

ASX and Media Release

27 January 2021

Appendix 4C – December 2020 Quarterly Cash Flow Report

Hong Kong, 27th January 2021: 99 Technology, ASX Code: NNT

99 Technology (or “the Company”) is pleased to provide its Appendix 4C quarterly cash flow report for the period ending 31 December 2020.

Cash flow commentary¹

The Company held cash balances totalling RMB 116.90 million (AUD 24.15 million) at the end of Q4 2020, after net cash outflows for the quarter of RMB 83.14 million (AUD 17.18 million) represented by net operating cash outflows of RMB 63.05 million (AUD 13.03 million) and net financing cash outflow of RMB 20.00 million (AUD 4.13 million).

Net cash outflows from operating activities of RMB 63.05 million (AUD 13.03 million) in the majority resulted from marketing and promotional spending, which had been pre-paid by business partners in Q2 and Q3 2020. Since Q2, with the effective responses to and control of COVID-19 in China, market confidence rebounded significantly resulting in our business partners requiring extra marketing activities to catch up with positive market sentiment. The Company cumulatively received around RMB 48.49 million (AUD 10.02 million) in prepayments in Q2 and Q3. The Company delivered marketing and promotion services in Q4, which caused significant cash being paid to suppliers for underlying products and services used in such activities.

More recently, with several hundred local COVID positive cases occurring in China's Northern provinces in the end of 2020, China tighten up its control policies resulting in the market reverting to a more wait-and-see attitude. The Company expects that the marketing and promotion activities with prepayment from business partners will reduce in the next quarter, while cash flows from operating activities are expected to resume normal levels.

Item 6: Payments to related parties of the entity and associates

RMB 962,049 (AUD 198,746) paid to Investorlink Corporate Limited during the quarter for the following items;

- i) Directors fees for January 2020 to September 2020 (Ryan, Benson and Woodfull) AUD 135,158.91,
- ii) Corporate Secretarial services for January to June 2020: AUD 36,000,
- iii) Out of Pocket expenses AUD 27,587.09.

No payments were made to any other related parties of the entity and associates."

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

*Average RMB to AUD during Q4 2020: RMB: 4.8406 = AUD: 1.0000

(Source: <http://www.safe.gov.cn/>)

The above announcement was authorised by the Board of Directors of the Company.

About 99 Technology Limited:

99 Technology, a customer engagement services and solutions provider, through its technology platform creates a unique system providing comprehensive solutions for a client's whole business process from customer acquisition, marketing, customer activeness and engagement, customer incentives, customer retention and loyalty management and customer lifecycle extension.

- **Mobile Solutions**, based on virtual products and big data analytics, offers comprehensive M-commerce marketing services, including 99 Mobile Marketplace, Business Costs Procurement Tools, Offline to Online Marketing Integrations, and Customer Behavioural Data Analysis.
- **Cloud Delivered Solutions**, provides scene-based and customised cloud solutions and services for business partners, distribution channels and employees, including Rewards Redemptions, Online Insurances, Insurance Supply Chain Management, Employee Benefits, Loyalty Marketing Programs and so on.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

99 TECHNOLOGY LIMITED

ABN

164 764 729

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter RMB	Year to date 31 Dec 2020 RMB
1. Cash flows from operating activities		
1.1 Receipts from customers	1,013,118,230	5,786,001,434
1.2 Payments for		
(a) research and development	-1,270,507	-4,262,839
(b) product manufacturing and operating costs	-1,023,282,876	-5,615,318,599
(c) advertising and marketing	-31,213,213	-76,793,766
(d) leased assets		
(e) staff costs	-13,283,709	-50,054,268
(f) administration and corporate costs	-6,547,402	-22,684,279
1.3 Dividends received (see note 3)		
1.4 Interest received	89,583	373,737
1.5 Interest and other costs of finance paid	-2,753,333	-9,432,359
1.6 Income taxes paid	-1,108,127	-2,211,198
1.7 Government grants and tax incentives	3,200,000	4,787,683
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	-63,051,354	10,405,546
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	-2,688	-7,418
(d) investments		
(e) intellectual property	0	-244,282
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter RMB	Year to date 31 Dec 2020 RMB
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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	-2,688	-251,700

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	15,000,000	106,456,300
3.6	Repayment of borrowings	-35,000,000	-107,956,300
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	-20,000,000	-1,500,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	200,038,368	108,325,082
4.2	Net cash from / (used in) operating activities (item 1.9 above)	-63,051,354	10,405,546
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-2,688	-251,700

Consolidated statement of cash flows		Current quarter RMB	Year to date 31 Dec 2020 RMB
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-20,000,000	-1,500,000
4.5	Effect of movement in exchange rates on cash held	-89,146	-83,748
4.6	Cash and cash equivalents at end of period	116,895,180	116,895,180

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	116,895,180	200,038,368
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)	116,895,180	200,038,368

6.	Payments to related parties of the entity and their associates	Current quarter RMB
6.1	Aggregate amount of payments to related parties and their associates included in item 1	962,049
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

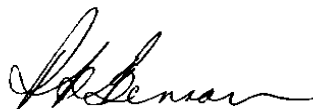
7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
7.1 Loan facilities	70,000,000	60,000,000
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	70,000,000	60,000,000
7.5 Unused financing facilities available at quarter end		10,000,000
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>99 Technology has entered into receivables financing contracts with several lenders to supplement its working capital. 99 Technology has pledged its accounts receivables to the lenders to guarantee the repayments. Please see details of the facilities as below:</p> <p>Lender: Shenzhen Qianhaiyibainian Business Factoring Co., Ltd. Credit Limit: Revolving credits of RMB 50,000,000 Interest rate: 18% per annum Contract Period: Until 25th May 2025</p> <p>Lender: Huarui Bank Credit Limit: RMB 20,000,000 Interest rate: 6% per annum Maturity date: 29th May 2021</p>		

8.	Estimated cash available for future operating activities	RMB
8.1	Net cash from / (used in) operating activities (item 1.9)	-63,051,354
8.2	Cash and cash equivalents at quarter end (item 4.6)	116,895,180
8.3	Unused finance facilities available at quarter end (item 7.5)	10,000,000
8.4	Total available funding (item 8.2 + item 8.3)	126,895,180
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
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8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
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8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
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<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

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.

Date: ...27 January 2021.....



Authorised by:Ross Benson.....
(Name of body or officer authorising release – see note 4)

Notes

1. 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.
2. 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.
3. 99 Technology has entered into receivable financing contracts, bank and other loan funding agreements with several lenders to supplement its working capital. 99 Technology has pledged its accounts receivables to guarantee the repayment. More details about the financing facilities are disclosed in Item 7.
4. 99 Technology continues to maintain a focussed and disciplined approach to cash flow management and growth of the cloud delivered services whilst actively pursuing a range of financing options to support the growth of this business segment over the long term.