

99 Wuxian Ltd (NNW.ASX)

LEVERAGED TO THE BOOMING CHINESE M-COMMERCE MARKET

Event:

- We initiate research coverage on NNW.

Investment Highlights:

- Business model is leveraged to the booming Chinese m-commerce market.** 99 Wuxian is strategically positioned in one of the most exciting growth industries in the world (m-commerce) in one of the fastest growing consumer markets in the world (China). NNW listed in October 2013 and was spun out of Handpay, China's leading mobile payments platform.
- Mobile market place accessed via the safety of the banks portal.** The company operates a mobile online market place called '99Wuxian.com' which offers a variety of goods both physical and virtual, accessible to consumers via their mobile banking applications. It is the only mobile market place embedded within mobile banking applications, representing a pool of +320m customers. 30m are registered users of 99 Wuxian, providing a large target pool to convert.
- Attractive business model with high barriers to entry.**
 - Established relationships with leading banks: 50 Banks including 8 of top 10.
 - Mobile payment security: Transacting through the security of a bank's portal.
 - Cost efficient customer acquisition model: Drawing from a user base of 320m.
 - Supportive legislative environment: Aligned with banks and state owned entities.
- Trading metrics support a steep growth curve.** The company has quickly established critical mass in registered users (30m), merchant numbers (155) Business Partners (50) and profitability, laying a very strong foundation for future growth. The business model is simple 99 Wuxian receives a commission for transactions completed on the mobile market place which in 2013 was ~3%
- 3rd largest player by GTV in the Chinese M-commerce market.** NNW has quickly become the market leader in the B2B2C segment of the Chinese m-commerce with 3% market share of the overall Chinese m-commerce market by Gross Transactional Value ("GTV") and ranks 99 Wuxian as the third largest by GTV behind Alibaba (valuation ~\$180B) and JD.com (valuation \$32B).
- Business model provides significant 'blue-sky' potential.** We believe the company is positioned for significant growth and forecast revenue in 2017 increasing ~20x to RMB1,592 (A\$272m) from CY13 (A\$12m) and doubling again \$568m by CY19. We forecast NPAT growing to A\$84m by CY17 (vs. \$0.5m in CY13) with an EBIT margin growing to 33% given the fixed-cost base, reflecting the operating leverage of the business model.
- US IPO highlights appetite for exposure to Chinese m-commerce:** There is a strong appetite for US funds seeking exposure to the growth in the Chinese m-commerce market illustrated by the success of the recent IPO JD (Chinese equivalent of Amazon) which recently raised US\$1.78b, was 19 times oversubscribed and listed with a market valuation of US\$28b. This will be overshadowed by the listing of Alibaba with a valuation range \$120-180B. We believe as NNW demonstrates its growth potential and continues to build scale, it will quickly appear on investors radar's and potentially attract M&A interest.

Recommendation:

- We initiate coverage on NNW with a BUY recommendation and PT of \$0.90/sh

Rating	BUY
Previous	n/a
Price Target	\$ 0.90
Previous	n/a

Share Price (A\$)	\$ 0.42
52 week low - high (A\$)	0.30 - 0.6
Valuation (A\$/share)	4.60
Methodology	DCF
Risk	High

Capital Structure	
Shares on Issue (m)	1024
Shares on Issue diluted (m)	1024
Free Float (%)	7%
12mth Av Daily Volume ('000)	145
Market Cap (\$m)	430
EV (\$m)	420

Key Metrics	2014e	2015e	2016e	2017e
Revenue (\$m)	41	88	162	272
EBITDA (\$m)	8.3	26.4	55.1	100.8
NPAT rep (\$m)	6.0	19.5	41.0	75.3
NPAT adj (\$m)	6.0	19.5	41.0	75.3
EPS adj (c)	0.01	0.02	0.04	0.07
DPS (c)	0.0	0.0	0.0	0.0
Revenue Growth (%)	225%	218%	109%	83%
EBITDA growth (%)	610%	226%	110%	83%
NPAT margin (%)	634%	30%	34%	37%
EPS growth (%)	534%	226%	110%	83%
DPS growth (%)	n/a	n/a	n/a	n/a

PER	68.4x	21.0x	10.0x	5.4x
EV/Revenue	10.4x	4.8x	2.6x	1.5x
EV/EBIT	52.6x	16.1x	7.7x	4.2x

Op Cashflow (\$m)	7.7	19.0	40.2	73.8
Capex (\$m)	-0.7	-0.7	-0.7	-0.7
FCF (\$m)	7.0	18.3	39.5	73.1

Net Cash (\$m)	17.3	35.6	75.1	148.2
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Share Price Graph



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99Wuxian (NNW)

Full Year Ended Dec 30

Profit and Loss (\$m)	2013a	2014e	2015e	2016e	2017e	2018e
Revenue	12.5	40.5	88.0	162.4	279.7	388.5
Operating Costs	-11.1	-32.2	-61.6	-107.3	-179.0	-245.5
EBITDA	1.4	8.3	26.4	55.1	100.8	142.9
D&A	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4
EBIT	1.1	8.0	26.0	54.7	100.4	142.5
Net Interest exp / (income)	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	1.1	8.0	26.0	54.7	100.4	142.5
Tax exp / (benefit)	-0.1	-2.0	-6.5	-13.7	-25.1	-35.6
NPAT	0.9	6.0	19.5	41.0	75.3	106.9
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Reported NPAT	0.9	6.0	19.5	41.0	75.3	106.9
Non recurring items	0.0	0.0	0.0	0.0	0.0	0.0
NPAT adjusted	0.9	6.0	19.5	41.0	75.3	106.9
EPS (c) adjusted	0.00	0.01	0.02	0.04	0.07	0.10

Cash Flow (\$m)	2009a	2010a	2013a	2014e	2015e	2016e
Net Income	0.9	6.0	19.5	41.0	75.3	106.9
Add: D&A	0.3	0.3	0.3	0.3	0.4	0.4
Add: Other non cash	0.0	0.0	0.0	0.0	0.0	0.0
Δ Working Capital	-2.4	1.4	-0.9	-1.2	-1.9	-3.3
Other	0.1	0.0	0.0	0.0	0.0	0.2
Operating Cashflow	-1.1	7.7	19.0	40.2	73.8	104.0
Purchase of PP&E	0.0	-0.7	-0.7	-0.7	-0.7	-0.7
Other	-12.1	0.0	0.0	0.0	0.0	0.0
Investing Cashflow	-12.1	-0.7	-0.7	-0.7	-0.7	-0.7
Equity proceeds	24.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Financing Cashflow	24.0	0.0	0.0	0.0	0.0	0.0
Net Cashflow	10.8	7.0	18.3	39.5	73.1	103.3

Balance Sheet (\$m)	2009a	2010a	2013a	2014e	2015e	2016e
Cash	10.3	17.3	35.6	75.1	148.2	251.5
Receivables	6.3	5.5	8.8	13.0	19.6	27.2
Other Current assets	0.0	0.0	0.0	0.0	0.0	0.0
PPE	0.0	0.6	1.2	1.8	2.3	2.9
Goodwill	0.6	0.6	0.6	0.6	0.6	0.6
Intangible	9.4	9.2	9.0	8.8	8.6	8.3
Total Assets	26.7	33.3	55.2	99.3	179.3	290.5
Accounts payable	0.5	1.1	3.5	6.5	11.2	15.5
Other	1.7	1.7	1.7	1.7	1.7	1.7
Total Liabilities	2.3	2.8	5.2	8.2	12.9	17.3
Reserves and capital	0.1	0.1	0.1	0.1	0.1	0.1
Retained earnings	24.3	30.3	49.8	90.9	166.2	273.1
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	24.5	30.5	50.0	91.0	166.3	273.2
Shares on issue	1024	1024	1024	1024	1024	1024
Exchange rate	5.8	5.8	5.8	5.8	5.8	5.8

Note: Financial have been converted from Yuan to \$A based on a constant exchange rate highlighted above

Operational Metrics	2014e	2015e	2016e	2017e	2018e
Revenue Growth	225%	117%	85%	72%	39%
EBITA Growth	610%	318%	209%	183%	142%
NPAT Growth	634%	326%	210%	183%	142%
EBITDA Margin	11%	20%	30%	34%	36%
NPAT margin	8%	15%	22%	25%	27%
Effective Tax rate	-12%	-25%	-25%	-25%	-25%

Subscribers	2014e	2015e	2016e	2017e	2018e
Registered users	39.0	62.5	93.7	131.2	150.9
Number of transactions per RI	0.8	0.8	0.9	0.9	1.0
Average value per transaction	352.0	394.0	453.1	521.0	599.2

Valuation Multiples	2014e	2015e	2016e	2017e	2018e
Reported P/E	68.4x	21.0x	10.0x	5.4x	3.8x
Normalised P/E	68.4x	21.0x	10.0x	5.4x	3.8x
EV/Revenue	10.4x	4.8x	2.6x	1.5x	1.1x
EV/EBIT	52.6x	16.1x	7.7x	4.2x	2.9x
EV/EBITDA	50.7x	15.9x	7.6x	4.2x	2.9x

Valuation	A\$m	\$/sh
Enterprise NPV (5 years)	1747	1.70
Terminal value	2955	2.88
Enterprise Value	4702	4.59
Net Cash	10	0
Equity Value	4712	4.60

Assumption: Discount rate 10%, terminal growth rate 3%

Capital Structure	m
CDI's on issue	1024.0
CDI's Freefloat	67.1
Full Diluted	1024

Major Shareholders	%
Directors/Management	33.0%
Institutional/Funds	44.0%
Professional/investors	20.0%
Retail	3.0%

INTRODUCTION

The Company operates a mobile online market place called '99Wuxian.com' in China, accessible to consumers via their mobile banking application.

NNW has quickly become the market leader in the B2B2C segment of the Chinese m-commerce with 3% market share of the overall Chinese m-commerce market by Gross Transactional Value

Adoption of the 99 Wuxian application has grown to 30m registered users (from a potential pool of 320m) users across 50 Chinese banks and 155 Merchants.

- 99Wuxian Ltd (NNW or the Company) listed on the ASX in October 2013 through an issue of 1,024m CDIs for a market cap of \$400m and a free float of 56m through the raising of \$20m. The company is headquartered in Shanghai, China and employees 160 staff.
- The Company operates a mobile online market place called '99Wuxian.com' in China providing value-added application services to banks and vendors. The market place offers a variety of goods both physical and virtual, accessible to consumers via their mobile banking application on a smart phone or tablet.
- 99 Wuxian is unique in the m-commerce sector because it has specifically adopted a Business to Business to Consumer ("B2B2C") model which connects the customers of Business Partners (Banks and Telcos), to over 150 quality Merchants.
- The 99 Wuxian market place value proposition to customers, merchants and business partners is relatively simple:
 - I. A value added service to a bank or telco's mobile customer;
 - II. A secure gateway for customer's to transact online with merchants (critical in China); and
 - III. A cost effective channel for the merchants to reach the customers of banks/telcos to sell their products/services.
- NNW has quickly become the market leader in the B2B2C segment of the Chinese m-commerce market with 3% market share of the overall Chinese m-commerce market by Gross Transactional Value ("GTV") and ranking third behind Alibaba (valuation ~\$180B) and JD.com (valuation \$32B).
- Adoption of the 99 Wuxian application has grown to 30m registered (from a potential pool of 320m) users across 50 Chinese banks (including China's four largest banks and 8 of the top 10) that account for 80% of the Chinese credit and debit market. The market place has 155 leading merchants offering services and products to the user base.
- The strategic advantage of 99 Wuxian is it is the only mobile market place embedded within mobile banking applications available in China. This first mover advantage is due to the company being spun out of Handpay, a leader in mobile payments in China, in June 2013. Handpay is a key strategic partner to China Unionpay ("CUP"), China's largest domestic bank card organisation and only interbank network in China, who have jointly developed the mobile payment standards and is licensed by the China Central Bank. The business was developed by Handpay in 2010 and officially launched in May 2011.
- The operations of 99wuxian.com were spun out of Handpay in June 2013 to be managed maintained and financed by NNW and then subsequently listed on the ASX in October 2013. The key terms of the Handpay service agreement include:
 - I. RMB 50,000,000 (~AUD\$9m);
 - II. An ongoing fee of 10% of 99 Wuxian's income generate from the application paid at the end of every quarter; and
 - III. Term of 30 years commencing on 1 June 2013 with 99 Wuxian holding two 30 year options for renewal.
- In our view, the operating model and deep relationship with Handpay provides high barriers to entry for new m-commerce B2B2C entrants, and also an environment where the commercial interests of 99 Wuxian are aligned with those of both the Business Partners and the Merchants (i.e. increasing customers and value-added services).

NNW has a well credentialed board and management with extensive experience in mobile payments, mobile internet and deep relationships within the financial sector.

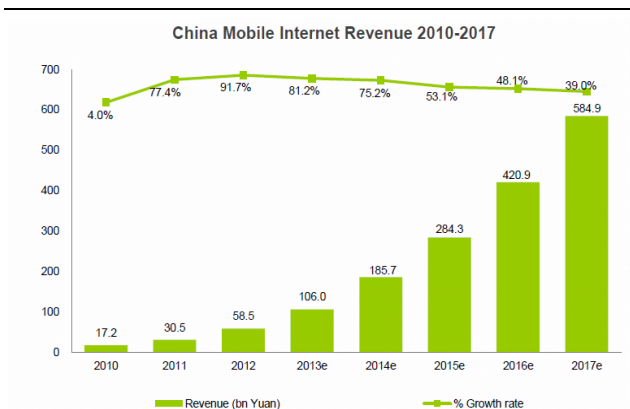
- In the context of operating in China relationships are essential for any emerging business. NNW has a well credentialed board and management with extensive experience in mobile payments, mobile internet and deep relationships within the financial sector
 - I. CEO Amalasia Zhang was previously President of Handpay, has extensive mobile payments experience and through her prior experience and family connections has forged strong relationships within the banking sector.
 - II. Non Executive Director Mr YongKuan Duan served as Bank of China President of Shenzhen Branch, Zhejiang Province Branch, and Anhui Province Branch. Prior to those positions he was Deputy Managing Director of Nanyang Commercial Bank (Bank of China Hong Kong).
 - III. Directors collectively hold 28.65% share of the company.
- For those who want to appreciate the drivers for NNW's ASX listing (vs an Asian stock market listing) management have highlighted:
 - I. A moderate amount of working capital (\$20m) required to be raised and cost of an Asian listing;
 - II. Need to provide transparency to existing and future business partners (i.e. banks) through the lodgement of periodic financial accounts; and
 - III. Gain exposure to capital markets for future funding.
- With a free float of circa 7% with almost 90% of stock escrowed to October 2015 there has been limited liquidity to date. However, we believe the quarterly results set to flow 2HCY14 will result in a 'sleeping dragon' awaking and the stock on track for a re-rating in line with the success of recent US listed m-commerce IPOs.
- **Post our recent China site visit we initiate on NNW with a SPEC BUY recommendation and 12mth price target of \$0.90/sh.**

BUSINESS MODEL LEVERAGED TO A BOOMING CHINESE M-COMMERCE MARKET

99 Wuxian is strategically positioned in one of the most exciting growth industries in the world in one of the fastest growing consumer markets in the world

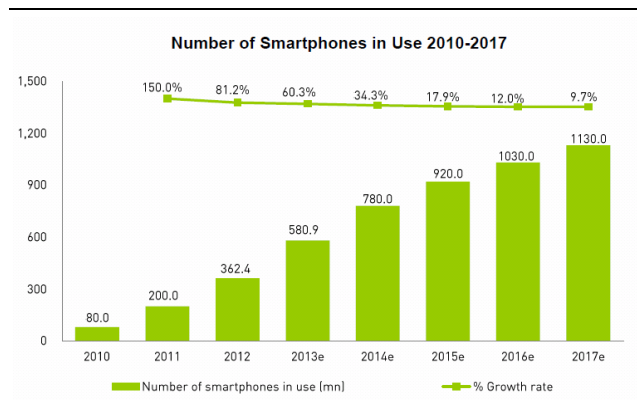
- The key drivers behind the rapid growth in the Chinese m-commerce market are also key themes leveraged by the 99Wuxian business model. These include:
 - I. **Largest mobile user base in the world** with estimated 1.25B users and exceptionally high mobile penetration rates, with 3G rolled out to 70% of the population.
 - II. **Roll out of the mobile networks central to China’s 12th 5 year plan** enabling the government to deploy communication, financial services and products to the masses, in particular 3G/4G to rural China.
 - III. **Smart phone usage growing at a torrid rate**, though still behind developed world, with an estimated 780m smart phones in China, growing at a rate of 100m units per quarter and adoption rates twice as high as the developed world.
 - IV. **Largest number of mobile internet users in the world**, with an estimated to be ~600m.
 - V. **Mobile banking is emerging as the primary banking Channel for consumers** given the vast amount of Credit/Debit cards on issue and low ATM/POS penetration. In December 2013 a total of 4.3 billion bank cards (representing 2.5 issued cards per head) were on issue vs. a mere 10.63 million POS machine and 0.52 million ATM in China.
 - VI. **The shift of commerce from traditional to mobile.** China's online and mobile payment transactions have been growing at pace forecast to overtake the United States as the world's largest online retail economy short term. Ecommerce has averaged 120% compound growth for the last 10 years in China. China’s online retail transactions in 2013 reached US\$251 billion representing 9% of total retail spend. Independent reports indicate that m-commerce in China will represent over 50% of e-tailing within 5 years.

Figure 1: Mobile internet revenue in China



Source: IResearch

Figure 2: Number of smart phones in China



Source: IResearch

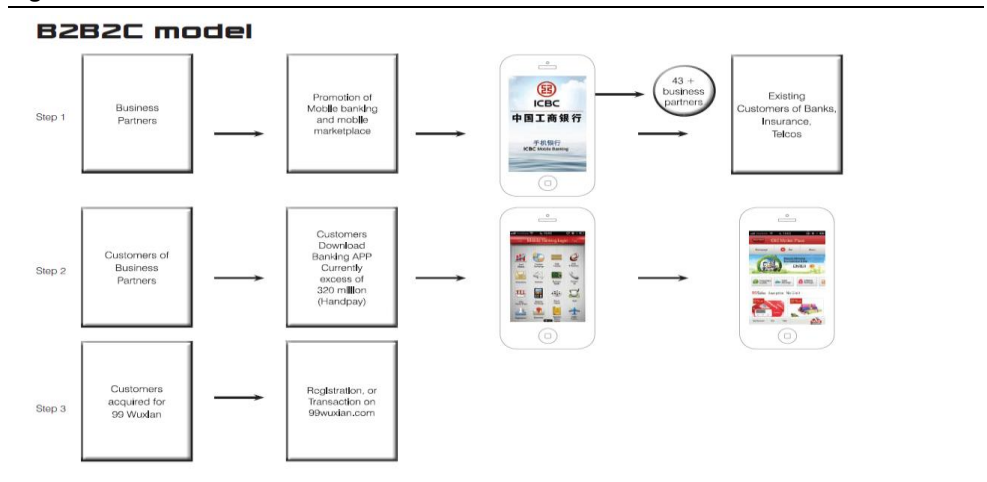
HOW DOES IT WORK?

99 Wuxian’s revenue model is simple – that is, to receive a commission for transactions completed on the mobile market place.

- 99 Wuxian’s revenue model is simple – that is, to receive a commission for transactions completed on the mobile market place.
- Revenue is generated on the platform by customers either using cash or redeeming points with 99 Wuxian receiving a commission or ‘clip of the ticket’. The gross platform revenue received is typically ~3% of the transactional value, though this differs for individual merchants and ranges from 1-10%. Typically the higher commissions are attributed to non physical items e.g. games.
- In CY13 the commission averaged ~3% of gross revenue which we believe will continue into CY14 and has the potential to increase through targeted campaigns for merchants.
- Examples of the products available to consumers include a wide range of goods and services: phone recharging, bill payment, movie and transport tickets, lottery tickets, games, and traditional physical consumer products.
- Unlike eBay or Amazon that deal with large volumes of inventory and physical items, ~93% of sales for 99 Wuxian are non-physical products or financial transactions (i.e. games, mobile phone recharge, travel bookings, bill payments, etc.) that require minimal infrastructure and distribution capability.
- Below is an illustrative example of how a customer transacts on the 99 Wuxian platform.
 - i. Customer downloads the mobile banking or (or Telco) application.
 - ii. Customer accesses the 99 Wuxian mobile online market place within the banking app and registers as a user.
 - iii. Customer views the products or services for sale, completes the purchase and receives an order confirmation. Settlement of the transaction is directly from the user’s bank account.
 - iv. Merchants arrange the delivery of the products after the payment is complete.
 - v. Customers are able to check the delivery status online at anytime.

Unlike eBay or Amazon that deal with large volumes of inventory and physical items, ~93% of sales for 99 Wuxian are non-physical products

Figure 3: 99 Wuxian B2B2C model



Source: NNW

- The normal payment cycle for a transaction of the 99 Wuxian platform is outlined below:
 - The Business Partner will pay the net proceeds to 99 Wuxian.com after deducting their own transaction fee;

The perceived security and safety of making a payment online is a distinct competitive advantage of the B2B2C business model given customers are transacting from the safety and of their trusted banks gateway

- 99 Wuxian.com will pay the Merchant after deducting agreed commission fees; and
- Where customer purchases involve the redemption of loyalty points from Business Partners, 99 Wuxian pays the Merchant prior to payment from the Business Partner.
- In conjunction with the development of payment systems by Unionpay, 99 Wuxian's technology platform for mobile payments integrated with banking channels has been developed over 9 years and the IP cannot be easily or quickly replicated.

KEY FEATURES OF THE BUSINESS MODEL:

- **Established relationships with leading banks.** 99 Wuxian's payment systems integrate with the bank's trustworthy gateway vs. establishing independent and secure gateways which dramatically reduces the time to build trust with Chinese consumers. 99 Wuxian's business partner model has a unique advantage given 92% of Chinese consumer spend is classified as 'offline' and controlled by the banks mostly through bank direct debit or bank credit cards.
- **Mobile payment security.** The perceived security and safety of making a payment online is a distinct competitive advantage of the B2B2C business model given customers are transacting from the safety and of their trusted banks gateway. Independent research indicates that the requirement for a trusted secure mobile payment gateway represents a key barrier to entry for participation in the Chinese m-commerce industry. In our view, this will become more prevalent as mobile usage is adopted across tier 3 and tier 4 cities in China - a trend 99 Wuxian is well positioned to capitalise on.
- **Cost efficient customer acquisition model.** 99 Wuxian's B2B2C business model provides a cost efficient and effective business model for consumer acquisition given it draws from a bank's customers. To date there are 320m+ downloads of mobile banking apps.
- **Joint-marketing and promotion of the market place is driven by the banks and merchants.** These campaigns raise broader awareness of 99 Wuxian.com , which accelerates the growth of the platform's own active user base and increases the 99 Wuxian registered user base in a cost efficient manner.
- **Supportive legislative environment:** The Chinese financial sector, has been shaken up over the past year by increasingly aggressive internet companies. Alibaba and Tencent have led the charge with online savings funds that in effect function like bank accounts and with mobile payment systems that have started to displace debit cards. However the Peoples Bank of china ("PBOC") have recently imposed restrictions on the sale of financial services and payment limits through the online retailers. This move is seen as the government protecting the interest of the banks and UnionPay, the government-owned bank card monopoly, which is a positive for NNW given the strategic alignment to both the banks and UnionPay.

99 Wuxian's B2B2C business model provides a cost efficient and effective business model for consumer acquisition given it draws from a bank's customers.(+320m customers)

FIRST MOVER IN B2B2C SEGMENT CREATES HIGH BARRIERS TO ENTRY

- The B2B2C business model presents a number of barriers to entry most notably the ability to partner with a financial institution. 99 Wuxian's high rate of connectivity with leading banks was achieved through its foundations as a product offering by Handpay.
- There are 50 banks partnering with 99 Wuxian, representing 80% of the total debit and credit market. The leading banks partnering with 99 Wuxian include: Industrial & Commercial Bank of China (ICBC), China Construction Bank (CB), Bank of China (BOC).

Figure 4: Leading Partners of 99 Wuxian



Source: FSB/Company report

Figure 5: Leading Merchants of 99 Wuxian



Source: FSB/Company report

The B2B2C business model presents a number of barriers to entry most notably the ability to partner with a financial institution.

- The second key barrier to entry is obtaining a mobile payment license from the China Central Bank, there are only 17 payment licences in China that provide full scope of mobile payments. The ability to obtain a new license is costly, takes time and requires strategic relationships with key officials given it is not a truly deregulated market.

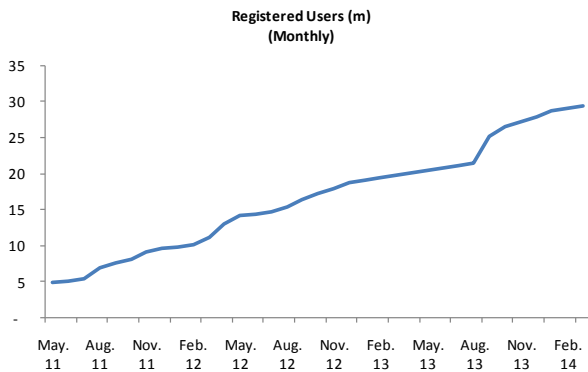
TRADING METRICS SUPPORTING A STEEP GROWTH CURVE

- While the business is still in its infancy, the operating and financial metrics reported are trending upwards indicating the company remains on a steep growth curve. The key business measures include:
 - Number of registered users;
 - Gross Transactional Value (GTV);
 - Average spend per user;
 - Number of transactions per user; and
 - Average platform commission
- Figures 6-9 below display the strong growth achieved since inception and highlight:
 - Registered user base increasing 6x from 5m to 30m;
 - Average value per transaction increasing 2x from \$30 to \$59; and
 - Monthly GTV on the platform has increased to \$16m to \$81m and as high as \$195m in November 2013. GTV for CY13 represents ~3% of the total Chinese m-commerce market.
- One point to note is the seasonality in the 4th quarter of each calendar year due to a phenomenon in China referred to as Bachelors day which occurs on November 11th. Bachelor’s day is the largest ecommerce sales day in the world based on single day transactions and generated over \$5.75B in single day sales during 2013 on just Alibaba owned platforms alone (Taobao & TMall).
- To date growth in registered users has been organic driven primarily from joint marketing campaigns with the partners and merchants. We believe a significant opportunity exists for NNW to invest in a targeted marketing campaign focussed on the remainder of non registered users on Handpay’s platform (+320m users) which could result in a step change in subscriber growth.

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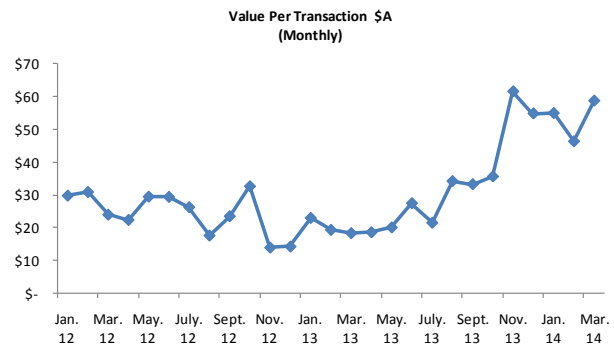
- Management highlight the Company’s target for the initial phase of growth has been achieved, which was to establish critical mass in registered users (30m), merchant numbers (155) and Business Partners (50), laying a very strong foundation for future growth.

Figure 6: Number of Registered Users



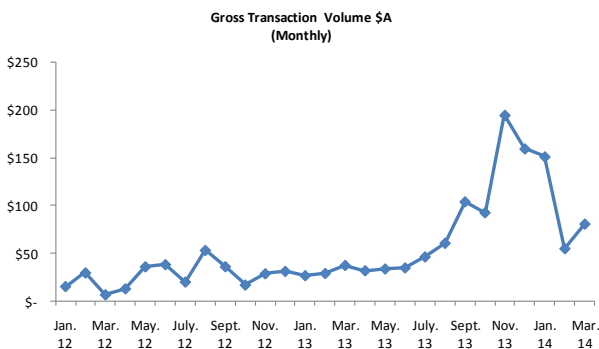
Source: FSB/Company report

Figure 7: Average value per transaction (\$A)



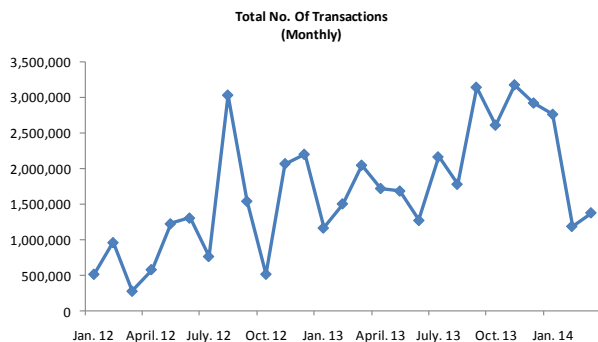
Source: FSB/Company report

Figure 8: Gross Transactional Volume (\$Am)



Source: FSB/Company report

Figure 9: Number of transactions



Source: FSB/Company report

The primary focus over the next 12 months is centred on more effectively monetising the growing registered user base.

DATA MINING CENTRAL TO INCREASING COMISSION, GTV AND IDENTIFYING NEW REVENUE SOURCES

- The primary focus over the next 12 months is centred on more effectively monetising the growing registered user base by cultivating the customer behaviour to increase the frequency and value of user spend and thereby accelerate the growth in GTV.
- Data mining is an integral initiative to achieve internal growth targets. To date the growth achieved in registered users and revenue has been predominately organic and driven by the partners and merchants marketing campaigns.
- With a registered user base of over 30m, management are now investing in new data mining capabilities to better understand site purchasing behaviour (which entails both online and offline spend) which can be leveraged to increase revenues or create new revenue opportunities. Below are examples of key marketing initiatives.
 - **Direct marketing to registered user base** via multiple channel marketing, using the internet, telemarketing, social media platform and billing advertisement based on information obtained by the data mining model.

Data mining is an integral initiative to achieve internal growth targets.

- **Enhance value add for merchants to drive comission** via enhancing the merchants product mix and user experience to better match user preference which should drive increase in the margin paid by the merchant and frequency of transaction.
- **Tailored merchant marketing campaigns as a new revenue stream** Large scale data base analysis which measures consumption behaviour based on the customer's historical transactions provides merchants 'warm' leads and the ability to tailor products and services to targeted customers.
- **Development in response to user behaviour.** Through Identifying emerging opportunities and creating specific channels for proprietary products. An example of this is the introduction in early 2014 of the '99 e-coupon', a product that links electronic coupons from a number of significant e-commerce platforms with the user-friendly 99 Wuxian platform. More effective joint-marketing campaigns:

INVESTMENT IN DIRECT MARKETING COULD MATERIALLY ACCELERATE REGISTERED USERS AND REVENUE GROWTH

Whilst the company has already reached a self funding profile we believe further investment would be required to accelerate growth both in registered users and average spend per user

- The current portfolio of Business Partners provides sustained organic growth in registered users, which will be underpinned by the continued growth of the Chinese m-commerce market. The continued joint marketing campaigns from the existing business partners and incentives such as reward redemption programs should also continue to steadily grow the user base.
- Whilst the company has already reached a self funding profile we believe further investment is required to accelerate growth both in registered users and average spend per user. Specifically we view investment in the following two areas could accelerate growth.
 - I. **Direct consumer market facing message to increase the conversion rate of the 350m users of Business Partners mobile apps.** Currently Partners are marketing the platform as a value added service to their mobile banking customers. A direct marketing campaign from 99 Wuxian to incentivise customers to join the platform via discounted offers could materially grow the registered base.
 - II. **Cultivating customer behaviour to increase frequency and value of the customer spend through discounted products and service.** In order to cultivate behaviour consumers need to be incentivised to transact regularly on the 99 Wuxian platform.
- Through our discussion with management we view an investment in the order of \$25-50m would be required to make a meaningful impact on the user base coupled with a share in discounted offerings. While a funding commitment of this size would require a capital raising, our assumptions in the earnings forecast below demonstrates growth in all key financial metrics would deliver a material increase in earnings and flow on to our valuation. Any future capital raising would also have the benefit of increasing stock liquidity.

EARNINGS FORECAST

- In figures 10 and 11 below we have made a series of assumptions to forecast the growth in registered users, transactions per user and average spend per user to derive our revenue forecast.
- The reported revenue for CY13 was RMB 72.3m (A\$12m) and in figure 10 we display platform revenue growth in 2017 increasing ~20x to RMB1,592 (A\$272m) and doubling again to \$568m by CY19. Despite the step change in revenue NNW's share of the Chinese m-commerce market modestly increasing to 5% vs 3% currently.
- Our key assumptions for CY17 include:
 - Registered user base increasing to 131m users (vs. 30m in CY13);
 - 0.91 transactions per registered user (vs. 0.21 in CY13);
 - Average transactional value of RMB521 (vs. RMB340 in CY13); and
 - Platform commission of 3% to derive to derive platform revenue of RMB1,592 (A\$272m) growing to \$568m by CY19 resulting in NNW share of the Chinese m-commerce market modestly increasing to 5% vs 3% currently.

Figure 10: NNW revenue model assumptions and outputs (Base case)

Macro Assumptions	CY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Mobile Retail Market (m RMB)	320,950	495,280	716,400	997,740	1,662,545	2,683,823	3,335,992	4,112,369	5,034,225	6,126,264	7,127,215
NNW Market shares	4%	4%	5%	6%	5%	5%	5%	5%	6%	7%	9%
Assumptions											
Yuan/AUD Exchange rate	5.84	5.84	5.84	5.84	5.84	5.84	5.84	5.84	5.84	5.84	5.84
NNW Revenue model	CY14	CY15	CY16	CY17	CY18	CY19	CY20	CY21	CY22	CY23	CY24
Registered User											
Opening User base (m)		39.0	62.5	93.7	131.2	150.9	173.5	199.5	229.5	263.9	303.5
Quarterly growth (%)		60%	50%	40%	15%	15%	15%	15%	15%	15%	15%
New customers (#)	11.13	23.4	31.2	37.5	19.7	22.6	26.0	29.9	34.4	39.6	45.5
Total Registered Users (#)	39.0	62.5	93.7	131.2	150.9	173.5	199.5	229.5	263.9	303.5	349.0
Transactions											
Transactions per RU	0.81	0.81	0.87	0.93	0.98	1.03	1.08	1.13	1.19	1.25	1.31
Total Number of Transactions (m)	31.8	50.8	81.6	122.2	147.6	178.2	215.2	259.9	313.8	378.9	457.5
Transaction growth		10%	7%	7%	5%	5%	5%	5%	5%	5%	5%
Sales (RMB)											
Average Transaction Value (RMB)		394.0	453.1	521.0	599.2	689.1	792.4	911.3	1048.0	1205.2	1386.0
Growth in ATV		20%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Gross Transactional Value (RMB)	11446.6	20031.1	36972.4	63692.4	88444.8	122816.7	170546.4	236824.9	328861.0	456664.6	634135.9
Platform Commission (RMB)											
Average sales commission	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Commission (RMB)	276.7	600.9	1109.2	1910.8	2653.3	3684.5	5116.4	7104.7	9865.8	13699.9	19024.1
Tax rate (%)	0.06	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Revenue tax (RMB)	15.63	33.95	62.67	107.96	149.91	208.17	289.08	401.42	557.42	822.00	1141.44
Net Commission income (RMB)	261.0	567.0	1046.5	1802.8	2503.4	3476.3	4827.3	6703.3	9308.4	12877.9	17882.6
99Wuxian Platform Revenue (RMB)											
99Wuxian tax (RMB)	14.07	30.6	56.4	97.2	134.9	187.4	260.2	361.3	501.7	739.8	1027.3
99Wuxian Platform commission (RMB)	234.92	510.3	941.9	1622.5	2253.1	3128.7	4344.6	6033.0	8377.6	11590.1	16094.4
99Wuxian Platform commission (AUD)	40.23	87.4	161.3	277.8	385.8	535.7	743.9	1033.0	1434.5	1984.6	2755.9

Source: FSB Research

- We forecast NNW will deliver consistent levels of free cash on the back of a scalable business model that requires minimal capital investment and additional operational costs to sustain growth. Outside of the investment in direct marketing detailed above, we forecast minimal incremental capital and operating costs to support our forecasted growth profile, given the scalable IT platform, systems and processes in place.

- Based on our conceptual model outlined in figure 11 below we forecast NPAT growing to A\$84m by CY17 (vs. \$0.5m in CY13) with an EBIT margin growth to 33% given the fixed-cost based the operating leverage of the business model.

Figure 11: NNW Forecast P&L

Income Statement	CY13	H1	H2	CY14	CY15	CY16	FY17	FY18	FY19	FY20
Revenue (RMB)										
Gross Platform Revenue										
Less: Handypay	75.9	80.3	168.7	249.0	540.8	998.3	1719.7	2388.0	3316.1	4604.8
Less: Revenue tax	-3.6	-4.5	-9.5	-14.1	-30.6	-56.4	-97.2	-134.9	-187.4	-260.2
Net Platform Revenue										
Other income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Total Income	72.3	75.8	159.2	234.9	510.3	941.9	1622.5	2253.1	3128.7	4344.6
Cost of Sales	-45.7	-45.6	-95.9	-141.5	-307.4	-567.5	-977.5	-1357.4	-1885.0	-2617.5
Gross Profit	26.6	30.1	63.3	93.4	202.8	374.4	645.0	895.6	1243.7	1727.0
Other Revenue	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains/Losses net	-2.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses										
Selling and Distribution	-3.0	-3.3	-3.6	-6.9	-7.6	-8.3	-9.2	-10.1	-11.1	-12.2
Administration expenses	-17.4	-19.1	-21.1	-40.2	-44.2	-48.6	-53.5	-58.8	-64.7	-71.2
Ammortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	2.0
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other										
Total Costs and Expenses	-20.4	-22.4	-24.7	-47.1	-51.8	-57.0	-62.7	-68.9	-74.8	-81.4
Operating Income/Loss (EBIT)	3.4	7.7	38.6	46.3	151.1	317.4	582.3	826.7	1168.9	1645.6
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other (income), expense net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before income tax	3.4	7.7	38.6	46.3	151.1	317.4	582.3	826.7	1168.9	1645.6
Profit before income tax (AUD)	0.7	1.5	7.4	8.9	29.0	61.0	112.0	159.0	224.8	316.5
Tax (PRC tax @25%)	-0.7	-1.9	-9.7	-11.6	-37.8	-79.4	-145.6	-206.7	-292.2	-411.4
Reported NPAT	2.7	5.8	29.0	34.7	113.3	238.1	436.7	620.0	876.7	1234.2
Reported NPAT (AUD)	0.5	1.1	5.6	6.7	21.8	45.8	84.0	119.2	168.6	237.4

Source: FSB Research

Marketing initiatives, partner promotion, investment in marketing and data mining initiatives have the potential to increase growth substantially

SENSITIVITY ANALYSIS

- There are a wide range of input variables in our revenue model which have a material impact on our revenue assumption. We view the two key variables as: Registered user growth and average transaction per user growth. In our base forecast above we have modelled an annualised 50% growth in registered user and 15% growth in average transaction value per register for CY17.
- Marketing initiatives, partner promotion, investment in marketing and data mining initiatives have the potential to increase growth substantially across both these variables. Figure 12 below demonstrates with registered user growth of 80% and average transactional value growth of 25%, revenue for CY17 materially increases to \$386.5m (vs. A\$272.6m in our base case CY17 forecast).

Figure 12: Sensitivity analysis on CY17 revenue

Sensitivity analysis registered user growth rate and average transactional value growth on FY17 revenue							
		Registered Users Growth (%)					
		40%	50%	60%	70%	80%	90%
ATV Growth (%)	5%	216.2	231.6	247.1	262.5	277.9	293.4
	10%	237.3	254.2	271.1	288.1	305.0	322.0
	15%	259.3	277.8	296.4	314.9	333.4	351.9
	20%	282.3	302.5	322.7	342.9	363.0	383.2
	25%	306.4	328.2	350.1	372.0	393.9	415.8
	30%	331.4	355.0	378.7	402.4	426.0	449.7
	35%	357.3	382.9	408.4	433.9	459.4	485.0
	40%	384.3	411.8	439.2	466.7	494.1	521.6

Source: FSB Research

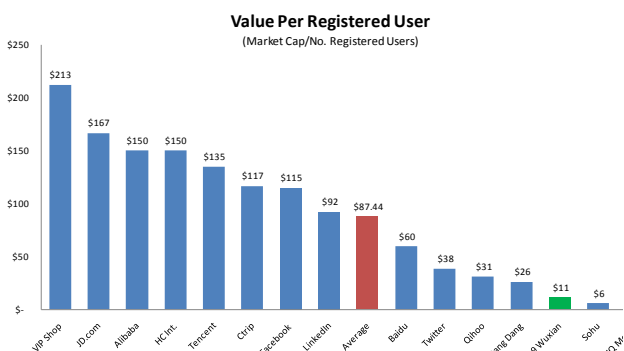
PEER COMPARISON

US appetite seeking exposure to growth in the Chinese m-commerce market is best illustrated by the recent success of the IPO for Chinese online retailer JD and upcoming IPO of Alibaba

- China’s m-commerce is expected to reach A\$64B representing 10% of all retail sales in China by the end of 2014 and still growing across all measures. 99 Wuxian currently has 3% of the mobile shopping market by GMV.
- The domestic m-commerce market is dominated by Alibaba through Taobao (C2C) & Tmall (B2C) which makes up 76.1% of China’s mobile shopping Gross Monetary value (GMV). The second largest players are Nasdaq listed JD.com (5.2%), followed by 99 Wuxian and HKSE listed Tencent at (1.5%). Appendix 1 provides a brief overview of the top 4 players in the China mobile shopping market.
- US appetite seeking exposure to growth in the Chinese m-commerce market is best illustrated by the recent success of the IPO for Chinese online retailer JD (Chinese equivalent of Amazon) raising US\$1.78b, reported to be 19x oversubscribed and debuted with a market valuation of US\$28b.
- Following JD.com’s success Alibaba (China’s equivalent to EBAY) has filed for a US IPO earlier this month and is expected to raise up to \$20B and valuation range between US\$150-180b.
- Figure 13 & 14 below compare NNW to leading Chinese and US internet companies on a market valuation per registered user and revenue per registered user basis. Whilst monetisation differs across the three groups (ie subscription, ad revenue, platform commission etc) the analysis below clearly highlights that NNW is trading well below the peer group average on key metrics.
- We believe the steep discount applied by the market is driven by two key factors: 1) limited market liquidity and 2) NNW remains relatively unknown despite its A\$400m market cap at listing. In our view, the market discount can quickly unwind given the subscriber growth prospects, purchasing intent of the registered user together with a targeted direct marketing campaign leading to strong consecutive reporting quarters.
- Applying the peer group average value per subscriber of \$87 to the 30m registered users on 99 Wuxian implies a valuation of A\$2,610m or A\$2.55/sh vs. current valuation of \$420m.
- We also highlight M&A activity in the tech space in China predominately led by the three tech giants Baidu, Alibaba and Tencent acquiring, entering alliances, build scale or enhance mobile capabilities. Appendix 2 highlights the recent M&A activity. We believe NNW would attract corporate interest as the business continues to build scale.

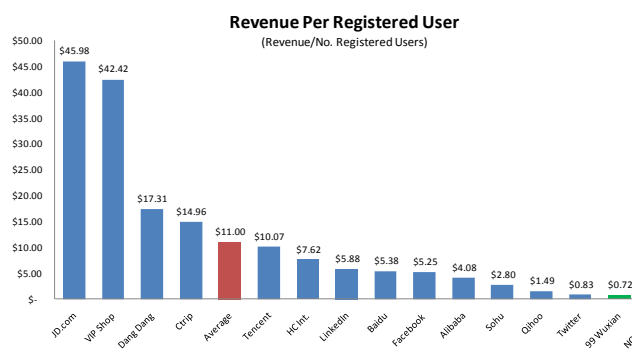
We believe NNW would attract corporate interest as the business continues to build scale.

Figure 13: Value per registered user



Source: FSB Research

Figure 14: Revenue per registered user



Source: FSB Research

VALUATION

- Our un-risked enterprise valuation for NNW is \$4,728m, or \$4.61/sh and comprises a 10 year operational NPV of \$1,773m and a terminal value \$2,954m. We have assumed a 10% discount rate and a terminal growth rate of 3%. Accounting for \$8m in cash we derive an equity valuation of \$4,728 or \$4.61/sh.
- We have risked our valuation by 80% to account for timing of subscriber growth, usage and adoption of the platform. Our risked valuation is \$947m or \$0.92/sh. We will look to unwind our risk weighting upon confirmation of subscriber and revenue growth in line with our assumptions.

Figure 15: Valuation Summary

Description	A\$m	\$/sh
Enterprise NPV (10 years)	1773.2	1.73
Terminal value	2954.9	2.88
Enterprise Value	4728.1	4.61
Net Cash	10.0	0.01
Equity Value	4738.1	4.62
Risk Factor (%)	80%	80%
Risked valuation	947.6	0.92
Assumptions		
Fully Diluted shares on issue	1024.6	
Discount rate	10%	
Terminal growth rate	3%	
Terminal value as a % of EV	62%	

Source: FSB Research

- Given the terminal value represents 36% of our equity valuation we have provided a sensitivity analysis on the key variables, growth rate and discount rate to highlight the valuation impact.

Figure 16: Sensitivity Analysis

99 Wuxian - Net Present Value Sensitivity - Terminal Growth Rates									
		Discount Rate							
		8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	
Terminal Growth Rate	0.0%	\$ 5.25	\$ 4.94	\$ 4.66	\$ 4.42	\$ 4.21	\$ 4.02	\$ 3.85	
	1.0%	\$ 5.54	\$ 5.15	\$ 4.82	\$ 4.53	\$ 4.28	\$ 4.06	\$ 3.87	
	2.0%	\$ 5.98	\$ 5.50	\$ 5.09	\$ 4.74	\$ 4.43	\$ 4.17	\$ 3.94	
	3.0%	\$ 6.66	\$ 6.02	\$ 5.50	\$ 5.05	\$ 4.68	\$ 4.36	\$ 4.08	
	4.0%	\$ 7.70	\$ 6.82	\$ 6.11	\$ 5.53	\$ 5.05	\$ 4.65	\$ 4.30	
	5.0%	\$ 9.43	\$ 8.10	\$ 7.08	\$ 6.27	\$ 5.62	\$ 5.09	\$ 4.65	

Source: FSB Research

- Figure 17 below demonstrates the leverage of NNW business model under a base case to bull case analysis for growth assumptions between CY18-24. We view that accelerated growth in registered users and transactions per user should have a flow on affect of attracting more merchants willing to pay higher commissions under this scenario all metrics would concurrently trend higher escalating the valuation.

Figure 17: Base case to aggressive case valuation analysis

Assumption	Base Case	High case	Aggressive
Registered user growth (%)	15	17.5	20
Transaction growth per user (%)	5	7.5	10
Transaction value growth per user (%)	15	17.5	20
Platform Commission (%)	3.0%	4.0%	5.0%
Revenue \$AUD (FY18)	378.6	549	733
Valuation \$AUD	4.65	6.8	9.7

Note: Forecast assumption above from CY18 to CY24

Source: FSB Research

RECOMMENDATION

- We initiate coverage on NNW with a BUY recommendation and price target of \$0.90/sh

CAPITAL STRUCTURE

- NNW listed on the ASX in October 2013 through the issuance of 50m CDI's to raise \$A20m. The balance of shares issued under the IPO were placed into voluntary escrow for 2yrs (08/10/2015) and spread across a group of HNW Chinese investors and key influential figures.
- Given the free float of 6.6%, liquidity may be a constraint for institutional investors, though we believe this should be progressively addressed over the coming 18 months via the potential of new equity to accelerate growth and expiration of the escrow period which may result in additional liquidity
- Figure 10 below provides a breakdown and description of shareholders above 5% holding. Board and management represent 33% of the register, the CEO, Amalisia Zhang, owns ~25% and the top 20 own 93%.

Figure 18: Capital Structure

Capital Structure	Qty (m)	%
CDI's on issue	1024.6	
CDI's n freefloat	67.7	6.6%
CDI's escrowed to 08/10/2014	38.8	3.8%
CDI's escrowed to 8/10/2015	920.0	89.8%

Major shareholders	%
Directors/Management	33%
Institutions/Funds	44%
Professional/Investors	20%
Retail	3%

Source: FSB Research

Figure 19: Breakdown of major shareholders

Grand Ease Holdings Ltd Founders investment vehicle (Amalisia Zhang (CEO)) Ex core management of C-TRIP and pioneer of mobile payments in China	24.92%
Investorlink Group Private equity venture capitalists have been investing in Chinese Private Equity since 2006	19.51%
Caihui Investments Limited One of China's largest entertainment and media companies	14.34%
Vtion Capital Investment Limited One of China's leading wireless data solutions company	7.0%
Nation Pride Investments State owned small to medium enterprises fund	7.0%
Decheng Investments Limited Large Chinese venture capital and private equity investment group	5.79%

Source: FSB Research

BOARD OF DIRECTORS

Ross Benson – Non-Executive Chairman

- Mr Benson has over 27 years of experience in the Australian financial services industry, with extensive experience in securities, deal structuring and business strategy. Mr Benson has lead negotiations for divestment and acquisition strategies for medium to large enterprise in Australia and China and has a depth of experience in prospectus and offer document preparation.

Ms Amalisia Zhang - CEO

- President of Handpay and 99 Wuxian, graduated from Bath University UK, Master of Business Administration. Pioneer of internet and e-commerce business in China. One of the founders of Fortune Trip. Previously core management team of Ctrip, and General Manager of Ctrip Hong Kong.

David Chen – Executive Director

- Mr Chen is Vice President of 99 Wuxian and is responsible for the m-commerce business development, having previously held the same position with Handpay. He graduated from Guangzhou University with a Bachelor of Foreign Trade. Prior to Handpay, he worked in advertising and marketing, and held positions with CETV, Leo Burnett and Dentsu Y&R. Mr Chen has more than 15 years advertising and marketing experience in management positions. He provides extensive knowledge of sales & marketing, brand publicity and business operations to 99 Wuxian.

Simon Green - Non Executive Director

- Mr Green is responsible for all operations in Asia Pacific which include sales, marketing, channel strategy, managing strategic partnerships, and developing the company's emerging markets. All country General Managers across Asia Pacific report to him. In addition he holds a non-executive Directorship with Interactive, a leading IT services and cloud company.

YongKuan Duan – Non Executive Director

- Mr Duan has extensive banking experience in China, and was employed in senior positions by the Bank of China from 1984 to 2009. During his employment he served as President of Shenzhen Branch, Zhejiang Province Branch, and Anhui Province Branch. Prior to those positions he was Deputy Managing Director of Nanyang Commercial Bank (Bank of China Hong Kong), a Director of International Settlement Department in Hefei (Anhui Province Branch) and served in the General Office of the People's Government of Anhui Province.

Mr Tony Groth - Non Executive Director

- A Fellow of the Institute of Chartered Accountants in Australia with over 30 years' experience in the financial services industry, Mr Groth spent 17 years as a business services partner of Grant Thornton, an Australian national firm of Chartered Accountants.
- Since joining Investorlink Corporate Limited in 2007 he has further developed his expertise in a variety of corporate advisory and structured finance projects.

APPENDIX – 1: OVERVIEW OF KEY PLAYERS IN CHINESE MARKET

- Table 20 below provides a quick snapshot of the key players in the China m

Figure 20: Snapshot of key players in China e-commerce space

Name	Description	Website	Registered Users (m)	Payment System	Metrics	Valuation
Alibaba - Taobao	C2C e-commerce model where sellers connect with buyers through an online platform. It is a Chinese website similar to EBAY and Amazon.	www.taobao.com	6	" Alipay - An escrow based online payment platform. Alipay uses An escrow system through which payment is only released to the seller once the buyer has received the goods. - Partnered with multiple financial institutions, Visa and Mastercard to facilitate payments in China and abroad.		est \$170B Nas listing targeted for QCY14
Alibaba - Taobao mall	B2C e-commerce model spun out from Taobao. Effectively a marketplace between Chinese businesses/wholesaler etc with consumers.	http://www.taobao mallenglish.com/		Alipay		
Tencent	Tencent's diverse services include social networks, web portals, e-commerce, and multiplayer online games. Its offerings include - Wechat - is a social mobile application with voice and text messaging. Most popular app in China - PaiPai.com, C2C site - QQ.com - One of the largest portals in China. - Largest virtual (games) provider - 5th largest internet company in the world	http://www.tencent.com/en-us/index.shtml	620	Tenpay - Online payment system similar to paypal		US\$110B. Listed on HKSE
JD	B2C platform. Second largest e-commerce company behind Alibaba. Selling diversified, selling electronics, mobile phones, computers, etc. JD(JD.com) is the largest B2C E-commerce company in China, with a market share of 43.9% in Q2, 2013	http://en.jd.com/		58000		US\$32B

Source: FSB Research

APPENDIX 2 – CHINA TECH M&A

- The table below provides a summary of the M&A activity by Tencent, Alibaba and Biadu over the past 12 months. Since the beginning of 2014, the Chinese Internet sector has spent ~\$2.5bn on acquisitions and strategic investment, on our estimates based on publically available data. If this trend continues, we could see the biggest year of investment by Internet companies, in terms of the dollar amount.
- Key drivers for M&A :
 1. Intensive competition – such as in e-commerce, payment, mobile gaming, etc. In addition, due to the revolutionary mobile Internet, many companies have begun to step into others’ realms. For example, Tencent’s move into e-commerce, while Alibaba plans to distribute mobile games, etc.
 2. Expansion to offline operations – To extend the growth trajectory, Internet companies also expand to offline services, first retail, then finance, real estate, auto dealers, etc.
 3. Rich cash positions – Chinese Internet firms are not short of cash. For example, by the end of 3Q13, Baidu was reported to have \$7bn cash, Tencent \$6bn, and Ctrip \$1.5bn. Their deep pockets make it possible for them to continue to buy or invest in those assets make strategic sense for their businesses.
 4. Technological Change - There is an acute awareness that mobile phones and e-commerce are technological changes that are fundamentally changing the Chinese economic landscape. And not just in online business. It is also changing significant sections of China’s offline economy. Financial services, entertainment, retail, logistics, transportation and many other sectors are being changed. The Internet economy is both driving productivity and creating new markets.

Figure 21: Valuation Summary

Acquire	Acquiree	Description	Value (US\$m)
Tencent	Leju	15% of Leju an online property agency	180
Tencent	JD	15% of JD.com	214
Tencent	CJ Games	28% of South Korean mobile game develop	500
Tencent	Sogou	36% of search engine Sogou	448
Tencent	Dianping	20% of website Dianping	320
Tencent	Youku Tudou	20% of online video site Youku tudo	300
Alibaba	Tango	% not disclosed, competitor to wechat	215
Alibaba	Autonavi	Chinese leading mobile mapping service	450
Alibaba	China Vision Media	Controlling stake - CVI has large content ba	804
Alibaba	Haeir Group	% undisclosed Logistic company	360
Baidu	Wireless	Chinese app developer	1900
Baidu	Nuomi	Group buying platform	160

Source: FSB Research

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