

## ASX and Media Release

28 July 2016

# Appendix 4C – June 2016 Quarterly Cash Flow Report

**Hong Kong, 28 July 2016:** 99 Wuxian, (ASX: NNW) (“99 Wuxian” or “the Company”) is pleased to provide its Appendix 4C quarterly cash flow report for the period ending 30 June 2016.

### Operational performance<sup>1</sup>

The Company had a cash balance of RMB 19.0 million as at 30 June 2016, with net cash outflows for the quarter of RMB 1.9 million. The cash outflow was predominantly comprised of higher levels of working capital associated with the growth of the loyalty point redemption business and prepayments to enable real-time virtual product delivery. In addition, during the quarter 99 Wuxian continued to invest for future growth. The Company’s total number of transactions was increased as a result of business partners’ efforts to promote lower-value virtual products and increase user transaction frequency.

The current terms of our arrangements with our bank loyalty point partners require the Company to temporarily fund customer loyalty point purchase prior to receiving payment from our business partners. The significant growth in the loyalty point redemption business has generated a corresponding increase in high quality credit receivables due from leading Chinese banks. Despite the working capital requirement, the loyalty point redemption business generates a high return on equity for the Company. As such, the Company continues to collect receivables and recycle capital into this business segment.

The Company is focused on growing the loyalty point redemption business in a disciplined and carefully managed manner. The Company continues to consider longer term financing options which include, but are not limited to, receivables / structured debt financing, improving the working capital cycle and strategic investment. All of these options are aimed at ensuring that the Company can continue to grow this segment of business given the cash flow characteristics of the loyalty point redemption business.

Operationally, the business continues growth trajectory by increasing user engagement. During the quarter a record number of 32.9 million transactions were completed through the platform, up 206% over the prior corresponding period (“pcp”). The platform also generated the revenue of RMB 59.4 million for the quarter, up 16% over the pcp.

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<sup>1</sup> 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 mobile internet gateway, providing comprehensive solutions for businesses partners including China's leading banks, telecommunications, insurance companies, etc., connecting their customers and employees with high quality merchants for a wide range of products and services.

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

99 Wuxian Limited

ABN

164 764 729

Quarter ended ("current quarter")

30 Jun 2016

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter RMB	Year to ended 30 Jun 2016 RMB
1.1	Receipts from customers	2,111,095,352	2,880,923,618
1.2	Payments for		
	(a) staff costs	(12,809,323)	(30,067,568)
	(b) advertising and marketing	(40,363,950)	(80,113,372)
	(c) research and development	(2,481,147)	(4,427,728)
	(d) leased assets	-	-
	(e) other working capital	(2,057,291,732)	(2,828,935,111)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5,924	15,461
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (deposit refund)	-	-
	<b>Net operating cash flows</b>	<b>(1,844,876)</b>	<b>(62,604,700)</b>

+ See chapter 19 for defined terms.

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	Current quarter RMB	Year to ended 30 Jun 2016 RMB
1.8 Net operating cash flows (carried forward)	<b>(1,844,876)</b>	<b>(62,604,700)</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(35,131)	(1,122,972)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities		
1.13 Other (amount due from a director)		
<b>Net investing cash flows</b>	<b>(35,131)</b>	<b>(1,122,972)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(1,880,007)</b>	<b>(63,727,672)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	-	41,660,470
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>41,660,470</b>
<b>Net increase in cash held</b>	<b>(1,880,007)</b>	<b>(22,067,202)</b>
1.21 Cash at beginning of quarter/year to date	20,840,305	40,910,686
1.22 Exchange rate adjustments to item 1.20	(3,939)	112,875
<b>1.23 Cash at end of quarter</b>	<b>18,956,359</b>	<b>18,956,359</b>

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter RMB
1.24	Aggregate amount of payments to the parties included in item 1.2	780,000
1.25	Aggregate amount of loans to the parties included in item 1.11/1.13	-
1.26	Explanation necessary for an understanding of the transactions	
	1.24 refers to directors fee and salary for the period	

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available RMB	Amount used RMB
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter RMB	Previous quarter RMB
4.1	Cash on hand and at bank	<b>18,956,359</b>	<b>20,840,305</b>
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.23)		<b>18,956,359</b>	<b>20,840,305</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A
5.2	Place of incorporation or registration	N/A
5.3	Consideration for acquisition or disposal	N/A
5.4	Total net assets	N/A
5.5	Nature of business	N/A

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: .28 July 2016....  
Director

Print name: ...Ross Benson.....

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+ See chapter 19 for defined terms.

## Notes

1. **Item 1.1** 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. 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.
3. 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.
4. 99 Wuxian continues to maintain a focussed and disciplined approach to cash flow management and growth of the loyalty point redemption business whilst actively pursuing a range of financing options to support the growth of this business segment over the longer term.
5. During this quarter, our business partners inclined to promote lower-value virtual products in order to increase user transaction frequency. Consequently, the number of transactions, cash inflow and outflow also experienced strong increase on our platform, embodied in Item 1.1 and Item 1.2(e).
6. RMB 41,660,470 in Item 1.15 represents a placement to investors via the issue of 89,658,618 fully paid CDIs on 4 February 2016.

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