation and supply chain finance
- Helping clients reduce costs, improve efficiency and increase the scale effectively

## Distribution

- A professional distribution platform connected to hundreds of millions of users

## Big Data

- Consumer behavior analysis
- Precision marketing
- Performance improvement





# Incentive Cloud Service - Current Business Offerings

Incentive Cloud Service focuses on providing one-stop incentive services in different scenarios,  
helping business partners implement their incentive and marketing programs  
in a digitalized, simple, transparent and cost effective manner

## Reward points management

- Fully digitalized product distribution
- Intelligent system operation services



## Marketing incentives

- Marketing expense management on both headquarters and branch levels
- Tailored incentive services for all channels

## Channel incentives

- Incentive services targeting agents and distribution channels





# iBenefit - Current Business Offerings

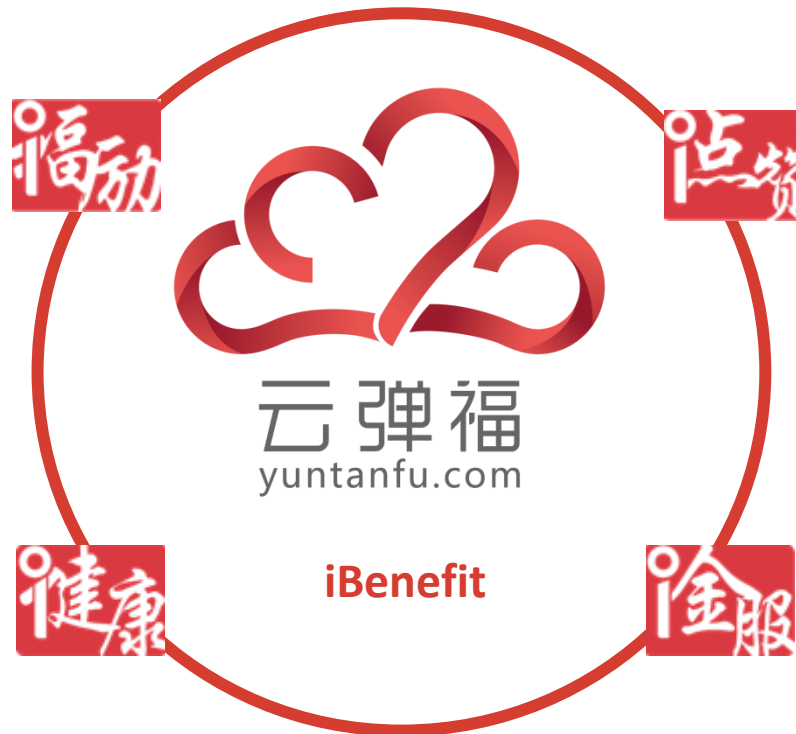
iBenefit is an outstanding cloud based platform providing a flexible employee benefit ecosystem  
composed of four modules: i-Festival, i-Incentive, i-Health and i-Finance

## i-Festival

- Festival gifts
- Birthday gifts
- Life subsidies
- Discounts

## i-Health

- Health check
- Health insurance
- Health management
- Green healthcare



## i-Incentive

- Employee recognition
- Click-a-like
- Vote and honor
- Corporate culture

## i-Finance

- Phone and game recharge
- Credit card repayment
- Insurance products
- Wealth management



# Results Highlights<sup>1</sup>

**+174%**

Total No. of Transactions  
155.7m

**+5%**

Gross Transaction Value  
RMB 14.2bn / AUD 2.9bn

**+57%**

Net Revenue<sup>2</sup>  
RMB 302.3m / AUD 61.1m

## Operating performance

- Registered user base of 64.3mm
- 155.7mm transactions on the platform
- Gross Transaction Value of RMB 14.2bn (AUD 2.9bn)

## Financial performance

- Net revenue of RMB 302.3mm (AUD 61.1mm)
- Gross profit of RMB 104.6mm (AUD 21.2mm)
- Underlying<sup>3</sup> EBITDA of RMB 14.6mm (AUD 2.9mm)
- Net loss of RMB 4.4mm (AUD 0.9mm)

## Commentary on operating performance

- China is becoming the largest e-commerce and m-commerce market in the world
- For companies operating in China, it is important for them to expand their operation scale
- Expanding the scale of transactions is the most important target for 99 Wuxian
- 99 Wuxian enjoys low customer acquisition costs under its B2B2C model while other companies are still burning cash to acquire users with significantly higher costs

## Commentary on operating performance

- Net revenue growth of 57% contributed by the user acquisition and user engagement strategy
- Decline in gross profit and the underlying EBITDA as the result of launching joint marketing campaigns with business partners and offering promotions to users
- Net loss caused by both the decline in gross profit and the interest expense of RMB 8.0 million accrued on the RMB 140 million loan from Grand Ease Holdings Limited (an associated entity of the CEO, Amalisia Zhang) for the initial payment for the acquisition of Jiangsu Ofpay E-commerce Limited ("Ofpay")
- The Company expects that the interest expense will stop being accrued when the divestment of Ofpay is completed as the loan will be extinguished as one of the payment methods of the consideration from Amalisia Zhang who has offered to acquire 40% of the equity interest in Ofpay

1. RMB translated into AUD using the average rate of AUD/RMB 4.9448 for the period 1 January 2016 to 31 December 2016. FY2016 information has not been audited or reviewed.  
2. Net revenue equals total revenue less business tax and relevant surcharge.  
3. Underlying information excludes exceptional items (exchange gains and losses). 99 Wuxian considers underlying information to be a more suitable indicator of operating performance. References to 'underlying' information are to non-IFRS financial information. Non-IFRS financial information has not been audited or reviewed.



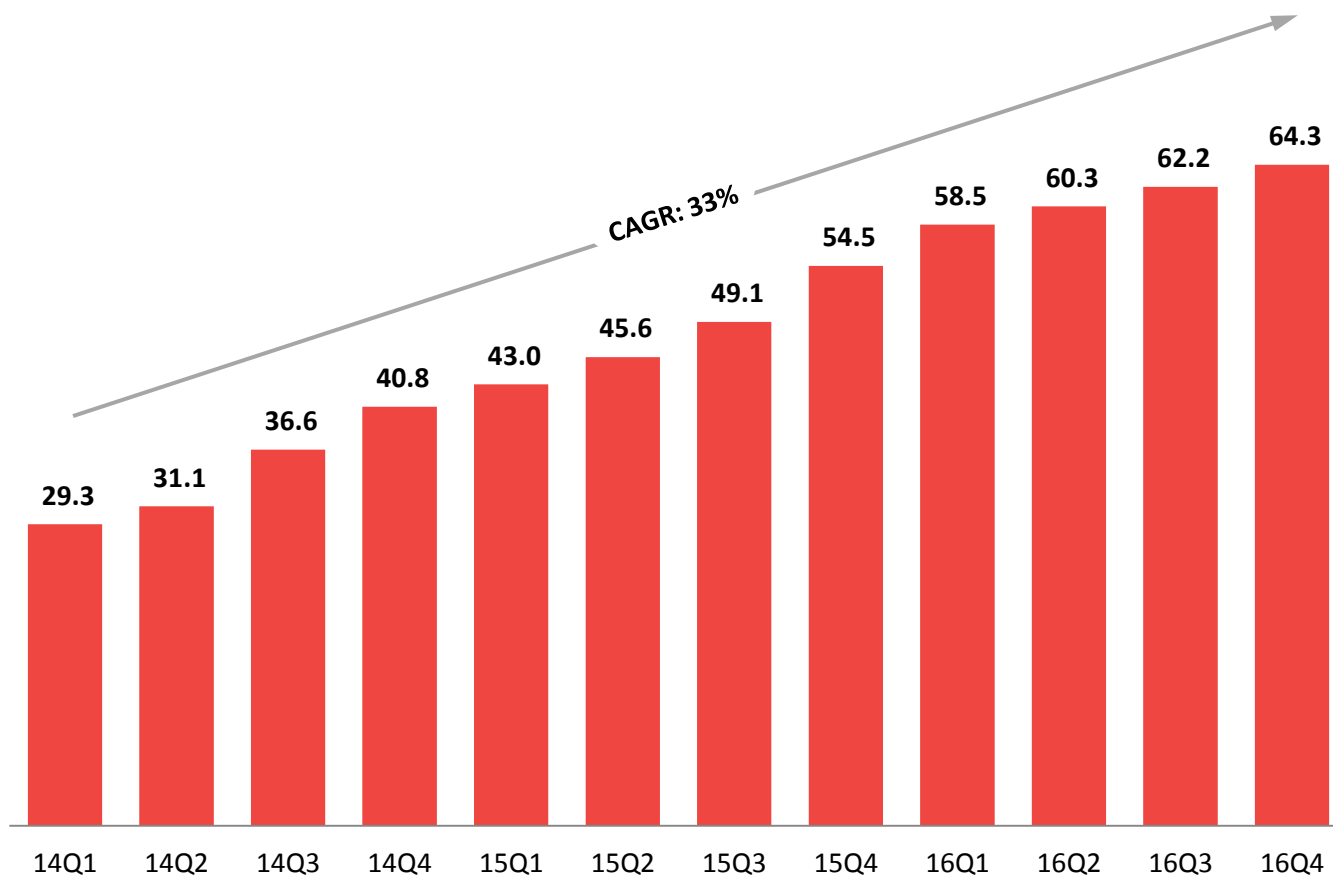




# Financial overview

*33% annual registered user growth lays the foundation for business growth*

## Registered users (mm)



## Commentary

- Growth driven by:
  - Increase in number of business partners
  - Channel expansion
  - Joint marketing campaigns with business partners to successfully drive traffic and user engagement

Note: The registered users information has not been audited or reviewed.  
Registered users represent those who have transacted on the platform.

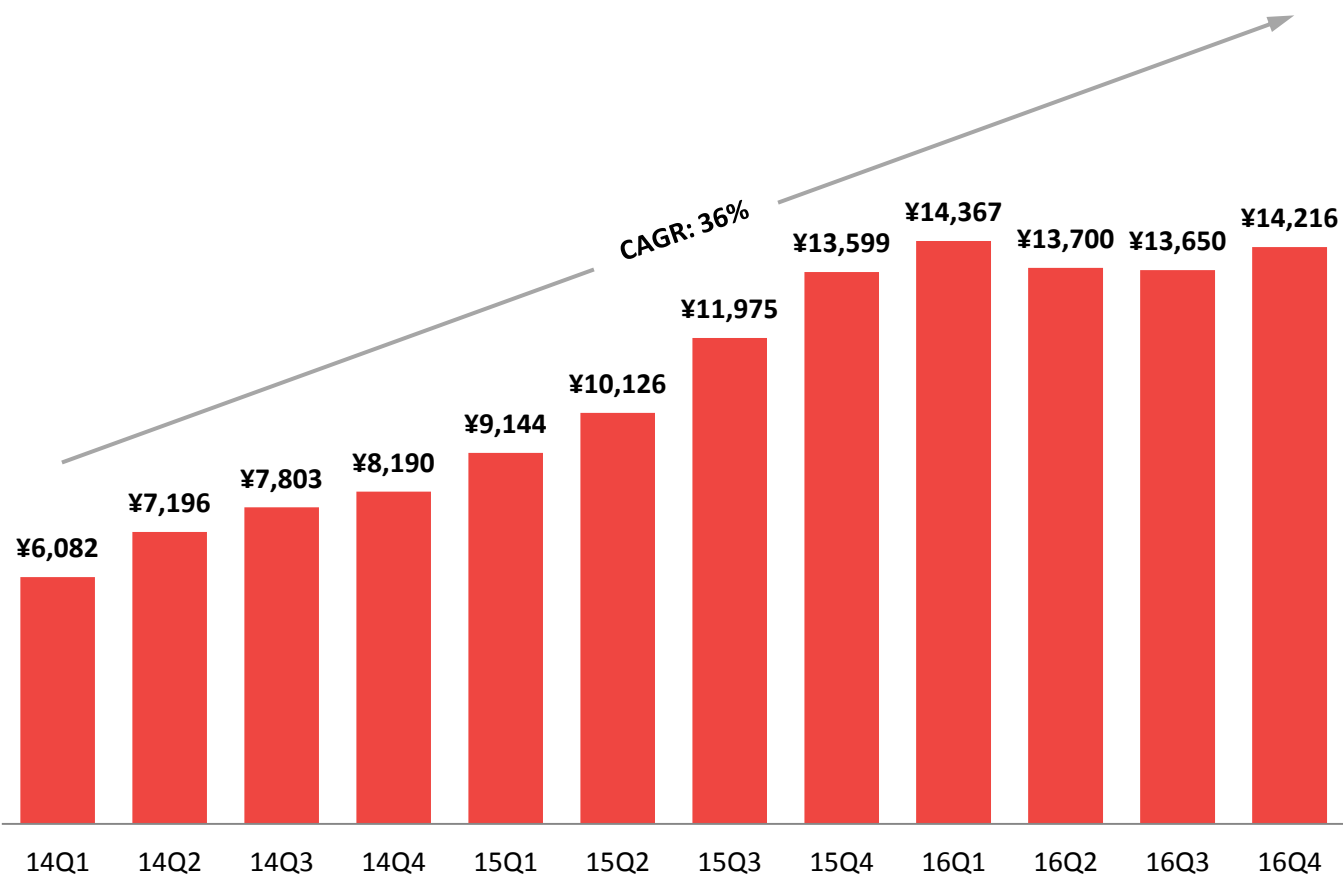




## Financial overview (cont'd)

GTV keeps the growing trend with 36% CAGR

### Quarterly LTM GTV (RMB mm)



### Commentary

- China is becoming the largest e-commerce and m-commerce market in the world
- Scale expansion is significant for the companies operating in China, which is also the most important target for 99 Wuxian
- 36% CAGR is contributed by the increase in registered users and user engagement
- GTV is also impacted by the ATV movement reflecting our growth strategy focusing on expanding the scale of transactions
- China saw an early Lunar New Year in January 2017 which impacted the transaction volume at the 2016 year end since many people went back home for holiday in advance
- 99 Wuxian will continue to expand the Incentive Cloud Service platform and the iBenefit platform alongside with the 99 Marketplace to fuel the GTV growth

Note: The LTM GTV information has not been audited or reviewed.

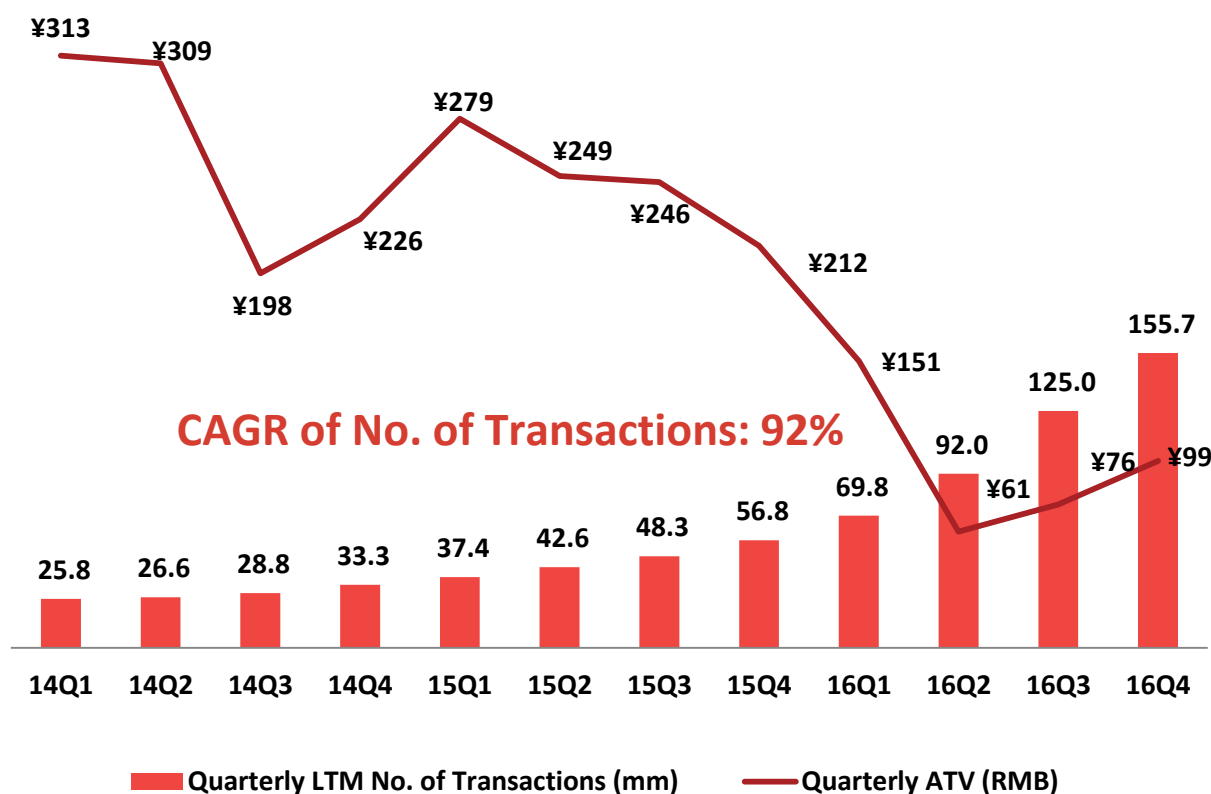




## Financial overview (cont'd)

*Movement in ATV and No. of Transactions reflects our growth strategy*

### Quarterly LTM No. of Transactions (mm) and Quarterly ATV (RMB)



### Commentary

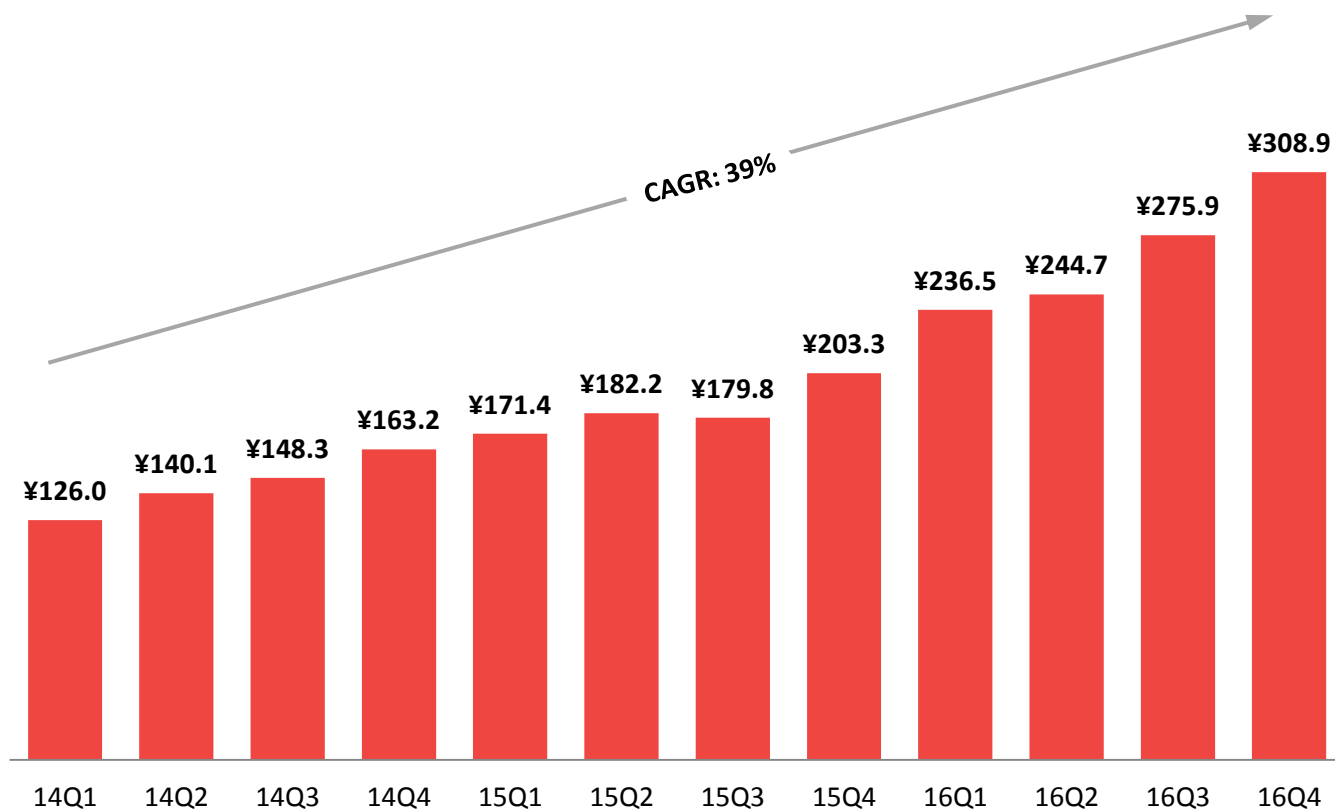
- Expanding the scale of transactions is the most important target for 99 Wuxian
- The movement in ATV helps the expansion of transaction scale:
  - The current market preference is featured by virtual products with low unit price
  - 99 Wuxian and business partners catch up with the ATV preference
  - ATV movement can lower the purchasing barrier of new mobile commerce users
- The strong increase in No. of Transactions by **174%** from FY2015 reflects the positive result of:
  - The movement of ATV
  - Promotions and marketing
  - Increased user base, user engagement and active rate
  - Expansion into new channels



## Financial overview (cont'd)

*99 Wuxian has experienced consistent revenue growth*

### Quarterly LTM Revenue (RMB mm)



### Commentary

- Revenue growth is fueled by:
  - Growing no. of transactions
  - Growing GTV
  - Proactive user acquisition and engagement strategy including joint marketing campaigns with business partners
  - Optimization in offerings catering to user tastes

Note: The LTM revenue information has not been audited or reviewed.





# Operations Highlights

*99 Wuxian continues to execute its growth strategy*

## 99 Marketplace:

- 99 Marketplace keeps constant growth
- 99 Marketplace sponsors the Industrial and Commercial Bank of China (“ICBC”) for its marketing campaign featuring draft program and launches a Fans Carnival with ICBC, displayed to a large number of people that watched the live stream programs simultaneously

## Incentive Cloud Service (“ICS”):

- The growth of ICS is subject to the sufficiency in working capital
- ICS further strengthens its positioning in the securities and insurance channels by partnering with more securities companies and insurance companies

## iBenefit:

- iBenefit expands its service modules to include i-Incentive, i-Health and i-Finance as well as i-Festival
- iBenefit secures partnerships with reputable business partners including Fortune 500 companies, leading financial institutions and human resource companies

# Divestment of Ofpay

- In December 2016, an agreement was entered into among the Company, Amalisia Zhang, the Original Vendors and an Investment Group, agreeing to transfer 40% of the equity interest in Jiangsu Ofpay E-commerce Limited (“Ofpay”) to Amalisia Zhang for consideration of RMB 200 million (AUD 37.9 million<sup>1</sup>), 35% of the equity interest in Ofpay to the Investment Group for consideration of RMB 175 million (AUD 33.2 million<sup>1</sup>), and 25% of the equity interest in Ofpay back to the Original Vendors for nil consideration.
- The consideration of RMB 175 million (AUD 33.2 million<sup>1</sup>) from the Investment Group will be finally paid to the Original Vendors, which, alongside with the 25% of the equity interest in Ofpay to be transferred back to the Original Vendors, will extinguish 99 Wuxian’s conditional obligation of the deferred payments to the Original Vendors.
- The consideration of RMB 200 million (AUD 37.9 million<sup>1</sup>) from Amalisia Zhang will be paid by way of:
  - ✓ The payment of RMB 20 million (AUD 3.8 million<sup>1</sup>) in cash
  - ✓ The repayment and discharge of the total amount owing (including all interest) of RMB 140 million (AUD 29.9 million<sup>2</sup>) to Grand Ease Holdings Limited (“Grand Ease”) (an associated entity of the CEO, Amalisia Zhang) and the cancellation of the Convertible Note embedded
  - ✓ A vendor finance, in the form of a secured loan (on arms lengths terms) in the amount of RMB 40 million (AUD 7.6 million<sup>1</sup>) from 99 Wuxian to Amalisia Zhang for a maximum 3 year term, secured over all of the fully paid ordinary shares on issue in 99 Wuxian held by Grand Ease, and bearing interest at the Renminbi deposit rate provided by China Merchants Bank, Hong Kong Branch plus a 50% premium
- The divestment of Ofpay and the payment methods of the consideration from Amalisia Zhang are subject to the approval of the Extraordinary General Meeting (“EGM”).
- The divestment of Ofpay will generate a premium of RMB 40 million (AUD 7.6 million<sup>1</sup>).
- The divestment of Ofpay will exempt the Company from all its conditional payment obligations associated with the Ofpay acquisition deal, and enable it to focus on its own B2B2C business.

## Background:

- 99 Wuxian entered into a conditional agreement to acquire Ofpay in 2015.
- An initial payment of RMB 160 million (AUD 34.1 million<sup>2</sup>) was made to the Original Vendors funded by a non-recourse loan from Grand Ease for RMB 140 million (AUD 29.9 million<sup>2</sup>) under the 2015 Grand Ease Loan Agreement with a Convertible Note embedded.
- Deferred payments up to a maximum of RMB 297.4 million (AUD 63.5 million<sup>2</sup>) would be paid upon certain historical performance targets and consent from the Company being achieved.

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### Note:

1. RMB translated into AUD at the spot rate of AUD/RMB of 5.2744 as at 8 February 2017

2. RMB translated into AUD at the spot rate of AUD/RMB of 4.6877 as at 15 December 2015





# Marketing initiatives

*99 Wuxian continues to partner with leading Chinese banks on effective marketing campaigns*



January 2017

- Joint marketing campaign with the Agricultural Bank of China ("ABC")
- Each day during the campaign, the first 99 users who recharge their mobiles can win RMB10 mobile recharge coupons



January 2017

- Joint marketing campaign with the Industrial and Commercial Bank of China ("ICBC")
- Each Thursday during the campaign, users can purchase e-coupons at 10% discount, including gourmet card, video card, travel card, e-commerce card, etc.



September 2016

- Joint marketing campaign with the Industrial and Commercial Bank of China ("ICBC")
- Each Tuesday during the campaign, the 99<sup>th</sup> user who purchases the Sinopec petrol card can win a Ctrip travel card with face value of RMB500



June 2016

- Joint marketing campaign with China Minsheng Bank
- Each Friday during the campaign, the first 99 users of Minsheng Wechat Bank who recharge their mobiles for RMB100 can get 10% discount



# Summary profit and loss

## FY16 revenue and gross profit

31 December year end	RMB millions		AUD millions <sup>1</sup>		Change
	FY2015	FY2016 <sup>2</sup>	FY2015 <sup>2</sup>	FY2016 <sup>2</sup>	(%)
Total revenue	203.3	308.9	41.1	62.5	52%
<b>Net revenue</b>	<b>192.3</b>	<b>302.3</b>	<b>38.9</b>	<b>61.1</b>	<b>57%</b>
<b>Gross profit</b>	<b>128.2</b>	<b>104.6</b>	<b>25.9</b>	<b>21.2</b>	<b>-18%</b>
<i>margin (%)</i>	66.7%	34.6%	66.7%	34.6%	(3,205bps)
Selling expenses (excluding D&A)	(26.8)	(32.0)	(5.4)	(6.5)	20%
Administration expenses (excluding D&A)	(80.9)	(60.2)	(16.4)	(12.2)	-26%
Other revenue	1.6	2.2	0.3	0.4	41%
Other gains and losses	(0.5)	0.2	(0.1)	0.0	-140%
<b>EBITDA</b>	<b>21.5</b>	<b>14.8</b>	<b>4.3</b>	<b>3.0</b>	<b>-31%</b>
<i>margin (%)</i>	11.2%	4.9%	11.2%	4.9%	(629bps)
D&A	(5.3)	(6.5)	(1.1)	(1.3)	21%
Net interest expense	0.0	(8.9)	0.0	(1.8)	-19766%
<b>PBT</b>	<b>16.2</b>	<b>(0.6)</b>	<b>3.3</b>	<b>(0.1)</b>	<b>-104%</b>
Tax	(6.0)	(3.8)	(1.2)	(0.8)	-36%
<b>NPAT</b>	<b>10.2</b>	<b>(4.4)</b>	<b>2.1</b>	<b>(0.9)</b>	<b>-143%</b>
<i>margin (%)</i>	5.3%	-1.5%	5.3%	-1.5%	(675bps)
<b>Underlying EBITDA</b>	<b>22.0</b>	<b>14.6</b>	<b>4.5</b>	<b>2.9</b>	<b>-34%</b>
<i>margin (%)</i>	11.5%	4.8%	11.5%	4.8%	(664bps)
<b>Underlying PBT</b>	<b>16.7</b>	<b>(0.8)</b>	<b>3.4</b>	<b>(0.2)</b>	<b>-105%</b>
<i>margin (%)</i>	8.7%	-0.3%	8.7%	-0.3%	(896bps)

## Commentary

- Net revenue growth of 57% contributed by the user acquisition and user engagement strategy
- Decline in gross profit as the result of launching joint marketing campaigns with business partners and offering promotions to users
- Net loss caused by both the decline in gross profit and the interest expense of RMB 8.0 million accrued on the RMB 140 million loan from Grand Ease Holdings Limited for the initial payment for Ofpay acquisition, while the Company expects that the interest expense will stop being accrued when the divestment of Ofpay is completed as the loan will be extinguished as one of the payment methods of the consideration from Amalisia Zhang

Note: 1. RMB translated into AUD using the average rate of AUD/RMB 4.9448 for FY2016 and FY2015 to eliminate the exchange rate impact.

2. Financial information has not been audited or reviewed.







# Summary balance sheet

Balance sheet continues to evolve in line with the business

	RMB millions		AUD millions <sup>1</sup>	
	FY2015	FY2016 <sup>2</sup>	FY2015 <sup>2</sup>	FY2016 <sup>2</sup>
31 December year end				
Cash and cash equivalents	40.9	44.0	8.1	8.8
Trade and other receivables	194.3	277.5	38.6	55.2
Inventory	17.4	10.6	3.5	2.1
Intangibles	53.2	51.4	10.6	10.2
Property, plant and equipment	10.0	7.6	2.0	1.5
Deposit for acquisition of subsidiaries	160.0	160.0	31.8	31.8
Interest in associate	-	8.7	-	1.7
Other assets	21.3	17.1	4.2	3.4
<b>Total assets</b>	<b>497.0</b>	<b>577.0</b>	<b>98.8</b>	<b>114.7</b>
Trade and other payables	52.8	73.6	10.5	14.6
Other liabilities	152.3	165.8	30.3	33.0
<b>Total liabilities</b>	<b>205.1</b>	<b>239.5</b>	<b>40.8</b>	<b>47.6</b>
<b>Net assets</b>	<b>291.9</b>	<b>337.5</b>	<b>58.0</b>	<b>67.1</b>
Share capital	272.0	313.7	54.1	62.4
Reserves	19.9	23.9	4.0	4.7
<b>Total equity</b>	<b>291.9</b>	<b>337.5</b>	<b>58.0</b>	<b>67.1</b>

## Commentary

- Cash balance of RMB 44.0mm
  - Well positioned for future growth
- Deposit for acquisition of subsidiaries of RMB 160.0mm
  - Acquisition of Ofpay, which is in the progress of being divested
- Trade and other receivables balance of RMB 277.5mm
  - Growth due to increased transaction value generated by the rewards redemption business
  - High quality receivables from leading Chinese financial institutions
  - Includes prepayments to enable real-time virtual product delivery and receivables due from Handpay as a result of legacy contracts
- Interest in associate of RMB 8.7mm (HKD 10.0mm)
  - In April 2016, the Company established and registered an associate called Allpay (International) Finance Service Corporation Limited (“Allpay”), a stored-value card issuer, with Dazhong (Hong Kong) International Corporation Limited (“Dazhong”), a fully owned subsidiary of Shanghai Dazhong Public Utilities (Group) Co., Ltd.
  - The Company has fully paid the initial share capital of HKD 10.0mm for 40% equity interest in Allpay, and Dazhong has fully paid the initial share capital of HKD 15.0mm for 60% equity interest in Allpay
  - Allpay is now in the process of applying for the relevant issuance license with Hong Kong Monetary Authority and hasn’t performed any operations so far

Note: 1. The spot rate of AUD/RMB 5.0286 as at 31 December 2016 is used for balance sheet items translation to eliminate the exchange rate impact.

2. Financial information has not been audited or reviewed.





# Summary cash flow

*Continued cash investment in the platform*

	RMB millions <sup>1</sup>	AUD millions <sup>2</sup>
31 December year end	FY2016	FY2016
Underlying EBITDA	14.6	2.9
Income taxes paid	(0.0)	(0.0)
Movement in working capital	(58.4)	(11.8)
<b>Cash flow from operations</b>	<b>(43.8)</b>	<b>(8.9)</b>
Investment in an associate	(8.7)	(1.8)
Purchases of PP&E and additions of intangible assets	(2.3)	(0.5)
<b>Cash flow from investing</b>	<b>(11.1)</b>	<b>(2.2)</b>
Proceeds from issue of shares	41.7	8.4
Share issue expenses	(0.1)	(0.0)
Proceeds from borrowings	30.8	6.2
Repayment of borrowings	(13.7)	(2.8)
Interest paid	(1.0)	(0.2)
<b>Cash flow from financing</b>	<b>57.8</b>	<b>11.7</b>
<b>Net increase in cash</b>	<b>2.9</b>	<b>0.6</b>
Opening cash balance	40.9	8.3
Effect of foreign exchange rate changes	0.2	0.0
<b>Closing cash balance</b>	<b>44.0</b>	<b>8.9</b>

## Commentary

- Disciplined management of operating cash flow
- Operating cash flow continues to be invested into the growth of the platform
  - Working capital consumed in the growing Incentive Cloud Service
  - Development and launch of new offerings and solutions, such as iBenefit
  - Marketing initiatives
- Capital expenditure
  - Initial share capital contribution to the associate Allpay
  - Additions of PP&E and intangible assets
- Financing activities
  - Proceeds from issue of shares in February 2016 for RMB 42mm
  - Business factoring with China domestic factoring companies accruing interest

Note: 1. Financial information has not been audited or reviewed.

2. RMB translated into AUD at the average rate of AUD/RMB of 4.9448 for the period 1 January 2016 to 31 December 2016, and financial information has not been audited or reviewed.





## Outlook

*To capture the massive opportunities in the mobile commerce market in China*

- 99 Wuxian will focus on executing its growth strategy focusing on expanding its operation scale, including:
  - ✓ Enlarging the base of business partners and registered users
  - ✓ Enhancing user engagement and stickiness
  - ✓ Developing the rewards redemption and employee benefit redemption businesses together with the continuous expansion of the 99 Marketplace
  - ✓ Moving toward higher commission products and better profitability
  - ✓ Improving operating efficiency and corporate governance
- 99 Wuxian believes that the massive opportunities in the mobile commerce market in China will extend into the future. The huge consumption demand and purchasing power in China, alongside with the constantly improving internet infrastructure, will continue to drive the growth of mobile commerce. 99 Wuxian will continue to execute its growth strategy to capture these opportunities and create value for our shareholders