



Market Announcement

04 March 2016, Vista Group International Limited, Auckland, New Zealand

Vista Group establishes new venture in China with Tencent affiliate - WePiao.

Vista Group International Limited (Vista Group) and its Chinese subsidiary, Vista Entertainment Solutions Limited, Shanghai (Vista China), confirm that they have signed an agreement with Beijing Weying Technology Co, Limited (WePiao) to create a new venture to take advantage of the expanding China film market. In addition to its participation in the Chinese business, WePiao will subscribe for up to 2.0% of new shares to be issued in Vista Group at the volume weighted average price of Vista shares in the month preceding this announcement.

Under the terms of the agreement, which are both confidential and conditional on regulatory approval, Vista Group will provide the new venture with the distribution rights to all of the existing Vista Group software including Vista Cinema, Veezi, Movio, MACCS and Numero. This is expected to enable the acceleration of Vista Cinema's growth strategy in China for its core cinema product and its cloud based product, Veezi, which is ideally suited to the large number of smaller cinemas in China. It will also provide a launch platform for the Movio, MACCS and Numero software in what is the world's fastest growing cinema market. WePiao will acquire existing shares in Vista China from Vista Group as well as subscribing for new shares.

These terms will be transacted as follows:

- WePiao acquiring shares in Vista China from Vista Group (for cash)
- WePiao subscribing for new shares in Vista China to provide growth capital for the business
- As a result Vista China will cease to be a subsidiary under the proposed new venture arrangement and will be equity accounted for going forward
- Vista China entering a long term distribution agreement with Vista Group for the existing Vista Group software and paying upfront fees for these rights as well as ongoing annual maintenance and royalty fees
- Vista China securing the support of WePiao and the wider Wechat/Tencent Group to help grow its presence in the China film market
- WePiao subscribing for up to 2.0% of new shares in Vista Group.

At current exchange rates, the transaction will generate cash to Vista Group in the first year in excess of NZ\$30m, with the cash paid for the subscription of the 2.0% in Vista Group additional to this. In year 2 there are additional up-front fees paid and beyond that, additional annual maintenance fees. From a financial perspective the cash received will be reported as proceeds and capital profits on the shares sold in Vista China, license revenue (for the up-front fees) and ongoing recurring annual maintenance revenue. Under the agreement, Vista China is expected to continue to generate returns to Vista Group through its future success in the China market.

Vista Group CEO Murray Holdaway is excited by the opportunities that the new venture will create and says, "Vista has been committed to the China market for some time and this combination will enable us to support and grow our existing cinema customer base, provide a wider range of services to the China market and ensure we can become a significant supplier to the fastest growing film market in the world. The new venture with WePiao and its corporate owners Wechat and Tencent, through their market position, is expected to enable us to achieve growth that Vista by itself could not".



The CEO Of WePiao Mr Lin has said of the transaction, “It is very good to partner with the world’s leading supplier of software in the film industry and we are looking forward to bringing our Chinese market capability and influence to the business in China to accelerate the growth in the fast growing film and cinema sector of the Chinese economy. We also look forward to potential cooperation with Vista Group in other markets in the future”.

It is important to note that the establishment of the new venture remains subject to Chinese regulatory approvals for the investment by WePiao in Vista China. Completion of the transaction is subject to those regulatory approvals. It is anticipated that the approvals will take between one and three months. The transaction is also subject to WePiao being satisfied with its due diligence on Vista China (although Vista understands this work to be substantively complete) and no interim period warranty breaches occurring.

Vista Group will continue to update the market as appropriate and required.

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About WePiao

Founded and headquartered in Beijing, WePiao is backed by Tencent Holdings Limited, along with the China Cultural Investment Fund and other investors, including some leading Chinese cinema chains. WePiao brings scale in the form of its smart phone ticketing application, which is embedded in the WeChat messaging app. The backing of WeChat (the largest standalone messaging app in the world with more than 600 million monthly active users, mainly in China) will provide a much greater ability to connect with film audiences and the entertainment industry in general.

About Vista Group International:

Vista Group International (Vista Group) is a public company, listed on both the New Zealand and Australian stock exchanges (NZX: ASX: VGL). Vista Group provides cinema management, film distribution and customer analytics software to companies across the global film industry. Cinema management software provided by Vista Entertainment Solutions is the core business of Group. Veezi, MACCS, Movio, Numero and Share Dimension products leverage the success of this platform into other parts of the film industry; from production and distribution, to cinema exhibition and through to the movie-goer experience. It is estimated that in excess of a billion cinema tickets are processed every year through Vista products. Vista Group has over 350 staff across seven offices in New Zealand (Auckland headquarters), Australia, the USA, the UK, the Netherlands and China.

About Vista Entertainment Solutions, Shanghai:

Vista Entertainment Solutions Ltd, Shanghai (Vista China) is a Wholly Foreign Owned Entity (WFOE) based in Shanghai and is a 100% subsidiary of the Vista Group. It currently has the distribution rights for Vista Cinema and Veezi in China and holds a license in China to allow the use of that software in the regulated Chinese cinema market. Vista China has been continuing to expand its market share in the growing Chinese cinema market.