For personal use only

ASX and Media Release

28 October 2020

Appendix 4C – September 2020 Quarterly Cash Flow Report

Hong Kong, 28th October 2020: 99 Technology, ASX Code: NNT
99 Technology (or "the Company") is pleased to provide its Appendix 4C quarterly cash flow report for Q3 2020.

Cash flow commentary[1]

The Company held cash of RMB 200.04 million (AUD 40.44 million) at the end of Q3 2020, an increase of 22% compared with RMB 164.22 million (AUD 33.20 million) at the end of Q2 2020. Operating activities and financing activities contributed to the positive net cash flow of RMB 35.82 million (AUD 7.24 million) in Q3 2020.

*Average RMB to AUD during Q3 2020: RMB: 4.9461 = AUD: 1.00
(Source: http://www.safe.gov.cn/)

The company generated RMB 28.05 million (AUD 5.67 million) net cash from operating activities in Q3 2020, a decrease from RMB 42.28 million (AUD 8.55 million) in Q2 2020. Resulting primarily from an increase in cost of advertising and marketing related to continued positive trend in business development in Q3. The advertising and marketing costs incurred were correlated with the business development in Q3. . The company generated RMB 7.93 million (AUD 1.60 million) net cash from financing activities. This was a result of negotiations with lenders and receivable funding facilities during the quarter.

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

For personal use only

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

About 99 Technology Limited:

99 Technology, a customer engagement services and technology solutions provider, offers technology as the core of strategy, creates a unique system and provides comprehensive solutions for the whole business process from customer acquisition, marketing, customer activeness and engagement, customer incentives, customer retention and loyalty management, 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.

For further information, please contact:

99 Technology Limited
Mr Ross Benson
+61 418 254 548

99 Technology Limited
Mr Henry Chen
+86 186 1137 1515

Appendix 4C

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

For personal use only

Name of entity

99 TECHNOLOGY LIMITED

ABN	**Quarter ended ("current quarter")**
164 764 729	30 September 2020

Consolidated statement of cash flows		**Current quarter RMB**	**Year to date 30 Sep 2020 RMB**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,826,404,645	4,772,883,204
1.2	Payments for		
	(a) research and development	-1,205,000	-2,992,332
	(b) product manufacturing and operating costs	-1,751,244,687	-4,592,035,723
	(c) advertising and marketing	-25,391,835	-45,580,553
	(d) leased assets		
	(e) staff costs	-10,664,093	-36,770,559
	(f) administration and corporate costs	-7,340,575	-16,136,877
1.3	Dividends received		
1.4	Interest received	107,150	284,154
1.5	Interest and other costs of finance paid	-2,520,515	-6,679,026
1.6	Income taxes paid	-352,303	-1,103,071
1.7	Government grants and tax incentives	259,029	1,587,683
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**28,051,816**	**73,456,900**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-4,730	-4,730
	(d) investments		
	(e) intellectual property	-150,332	-244,282
	(f) other non-current assets		

For personal use only

Consolidated statement of cash flows		Current quarter RMB	Year to date 30 Sep 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		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**-155,062**	**-249,012**

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	91,456,300
3.6	Repayment of borrowings	-7,065,700	-72,956,300
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**	**7,934,300**	**18,500,000**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	164,223,746	108,325,082
4.2	Net cash from / (used in) operating activities (item 1.9 above)	28,051,816	73,456,900
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-155,062	-249,012

Consolidated statement of cash flows		Current quarter RMB	Year to date 30 Sep 2020 RMB
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,934,300	18,500,000
4.5	Effect of movement in exchange rates on cash held	-16,432	5,398
4.6	**Cash and cash equivalents at end of period**	**200,038,368**	**200,038,368**

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	**200,038,368**	**164,223,746**
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)**	**200,038,368**	**164,223,746**

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	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end RMB**	**Amount drawn at quarter end RMB**
7.1	Loan facilities	80,000,000	800,000,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	**80,000,000**	**80,000,000**

7.5	**Unused financing facilities available at quarter end**	0

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.

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:

Lender: Shenzhen Qianhaiyibainian Business Factoring Co., Ltd.
Credit Limit: RMB 50,000,000
Interest rate: 18% per annum

Lender: Huarui Bank
Credit Limit: RMB 20,000,000
Interest rate: 6% per annum

Lender: Xinghe Business Factoring Co., Ltd.
Credit Limit: RMB 10,000,000
Interest rate: 15% per annum

8.	**Estimated cash available for future operating activities**	**RMB**
8.1	Net cash from / (used in) operating activities (item 1.9)	28,051,816
8.2	Cash and cash equivalents at quarter end (item 4.6)	200,038,368
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	200,038,368
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

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.

For personal use only

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?

Answer: N/A

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?

Answer: N/A

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?

Answer: N/A

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.

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: 28th October 2020.....

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 managements 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.

For personal use only