



ASX Release

18th April 2018

Company information supplement to ASX Announcement on Monday, 16 April 2018

Business establishment and China market barriers

99 Wuxian Limited's ("99 Wuxian" or "the Company") CEO, Ms. Amalasia Zhang founded 99 Wuxian based on her vision of the opportunity to participate in the mobile commerce ("m-commerce") market in China. The establishment of the Company as a business to business ("B2B") participant in the m-commerce sector required the fundamental elements of technology, regulatory process (including compliance with financial requirements and regulatory standards), risk control systems and security standards, business operational capacity and platform stability.

In order to connect to financial institutions whether in China or elsewhere, these key components must be in place.

Prior to the establishment of 99 Wuxian, Ms. Zhang had over 15 years existing industry experience.

In China, as in other countries there is a stringent procurement framework imposed by financial institutions to become a qualified supplier. From a legal and political viewpoint there are rigorous anti-corruption rules which prevent abnormal influence of an individual or business. This is particularly prevalent in the internet industry given the highly competitive Chinese market.

Today, 99 Wuxian has over 110 business partners in the banking and insurance sector and more than 500 business partners in other industry sectors, which the Board considers a strong endorsement of 99 Wuxian's capacity and the capabilities of its management team.

99 Wuxian Limited

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Mobile Commerce vs Mobile Payments

99 Wuxian is an m-commerce gateway providing online marketplace, rewards redemption and employee benefit services in China. 99 Wuxian is not a mobile payments company, however, given these services are provided online, they may be accessed via a mobile device. In most situations 99 Wuxian requires the services of a mobile payment license holder in the Chinese market in order to conduct its business. In 99 Wuxian's case, this is Handpay, with which 99 Wuxian executed an exclusive 30 years services agreement on 17 July 2013.

In general terms, mobile payments refer to payment clearance and settlement operated under financial regulation from or via a mobile device whereas m-commerce is the buying and selling of goods and services through wireless handheld devices and personal digital assistants.

99 Wuxian's three core competencies in m-commerce are:

- the mobile marketplace;
- mobile reward point redemption; and
- employee benefits,

which in combination strengthen 99 Wuxian's engagement with its B2B partners.

CEO Engagement and Business Status

99 Wuxian's CEO, Ms. Zhang says *"my focus remains 100% on building the scale and success of 99 Wuxian's business in the China market, which today remains one of the most exciting m-commerce markets in the world"*.

Ms. Zhang is the major shareholder of 99 Wuxian and has a strong vested interest in focusing on the value outcome for all CHESS Depository Interest (**CDI**) holders and shareholders. On the date of listing of 99 Wuxian on the ASX, an entity controlled by Ms. Zhang held 24.92% of 99 Wuxian. Since that date, Ms. Zhang has not disposed of any equity in the Company. Ms Zhang currently controls 22.01%, as a result of dilution following the issue of new CDIs.

Since the IPO of 99 Wuxian in October 2013, the following key milestones have been achieved:

Table 1

	Year end Dec 2013	Year end Dec 2017	Growth
Registered users	27.9 million	73.6 million	164%
Gross transaction volume	RMB 5.0 billion	RMB 13.8 billion	176%
Number of transactions	25.2 million	211.5 million	739%
Revenue	RMB 72.3 million	RMB 122.4 million	69%
Banking and insurance business partners	43	110+	156%
General business partners	3	500+	16567%

CDI holders and Shareholders

99 Wuxian CDIs are traded on the ASX. Each CDI represents one underlying share in 99 Wuxian. The principal difference between holding CDIs and holding the underlying shares is that the holder of CDIs will hold a beneficial interest in the equivalent number of shares but not legal title. The legal title to the Shares is held by CHES Depositary Nominees Pty Limited (**CDN**), a subsidiary of ASX. Holders of CDIs are entitled to all the economic benefits of the underlying Shares, such as voting rights and dividend rights as though they were holders of the legal title.

Capital Raised and Asset Status

Equity capital raised by 99 Wuxian since its inception is summarised in the table below:

Table 2

Capital raising	Date	Amount raised
Pre IPO:	May 2013:	A\$8.1m
IPO:	October 2013:	A\$20.0m
Placement 1:	August 2014:	A\$25.0m
Placement 2:	February 2016:	A\$9.0m
Total:	As at December 2017	A\$62.1m

As at 31 December 2017, 99 Wuxian's audited accounts reflected net tangible assets of A\$47million. The capital utilised by 99 Wuxian over the past four years in achieving the milestones shown in table 1 (above) represent the balance of A\$15.1million.

The Board considers this financial metric is comparable to other industry participants in the m-commerce sector representing a unique value proposition of the B2B business model. The cost to acquire customers has a direct relationship to the capital at risk to operate in the m-commerce industry.

Corporate governance and Board process

Given 99 Wuxian is a Hong Kong registered entity, related party transactions are regulated by the Hong Kong Companies Ordinance and the ASX Listing Rules. 99 Wuxian's PRC registered operating subsidiaries are subject to the Chinese regulatory requirements.

99 Wuxian has taken legal advice in regard to all related party transactions. 99wuxian is satisfied that it has complied with applicable regulatory requirements.

99 Wuxian has endeavored to adhere to best practice corporate governance guidelines in both Hong Kong and pursuant to the Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council (third edition) (**Recommendations**). On an annual basis, 99 Wuxian responds on an 'if not why not' basis in regards to its compliance with the eight principles detailed in the Recommendations.

In terms of its financial reports, 99 Wuxian is fully compliant with the Hong Kong Financial Reporting Standards (**HKFRSs**). 99 Wuxian's auditor has, in respect of each financial period, issued unqualified audit reports.



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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 programs for China's largest banks, insurance companies and other major financial institutions.
- iBenefit – An mobile incentive and rewards programs for employees from some of China's large and medium state owned enterprises and private companies.

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