

ASX and Media Release

30 October 2017

Appendix 4C – September 2017 Quarterly Cash Flow Report

Hong Kong, 30 October 2017: 99 Wuxian, (ASX: NNW) (“99 Wuxian” or “the Company”) is pleased to provide its Appendix 4C quarterly cash flow report for the period ending 30 September 2017.

Operational performance¹

The Company held a cash balances of RMB 56.5 million as at 30 September 2017, with net cash inflows for the quarter of RMB 43.7 million. The cash inflow was predominantly comprised of cash flows from financing activities provided by several financial institutions to satisfy the working capital demand associated with the rewards redemption business and prepayments to enable real-time virtual product delivery as well as positive cash flows from operating activities as a result of the Company’s focused and disciplined approach to cash flow management.

The current terms of our arrangements with our rewards redemption business partners require the Company to temporarily fund customer reward point purchase prior to receiving payment from our business partners. Despite the working capital requirement, the rewards redemption business generates a high return on equity for the Company. As such, the Company continues to collect receivables and recycle capital into this business segment. The Company continues to grow the rewards redemption business in a disciplined and carefully managed manner, and seek financing to drive this business segment to grow.

Operationally, the business continues it’s forecast growth trajectory by increasing registered users and user engagement. During the quarter 51.7 million transactions were completed through the platform, up 8% over the prior corresponding period, reflecting the execution of the growth strategy focusing on transaction scale expansion.

¹ Figures based on management accounts that have not been audited or reviewed.

For further information, please contact:

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About 99 Wuxian Limited:

99 Wuxian is a leading provider of online and mobile commerce solutions in China through its three core mobile commerce offerings:

- 99 Marketplace – A leading and reputable mobile commerce platform integrated with Chinese mobile banking application connecting bank customers with high quality merchants for a wide range of products and services.
- ICS – An online mobile rewards & points program for China's large banks, insurance companies and other major financial institutions.
- iBenefit – A mobile incentive and rewards program for employees from some of China's large and medium state owned enterprises and private companies.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

99 WUXIAN LIMITED

ABN

164 764 729

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 September 2017 RMB
1. Cash flows from operating activities			
1.1 Receipts from customers		3,285,819,866	10,365,120,907
1.2 Payments for			
(a) research and development		-1,346,400	-3,705,290
(b) product manufacturing and operating costs		-3,240,210,259	-10,289,795,210
(c) advertising and marketing		-19,319,499	-70,570,041
(d) leased assets		-	-
(e) staff costs		-13,077,485	-41,353,787
(f) administration and corporate costs		-5,861,166	-17,859,955
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		14,556	56,255
1.5 Interest and other costs of finance paid		-1,929,793	-5,042,588
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		4,089,820	-63,149,709

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		-248,198	-1,604,033
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 September 2017 RMB
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-248,198	-1,604,033

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	93,304,000	182,510,800
3.6	Repayment of borrowings	-53,404,000	-104,869,800
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	39,900,000	77,641,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	12,837,247	44,016,057
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,089,820	-63,149,709
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-248,198	-1,604,033
4.4	Net cash from / (used in) financing activities (item 3.10 above)	39,900,000	77,641,000

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 September 2017 RMB
4.5	Effect of movement in exchange rates on cash held	-51,991	-376,437
4.6	Cash and cash equivalents at end of quarter	56,526,878	56,526,878

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter RMB	Previous quarter RMB
5.1	Bank balances	56,526,878	12,837,247
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	56,526,878	12,837,247

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
RMB**

777,597

-

6.1 refers to directors fee and salary for the period.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
RMB**

94,513,191

-

7.1 consists of 2 parts:

Payment to Investorlink Securities Limited for part of the directors fee: RMB 130,824.

Payment to Jiangsu Ofpay E-commerce Limited ("Ofpay") for goods supplied to the Company: RMB 94,382,367.

8. Financing facilities available

Add notes as necessary for an understanding of the position

		Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
8.1	Loan facilities	180,900,000	94,724,000
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

99 Wuxian has entered into business factoring contracts / short-term bank loan agreements with several financial institutions to supplement its working capital. 99 Wuxian has pledged its accounts receivables to the financial institutions to guarantee the repayment. Please see details of the facilities as below:

Facility: Business factoring

Lender: Shenzhen Qianhaiyibainian Business Factoring Co., Ltd.

Credit Limit: RMB 10,000,000 Interest rate: 18% per annum

Credit Limit: RMB 15,000,000 Interest rate: 17% per annum

Credit Limit: RMB 10,000,000 Interest rate: 15.5% per annum

Secured by: 99 Wuxian's accounts receivables

Facility: Business factoring

Lender: Union Leatop Financial Leasing Co., Ltd.

Credit Limit: RMB 25,000,000

Interest rate: 12% per annum

Secured by: 99 Wuxian's accounts receivables

Facility: Secured Receivable Funding

Lender: Shanghai HuaRui Bank Co., Ltd.

Credit Limit: RMB 100,000,000

Interest rate: 6.25% per annum

Secured by: 99 Wuxian's accounts receivables

Facility: Unsecured Loan Funding

Lender: Shanghai HuaRui Bank Co., Ltd.

Credit Limit: RMB 20,900,000

Interest rate: 4.35% per annum

9.	Estimated cash outflows for next quarter	RMB
9.1	Research and development	-1,500,000
9.2	Product manufacturing and operating costs	-4,500,000,000
9.3	Advertising and marketing	-28,000,000
9.4	Leased assets	-
9.5	Staff costs	-13,000,000
9.6	Administration and corporate costs	-7,000,000
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	-4,549,500,000

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: ...30/10/2017.....

Print name: Ross Benson.....

Notes

1. As disclosed in the Appendix 4C for the December 2015 quarter, following payment of monies due to Shanghai Handpay Information & Technology Co. Ltd (Handpay) under the original Handpay Services Agreement signed on 17 July 2013 (refer to page 39 of the Company's Prospectus lodged with the ASIC on 23 August 2013) and a Supplementary Agreement signed on 1 July 2015, 99 Wuxian Ltd (the Company) secured beneficial entitlement to the net revenue earned from the operations of the 99wuxian.com mobile online marketplace (here net revenue is defined to include Handpay's ongoing service fee, which was agreed to be updated to 3% of revenue after business tax in the Supplementary Agreement from the original 10% of gross revenue).

+ See chapter 19 for defined terms

1 September 2,016

The Supplementary Agreement signed on 1 July 2015 between Handpay and the Company revised the original Handpay Services Agreement in mainly two aspects:

- (a) Handpay will only charge the ongoing service fee on the business contracts signed in the name of Handpay for operating the 99wuxian.com mobile online marketplace
- (b) The ongoing service fee will be changed from 10% of gross revenue to 3% of revenue after business tax

The Company generates cash from operations in its own right as some contracts with business partners have now been transferred from Handpay to the Company. All new contracts with business partners are entered into by the Company. Some of the current business partners are significant Chinese enterprises, and making changes to contracts will take some time. Handpay continues to collect those revenues on behalf of the Company. The Company will negotiate with business partners before contracts are due to expire, so that any expiring contracts entered into with Handpay will be renewed by the Company in lieu of Handpay.

- 2. The definitions in, and provisions of, IAS 7: Statement of Cash Flows applies to this report except for any additional disclosure requirements requested by IAS 7 that are not already itemised in this report.
- 3. The Company has adopted accounting policies that comply with International Financial Reporting Standards (IFRS) and the figures in this report are prepared in accordance with all applicable IFRS. The figures disclosed in the report are in Chinese Renminbi (RMB), the official currency of The People's Republic of China, which is the functional currency of the Company.
- 4. 99 Wuxian has entered into business factoring contracts / secured receivable funding and unsecured loan funding agreements with several financial institutions to supplement its working capital. 99 Wuxian has pledged its accounts receivables to the financial institutions to guarantee the repayment. In the third quarter, 99 Wuxian's credit increased to RMB 180.9 million to support the business growth. More details about the financing facilities are disclosed in Item 8.4.
- 5. 99 Wuxian continues to maintain a focussed and disciplined approach to cash flow management and growth of the rewards redemption business whilst actively pursuing a range of financing options to support the growth of this business segment over the longer term.
- 6. Considering the current business operation situation, the Company expects the net operating cash inflow for next quarter to be RMB 50 million, with the operating cash inflow for next quarter to be RMB 4.60 billion and the operating cash outflow for next quarter to be RMB 4.55 billion (as mentioned in Section 9).