



# Full year results presentation

## 28 February 2019

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## Mobile Commerce Solutions and Cloud Services Provider



### Core capability

Value Added Services to Business Partners through mobile commerce platform technology and cloud base services

### Key resources

Technology platform and well established Business Partner network providing broad coverage of the Chinese consumer market

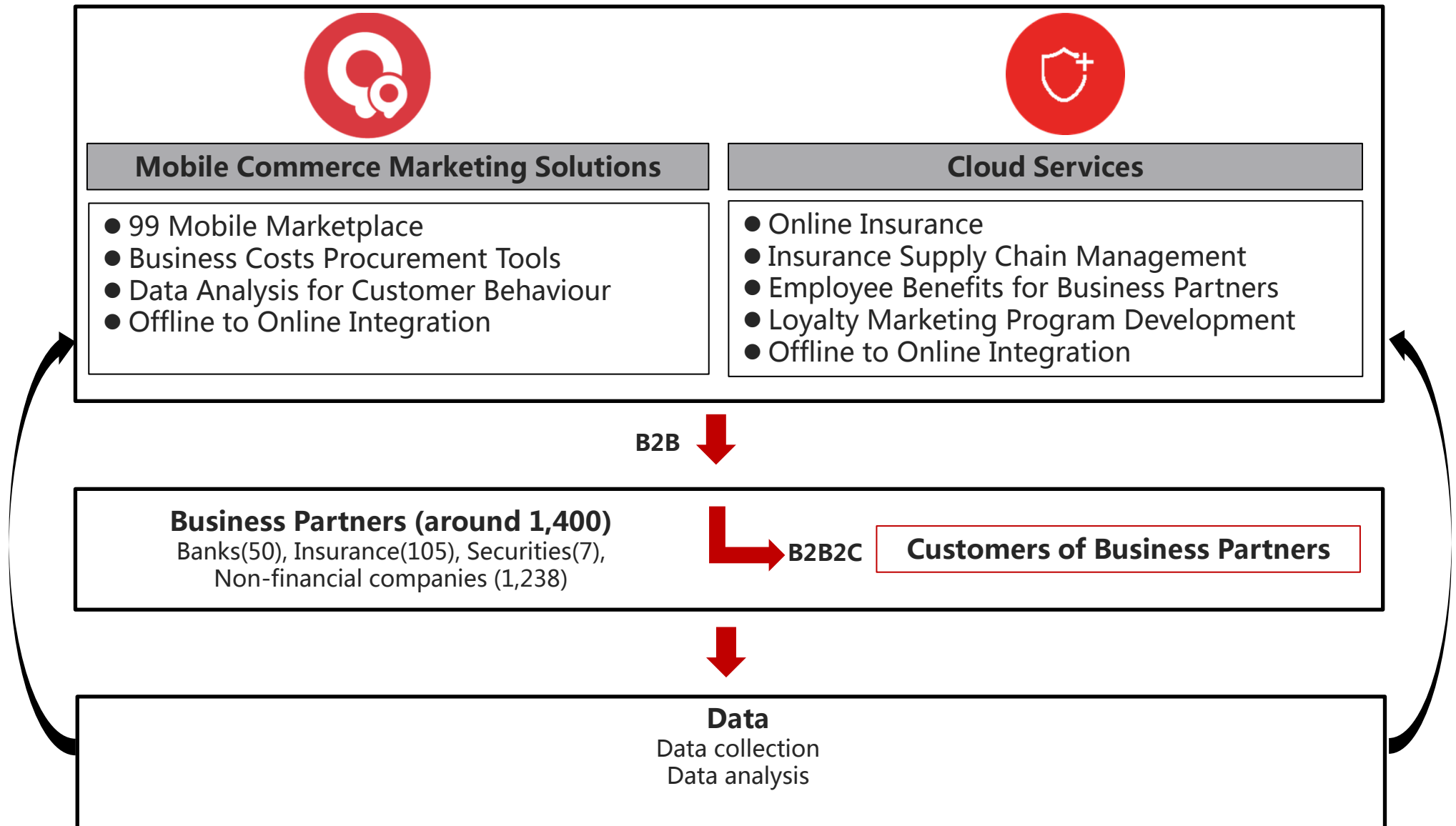


### Business partner demand drivers

- Customer retention and loyalty management
- Customer lifecycle extension
- Offline to online customer migration
- New customer acquisition
- Customer activity rate enhancement
- Marketing and incentives delivery



# Business summary



# Mobile Commerce Marketing Solutions



## 99 Marketplace

- Virtual product portfolios and mix
- A convenient m-commerce platform
- Standardized and flexible modules
- Quick system interface



## Business Costs Procurement Tools

- Improving efficiency and reducing costs for business partners



## Offline to Online Integration

- Various marketing solution and tools combined with product mix to fit in different business scenes



## Customer Behavior Data Analysis

- Analyzing customer' s behaviors
- Precision marketing through Big Data

# Cloud Services



## Online Insurance Development

- Powerful tools based on internet for insurance business fast development



## Insurance Supply Chain Management

- Creative tools and solutions to manage the entire insurance supply chain



## Employee Benefits for Business Partners

- One-stop Cloud Platform of business partners' employee flexible benefits



## Loyalty Marketing Program Development

- Comprehensive and modularized solutions for loyalty management and marketing



## Offline to Online Integration

- Various marketing solution and tools combined with product mix to fit in different business scenes

# Results Highlights

	Increase/Decrease	<u>FY2018</u>	<u>FY2017</u>
No. of Business Partners	+133%	1,400	600

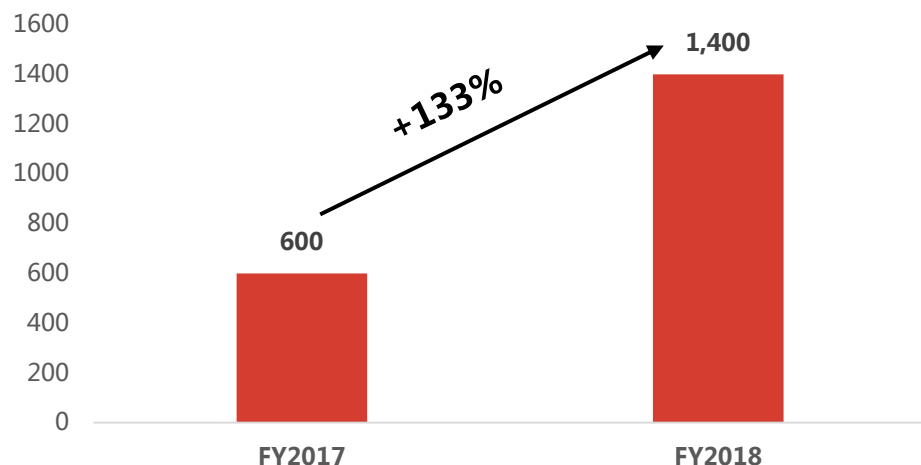
	Increase/Decrease	<u>FY2018</u>		<u>FY2017</u>	
		<u>RMB: mm</u>	<u>AUD: mm</u>	<u>RMB: mm</u>	<u>AUD: mm</u>
Net revenue	+5%	128.8	26.1	122.4	24.8
Gross Profit	+61%	125.2	25.3	77.8	15.7
EBITDA	+11.1mm (AUD: 2.2mm)	9.9	2	-1.2	-0.2
Net Loss	-7.8mm(AUD: -1.5mm)	-9.2	-1.9	-17	-3.4

Note: RMB translated into AUD using the average rate of AUD/RMB 4.9407 for the period 1 January 2018 to 31 December 2018 . FY2018 information has not been audited or reviewed.



# Financial Overview

## Number of Business Partners

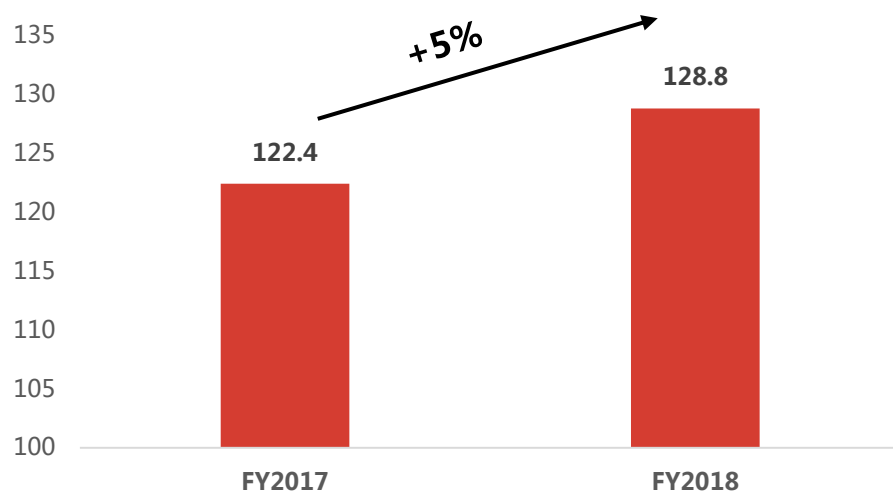


## Commentary

The Number of Business Partners increased by 133% compared with FY2017, primarily driven by

- Enhanced understanding of Business Partner requirements and subsequent service demands;
- Expanded service offerings through M- commerce Marketing Solution and Cloud Services
- Continued recognition in the China market for high quality of services and reputation

## Revenue (mm)



## Commentary

The Revenue increased by 5% in FY2018, primarily driven by

- Management focus on cost control.
- Alignment of core competencies with business model

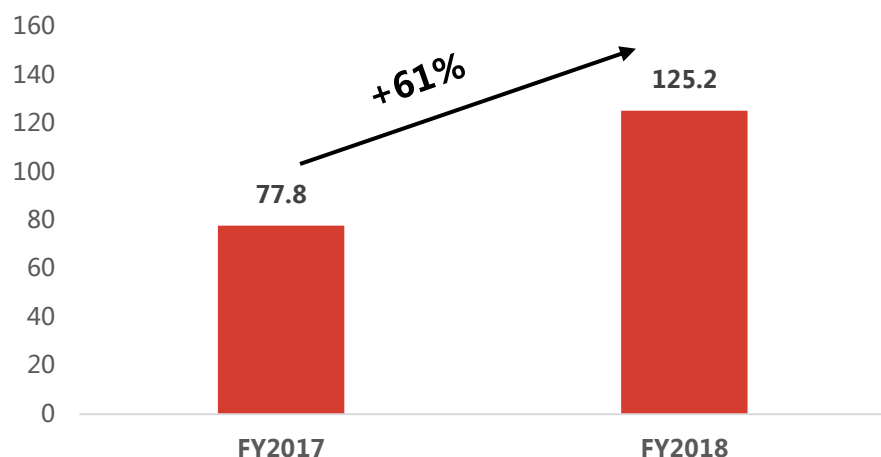
Note: The number of business partners and revenue has not been audited or reviewed.



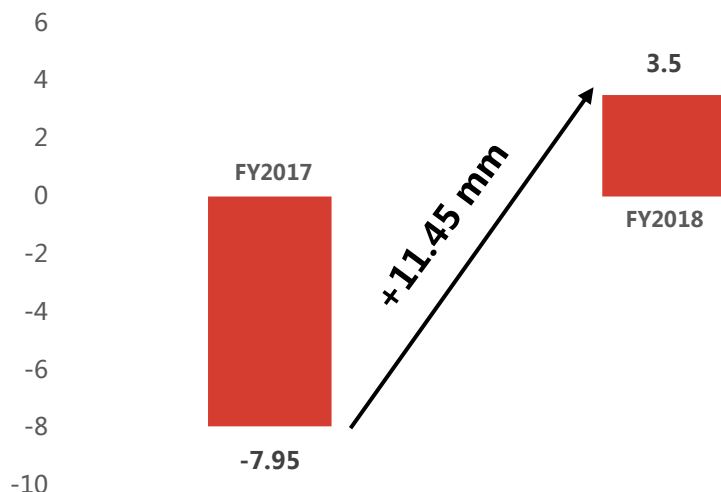


# Financial Overview

## Gross Profit (mm)



## EBIT(RMB mm)



## Commentary

The Gross profit increased 61% from FY2017 to FY2018 primarily driven by;

- Gross profit has increased through the introduction of higher margin product participation and expanded service offerings in Cloud Services.
- Tighter control of variable marketing campaign costs.

## Commentary

The EBIT increased from (-7.95mm) in FY2017 to + 3.5mm in FY2018 primarily driven by;

- The increase in EBIT has resulted from an alignment of the business model with the companies core competencies
- Management cost controls resulting in more efficiency in our operation process.

Note: The gross profit and EBIT have not been audited or reviewed.



# Summary profit and loss

FY2018 revenue, gross profit, EBIT and NPAT have improvement

31 December year end	RMB millions		AUD millions <sup>1</sup>		Change
	FY2017	FY2018 <sup>2</sup>	FY2017	FY2018 <sup>2</sup>	(%)
<b>Net revenue</b>	<b>122.4</b>	<b>128.8</b>	<b>24.8</b>	<b>26.1</b>	<b>5%</b>
<b>Gross profit</b>	<b>77.8</b>	<b>125.2</b>	<b>15.7</b>	<b>25.3</b>	<b>61%</b>
<i>margin (%)</i>	<i>63.6%</i>	<i>97.2%</i>	<i>63.6%</i>	<i>97.2%</i>	<i>3,361bps</i>
Selling expenses (excluding D&A)	(62.5)	(66.5)	(12.7)	(13.5)	6%
Administration expenses (excluding D&A)	(59.2)	(55.0)	(12.0)	(11.1)	(7%)
Other revenue	4.7	5.4	1.0	1.1	15%
Share of result from an associate	(0.4)	-	(0.1)	-	(100%)
Other gains and losses	38.4	0.8	7.8	0.2	(98%)
<b>EBITDA</b>	<b>(1.2)</b>	<b>9.9</b>	<b>(0.2)</b>	<b>2.0</b>	<b>(933%)</b>
<i>margin (%)</i>	<i>-1.0%</i>	<i>7.7%</i>	<i>-1.0%</i>	<i>7.7%</i>	<i>865bps</i>
D&A	(6.8)	(6.4)	(1.4)	(1.3)	(5%)
Net interest expense	(8.3)	(15.8)	(1.7)	(3.2)	92%
<b>PBT</b>	<b>(16.2)</b>	<b>(12.3)</b>	<b>(3.3)</b>	<b>(2.5)</b>	<b>(24%)</b>
Tax	(0.8)	(3.2)	(0.2)	(0.6)	(484%)
<b>NPAT</b>	<b>(17.0)</b>	<b>(9.2)</b>	<b>(3.4)</b>	<b>(1.9)</b>	<b>(46%)</b>
<i>margin (%)</i>	<i>-13.9%</i>	<i>-7.1%</i>	<i>-13.9%</i>	<i>-7.1%</i>	<i>680bps</i>

Note: 1. RMB translated into AUD using the average rate of AUD/RMB 4.9407 for FY2018 and FY2017 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

31 December year end	RMB millions		AUD millions <sup>1</sup>	
	FY2017	FY2018 <sup>2</sup>	FY2017	FY2018 <sup>2</sup>
Cash and cash equivalents	42.5	57.0	8.8	11.8
Pledged bank deposit	46.4	43.6	9.6	9.0
Restricted bank deposit	5.0	5.0	1.0	1.0
Trade and other receivables	419.7	448.4	87.0	92.9
Inventory	6.3	1.1	1.3	0.2
Intangibles	75.7	72.5	15.7	15.0
Property, plant and equipment	5.4	3.3	1.1	0.7
Deposit for acquisition of subsidiaries	-	-	-	-
Interest in associate	-	-	-	-
Loan receivables	40.0	40.0	8.3	8.3
Amount due from directors	20.0	-	4.1	-
Other assets	16.0	24.9	3.3	5.2
<b>Total assets</b>	<b>677.1</b>	<b>695.8</b>	<b>140.3</b>	<b>144.2</b>
Trade and other payables	186.5	230.9	38.6	47.9
Bank and other loans	154.4	122.1	32.0	25.3
Other liabilities	15.7	32.3	3.3	6.7
<b>Total liabilities</b>	<b>356.6</b>	<b>385.3</b>	<b>73.9</b>	<b>79.9</b>
<b>Net assets</b>	<b>320.5</b>	<b>310.5</b>	<b>66.4</b>	<b>64.4</b>
Share capital	313.7	313.7	65.0	65.0
Reserves	6.8	(3.1)	1.4	(0.7)
<b>Total equity</b>	<b>320.5</b>	<b>310.5</b>	<b>66.4</b>	<b>64.4</b>

## Commentary

- Cash and bank deposits of RMB 57.0mm
  - ✓ Well positioned for future growth
- Trade and other receivables of RMB 448.4mm
  - ✓ Growth due to the business development. Our business upgrade made our revenue model more and more comprehensive.
  - ✓ High quality receivables from leading Chinese financial institutions
- Inventory of RMB 1.1mm:
  - ✓ Decreased mainly caused by our transition from sales of merchants to service providing. We offered one-stop services to realize Customer Care
  - ✓ We enhanced the management to inventory and improved turn-over rate.
- Trade and other payables of RMB 230.9mm:
  - ✓ Increased mainly due to the development of business

Note: 1. The spot rate of AUD/RMB 4.825 as at 31 December 2018 is used for both FY2017 and FY2018 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	AUD millions <sup>1</sup>
31 December year end	FY2018 <sup>2</sup>	FY2018
EBITDA	9.9	2.0
Interest received	1.3	0.3
Income taxes paid	(5.5)	(1.1)
Movement in working capital	23.0	4.7
<b>Cash flow from operations</b>	<b>28.7</b>	<b>5.8</b>
Increase in pledged deposit	2.8	0.6
Repayment from a director	20.0	4.0
Purchases of PP&E and additions of intangible assets	(1.1)	(0.2)
<b>Cash flow from investing</b>	<b>21.7</b>	<b>4.4</b>
Proceeds from borrowings	189.6	38.4
Repayment of borrowings	(213.6)	(43.2)
Interest paid	(11.8)	(2.4)
<b>Cash flow from financing</b>	<b>(35.8)</b>	<b>(7.2)</b>
<b>Net increase (decrease) in cash</b>	<b>14.6</b>	<b>3.0</b>
Opening cash balance	42.5	8.6
Effect of foreign exchange rate changes	(0.1)	(0.0)
<b>Closing cash balance</b>	<b>57.0</b>	<b>11.5</b>

## Commentary

- Disciplined management of cash flow
- Operating cash flow continues to be invested into the growth and upgrade of our business
  - ✓ As our business developed, we generated more payables in the process of products and service offering
  - ✓ With upgrade of our business, we provided more one-stop services rather than merchants to realize Customer Care thus generated less inventory
- Investing activities
  - ✓ Increase in pledged deposit to obtain certain debt financing facilities
  - ✓ Additions of PP&E and intangible assets
- Financing activities
  - ✓ Proceeds from debt financing facilities
  - ✓ Repayment of debt financing facilities

Note: 1. RMB translated into AUD at the average rate of AUD/RMB of 4.9407 for the period 1 January 2018 to 31 December 2018 to eliminate the exchange rate impact.

2. Financial information has not been audited or reviewed.



# FY2019 Outlook

The Company is focusing on its core strengths, capabilities and established Business Partner network to deliver growth in revenue and improved profitability. The demand drivers from Business partners in the Chinese market continue to be strong based on the evolving Chinese consumer market. The Board remains confident that the business model of the Company represents an optimal risk / return participation in the Chinese market.

- Market demand is driven by:
  - ✓ Growth of China GDP and resident consumption upgrades
  - ✓ The demand on M-commerce marketing solutions and cloud services from business partners to capture Chinese consumer market needs
  - ✓ Development of technology providing innovation for products and services applied in M-commerce marketing solutions and cloud services
- In FY2019, the Company will be focused on the following aspects of the business to deliver growth in scale and revenue of the business to underpin our growth strategy:
  - ✓ **Demands:** Continued research and dialogue with Business Partners and there customers to ensure strong visibility to key needs and demands.
  - ✓ **Business Partner expansion:** Broaden cooperation with both current and new business partners
  - ✓ **Services and Products:** Enhance our services and enrich product portfolio and mix based on the Demands analysis
  - ✓ **Operation:** Continuously monitor operational costs to ensure optimal operational efficiency
  - ✓ **Technology:** Ensure best practice technology is available through our core competencies for our Business Partners



# Growth strategy

		Strategy
1	<b>Business Partners/ Channels</b>  Develop business partners and constantly reach customers	<ul style="list-style-type: none"> <li>➤ In-depth discover the demands of business partners and reach customers.</li> <li>➤ Constantly develop new business partners in both financial and non-financial sectors to reach customers</li> </ul>
2	<b>Service/Operation</b>  Expand comprehensive solution services including products and services mix, enrich marketing tools and enhance customer engagement and activeness	<ul style="list-style-type: none"> <li>➤ Develop various solutions for business partners to               <ul style="list-style-type: none"> <li>• Create and enrich customer consumption scenes and customized services</li> <li>• Help business partners enhance customer penetration rate and activeness</li> <li>• Increase customer transaction frequency</li> </ul> </li> <li>➤ Satisfy evolving customer demands and increase customer consumption willingness for business partners by               <ul style="list-style-type: none"> <li>• Introducing more virtual products including insurance products</li> <li>• Explore the possibility of other financial products</li> </ul> </li> </ul>
3	<b>Technology/System</b>  Enhance technology and service strength	<ul style="list-style-type: none"> <li>➤ Drive services by technology, research technology evolution and improve technology platform by continuously introducing innovative technologies</li> <li>➤ Enhance the company's capacity from R&amp;D to technology implementation to meet the demands of business partners and customers</li> <li>➤ Create various services, cover the full business process including customer acquisition, marketing, customer activeness and stickiness, customer incentives, customer retention and loyalty management, customer lifecycle extension, and</li> <li>➤ Integrate leading-edge technology, develop a core big data analysis platform, constantly implement and improve big data strategy</li> </ul>
4	<b>Big Data</b>  Deeply understand customers through big data and fully explore customer value	<ul style="list-style-type: none"> <li>➤ Accumulate customer data, collect and analyse customer behaviours in the entire business process to help business partners acquire customer preferences, create behaviour tags and discover customer value</li> <li>➤ Continuously launch solutions and services to help business partners develop business through big data</li> <li>➤ Continue development, improvement and implementation of big data strategy</li> </ul>

