

ASX ANNOUNCEMENT

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## **Novatti signs deal to support WeChat Wallet financial transactions for Chinese consumers in Australia**

### **Highlights:**

- Novatti signs agreement that enables major new payment method for Chinese consumers in Australia
- The agreement will allow Chinese tourists and students to make purchases in Australia using WeChat Wallet on their mobile phones.
- Deal provides a new recurring revenue stream for Novatti that is leveraged to the Chinese tourism boom
- WeChat is China's largest social media messenger app with more than 700 million registered users
- Chinese tourists have difficulty using credit cards in Australia as they are not on the global payment networks and WeChat Wallet provides them one of the easiest ways to use e-payments here
- More than one million tourists from China expected to visit Australia this year, spending an estimated \$2.5 billion on retail goods
- Thousands of Australian retailers are expected to adopt WeChat Wallet this year – up from over 100 currently
- Further validation of Novatti's payment platforms and services as WeChat is owned by Tencent Holdings Limited (Market Capitalisation HK\$1.9 trillion / AUD\$320 billion)

**Novatti Group Limited** (ASX: NOV, "Novatti" or the "Company") has signed an agreement with RoyalPay Australia, the first Australian distributor for WeChat Wallet, following the commencement of commercial operations in Australia for Novatti's Trusted Party Services business.

This is the first deal for Novatti's Trusted Party Services business, which was launched after a successful two-month trial, providing the Company with a new and immediate source of recurring revenue.

Under the agreement, RoyalPay (who is owned by Tunnel Show Pty Ltd) has become an authorised representative of Novatti subsidiary Flexewallet Pty Ltd and will be able to operate in this country under Flexewallet's Australian Financial Services License (AFSL).

Novatti will receive a monthly fee as well as a commission for each transaction made using WeChat Wallet in Australia. The revenues will be dependent on the take-up of the service.

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WeChat Wallet is the mobile wallet service provided by WeChat, China's largest social media messaging service with more than 700 million registered users. According to BI Intelligence<sup>1</sup> more than one-in-two mainland Chinese use WeChat and around 93% of the population living in tier one cities are registered users of the app.

Chinese consumers cannot always use their bank and credit cards or prefer not to in Australia. WeChat Wallet provides one of the easiest and quickest ways for these consumers to make purchases in Australia via electronic payment (e-payments).

Chinese tourists make up the largest segment of Australia's inbound tourism market, and an estimated one million Chinese visitors are expected to visit this country in 2016.

Furthermore, these tourists are forecast to spend \$2.5 billion on retail goods while in Australia according to a report by Cross Border Management<sup>2</sup>.

Thousands of Australian retailers are expected to accept WeChat Wallet in the coming year, according to RoyalPay. Currently, over 100 local merchants are on the mobile payment system.

"The spending power of the booming Chinese tourist segment in Australia is huge, and we have helped enable a major new payment method for them," said Peter Cook, Chief Executive Officer of Novatti.

"This deal further demonstrates that Novatti is quickly establishing itself as a leader in the global payments industry and we are expecting to finalise new commercial agreements with other global giants in the near future."

WeChat is owned by Tencent Holdings Limited, a Hong-Kong listed Internet and mobile services group with a market capitalisation of around HK\$1.9 trillion (\$320 billion).

RoyalPay is an Australian company that provides smart and advanced IT solutions for the finance industry, including funds and transactions management.

<sup>1</sup> <http://www.businessinsider.com/wechat-breaks-700-million-monthly-active-users-2016-4?IR=T>

<sup>2</sup> <http://www.crossbordermanagement.com/deep-thoughts/2016/2/14/golden-dragons-the-spending-habits-of-chinese-tourists-in-australia-1>

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**About Novatti Group Limited**

Novatti, an Australian-based company, is an award-winning global software technology and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitize cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallet, Electronic Top-Up, Mobile Money, Bill Payments, Remittance Services and Voucher Management Systems. Novatti's transaction processing services include Flexepin, an open loop cash voucher service and TransferBridge, a global remittance network.

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