

ASX and Media Release

31 July 2018

Appendix 4C – June 2018 Quarterly Cash Flow Report

Hong Kong, 31 July 2018: 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 June 2018.

Operational performance¹

The Company had a cash balance of RMB 135.7 million as at 30 June 2018, with net cash outflow for the quarter of RMB 16.1 million. The cash outflow was predominantly due to repayment of borrowings in financing activities. Compared with the net cash flow in operating activities of the same period in 2017, the operating activities generated a positive net cash flow of RMB 14.5 million in this quarter and a positive cumulative net cash flow of RMB 45.0 million in the first half of 2018. The net cash flow from operating activities is positive as a result of the Company’s efforts to accelerate the reconciliation and settlement process to improve the turnover rate of receivables.

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.

The business continues growth trajectory by increasing registered users and user engagement. By the end of the quarter, the number of registered users had reached 77.8 million, with a 1.5% increase on the quarter ending 31 March 2018.

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

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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.

+Rule 4.7B

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 June 2018

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 June 2018 RMB
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,064,034,294	4,994,124,303
1.2	Payments for		
	(a) research and development	-948,760	-1,841,409
	(b) product manufacturing and operating costs	-2,002,563,599	-4,852,717,400
	(c) advertising and marketing	-20,973,095	-43,558,944
	(d) leased assets	-	-
	(e) staff costs	-11,520,094	-26,929,345
	(f) administration and corporate costs	-5,988,565	-13,392,226
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	57,689	115,929
1.5	Interest and other costs of finance paid	-3,233,303	-6,445,741
1.6	Income taxes paid	-4,386,288	-4,386,288
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	14,478,279	44,968,879

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-47,716	-77,868
	(b) businesses (see item 10)		

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 June 2018 RMB
	(c) investments	-	-
	(d) intellectual property	-573,801	-588,587
	(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	-621,517	-666,455

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	22,970,000	94,661,797
3.6	Repayment of borrowings	-52,970,000	-97,022,800
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	-30,000,000	-2,361,003

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	151,801,868	93,936,777
4.2	Net cash from / (used in) operating activities (item 1.9 above)	14,478,279	44,968,879
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-621,517	-666,455

Consolidated statement of cash flows		Current quarter RMB	Year to ended 30 June 2018 RMB
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-30,000,000	-2,361,003
4.5	Effect of movement in exchange rates on cash held	60,033	-159,535
4.6	Cash and cash equivalents at end of quarter	135,718,663	135,718,663

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	135,718,663	151,801,868
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)	135,718,663	151,801,868

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
540,000
-

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
30,960,455
-

7.1 refers to payment to Jiangsu Ofpay E-commerce Limited ("Ofpay") for goods supplied to the Company: RMB 30,960,455.

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	215,135,101	157,635,101
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 with two factoring companies to supplement its working capital. 99 Wuxian has pledged its accounts receivables to the factoring companies to guarantee the repayment. Please see details of the facilities as below:

Lender: Shenzhen Qianhaiyibainian Business Factoring Co., Ltd.

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

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

Credit Limit: RMB 5,000,000 Interest rate: 16.5% per annum

Lender: Huarui Bank

Credit Limit: RMB 100,000,000

Interest rate: 6.25% per annum

Secured by: 99 Wuxian's accounts receivables

Lender: Huarui Bank

Credit Limit: RMB 71,140,000

Interest rate: 4.35% per annum

Secured by: 99 Wuxian's accounts receivables

Lender: Zhang Wen

Credit Limit: RMB 5,000,000

Interest rate: 10% per annum

Lender: Investorlend Services Pty Ltd.

Credit Limit: AUD 950,000 (RMB 4,974,105)

Interest rate: 10% per annum

Credit Limit: AUD 250,000 (RMB 1,270,996)

Interest rate: 10% per annum

Lender: Xia Dongpu

Credit Limit: RMB 6,250,000

Interest rate: 10% per annum

Lender: Liu Nian

Credit Limit: RMB 1,500,000


Interest rate: 10% per annum

9.	Estimated cash outflows for next quarter	RMB
9.1	Research and development	-1,000,000
9.2	Product manufacturing and operating costs	-2,000,000,000
9.3	Advertising and marketing	-20,000,000
9.4	Leased assets	-
9.5	Staff costs	-12,000,000
9.6	Administration and corporate costs	-7,000,000
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	-2,040,000,000

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)

Date:31/07/2018.....

Print name:Ross Benson.....

Notes

1. As disclosed in the Appendix 4C for the December 2,015 quarter, following payment of monies due to Shanghai Handpay Information & Technology Co. Ltd (Handpay) under the original Handpay Services Agreement signed on 17 July 2,013 (refer to page 39 of the Company's Prospectus lodged with the ASIC on 23 August 2,013) and a Supplementary Agreement signed on 1 July 2,015, 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).

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. Generally, 99 Wuxian accumulates more receivables at end of year than at other end of quarters. 99 Wuxian continuously makes efforts to accelerate the collection of receivables. As a result, the company collected more receivables in Q1 2018, with a positive net operating cash flow of RMB 30 million, while Q2 2018 generated a positive net operating cash flow of RMB 14.4 million.
5. 99 Wuxian has entered into business factoring contracts, bank and other loan funding agreements with several lenders to supplement its working capital. 99 Wuxian has pledged its accounts receivables to the financial institutions to guarantee the repayment. In the second quarter, 99 Wuxian's credit slightly decreased by RMB 35 million to RMB 215.1 million resulting from cutting loans of business factoring contracts and unsecured loan fundings. More details about the financing facilities are disclosed in Item 8.4.
6. 99 Wuxian continues to maintain a focussed and disciplined approach to cash flow management and growth of the reward point redemption business whilst actively pursuing a range of financing options to support the growth of this business segment over the longer term.
7. Considering the current business operation situation, the Company expects the net operating cash flow for next quarter to be RMB 20 million, with the operating cash inflow for next quarter to be RMB 2.06 billion and the operating cash outflow for next quarter to be RMB 2.04 billion (as mentioned in Section 9).