

ASX ANNOUNCEMENT
02 February 2017



Launch of China Payments business unit

Highlights:

- **Novatti establishes new business unit focussing on cross-border commerce payments between China and Australia**
- **Business unit will be called China Payments and will be a new sales-focussed business**
- **Company has established merchant enquiry websites at www.chinapayments.com and www.chinapayments.com.au**
- **Provides Novatti with a dedicated business division to capitalise on the booming trade between China and Australia**
- **Novatti currently provides Australian businesses with access to WeChat Pay, AliPay, JD Pay, Baidu Wallet and 19 China banks for online e-commerce and trade payments**
- **Strong sales pipeline**

Novatti Group Limited (ASX: NOV, “Novatti” or the “Company”) is pleased to announce that it has established a new business unit to focus on the rapidly growing demand for faster and more cost-effective payment systems to settle cross-border payments from China to Australia.

The new business unit, called China Payments, will focus on sales and marketing efforts to expand its payments service to cover e-commerce purchases and export trade payments using WeChat Wallet (WeChat), AliPay (Alibaba), JD Pay, Baidu and 19 of the leading banks in China. These payment methods substantially cover the Chinese online payments market.

Experienced e-commerce executive Peter Christo, who held a key role in Novatti's technology solutions team, will head the China Payments division. The sales and marketing strategy will include both direct and indirect sales channels within Australia, along with a growing digital presence. The initial digital footprint includes merchant enquiry sites at www.chinapayments.com and www.chinapayments.com.au, along with social media and an official WeChat Page for the business.

Sales activity has already commenced and a strong sales pipeline has been created. Novatti is expecting strong uptake as the China Payments services will open a booming but poorly tapped market to Australian merchants. In many cases, Chinese customers could not previously purchase from Australian merchants as there was no easy method to pay. Novatti will receive

a service fee on every transaction and the revenues will be dependent on the take-up of the service.

The creation of the China Payments division follows on from the signing of agreements with award winning New Zealand-based payment service aggregator LatiPay (ASX, 7 December 2016) and the first Australian distributor for WeChat Wallet, RoyalPay Australia (ASX, 5 September 2016).

The agreement with LatiPay provides Novatti with the ability to onboard Australian businesses to a platform where online retailers and exporters are able to accept and request payments in real-time directly through 19 major banks and leading Chinese digital wallet (e-wallets) providers. The agreement with RoyalPay Australia enables Chinese visitors to use their WeChat Wallets to make purchases at Australian stores which accept this payment type.

Through China Payments, Novatti will build on its successes in gaining a foothold into the large and growing cross-border payments markets between China and Australia. These include:

a) Boom in retail payments by Chinese tourists and students

The Chinese tourism and international student markets are large and growing rapidly. Chinese visitors do not typically have access to Visa or MasterCard credit and debit cards, which makes e-wallets an attractive alternative to this group.

b) Growth in online cross-border shopping

In many cases, Chinese consumers and businesses do not have a method of payment to be able to purchase goods that are denominated in Australian dollars on Australian e-commerce websites and trading platforms. Novatti enables Australian online retailers to accept payments from all major Chinese e-wallet apps, providing Chinese consumers easier access to Australian goods.

c) Efficient payments systems for Australian exporters

As Australia's largest trading partner, China represents a huge opportunity for China Payments as it offers a simple and efficient system for Australian exporters to make real-time requests for payment directly to business customers and to settle payments.

For further information and data on these market opportunities please refer to Novatti's ASX release on 7 December 2016.

“We have a strong sales pipeline already in place for our cross-border payments services and the establishment of this dedicated business division and team will ensure we are able to fully execute on these opportunities, putting us at the head of the pack in what are still largely untapped markets,” said Peter Cook, Chief Executive Officer of Novatti.

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About Novatti Group Limited

Novatti is an award-winning global software technology and payment services provider. Both through technology and services, Novatti helps economies, corporations and consumers digitise cash transactions. Novatti's robust and efficient software solutions include Consumer Digital Wallets, Electronic Top-Ups, 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.