

ASX and Media Release

31 January 2017

Appendix 4C – December 2016 Quarterly Cash Flow Report

Hong Kong, 31 January 2017: 99 Wuxian, (ASX: NNW) (“99 Wuxian” or “the Company”) is pleased to provide its Appendix 4C quarterly cash flow report for the period ending 31 December 2016.

Operational performance¹

The Company had a cash balance of RMB 44.0 million as at 31 December 2016, with net cash inflows for the quarter of RMB 15.2 million. The cash inflow was predominantly contributed by the inspiring GTV achieved in the fourth quarter, which totaled to RMB 5.2 billion with an increase of 42.3% compared with that of the third quarter.

Meanwhile, the Company is reviewing additional financing options to grow the successful reward point redemption business, building on the current factoring transactions.

Operationally, the business continued growth trajectory by increasing user engagement. During the quarter a record number of 52.4 million transactions were completed through the platform, up 141% over the same quarter last year

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.

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")

31 December 2016

Consolidated statement of cash flows		Current quarter RMB	Year to ended 31 December 2016 RMB
1. Cash flows from operating activities			
1.1 Receipts from customers		5,139,084,236	11,797,136,261
1.2 Payments for			
(a) research and development		-2,118,293	-8,447,573
(b) product manufacturing and operating costs		-5,025,040,029	-11,568,679,292
(c) advertising and marketing		-71,517,858	-194,260,737
(d) leased assets		-	-
(e) staff costs		-13,027,546	-56,247,884
(f) administration and corporate costs		-7,531,232	-25,243,630
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		19,267	40,840
1.5 Interest and other costs of finance paid		-872,206	-979,686
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		38,380	2,201,710
1.8 Other (provide details if material)			
1.9 Net cash from / (used in) operating activities		19,034,719	-54,479,991

2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		-77,522	-1,228,015
(b) businesses (see item 10)		-	-
(c) investments		-	-

Consolidated statement of cash flows		Current quarter RMB	Year to ended 31 December 2016 RMB
	(d) intellectual property	-144,047	-144,047
	(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	-221,569	-1,372,062

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	41,746,374
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	-	-85,855
3.5	Proceeds from borrowings	10,027,800	30,775,800
3.6	Repayment of borrowings	-13,692,800	-13,692,800
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	-3,665,000	58,743,519

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	28,844,693	40,910,686
4.2	Net cash from / (used in) operating activities (item 1.9 above)	19,034,719	-54,479,991
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-221,569	-1,372,062
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-3,665,000	58,743,519

Consolidated statement of cash flows		Current quarter RMB	Year to ended 31 December 2016 RMB
4.5	Effect of movement in exchange rates on cash held	23,214	213,905
4.6	Cash and cash equivalents at end of quarter	44,016,057	44,016,057

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	44,016,057	28,844,693
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)	44,016,057	28,844,693

6.	Payments to directors of the entity and their associates	Current quarter RMB
6.1	Aggregate amount of payments to these parties included in item 1.2	600,000
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	
6.1 refers to directors fee and salary for the period.		

7. Payments to related entities of the entity and their associates	Current quarter RMB
7.1 Aggregate amount of payments to these parties included in item 1.2	69,108,497
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	

7.1 consists of 2 parts:

Payment to Investorlink Corporate Limited for professional services provided to the Company: RMB 682,730.

Payment to Jiangsu Ofpay E-commerce Limited ("Ofpay") for goods supplied to the Company: RMB 68,425,767. In 2015, the Company entered into a binding conditional agreement ("Ofpay Agreement") to acquire 100% equity interests in Ofpay. An initial deposit of RMB160,000,000 was paid in 2015 and three deferred payments up to a total maximum of RMB297.4million contingent upon certain performance targets have not been paid yet. The Company does not have the practical ability to unilaterally direct the relevant activity of Ofpay as certain conditions under the Ofpay Agreement had not been fulfilled, so Ofpay is not included in the Company's consolidated financial statements. Now the Company has entered into an agreement to dispose 100% equity interests in Ofpay, which shall take effect upon the approval of the Extraordinary General Meeting of the Company in 2017. But Ofpay is treated as a related entity of the Company.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end RMB	Amount drawn at quarter end RMB
8.1 Loan facilities	25,000,000	17,083,000
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

Secured by: 99 Wuxian's accounts receivables

Lender: Union Leatop Financial Leasing Co., Ltd.

Credit Limit: RMB 15,000,000

Interest rate: 12% per annum

Secured by: 99 Wuxian's accounts receivables

9.	Estimated cash outflows for next quarter	RMB
9.1	Research and development	-2,000,000
9.2	Product manufacturing and operating costs	-5,000,000,000
9.3	Advertising and marketing	-50,000,000
9.4	Leased assets	-
9.5	Staff costs	-17,000,000
9.6	Administration and corporate costs	-7,000,000
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	-5,076,000,000

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 January 2017.....

Print name:Chris Ryan.....

Notes

1. As disclosed in the Appendix 4C for the December 2015 quarter, following payment of monies due to Shanghai Handpay Information & Technology Co. Ltd (Handpay) under the original Handpay Services Agreement signed on 17 July 2013 (refer to page 39 of the Company's Prospectus lodged with the ASIC on 23 August 2013) and a Supplementary Agreement signed on 1 July 2015, 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. In the fourth quarter, the Company saw a quarterly growth of 36% in receipts from customers compared with the third quarter due to the inspiring GTV growth in the fourth quarter, which contributed to the net operating cash inflow of RMB19.0 million and greatly improved the cash position of the Company.
3. 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.
4. 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.
5. RMB 41,660,519 in Item 3.1 and Item 3.4 represents a placement to investors via the issue of 89,658,718 fully paid CDIs in February 2016.
6. 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. More details about the factoring companies, credit limit and interest rate are disclosed in Item 8.4.
7. 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.
8. As mentioned in Section 9, the Company expects the cash outflow for next quarter to be RMB 5.08 billion, and the cash inflow for next quarter to be RMB 5.10 billion, considering the current business operation situation of the Company.