

BISAN Ltd

THIS IS A PRIORITY ITEM

ASX Code: BSN

TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 26 FEBRUARY 2015

myGeneration Smartphones™ established

Bisan signs binding M.O.U

Attached investor presentation

The Board of Bisan Limited (Bisan) is pleased to announce that a binding Memorandum of Understanding (M.O.U) has been entered into with the **contracting party** who will management & operate the newly established and 100% owned “myGeneration Smartphones™” business from Hong Kong.

Following on from the ASX announcement dated 13 of February 2015, the performance criteria has now been finalised and is as follows

- After five months trading:
 - *If USD\$48m annualized sales turnover target met (pro-rata USD\$20m over 5 months) and a 10% gross margin achieved:*
 - The contracting party to be issued with 70% equity in myGeneration Smartphones Ltd Hong Kong.
 - *If USD\$25m annualized sales turnover target met (pro-rata USD\$10m over 5 months) at 4% gross margin achieved:*
 - The contracting party to be issued 60% equity in myGeneration Smartphones Ltd Hong Kong.
- Contracting party has 30 days to decide whether to vend their interest in the Hong Kong operating company for equity in Bisan Ltd for the same percentages of equity (60% or 70% depending on performance targets reached).
- Vend subject to capital raising of between \$3m to \$5m and all shareholder and regulatory and statutory approvals. Bisan must be in full compliance with the ASX listing rules and may be required to re-comply with Chapters 1 and 2 of the listing rules.

Investor presentation on the myGeneration Smartphones™ business is attached.

Pat Volpe
Chairman

myGeneration™

Smartphones Pty Ltd

*Affordable **Regenerated** second hand smartphones
professionally graded to serve the emerging markets and
the younger generations*

BISAN Ltd

Disclaimers

Securities Disclaimer

This presentation is for informal purposes only and does not constitute an offer to sell, or solicitation to purchase, any securities. Such Offer can be made only through proper subscription documentation and only to investors meeting strict suitability requirements. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

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Various statements in this presentation constitute statements relating to intentions, future acts and events. Such statements are generally classified as “forward looking statements” and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ materially from what is presented or implicitly portrayed herein. The company gives no assurances that the anticipated results, performance or achievements expressed or implied in these forwards looking statements will be achieved.

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Corporate Structure

BISAN Ltd (ASX:BSN)

Market Cap (22 February 2015)	\$2.5m
52 Week Trading Range:	
Low	\$0.005
High	\$0.050
Issued Shares 223m (post capital raising)	393m
<u>Issued Options (unlisted)</u>	
(Assumes 100% take up of rights issue) (Post issue) Exercisable at \$0.015.* <i>Seeking to obtain ASX listing</i> (30 June 2018)	207.1m
Exercisable at \$0.05 (31 December 2017)	37.1m
Exercisable at 0.08 (31 December 2015)	25.5m

Renounceable Rights Issue

2 new shares for every 3 shares held at an issue price of \$0.005 with

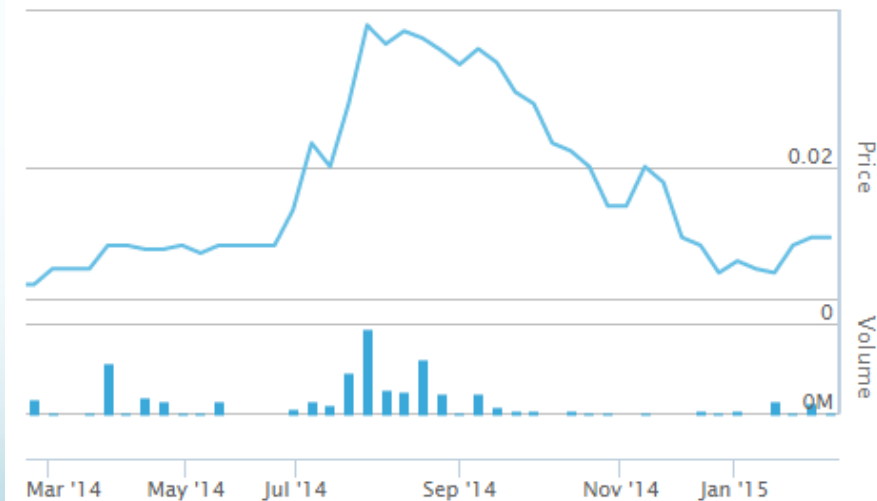
1 free attaching option exercisable at \$0.015 (30 June 2018) for every share subscribed to.

Cash for : \$695,000 working capital (Including potential follow-on investment in P-Fuel)	\$400,000 myGeneration investment (~USD300,000)
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Total Raised from Issue	\$1,095,000
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Key Management Personnel

Pat Volpe	Chairman
David Herszberg	Non-Executive Director
Avi Kimelman	Non-Executive Director
Yehuda Szender	Managing Director myGeneration Smartphones Ltd Hong Kong



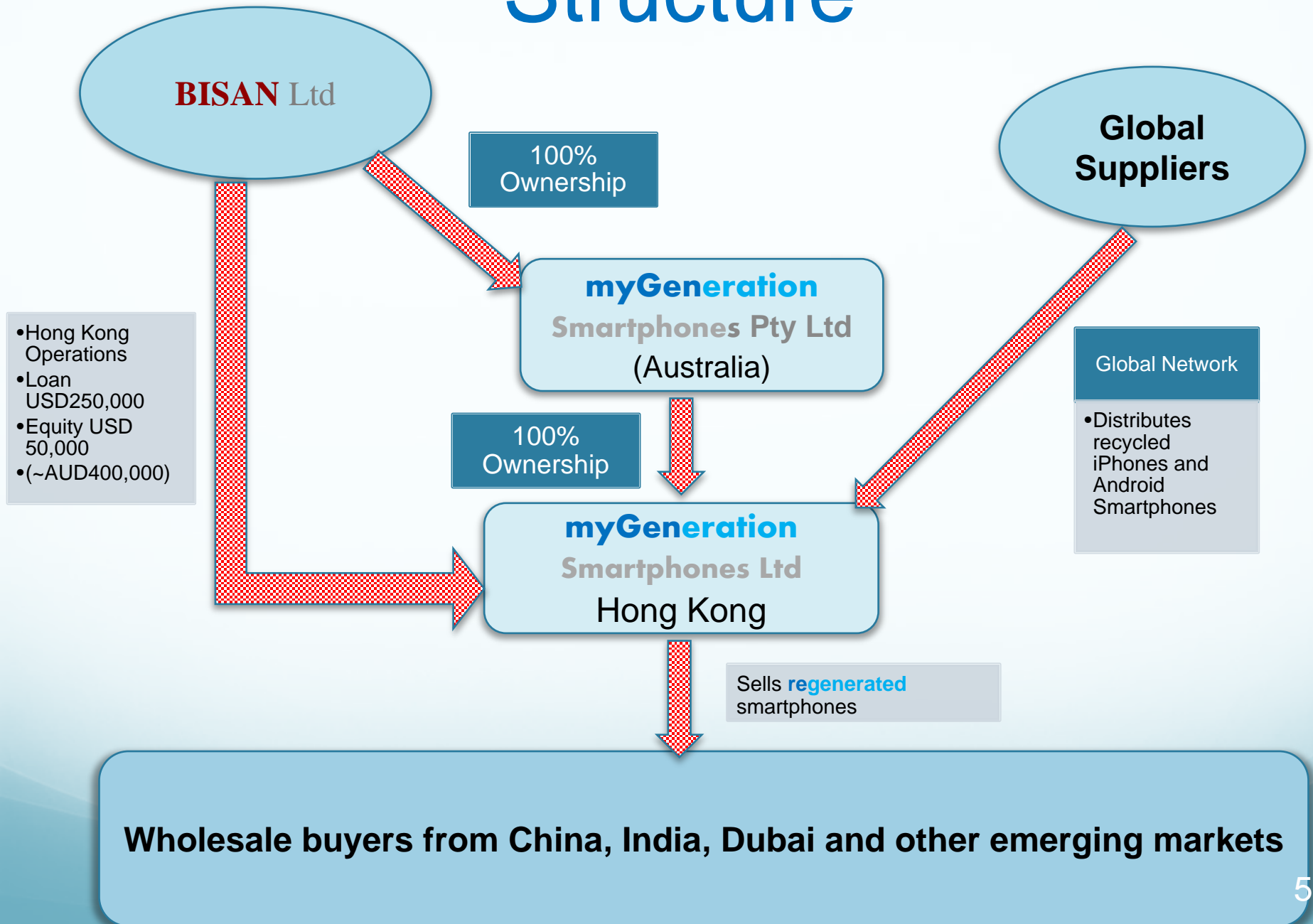
Source:BSN Price Chart, ASX

The Deal

- Bisan has set up and owns 100% of **myGeneration** Smartphones Pty Ltd (**myGeneration**) in Australia
- **myGeneration** Australia owns 100% of **myGeneration** Smartphones Ltd Hong Kong
- Bisan to provide USD\$300,000 in working capital to **myGeneration** Hong Kong
- **myGeneration** Hong Kong will commence trading second hand and regenerated phones
- **myGeneration** will grade all second hand phone from class AA to class E
- The **myGeneration** MD and his team are experienced second hand smart phone traders
- Target markets are China and South East Asia initially
- If performance criteria targets are reached then the MD and his team will be issued with equity.



Structure



Performance Criteria **myGeneration** Hong Kong

- After five months trading on a pro-rate basis:
 - *If USD\$48m annualized sales turnover (projected after 5 months sales) target met at 10% gross margin:*
 - Contracting party (dealer team) to be issued with 70% equity in **myGeneration Smartphones Ltd** Hong Kong.
 - *If USD\$25m annualized sales turnover (projected after 5 months sales) target met at 5% gross margin:*
 - Dealer team to be issued 60% equity in **myGeneration Smartphones Ltd** Hong Kong.
- 30 days to decide whether to vend* into Bisan Ltd (100%)
- *Vend subject to capital raising \$3m-\$5m and all shareholder and regulatory approvals.

Why regenerated second hand smartphones?

- Underestimated Demand particularly in emerging markets

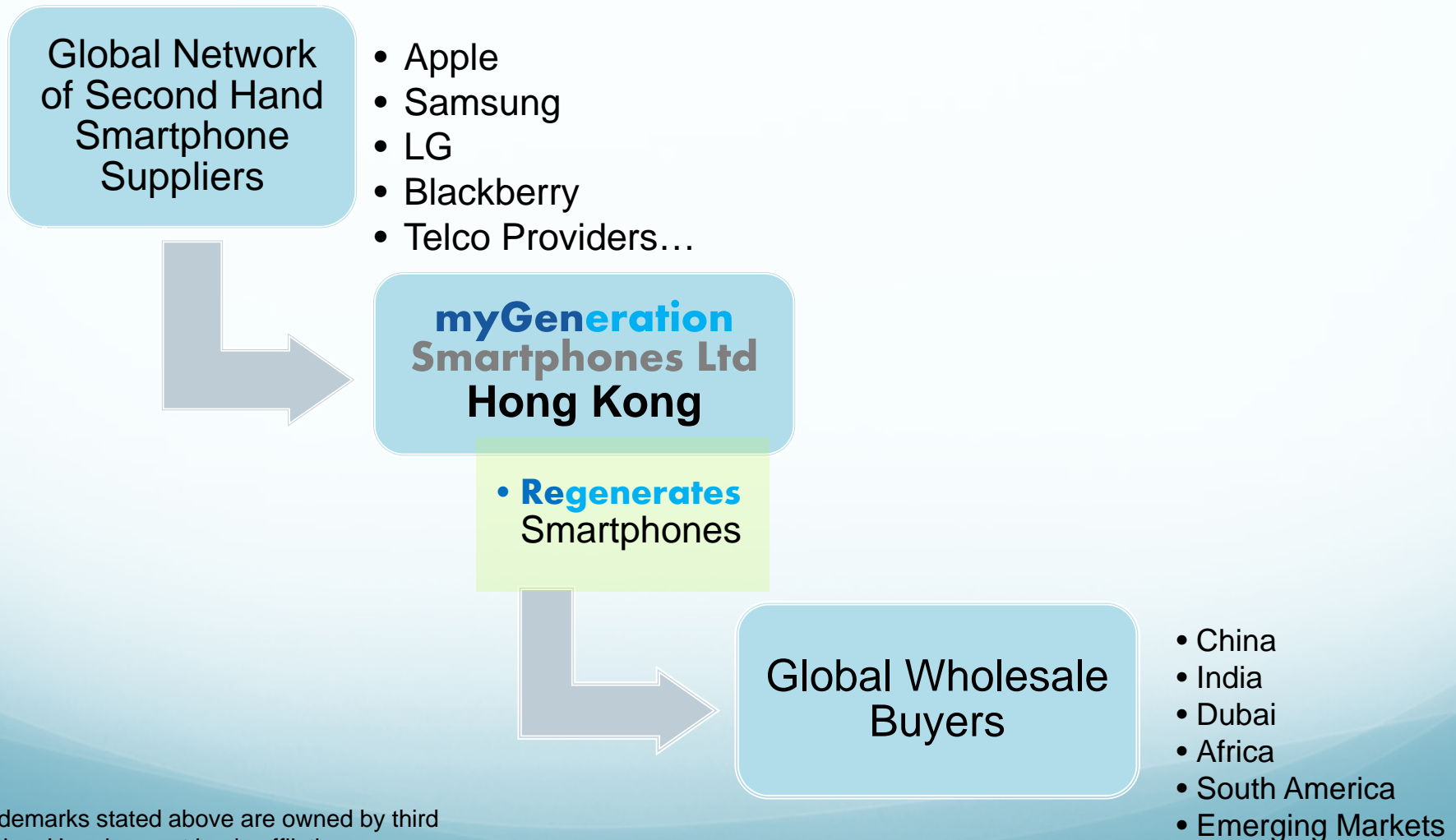
Surging, \$57billion* global reCommerce market, growing at a rapid rate.

- Demand for reCommerce is predicted to be one of the major mega-trends affecting consumer behaviour in the coming years
- Telecommunications companies offering trade-ins to hook consumers into new contracts as they battle for market share
- Smartphone trade-ins expected to expand from 53 million units p.a in 2013 to 257 million units p.a by 2017**

***Source: Benzinga**

****Source: Bernstein Research**

myGeneration Smartphones Business Model



Grading Smartphones

- Traded-in smartphones are professionally graded and categorised to most efficiently meet consumer demand.

AA+ Grade

- Essentially brand new smartphones
- Excellent condition

A Grade

- Very good condition

B Grade

- Minor flaws
- Negligible scratches

C Grade

- Possible dents around edges
- Screen scratches

E Grade

- Poor condition
- Virtually unusable

What does myGeneration do?

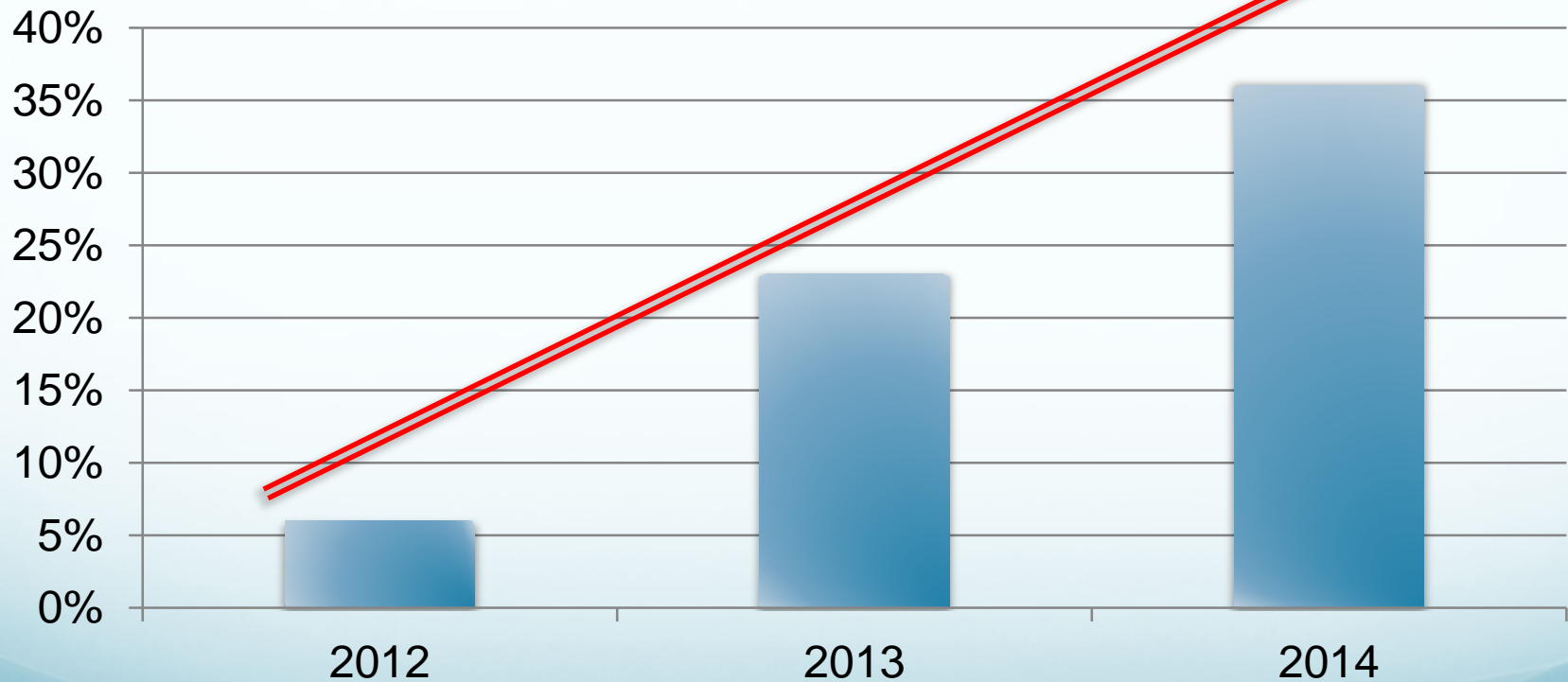
- **myGeneration Smartphones Pty Ltd:**
 - Mobile phone recycling and trading company focused on regenerated smart phones
 - Sourcing regenerated, second hand mobile handsets from network of suppliers worldwide to subsidiary based in **Hong Kong**
 - Distribution targeted to established network of Asian resellers, low income households, youth and emerging markets
 - **myGeneration Smartphones Pty Ltd** will act as the conduit between the two parties, acting as a trader of sought after regenerated smartphones
 - Expansion plans for trading offices in Singapore and Dubai

Surging Smartphone Trade-ins

- The reCommerce market has seen rapid adoption over the past 2 years
- 36% of Americans have traded in a smartphone online
- The US reCommerce market for high-end consumer electronics is expected to grow to \$14.5billion by 2017.
- In 2013, the reCommerce market in the UK was worth £6bn and is growing at a rate of 12.5% per year
- Samsung smartphone trade-ins have increased 209% since 2012*

Smartphone Trade-ins Trends in the USA

Percentage of American online smartphone trade-ins



Market Demand

Emerging Markets

- In less developed economies the cost of technology relative to income dictates accessibility to technology however demand and appeal for high-end brand devices is a world-wide phenomenon not discriminating to differing economies
- This creates an opportunity for trade of second hand technology into low income markets where consumers are often prohibited from buying the latest smartphone generations.
- The global smartphone market is already growing at a rapid rate; with more consumer power, second hand smartphones will be in high demand



Why myGeneration ?

- **myGeneration** Smartphones Pty Ltd has:
- Identified market opportunities to supply *low income households* and *younger generations* in emerging markets with affordable high end smartphones at a *competitive price point*.
- Mission to professionalise the opportunity by
 - Purchasing arrangements with market suppliers of second hand smart phones such as:
 - Brightstar Corp.
 - Apple
 - Samsung
 - AT&T
 - Blackberry
 - Vodafone
 - O2
- **Grading** and **regenerating** phones for quality
- Trading hubs in Hong Kong, Singapore and Dubai
- Selling to wholesalers who service China, South East Asia, India, Africa, South America, and more...



The Team

myGeneration Smartphones Hong Kong will be headed by **MD Yehuda Szender**

- If performance targets are met the trading team will be expanded to include :
 - Industry leaders in smartphone quality grading
 - Hong Kong auction house professional
 - Wholesale trading experienced dealers with a strong client base in emerging markets
 - Management and Online trading experienced personnel
- These recruits will be offered equity in **myGeneration** for achieving performance targets.

Summary

reCommerce market estimated at \$57 blillion and growing at a rapid pace.

myGeneration Smartphones Pty Ltd has been established to provide affordable regenerated second hand, high-end brand smartphones to serve the emerging markets and younger generations

Bisan has set up **myGeneration** Smartphones Pty Ltd and will provide USD\$300,000 working capital to trade second hand smartphones from Hong Kong

myGeneration Smartphones Ltd Hong Kong will source second hand smartphones globally

myGeneration Smartphones will establish a grading facility and will offer smartphones for resale, offering a **professional point of difference**

Hong Kong will be a hub for wholesale buyers to purchase and distribute back into emerging and youth markets

Summary

Online site will be established once initial performance criteria achieved.

myGeneration Smartphones Pty Ltd MD has experience and contacts to establish the trading business and will source an experienced team.

If the team (contracting party) achieves the sales performance criteria of between US\$25m to US\$48m annualised (over a 5 month trial period) it can be issued between 60% and 70% of Bisan's equity.