

**Company Announcements Division
for immediate release
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ASX Code: ONC

COMPANY UPDATE

SALE OF ONCARD INTERNATIONAL LIMITED'S 50% INTEREST IN SHANGHAI SMART SERVICE COMPANY LIMITED

OnCard International Limited ("OnCard") is pleased to announce that on 26 November 2013 ("**Signing Date**") it entered into a binding Sale and Purchase Agreement ("**SPA**") with Great Bless Enterprises Limited ("**GBE**") to sell its 50% equity interest ("**Sale Equity**") in its Sino-Joint Venture company Shanghai Smart Service Company Limited ("SmartPASS"). The sale consideration is RMB 300million (AUD 53.2million) plus a purchase price adjustment for the SmartPASS profit up to the date on which the transaction completes ("**Completion Date**") and an adjustment for any increased capital between the Signing Date and the Completion Date.

SmartPASS operates principally in Shanghai and is the pre-eminent, independent, multi-merchant prepaid card company in China. As previously noted to the market, OnCard has been evaluating expressions of interest for the SmartPASS business. The signing of the SPA is the fruition of OnCard's determination to realise on behalf of its shareholders the full value created in the SmartPASS business. Since issuing its first prepaid card in November 2005, in excess of 34 million cards have been issued with cumulative sales exceeding RMB16 billion (AUD 2.84billion). As at the end of October 2013, total float funds on hand exceeded RMB 2billion (AUD 355million).

GBE is an investment company incorporated in the British Virgin Islands with limited liability having its registered office at Portcullis TrustNet Chambers, PO Box 3444, Road Town, Tortola, British Virgin Islands.

Below is a summary of the key terms and conditions of the SPA including the consideration and conditions precedent to the transaction to enable completion under the SPA ("**Completion**") to occur.

Consideration and Payment

The aggregate purchase price payable under the SPA by GBE to OnCard ("**Aggregate Purchase Price**") is calculated to be the sum of:

- the Sale Equity consideration being the AUD cash equivalent of RMB 300million (AUD 53.2million) ("**Base Purchase Price**"); plus
- the Purchase Price Adjustment Amount being the AUD equivalent of OnCard's 50% share of the SmartPASS profit for the period between 1 January 2013 and the Completion Date as agreed between GBE and OnCard ("**Adjustment Amount**"); plus
- any increased capital, if applicable, between the Signing Date and the Completion Date ("**Increased Capital**").

The Base Purchase Price is due and payable on Completion. The Adjustment Amount and the Increased Capital is payable within five (5) days of receipt of the letter of confirmation prepared by OnCard's auditor which specifies any Adjustment Amount and Increased Capital that is payable ("**Letter of Confirmation**").

Note the Aggregate Purchase Price is before any applicable taxes levied by the respective jurisdictions including the Peoples Republic of China and locally. Work has been initially undertaken with our professional advisors to determine the applicable taxes with final determination to be completed in conjunction with the relevant authorities upon Completion.

Conditions Precedent

In addition to the normal Board approvals for both OnCard and GBE, the following are conditions precedent to the transaction completing:

- the Board of SmartPASS approving the transfer of the Sale Equity;
- the relevant approval authorities having approved the transfer of the Sale Equity on acceptable terms;
- GBE entering into an agreement of Sino-foreign Joint Venture with the existing SmartPASS Sino-foreign Joint Venture partner;
- there being no material adverse change in relation to the affairs of SmartPASS between the Signing Date and the Completion Date; and
- there being no breach of warranty either by OnCard or GBE, and compliance with their respective obligations under the SPA.

Should the above conditions not be satisfied in accordance with the SPA, then the party not in default shall be entitled, by giving notice to the other party, to terminate this agreement.

Completion Deliverables by GBE

On Completion, GBE shall deliver to OnCard a certified copy of bank remittance confirmations evidencing payments in the sum of AUD equivalent of RMB 300 million in favour of OnCard representing the Consideration payable for the Sale Equity.

Completion Deliverables by OnCard

On or before completion date, OnCard shall deliver to GBE:

- the Letter of Confirmation; and
- relevant approval certificates issued by the regulatory authorities of the Peoples Republic of China, their authorised local division or any successor government authority or any other authorities in any applicable jurisdiction which is empowered to approve the sale and purchase of the Sale Equity.

Both OnCard and GBE are committed to satisfy the completion deliverables on a timely basis. The SPA provides for the ability to postpone completion or terminate the agreement should either of OnCard or GBE deliverables not be met in accordance with the SPA.

OnCard's Future Business Operations

OnCard will continue to build upon its existing stable of products it provides being Loyalty, Rewards and Payment Solutions (incorporating the operations of Buffet Club, Enjoy China, MarketSMART and OnCard Rewards).

Buffet Club is OnCard's flagship loyalty program offering Dining Club memberships across Asia. Significant growth has been achieved, demonstrated by over 340,000 memberships issued since the program commenced in Shanghai in 2011. Buffet Club has in excess of 130 hotel partners across 35 cities in Asia.

As announced to the market on 20 December 2012, OnCard entered into an asset purchase agreement to acquire the assets of Enjoy Shanghai. Since acquisition, significant work has been completed in adapting and enhancing the Enjoy product to be cohesive with our existing Buffet Club product range. With the acquisition of Enjoy Shanghai the Buffet Club brand has expanded its core product offerings which are being sold across three independent outsourced call centres in collaboration with several large supporting financial institutions in China.

Development has continued to create a single platform that leverages our growing membership base with our technological assets to create a multi-faceted E-commerce platform. Development of online enhancements and technology for electronic cards and coupons for existing and new members will see efficiencies in the near term and overall improvements to gross margin for Buffet Club products. These enhancements will also have the capability of providing additional information on member activity and enable more targeted marketing strategies to our members and hotel partners.

OnCard Rewards, Buffet Club and Enjoy China have synergistic business plans and rewards programs are planned to operate in conjunction with the Buffet Club and Enjoy brand expansion across China.

MarketSMART provides the intellectual property for use in OnCard's wholly owned OnCard Rewards operations in addition to the provision of licensed technology and services to external customers. Our wholly owned rewards and payments system software platform has been significantly enhanced to enable it to operate in China. Websites and interfaces to mobile phones have been developed and marketing continues to major merchants in key cities.

The Directors believe that the timing of the sale of SmartPASS, in realising the significant value created since establishment is an excellent outcome for all our shareholders and OnCard remains a strong and viable business to continue our growth in the China and Asian consumer driven markets.

Ends