

1 November 2022

Dear CDI Holder,

### **Voluntary delisting from Australian Securities Exchange**

99 Loyalty Limited (ARBN 164 764 729) (ASX 99L) ("**99 Loyalty**" or "**the Company**") has applied for and received approval from ASX Limited ("**ASX**") for the voluntary delisting of its CHESS Depository Interests ("**CDIs**") from trading on the ASX.

Subject to Shareholders and CDI holders approving the delisting, trading in 99 Loyalty CDIs will be suspended with effect from close of trading (being 4:00pm Australian East Daylight Savings time) on ASX on 23 December 2022 ("**Suspension Date**"). Removal of 99 Loyalty from the Official List of ASX is expected to occur at the close of trading (being 4:00pm Australian East Daylight Savings time) on 30 December 2022 ("**Delisting Date**").

This letter contains important information about your holding of CDIs and the delisting process.

If you wish to sell your CDIs on the ASX, this will need to be done before the close of trading on 23 December 2022.

99 Loyalty securities will not be tradeable on the ASX following the removal of the Company from the official list of ASX.

#### **1 Reasons for delisting**

The Board of Directors of the Company ("**Board**") has determined that it is in the best interests of the Company and its shareholders/CDI holders for the Company to delist from the ASX for the following reasons:

- (a) **Valuation:** The CDI price of 99 Loyalty is A\$0.027 per CDI (based on the trading price of CDIs at 12 September 2022).  
  
The Board considers that the current trading price of the Company's CDIs in recent years implies a valuation that has been (and remains) consistently and materially lower than the valuations of unlisted and listed companies of a comparable nature and scale of 99 Loyalty in Australia and other capital markets.
- (b) **Liquidity:** Stock liquidity remains low, which the Board considers is a function of the Australian market sentiment towards the Company and Chinese listed stocks on the ASX. The Board considers the liquidity of 99 Loyalty's CDIs will not change in the near future.
- (c) **Australian market sentiment:** The negative perception towards Chinese listed stocks will continue to remain a significant impediment towards recognition of fair market value and prospective capital raisings irrespective of 99 Loyalty's business performance.

- (d) **Growth capital requirements:**
- (i) Raising growth capital whilst listed on the ASX, will impose a significant dilutionary cost on non-participating shareholders/CDI holders.
  - (ii) Alternate debt and equity financing have been sourced without any prospect of obtaining either whilst remaining an ASX listed entity.
  - (iii) Given the main business activities of 99 Loyalty are in China, the Company has also sought debt and/or equity financing in the Chinese market. Domestic funding in the Chinese market is provided preferentially to Chinese domestic and HK listed entities and to Chinese private companies.
  - (iv) Debt and/or equity financing options in China are significantly hampered by the Australian market capitalisation of 99 Loyalty. This dynamic has provided a competitive funding advantage to its competitors in the market.
  - (v) The Board believes 99 Loyalty has an industry leading and experienced team with the latest internet technology, intelligent operating systems, numerous technical patents, and a best-in-class risk control program. The Company is focused on the opportunities available for growth in the Chinese digital economy and considers the growth trajectory of the business will require access to growth funding in order to protect the interests of all holders.
- (e) **Costs of remaining listed on the ASX:** The ongoing administrative, compliance and direct costs associated with the Company's ASX listing are disproportionate to the benefits of remaining an ASX listed security.
- (f) **Returning value to CDI holders:** The Board considers it has two key priorities:
- (i) Protect the interests of all shareholders/CDI holders and ensure the business can access funding to survive and grow to build CDI/Shareholder value; and
  - (ii) To ensure that the funding pathway can provide shareholders/CDI holders with the prospect of a liquidity event at a fair market value.

On the basis of the above, after considering the key reasons for the Delisting and stated objectives set out above, the Board considers the best option for current holders is to proceed with the engagement of a special purpose acquisition company (**SPAC**) process to seek admission to the NASDAQ. Details of this are contained in the Notice of Meeting, lodged on the ASX on 1 November 2022.

## 2 Delisting process

It is expected that CDIs will continue to trade on the ASX until the close of trading on the Suspension Date, when trading will be suspended. Following the suspension of trading in CDIs, CDI holders will no longer be able to trade their holdings of CDIs on the ASX. Following the suspension of trading of CDIs, 99 Loyalty will be removed from the official list of the ASX on 30 December 2022.

This document contains details on the delisting process and the options available to you in respect of your CDIs. Full details on the options available to you in respect of your CDIs are set out in **Section 5**.

***Please note that 99 Loyalty does not make any recommendation or give any advice as to which option you should select. This is because the option that is most appropriate for you will depend on your personal circumstances. 99 Loyalty strongly encourages you to***

***read this document in full and to consult your financial and tax advisors in relation to the options available to you.***

### 3 Dates for the delisting process

The following table sets out the timetable for the delisting of 99 Loyalty from the ASX. 99 Loyalty reserves the right to change or extend any of these dates and/or procedures and processes and will promptly announce any such change. Unless otherwise indicated, all dates are Sydney, Australia dates.

<b>23 November 2022</b>	Company holds general meeting seeking approval from shareholders/CDI holders for the delisting.
<b>23 December 2022</b> (at close of trading)	<b>Suspension Date</b> – effective date of suspension in trading of CDIs on the ASX (on the basis that approval from shareholders/CDI holders is received at the general meeting).  Trading in the CDIs on the ASX is permitted up to close of trading on 23 December 2022. Please note that you will not be able to trade your CDIs on the ASX after close of trading on this date.
<b>23 December 2022</b>	Last date for CDI holders to elect to convert CDIs into Shares.
<b>30 December 2022</b> (at close of trading)	<b>Delisting Date</b> – anticipated delisting date and date of removal of 99 Loyalty from the Official List of the ASX.
<b>30 December 2022</b>	Commencement of process for mandatory conversion of CDIs into Shares.

### 4 Impact on 99 Loyalty following delisting from the ASX

Following 99 Loyalty's removal from the Official List of the ASX:

- (a) 99 Loyalty will continue to be subject to applicable Hong Kong corporate and securities laws;
- (b) The Company's CDIs will no longer be quoted on the ASX and will no longer be traded on the ASX.
- (c) Prior to any NASDAQ listing, following delisting from the ASX, the Company's shares will only be capable of sale via off-market private transactions which will require the Company's shareholders to identify and agree to terms with potential purchasers of the Company's shares in accordance with the Company's Articles of Association and the Companies Ordinance (Chapter 622, Laws of Hong Kong) (**Companies Ordinance**).
- (d) During any period 99 Loyalty remains an unlisted public company, the Company will no longer be able to raise capital from the issue of securities to the public by means of limited disclosure fundraising documents.
- (e) The Company will remain as a public company under the Companies Ordinance as either one of the following conditions are met:
  - (i) the Company has more than 50 shareholders (including but not limited to CDI holders); or
  - (ii) the Company's articles of association do not (a) restrict the transferability of the shares by members; or (2) prohibit any invitation to the public to subscribe for any shares or debentures of the Company.

Under such circumstances, the Company will remain subject to The Codes on Takeovers and Mergers and Share Buy-back regulated by the Securities and Futures Commission of Hong Kong.

- (f) Given 99 Loyalty is a company incorporated and registered under Hong Kong law, following the Delisting, continuous disclosure obligations under ASX Listing Rules will no longer apply to 99 Loyalty, but it will remain to be subject to the annual filing requirements under the Companies Ordinance which include the filing of annual return and the Company's financial statements (including directors' report and auditors' report) to the Companies Registry in Hong Kong. Further, apart from keeping a register of members, the Companies Ordinance requires the Company to maintain a significant controllers register to be accessible by law enforcement officers upon demand. The Company will still provide disclosure to shareholders of material matters on the Company's website.
- (g) A reduction of obligations associated with a listing on ASX, which may include relief from some reporting and disclosure requirements, removal of restrictions on the issue of shares by the Company and requirements concerning significant changes to the Company's activities.
- (h) The Company's Articles of Association and, therefore, shareholders' rights under the Articles of Association will remain unchanged immediately following the Delisting, such that shareholders will continue to have the right to:
- (i) receive notices of meetings and other notices issued by the Company;
  - (ii) exercise voting rights attached to shares; and
  - (iii) receive dividends payable by the Company from time to time.
- (i) Following completion of any SPAC listing, current CDI holders will hold NASDAQ listed ordinary shares in a parent company of the Company which reflects the current pro-rata ownership diluted by the equity capital raising and SPAC sponsor ownership dilution.

## 5 Options for CDI holders on delisting of 99 Loyalty from the ASX

CDI holders will have the following options with respect to their CDI holdings in conjunction with the delisting of 99 Loyalty from the Official List of the ASX.

### **OPTION 1: Sell your CDIs on the ASX before the Suspension Date (on or before 23 December 2022)**

- You can sell your CDIs on the ASX prior to close of trading on the Suspension Date (23 December 2022) by contacting your stockbroker or financial advisor who can arrange the sale.
- If you elect to sell your CDIs on the ASX prior to the Suspension Date, you will be responsible for any costs associated with the sale of your CDIs as is customary, including any broker commission.
- After the Suspension Date, you will **not** be able to sell your CDIs on the ASX.

### **OPTION 2: Convert your CDIs into Shares (on or before 23 December 2022)**

On or before 23 December 2022 you have the right to convert your CDIs into the underlying Shares at the rate of (1) CDI to (1) Share.

### CDI Cancellation Request

To do this, you will need to complete the “CDI Cancellation – Australia to Hong Kong” request form (**CDI Cancellation Request Form**) and submit the form to Automic Australia at:

[crossborder@automicgroup.com.au](mailto:crossborder@automicgroup.com.au) The CDI Cancellation Request Form is available at:

[https://web.automic.com.au/er/public/api/documents/99L?fileName=99L\\_Removal\\_Form.pdf](https://web.automic.com.au/er/public/api/documents/99L?fileName=99L_Removal_Form.pdf)

The Hong Kong Registry will also require a signed (in wet ink) Instrument of Transfer. This will be sent to you directly in the event you provide a CDI Cancellation Request Form.

Following the conversion of the CDIs, the Shares will be held on 99 Loyalty’s Hong Kong share register. You may convert your CDIs at any time on or before 23 December 2022.

Once a validly completed CDI Cancellation Request Form and duly signed Instrument of Transfer are received, it is expected to be actioned within 2 business days of receipt. The preparation of the draft register of members and draft new share certificate for the underlying Shares will then take up to a further 10 business days. The Registers will be updated and new share certificate will be issued upon completion of the Conversion. However, no guarantee can be given about the time for the CDI conversion to be fully completed.

### OPTION 3: Do nothing – Mandatory Conversion to Shares (on or after 30 December 2022)

You may choose to do nothing in which case on or after 30 December 2022, the process will commence to convert your CDIs into underlying Shares on the Hong Kong register, with the underlying Shares registered in the name and address of the former CDI holder and a share certificate will be issued and mailed to the name and address that the CDIs were registered in.

If for any reason the registration is unable to be completed, the Shares will be sold and the net proceeds of the sale will be remitted to the former CDI Holder, or if they are not able to be located, the proceeds will be dealt with in accordance with applicable unclaimed money laws.

## 6 Tax implications

99 Loyalty strongly encourages you to obtain your own independent professional tax advice based on your individual circumstances before deciding which option you should select.

This document does not purport to provide you with any tax advice.

Questions regarding the transfer process may be directed to Automic (within Australia) 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) between 8:30am and 5:00pm Monday to Friday (AEDT).

Sincerely



Ross Benson  
Chairman