

## ASX Announcement

28 November 2018

### WeChat Contract Expanded to Include Japan and Broadened Scope

- **Deployment of WeChat Pay now includes three large Chinese tourist and retail markets – Singapore, Hong Kong and now Japan**
- **Scope broadened:**
  - **Term now indefinite**
  - **Invigor to integrate its Loyalty solution in the WeChat platform for South-East Asian and Japanese markets**
- **Two revenue-generating WeChat Pay deployments in final stages of negotiations – both multi-label fashion brand groups with significant retail footprints in South-East Asia and Japan**

Invigor Group Limited (ASX: IVO) (“Invigor” or “the Company”), is pleased to report that together with Winning Group Holdings Limited (“Winning Group”), both parties have secured the rights to deploy WeChat Pay into Japan. As well, the scope of the previous Memorandum of Understanding (“MOU”) with Winning, and therefore WeChat’s parent Tencent Holdings Limited (HKG: 0700), has been broadened by firstly expanding the term of the agreement by making it indefinite and secondly by having Invigor provide and integrate its Loyalty solution into the WeChat ecosystem.

These are major developments for Invigor and underpin the Company’s ‘pivot’ into transaction-based operations alongside WeChat’s international expansion. Invigor and Winning now have the rights to deploy WeChat Pay in three major markets in Japan as well as Singapore and Hong Kong including with high-end multi-label fashion brands to a large number of Chinese tourists.

#### **Strategic Rationale**

The geographical expansion into Japan has been driven by Invigor’s negotiations with two leading internationally recognised brand groups that have expansive retail footprint in Japan, Singapore and Hong Kong.

These brands have wanted the WeChat Pay solution given their respective retail presence in the region. Furthermore, the fact that they are all large Chinese tourist markets provides a great opportunity for major brands to increase customer acquisition and share-of-wallet, enabling them to grow profits through sophisticated loyalty programs powered by Invigor’s IP within the WeChat ecosystem.

Invigor can confirm that negotiations with both parties are at a very advanced stage. Revenue-sharing terms have already been agreed with contract signings pending on EFTPOS integration and finalisation as to which labels wish to deploy WeChat Pay.

#### **Japan Market Entry**

Japan represents an important market for Invigor and Winning given it is one of the top three destinations for Chinese tourists, many of which now use WeChat Pay. In the first half of calendar 2018, over 4 million Chinese tourists visited Japan, a 23% increase year on year. Chinese are the largest tourists in Japan by number and spend the most in dollar terms on shopping (see slide 1 below).

### **Broadened Scope**

With a broadened contract signed on 22 November replacing the previous MOU, key elements have included the expansion of the term of the agreement from three years to making it terminable by mutual agreement. Further, Winning will leverage its partnership with Tencent so Invigor can develop 'over-the-top' loyalty solutions for WeChat for the three markets (see slides 2- 4 below).

Invigor's Loyalty solution, specifically its Shopper Insights technology, gives brands the ability to deeply understand their customers in order to engage with them in more personalised ways. It also enables them to influence and reward shoppers daily thereby increasing long-term loyalty. Shoppers benefit from having a seamless shopping experience, which brings their online and offline lives into one frictionless and convenient ecosystem, where they receive personalised content, offers and rewards.

### **Comment**

**Invigor CEO, Gary Cohen said:** "Expanding into Japan is a major coup for Invigor and Winning. We now have a footprint in three very large markets and two of the most visited destinations by Chinese tourists, many of which will want to use WeChat Pay for their purchases.

"This geographical expansion and the increase in scope is noteworthy for several reasons. Firstly, it reflects the appeal of Invigor's Loyalty solution for WeChat, and the technology in delivering sophisticated loyalty capabilities for both merchants and shoppers.

"Secondly, key elements include the expansion of the agreement from the existing three years providing security of tenure.

"Thirdly, these developments have been driven by the customers with which we are negotiating revenue-generating deployments. Both are major global groups and collectively speak for a large number of major fashion brands. Understandably, they want WeChat Pay for as many of their stores in South-East Asia and Japan, and they see broad appeal in what Invigor and Winning can deliver.

"We are in final stage negotiations with both groups, and while negotiations have been slightly longer than anticipated, these will be transformational contracts for Invigor and will act as visible and high-profile reference points for our WeChat Pay-backed expansion. As well as these two very advanced contracts, we have further opportunities in our pipeline."

### **For further information, please contact:**

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### **About Invigor Group**

Invigor Group (ASX: IVO) is a B2B data intelligence and solutions company that turns data analytics into dollars for the retail and service industries. Invigor's innovation in owned retail platforms and unique cross-channel data ecosystem allows businesses to have a holistic view of their customers and competitive landscape to not only understand, but effectively engage with today's physical and digital consumers. Combined with proprietary data and predictive engines, Invigor Group provides strategic insights and recommendations that empower businesses to successfully influence future customer strategy and increase long-term profitability.

## About Winning Group

Winning Group is a Hong-Kong based agency commissioned by Tencent to help expand WeChat Pay outside of China. It manages online and offline campaigns, activations and events to increase WeChat Pay awareness and adoption amongst Chinese consumers overseas. Winning Group extends its services currently throughout 7 markets Singapore, Hong Kong, Malaysia, Japan, United Kingdom, Korea and Canada and soon other markets.

## About Tencent

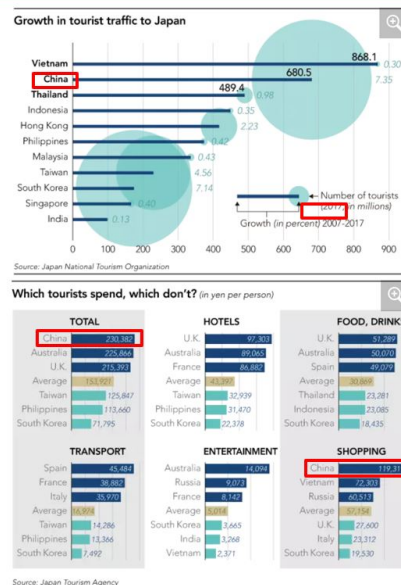
Tencent Holdings Limited (HKG:0700) is an investment holding company principally involved in the provision of value-added services (VAS) and online advertising services. The Company operates through three main segments. The VAS segment is mainly involved in provision of online/mobile games, community value-added services and applications across various internet and mobile platforms. The Online Advertising segment is mainly engaged in display based and performance-based advertisements. The other segment is mainly involved in provision of payment related services, cloud services and other services. Tencent is one of the highest valued companies in the world with a market cap of USD340 billion. WeChat is owned by Tencent and has over 1 billion active users.

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## INTERNATIONAL EXPANSION

### New Market Opportunities with Winning in Japan:

- 15.89 million tourist arrivals to Japan increased by 15.6% (1H'2018)
- 4.05 million Chinese arrivals - increased by 23.6%
- In June alone, 2.7 million foreign tourists visited Japan - up 15.3% from 2017
- Japan's largest banks are initiating cooperative efforts to promote QR code standards to facilitate mobile payments
- Japanese government is looking to boost tourism as a pillar of its growth strategy, aiming to bring visitor numbers to 40 million by 2020 and 60 million by 2030
- Chinese tourists spend the most on sightseeing, cuisine and shopping



### Slide 1: Japanese Market Tourism and Spending.

#### Sources:

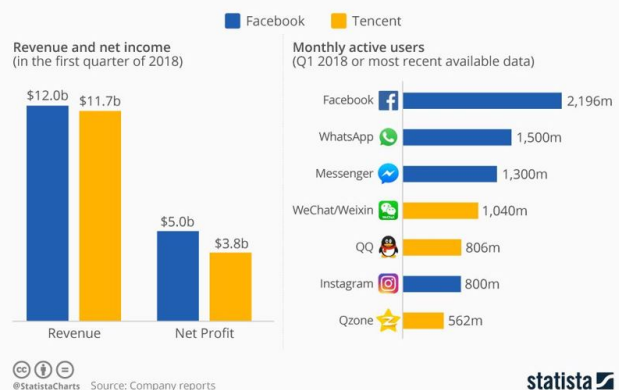
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## INVIGOR'S GROUNDBREAKING MOU – WINNING & TENCENT

- MOU with China's Winning Group, a Tencent partner and owner of WeChat
- Rights to distribute and expand WeChat Pay in South-East Asia, starting with Singapore, Hong Kong and Japan
- Integration of Loyalty solution into one of the world's fastest growing platforms
- New business opportunities across other South-East Asian markets

### Tencent 腾讯

#### How China's Social Media Giant Compares to Facebook



#### Slide 2: Winning MOU summary and Tencent overview

Source:  
<https://www.statista.com/chart/5549/tencent-vs-facebook>

## HUGE OPPORTUNITY FOR COMMERCE & CONVENIENCE FOR SHOPPERS

- Simplifies payments and transcends online and offline commerce
- WeChat Pay is heavily used by both Chinese travellers and local residents in many countries in South-East Asia
- Tourists (mainly Chinese) **spent avg \$60 billion** last year in Hong Kong and tourism from mainland China is predicted to keep growing across South-East Asia
- 15.89 million tourist arrivals to Japan increased by 15.6% (1H'2018) out of which **4.05 million were Chinese tourists** - increased by 23.6%
- The convenience for Chinese travellers to use WeChat Pay overseas is a great opportunity for merchants to expand their customer base



### More than 60 million tourists expected in Hong Kong in 2018 as officials pin hopes on projects linking city to mainland China

Authorities dismiss fears city would be too congested and reignite animosity towards cross-border visitors, citing increased number of hotel rooms

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#### Slide 3: Opportunity for Commerce & Convenience for Shoppers

Source:  
<https://www.scmp.com/news/hong-kong/economy/article/2134004/more-60-million-tourists-expected-hong-kong-2018-officials>

## SCALE OF OPPORTUNITY



Tencent is at the centre of driving innovation globally, growing at high rates in various markets & heavily focussed on launching in new markets



Slide 4: Scale of Opportunity