

## **ASX and Media Release**

16 December 2015

# **ACQUISITION OF MARKET LEADING CHINESE ECOMMERCE VIRTUAL PRODUCT SUPPLIER**

### **Highlights:**

- **99 Wuxian has entered into a binding conditional agreement to acquire Jiangsu Ofpay E-commerce Limited (“Ofpay”)**
- **Leading supplier of virtual products and services to the e-commerce sector in China**
- **Strengthens 99 Wuxian’s competitive position, generates cost and revenue synergies and ensures continuity and diversity of virtual products**
- **Increases and diversifies the financial and operational scale of 99 Wuxian**
- **Attractive Transaction structure with deferred consideration**
- **Funding includes RMB140million(A\$<sup>1</sup> 29.9 million) from major shareholder**

99 Wuxian Limited (ASX: NNW) (“99 Wuxian” or “the Company”) today announces that it has entered into a binding conditional agreement to acquire the majority of Jiangsu Ofpay E-commerce Limited (“Ofpay”)(“Transaction”).

The Transaction represents a major strategic milestone for 99 Wuxian, strengthening its competitive position in the Chinese m-commerce sector. The Transaction significantly increases the scale of 99 Wuxian’s operations and enables the Company to deliver its business partners with a more comprehensive product solution.

99 Wuxian founder and Chief Executive Officer, Amalisia Zhang, said:

“Ofpay is a quality Transaction that compliments 99 Wuxian’s existing business. The Transaction strengthens 99 Wuxian’s competitive position, ensuring the continuity of supply of new and existing products within the rapidly growing virtual products market.

“This will enable 99 Wuxian to continue delivering superior levels of service to its end customers and positions the Company to focus on downstream platform growth as we continue to build our registered user base.”

---

<sup>1</sup> Note: RMB translated into AUD throughout using the spot rate of AUD/RMB 4.6877 as at 15 December 2015

99 Wuxian Acting Chairman, Simon Green, said:

“The Transaction is strategically compelling, with clear synergies. The Transaction provides 99 Wuxian with an opportunity to expand its market presence, scale of operations and revenue base.

“The strategic review of 99 Wuxian over the past twelve months highlighted our key strengths and competitive advantages. This Transaction is an integral component to strengthen our market position, drive future growth and deliver shareholder value.”

## **Ofpay**

Established in 2005, Ofpay is a market leading wholesale provider of virtual products in China, including mobile and game recharge; gift cards; fuel cards; and utility bills. Ofpay has well-established and long-standing relationships with prominent Chinese online marketplaces and virtual product suppliers, including Taobao, China Mobile, Tenpay, JD.com, Xiaomi and Q Coin.

For the 12 months ended 31 December 2014 (“FY2014”), Ofpay generated a Gross Transaction Value (“GTV”) of RMB 14.6 billion (A\$3.11 billion), total revenue of RMB 75.6 million (A\$16.1 million) and net profit after tax of RMB 30.9 million (A\$6.6 million).

Ofpay is complementary to 99 Wuxian’s existing operations and is expected to deliver significant synergies. The Transaction will enable 99 Wuxian to reduce its product costs and capture a larger share of the value chain, while also providing cross-selling opportunities.

The Chinese market for virtual products such as mobile recharge and gaming has experienced robust growth in recent years and this market is forecast to grow rapidly. According to data published by the National Bureau of Statistics, for the 10 months to October 2015 online retail sales of virtual products and services in China totalled RMB 503.0 billion (A\$107.3 billion), up 43% over the prior period.

## **Consideration**

Consideration for the Transaction is summarised as follows:

- An initial payment of RMB160 million (A\$34.1 million) (“Initial Payment”); and
- Three deferred payments up to a total maximum of RMB 297.4 million (A\$63.5 million) contingent upon certain performance targets being achieved (“Deferred Payments”). The Deferred Payments are payable between 31 December 2015 to 30 June 2017.

## **Funding**

Funding for the Initial Payment and first Deferred Payment totalling RMB 240 million (A\$51.2 million) is fully funded from existing liquidity, major shareholder loan, third party funding for 99 Wuxian’s wholly owned subsidiary (the entity acquiring Ofpay) and a private placement. Detail is provided below:

- Major shareholder loan

The Company has agreed terms for a RMB 140 million (A\$29.9 million) unsecured loan facility from its major shareholder, Grand Ease Holdings Limited, an entity associated with 99 Wuxian's Chief Executive Officer, Amalisa Zhang ("Shareholder Loan").

The Shareholder Loan is subject to Shareholder and CDI holder approval as a requirement of Hong Kong law. The material terms of the Shareholder Loan are set out in Appendix A.

- Placement of CHESS Depository Interests ("Placement CDIs")

A placement of 92,157,618 Placement CDIs, raising RMB 43 million (A\$9.15 million) at RMB 0.4689 (A\$0.10) per CDI will be made to unrelated third party investors.

Shareholder approval will not be required for the issue of the Placement CDIs under ASX Listing Rule 7.1, as they will be issued under the Company's current placement capacity.

- Third party Subsidiary funding

99 Wuxian has secured downstream funding via its wholly owned China subsidiary (the entity acquiring Ofpay) of RMB 80million (A\$17.1million).

The second and third Deferred Payment will be funded through a combination of private equity placement, debt and/or convertible notes or available cash.

## **Board and senior management**

No changes are expected to be made to the board of 99 Wuxian as a result of the Transaction.

## **Shareholder approvals**

In a letter dated 15 December 2015, the ASX confirmed that based on the information provided, the ASX will not require 99 Wuxian to obtain shareholder approval for the Transaction under listing rule 11.1.2, nor will ASX require the Company to meet the requirements in chapters 1 and 2 of the listing rules as if the Company were applying for admission to the official list under listing rule 11.1.3.

Notwithstanding that such approval is not required, a general meeting must nonetheless be convened to seek approval of the following (amongst other matters):

- The conversion mechanism contained in the Shareholder Loan under ASX Listing Rule 10.11;
- Under the laws of Hong Kong, the loan agreement for the Shareholder Loan and a mandate for the allotment and issue of the CDIs that may be issued upon conversion of the Shareholder Loan; and
- Ratification of the issue of the Placement CDIs under ASX Listing Rule 7.1.

Further details about the Transaction and funding will be set out in the notice of meeting.

## Key dates

The anticipated timetable for the convening of the general meeting and completion of the Transaction is set out below:

Announcement of the Transaction	16 December 2015
Dispatch notice of meeting	Early January 2016
Hold general meeting	Late January 2016
Completion of the Transaction	Late January 2016

Dates in this announcement have not been finally approved by ASX, are indicative only and subject to change. If the above timetable changes materially, the changes will be announced through ASX.

**-ENDS**

## For further information, please contact:

99 Wuxian Limited  
Mr Ross Benson  
+61 418 254 548

Fowlstone Communications  
Mr Geoff Fowlstone  
+61 413 746 949

## About 99 Wuxian Limited:

99 Wuxian aggregates over 300 million high quality consumers and 155 leading merchants through a marketplace embedded within the mobile apps of China's leading banks, telecommunications and insurance companies. 99 Wuxian enables increased customer satisfaction, loyalty and retention for its business partners by offering consumers the lifestyle convenience of purchasing virtual and physical goods on a mobile device.

## Appendix A

### Shareholder Loan – Summary of key terms

<b>Amount:</b>	RMB 140 million
<b>Term:</b>	3 years
<b>Security:</b>	Unsecured
<b>Coupon:</b>	7% per annum commencing from the date of shareholder approval of the conversion mechanism Interest deferrable at the Company's discretion
<b>Convertibility:</b>	Subject to shareholder and CDI holder approval under ASX Listing Rule 10.11, the Shareholder Loan (principal only) can be repaid in whole or in part at the discretion of 99 Wuxian (at any time) by way of the issue of CDIs
<b>Convertibility schedule and Exercise Price:</b>	A maximum of 213,317,081 CDIs can be issued upon conversion, based on an exercise price at conversion of RMB 0.6563 (A\$0.14) per CDI
<b>Ranking of converted CDIs:</b>	All converted CDIs will rank equally pari passu with all other existing fully paid and publicly traded CDIs on issue
<b>Limited recourse</b>	In the event that the Transaction is not completed or 99 Wuxian suffers any loss or damage or incurs any interest, costs or expenses as a result of such Transaction, then the amount 99 Wuxian is required to repay under the Shareholder Loan will be reduced by the amount of such losses or damages suffered, and all and any interest, costs or expenses incurred