

Voluntary delisting and NASDAQ SPAC process

Voluntary delisting

99 Loyalty (**ASX Code: 99L**) ("**99 Loyalty**" or "**the Company**"), has submitted a formal request to the Australian Securities Exchange (**ASX**) to be removed from the official list of the ASX (**Official List**) pursuant to ASX Listing Rule 17.11 (**Delisting**).

Following this formal request, on 7 October 2022, the ASX has confirmed that it agrees to remove 99 Loyalty from the Official List, subject to certain conditions being satisfied. The Delisting would mean that the Company's CHES Depository Interests (**CDIs**) would no longer be quoted on the ASX. The Delisting will be put forward for shareholder/CDI holder (**Shareholder**) approval at a general meeting.

The Delisting is considered by the Company's Board (**Board**) to be in the best interests of the Company for a number of reasons, which are summarised below.

Key reasons for seeking removal from the Official List

- (a) **Valuation:** The CDI price of 99 Loyalty is A\$0.027 per CDI (based on the trading price of CDIs at 12 September 2022).

The Board considers that the current trading price of the Company's CDIs in recent years implies a valuation that has been (and remains) consistently and materially lower than the valuations of unlisted and listed companies of a comparable nature and scale of 99 Loyalty in Australia and other capital markets.

- (b) **Liquidity:** Stock liquidity remains low, which the Board considers is a function of the Australian market sentiment towards the Company and Chinese listed stocks on the ASX. The Board considers the liquidity of 99 Loyalty's CDIs will not change in the near future.

- (c) **Australian market sentiment:** The negative perception of towards Chinese listed stocks will continue to remain a significant impediment towards recognition of fair market value and prospective capital raisings irrespective of 99 Loyalty's business performance.

- (d) **Growth capital requirements:**

- Raising growth capital whilst listed on the ASX, will impose a significant dilutionary cost on non-participating Shareholders.
- Alternate debt and equity financing have been sourced without any prospect of obtaining either whilst remaining an ASX listed entity.
- Given the main business activities of 99 Loyalty are in China, the Company has also sought debt and/or equity financing in the Chinese market. Domestic funding in the Chinese market

is provided preferentially to Chinese domestic and HK listed entities and to Chinese private companies.

- Debt and/or equity financing options in China are significantly hampered by 99 Loyalty's current ASX listed market capital value of approximately A\$35m. This dynamic has provided a competitive funding advantage to its competitors in the market.
- The Board believes 99 Loyalty has an industry leading and experienced team with the latest internet technology, intelligent operating systems, numerous technical patents, and a best-in-class risk control program. The Company is focused on the opportunities available for growth in the Chinese digital economy and considers the growth trajectory of the business will require access to growth funding in order to protect the interests of all holders.

(e) **Costs of remaining listed on the ASX:** The ongoing administrative, compliance and direct costs associated with the Company's ASX listing are disproportionate to the benefits of remaining an ASX listed security.

(f) **Returning value to CDI holders:** The Board considers it has two key priorities:

- Protect the interests of all Shareholders and ensure the business can access funding to survive and grow to build CDI/Shareholder value; and
- To ensure that the funding pathway can provide Shareholders with the prospect of a liquidity event at a fair market value.

The Board considers the best alternative available considering the above mentioned and the stated objectives, is to proceed with the engagement of a special purpose acquisition company (**SPAC**) process. A summary of these key engagement terms are shown below;

SPAC Engagement process

On 13th October 2022, the Company executed an engagement letter (**Engagement Letter**) with the Balloch (Holding) Group (**Balloch**), who will act as the sole financial advisor in connection with the proposed NASDAQ transaction of 99 Loyalty through a SPAC Merger.

The conditions precedent for the commencement of the SPAC process will be the requirement that 99 Loyalty is delisted from the ASX. In the event the Company is not delisted from the ASX within 120 days from the execution date of the Engagement Letter, the engagement will terminate.

Key terms are summarised as follows;

- Balloch undertakes to engage a SPAC corporate vehicle for the specific purposes of merging 99 Loyalty which has raised equity growth capital of a minimum US\$50m;
- Balloch will advise 99 Loyalty in negotiations with the SPAC with the intention current 99 Loyalty CDI holders maintain ownership in the merged SPAC vehicle of circa 70% on a fully diluted – post merger basis.

Conditions for the Delisting and proposed timetable

ASX's decision to approve the Delisting is subject to 99 Loyalty's compliance with the following conditions:

- The Company's removal from the Official List is approved by a special resolution of ordinary security holders of the Company.
- The removal of 99L from ASX Official List will not take place any earlier than one month after CDI holders approval has been obtained.
- The notice of meeting seeking securityholder approval for the Company's removal from the Official List must include, in a form and substance satisfactory to ASX, the following information:
 - a timetable of key dates, including the time and date at which the Company will be removed from the Official List if that approval is given;
 - that if holders wish to sell their securities on ASX, they will need to do so before the Company is removed from the Official List;
 - the steps holders must take to convert their CDIs to the underlying securities, if that is what they wish to do;
 - the steps that will be taken by CHES Depositary Nominee if holders do not convert their CDIs to the underlying securities by the nominated date;
 - details of the processes that will exist after the Company is removed from the Official List to allow holders to dispose of their holdings and how they can access those processes; and
 - the information prescribed in section 2.11 of ASX Guidance Note 33.
- The Company releasing the full terms of ASX's decision to the market.

Given 99 Loyalty has CDIs trading on the ASX, 99 Loyalty will include with the notice of meeting a letter in form and substance satisfactory to ASX (**CDI Holder Letter**), setting out the consequences to security holders of giving that approval and stating:

- the steps holders must take to convert their CDIs to the underlying securities, if that is what they wish to do; and
- the steps that will be taken by the CHES Depositary Nominee if holders do not convert their CDIs to the underlying securities by a nominated date.

In essence, with respect to the CDIs, the CDI Holder Letter will provide three options. These are as follows:

- **Option 1** – CDI holders can elect to sell the CDIs on the ASX before the suspension date, as indicated in the timetable below (at which time the registers are transferred across).

To do this, the CDIs would just trade as per usual but must ensure that the trade occurs prior to the suspension date at which point the register is moved from Australia to Hong Kong.

In the event this option is selected, a CDI holder is not required to do anything further,

- **Option 2** – CDI holders can elect to convert the CDIs into shares. This will need to be completed by a date agreed with ASX Settlement.

To do this, the CDI holder will need to complete a 'CDI Cancellation – Australia to Hong Kong' form. This form will be provided by the Company's share registry but will need to be made available to CDI

holders online and by a link provided in a letter sent to all CDI holders. The 'CDI Cancellation – Australia to Hong Kong' form will need to be sent to 99 Loyalty's Share Registry for processing.

- **Option 3** – A CDI holder may elect to do nothing in which case on or after a date agreed with ASX Settlement, the CDIs held by the CDI holder will be automatically converted to shares on the Hong Kong register and a share certificate will be issued and mailed to the name and address in which the CDIs were registered.

Further details relating to the proposed removal from the Official List will be included in the Notice of Meeting which will be dispatched to the Company's Shareholders in due course.

The proposed timetable for the satisfaction of conditions and the expected date of removal of the Company from the Official List are as follows:

Event	Indicative date*
Notice of Meeting seeking Shareholder approval of the Delisting to be sent to Shareholders	28 October 2022
CDI Holder Letter to be sent to Shareholders	28 October 2022
General Meeting to be held to approve the Delisting	23 November 2022
Results of General Meeting announced to market	23 November 2022
Suspension Date (date on which Shares are suspended from trading on ASX)	23 December 2022
Anticipated Delisting Date (date on which Delisting is expected to take effect)	30 December 2022

*Dates and times are indicative only and subject to change by the Company or ASX.

The Delisting would not take place any earlier than one month after Shareholder approval has been obtained. CDIs may continue to be traded on ASX up until the Suspension Date, after which trading will be suspended until the Delisting date. The Company is not intending to offer its Shareholders the opportunity to sell their holdings through a share buy-back or other facility. The Company notes that Shareholders will be given an opportunity to sell their CDIs on ASX in the one-month period between the date of Shareholder approval and the Delisting date, if they do not wish to remain Shareholders. Following the Delisting, the Company's Shareholders will only be able to dispose of their shareholdings in private transactions, in accordance with the Company's Articles of Association and the Companies Ordinance.

Consequences for the Company and its Shareholders

Some of the key consequences for the Company and its Shareholders if the Company is removed from the Official List include:

- the Company's CDIs will no longer be quoted on the ASX and will no longer be traded on the ASX;
- the Company's shares will only be capable of sale via off-market private transactions which will require the Company's Shareholders to identify and agree terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance (Chapter 622, Laws of Hong Kong) (**Companies Ordinance**);
- Whilst the company is an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents;
- The Company will remain as a public company under the Companies Ordinance as either one of the following conditions are met:
 - the Company has more than 50 Shareholders; or
 - the Company's articles of association do not (a) restrict the transferability of the shares by members; or (b) prohibit any invitation to the public to subscribe for any shares or debentures of the Company.

Under such circumstances, the Company will remain subject to The Codes on Takeovers and Mergers and Share Buy-back regulated by the Securities and Futures Commission of Hong Kong;

- Given 99 Loyalty is a company incorporated and registered under Hong Kong law, following the Delisting, continuous disclosure obligations under ASX Listing Rules will no longer apply to 99 Loyalty, but it will remain to be subject to the annual filing requirements under the Companies Ordinance which include the filing of annual return and the Company's financial statements (including directors' report and auditors' report) to the Companies Registry in Hong Kong. Further, apart from keeping a register of members, the Companies Ordinance requires the Company to maintain a significant controllers register to be accessible by law enforcement officers upon demand. The Company will still provide disclosure to Shareholders of material matters on the Company's website;
- a reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of CDIs by the Company and requirements concerning significant changes to the Company's activities;
- The Company's Articles of Association and, therefore, Shareholders' rights under the Articles of Association will remain unchanged immediately following the Delisting, such that Shareholders will continue to have the right to:
 - receive notices of meetings and other notices issued by the Company;
 - exercise voting rights attached to shares; and
 - receive dividends payable by the Company from time to time;
- Following completion of the SPAC listing, current CDI holders will hold NASDAQ listed ordinary shares in the Company which reflects the current pro-rata ownership diluted by the equity capital raising



and SPAC Sponsor ownership dilution.

Remedies available

If a Shareholder of the Company considers the proposed Delisting to be unfairly prejudicial to the interests of a Shareholder or Shareholders, the Shareholder may apply to the Court for an order under section 725 of the Companies Ordinance (equivalent law to section 233 of the Corporations Act 2001), pursuant to which, the Court can make any order that it thinks fit for giving relief, including but not limited to:

- an order restraining the continuance of the Delisting;
- an order appointing a manager for the Company's business; or
- an order that the Company be wound up on the basis of just and equitable pursuant to section 177(1)(f) of the *Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong)*.

-ENDS-

Released with authority of the Board.

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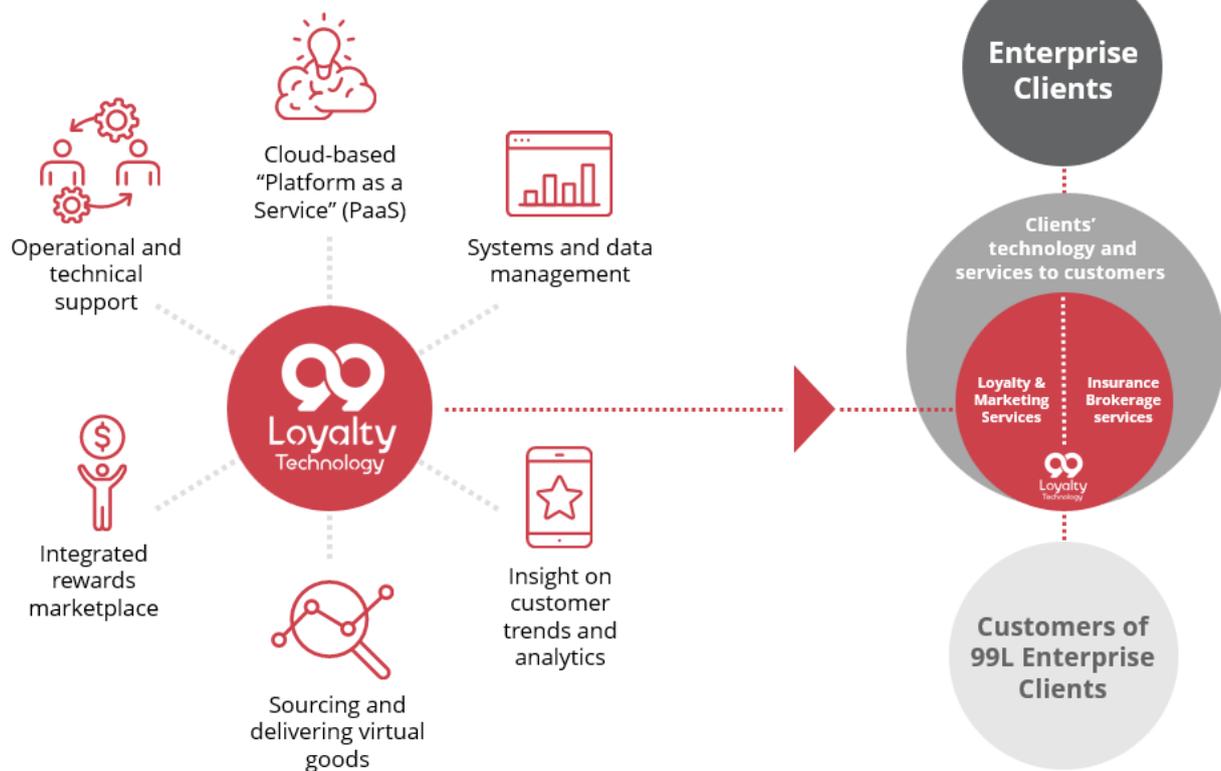
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About 99 Loyalty Technology

99 Loyalty Technology delivers a platform and insights that enables China's leading banks and insurance companies to enhance customer loyalty and win new business.

99 Loyalty Technology is a business to business (B2B) enterprise technology solution with greater than 200 enterprise clients. It delivers the "technology behind the scenes", integrating seamlessly into the client's own ecosystem. This allows users to interact in the client's ecosystem as per normal, with an enhanced experience. The enterprise client benefits from access to a full suite of technology services – which ranges from security to full analysis, virtual goods and payments.



99 Loyalty Technology’s Redemption Management Technology helps clients acquire and retain customers through loyalty programs. 99 Loyalty Technology provides the technology platform to manage rewards points, manage points redemptions, and the sourcing and delivery of rewards within the client’s own digital assets. This service is predominantly used by Chinese banks.

99 Loyalty Technology’s Interactive Marketing Technology helps clients acquire and retain customers through interactive marketing campaigns. 99 Loyalty Technology provides the technology platform that includes drawing customers into the client’s app, gamification of app activities, and the sourcing and delivery of rewards for that activity. This service is predominantly used by Chinese insurance companies.

99 Loyalty Technology’s Insurance Brokerage Services allows the company to leverage its extensive relationships with insurance companies to source market leading insurance products, transform them into virtual goods for use on our proprietary online Insurance Broking platform, and distribute them via our network of agents. Our Insurance Brokerage Services benefit all parties from the platform’s efficiency, convenience, transparency, cost and scale. The company generates revenue by receiving commission from insurance companies on all transactions that are completed via our platform.