

HD (SWNNW) Ferret's Stock Watch: WUXIAN LIMITED

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SN Ralph Wragg Australian Business News

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HERE'S A COY WITH 30M CUSTOMERS ON LINE IN **CHINA**

Sydney - Thursday - July 24: (RWE Aust Business News) - Here's a real **Chinese** based **company** incorporated in **Hong Kong** with the intriguing name of 99 WUXIAN which has an online market place in **China** so think of all its potential customers.

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But it must be mentioned that 99 Wuxian's headquarters is in Pitt Street, Sydney Australia.

The directors Board contingent is interesting with a Mr Ross Benson as chairman, leading the board of Tony Groth, Simon Green, YongKuan Duan, David Chen and Ms Alaisia Zhang,(CEO) according to the ASX information about the **company**.

In its latest update, which hit the ASX deck on Tuesday, 99 Wuxian said it had provided an update of trading for the June 2014 quarter.

99 Wuxian operates a mobile online market place, 99wuxian.com, in **China**, providing value-added application services to banks and merchants.

The mobile online market place offers a variety of physical and virtual goods to consumers via a mobile banking application available on a smart phone or tablet.

99 Wuxian is a market leader in the **Chinese** business to business to consumer (B2B2C) **m**-commerce segment with more than thirty **million** registered users.

The **company** has consistently produced strong results across all key performance indicators (KPI) of its operating performance since listing in October 2013.

This was again demonstrated in the continued outperformance during the June 2014 quarter through impressive growth in all KPI's compared to the corresponding quarter last year.

Highlights include:

* RMB converted to AUD at 21 July 2014 using RMB 5.8267 = AUD 1.00 Registered Users (RU)

* Growth in registered users (RU) continues in accordance with an established trend.

* Growth over the last 12 months of almost 50% is an average of almost 2.5 **million** new RU's per quarter.

* Growth continues to be driven by a combination of new Business Partners joining the platform, and current Business Partners' promotional activities.

* Registered user growth for the June 2014 quarter increased by 49.67% compared to June 2013 quarter.

Gross Transaction Value (GTV)

* GTV for the June 2014 quarter was more than triple the June 2013 quarter.

* Growth of 190.04% was driven by the significant 49.67% increase in registered users and an increase in Average Transaction Value (ATV) of 146.79%.99` * The **company**'s strategy to drive higher spend per RU from the existing user base is producing the desired result. Total Number of Transactions (TNT)

* TNT averaged 60,517 per day for the June 2014 quarter, compared with 51,490 per day in the June 2013 quarter.

* Increase of 17.53% in TNT is a direct result of the **company** focusing on increasing ATV versus TNT. Average Transaction Value (ATV)

* ATV for the June 2014 quarter of RMB 308.73 was an increase of almost 146.79% over ATV for the June 2013 quarter.

* A key growth strategy for 99 Wuxian is to deepen relationships with users, thereby lifting the ATV.

This process is enhanced through the **company**'s programs with Business Partners in data **mining** initiatives. * The B2B2C business model provides the **company** with access to well qualified users which the **company** believes will continue to enhance the ATV.

99wuxian.com Platform Revenue (PR)

* Platform revenue grew by a pleasing 53.34% compared with the corresponding quarter in 2013.

* During the period, the **company** implemented a number of joint marketing initiatives with Business Partners which accounted for the disproportionately higher rate of growth in Gross Transaction Value compared to overall Platform Revenue.

The majority of promotional activities are conducted on a "variable cost" basis, which results in a reduced margin on GTV.

The **Company** remains focused on acquiring high quality users who are expected to incur strong annuity-like expenditure, as mobile commerce evolves in **China**.

In order to support Business Partners who are paying the majority of fixed costs associated with customer **acquisition**, the **Company** believes the variable contribution to promotional costs represents a risk managed customer **acquisition** strategy to drive growth in registered users.

SHARE PRICE MOVEMENTS

Shares of 99 Wuxian yesterday rose early but then drifted down 0.5c to 62.5c. Rolling high for the year is 73c and low 30c. The **company** has 104.5 **million** shares on issue with a market cap of \$65.3 **million**.

In its May update for the for the March quarter, Wuxian CEO Amalisia Zheng declared:.

" 99 Wuxian delivered solid growth in all key business metrics in what has traditionally been our slowest quarter.

"Our strategy to increase the average transaction value and spend per registered user is bearing fruit with gross transaction value for the quarter having tripled on the previous corresponding period.

"This evidences the success of our marketing initiatives during the quarter," she said.

The following commentary is provided:

Registered Users (RU): Growth in RU continues in accordance with an established trend.

Growth over the last 12 months over 48% is an average of almost 2.4 **million** new RU's per quarter. Growth continues to be driven by a combination of new Business Partners joining the platform, and current

Business Partners promotional activities. Registered user growth for the March 14 quarter compared to March 13 quarter increased by 31%.

Gross Transaction Value (GTV): GTV for the March 2014 quarter was more than triple the GTV for the March 2013 quarter. This growth of 207% was driven by a 48% increase in registered users while RU's

and an increase of 172% in ATV.. The **Company**'s strategy to drive higher spend per RU from the existing user base is producing the desired result.

Total Number of Transactions (TNT): TNT averaged 59,294 per day for the March 2014 quarter, compared with 52,512 per day in the March 2013 quarter.

The increase of 12.9% in TNT is a direct result of the **company** focusing on increasing ATV versus TNT. Average Transaction Value (ATV): ATV for the March 2014 quarter of RMB 312.75 was an increase of almost 172% over ATV for the March 2013 quarter.

BACKGROUND

99 Wuxian Limited (NNW), incorporated in **Hong Kong**, is an investment holding **company** which provides contract management services related to the business **operations** of 99wuxian.com.

This operation is derived from the Handpay Services agreement with Shanghai Handpay Information & Technology Co., Ltd, a **company** incorporated in **China**.

The business provides online financial and operational services for 50 for end users in **China** through setting up mobile commercial centers for banks and operators.

99wuxian.com is a mobile online marketplace operating in the **Chinese** market.

The marketplace offers a variety of goods and services, both physical and virtual, accessible to mobile telephone users via their Smartphone, and to other mobile telephone users who access via WAP. Its mobile application services cover surrounding user's account including Banking, living services, entertainment and consumption, virtual commodities, shopping malls, data and information, marketing activities.

99 NNW's products include:

i) 99 business circle: NNW provides online and mobile value-added applications for financial institutions. This product provides operational customer services which save costs of human resources for financial institutions.

ii) MMS (Marketing Management System): NNW provides functions of marketing activities through MMS, including electronic prizes, financial statement visualization, real-time tracking of marketing effectiveness; real-time and close interaction with user iii) Digital **Gold** Mine: Digital **Gold** Mine system is a data **mining** model for domestic and foreign financial institutions.

It lays a solid foundation on broader online financial services for partners to enhance the intermediate business income opportunities.

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