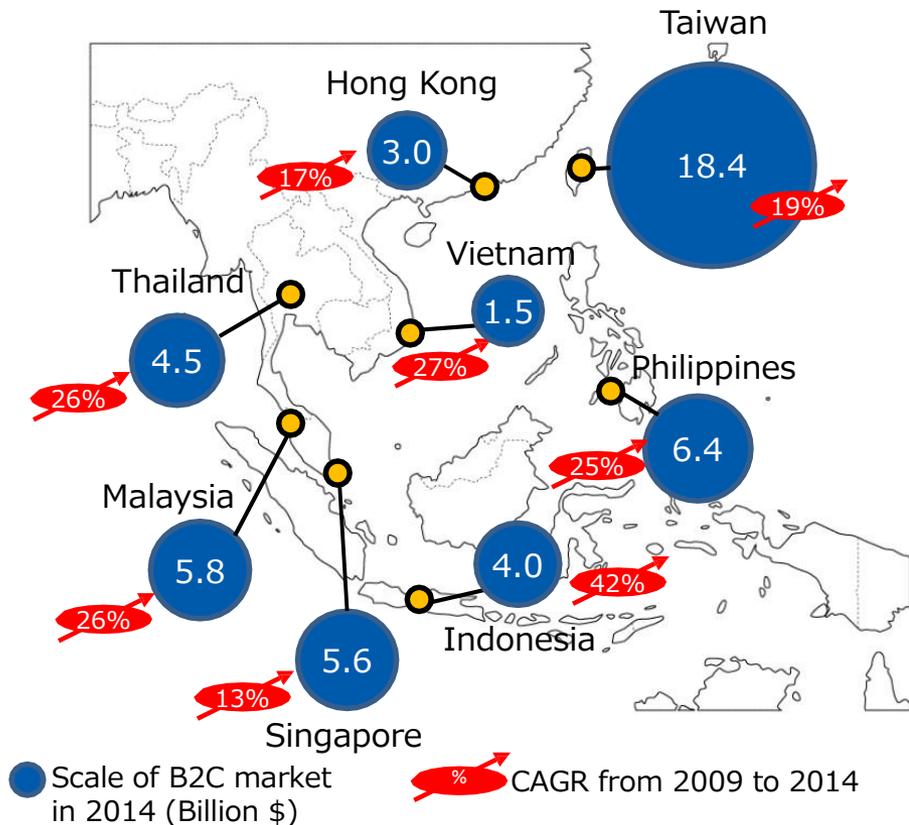


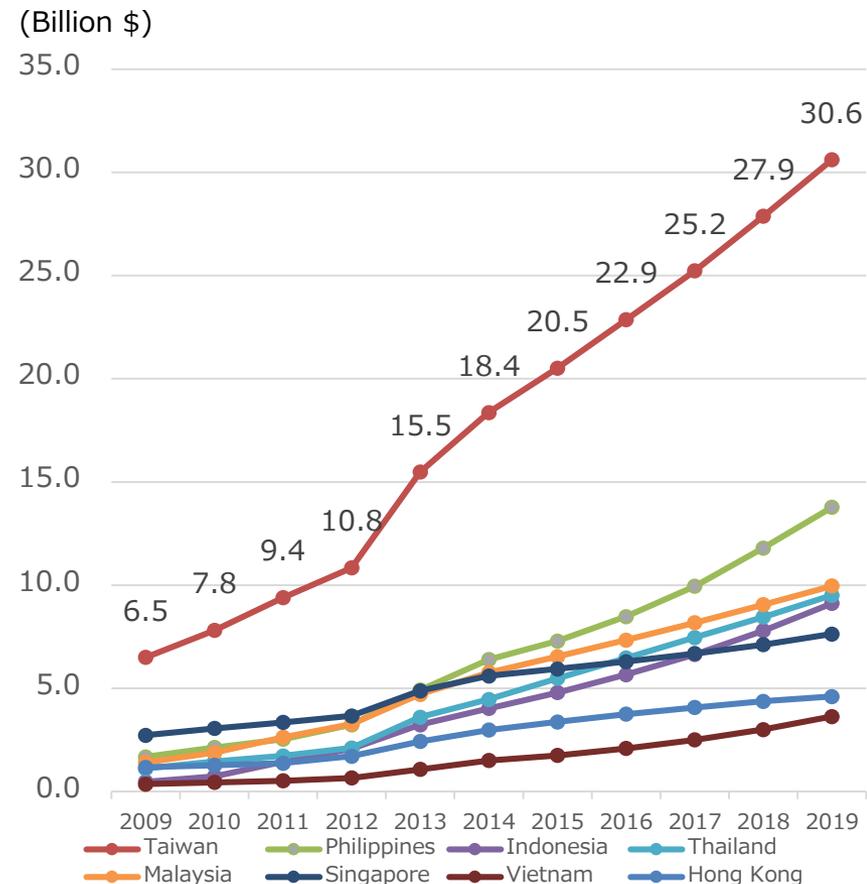
EXECUTIVE OVERVIEW -1

The largest B2C E-commerce market in SEA is the Taiwanese market at \$18.2 billion in 2014. It had constant growth during 2009-2014 with an average annual rate of 19%. The market size of other countries is \$1.8~6.4 billion, expanding annually with an average growth rate of more than 10~40%.

EC(B2C)market size and CAGR



EC(B2C)market size trend



Source: Euromonitor, Taiwan Institute for Information Industry

2016 Payment Trends in East and South East Asia

1. The recent Fintech and online payments boom has taken the Asian market by storm. There has been a significant expansion of VC investment supply, which has in turn bolstered the ecosystem. As a result, these companies faced little resistance when raising funds in 2015. However, similar to trends in the US, follow-on funding in 2016 became more difficult.
2. As the market grew so did Fintech regulation; notable countries include Taiwan, Vietnam, and India. Beyond countries, specific solution areas such as E-wallets, remittance and other payment-related services became subject to more regulation. In keeping with such policy implementation, many of our portfolio companies subsequently acquired licenses and were subject to new government policies.
3. The importance of money in an digital services function such as E-wallet and carrier billing-related services have become some of the hottest industries.



Market environment:

High barrier of government regulations and banks assessment of merchants

Unlike any other country, the merchant assessment bar is extremely high in Singapore. If monthly sales are lower than hundreds of thousands of US dollars, some banks will not perform an assessment. Moreover, even if there may not be problems, banks may still reject merchants until they have a strong reason to accept them.

2016 has revealed many challenges in market while supporting our merchants entering Singapore.

A primary reason is the strengthening of AML (Anti Money Laundering) regulation.

Competitive Landscape:

Major players and enterprises with foreign capital; the online payment industry does not have a local market leader.

There are 3 reasons why local players are limited in growth potential:

1. The small size of the domestic market, 2) Singapore's primary value of being a hub in the Asian market, 3) the complete English-speaking environment.

On the other hand, driven by the above criteria, WireCard, Paypal, Stripe and other big players from Europe and the United States actively enter the market, offer their services to banks and merchants, and thus intensify competition. This is greatly observed in the merchant-acquirer space.

Features:

New project innovation, with an emphasis on Fintech

Multiple ventures in the remittance sector, closely related to the payment area, have emerged and are growing rapidly. This appears to be a growth area to follow.



Market environment:

The E-commerce market has seen steady growth, even after the crown crises

There was a slight decline in consumption when Thailand's king passed away in October 2016. However, the e-commerce (EC) market continued to grow. While customary in Thailand to have many manufacturers, the B2B EC market has seen great expansion via the sale of travel related products. The rapid growth of the C2C online market is expected in 2017, based on the high ratio of purchases via social media (51%).

Competitive Landscape:

Formerly driven by new entrants, now it's survival of the fittest

Besides the conventional credit cards companies and face-to-face and direct debit services, new players have established themselves. Such players include PaysBuy and Omise, and players with foreign capital, such as AsiaPay. 2C2P maintains the leading position as it cooperates with credit card brands and covers face-to-face/direct debit channels.

Features:

E-wallet industry on the rise

The Fintech market has accelerated the growth of C2C E-wallets, alongside traditional conventional credit cards, face-to-face and direct debit. Lastly, PromptPay, founded by the government, has been gradually expanding, signifying the need to keep an eye on this market trend in the future.



Market environment:

Indian digital payments market to reach \$500 billion by 2020

Digital payments will intensify throughout the country and represent 40% of payment market share in the individual consumption sector in 2020, and over 50% in 2023.

In November 2016 Modi's government banned 500 and 1,000 rupee bills that made up 86.4% of the money in circulation.

Around 80 billion dollars in old bills were exchanged for new ones or converted into electronic deposits. The country is said to be moving in digital direction by developing newer bank systems and mobile wallets.

Competitive Landscape:

The Fintech consolidation begins

In September 2016 PayU, the fintech and e-payments division of Naspers, acquired Citrus Pay for \$130 million.

Features:

COD (cash on delivery) payments as a mainstay

The penetration rate of credit cards and bank accounts is low, while reliability of logistics is also low. These factors push COD into the mainstream, positioning it to take 60-70% share of the total market.



Market environment:

E-commerce market expansion follows infrastructure enhancement

Mobile users primarily drove growth of internet usage, making up 20%, while expecting to continuously grow. EC merchants have expanded sales with different channels, making pricing competition and commoditization possible.

While major companies with foreign capital are driving the market, independent big local players are making progress. For instance, Tokopedia and Tokobagus, as well as conglomerates, such as blibli.com, continue active promotions.

The large enterprise Matahari Group has also launched its e-commerce website.

Competitive Landscape:

The expansion of payments and the E-wallet sector

Banks, such as Mandiri and BCA, Mobile carriers, including Telkomsel, and local companies, such as DOKU, have launched their e-wallet services. By doing so, they are able to acquire more merchants and users. Grab, the local major transportation company, has also started its own E-wallet service in support of its drivers' network.

Features:

Large focus on bank transfer and cash on delivery (COD) payments

Due to the low penetration of credit cards, ATM transfer between bank branches is still very popular. Convenient store payments are steadily growing.



Market environment:

Slow expansion of the E-commerce market

The growth speed appears to be not as high as that of other countries, where it will take a while for the country to catch up.

Competitive Landscape:

Competition is at its early stage before the full-scale rise in the market

There are many small scale payment service providers, where big players are not defined, and a large market opportunity is yet to be seen.

Features:

Largely unbanked population

Regarding the payment market, the Philippines is considered to be an unbanked country with 80% of consumers not holding bank account.

Cash collection agencies play a central role in the payment business. Payments are developing more actively in the public sector, including utilities such as electricity, payments for various registrations and official documents, and lastly online shopping.



Market environment:

Success depends on licenses

E-wallet and online payment-related services are required to hold licenses to operate their businesses properly.

However, we've observed some large companies which have not finished obtaining licenses. We assume the market will be divided into those companies with licenses and those without it. Over the mid and long term licenses will make a significant difference on how business is run.

Competitive Landscape:

Big players, such as NganLuong and OnePay, do not have a license

A few companies, such as BaoKim, NganLuong.vn affiliated with MOL, and OnePay, hold the majority of the market share. However, NganLuong and OnePay do not hold licenses so far.

Features:

Expansion of smartphone gaming/online casino areas

E-commerce market size will be limited, while smartphone gaming/online casino areas are doing remarkably well, generating \$60M per month.



Market environment:

Strong economic growth (measured in GDP)

According to preliminary figures of Taiwan's GDP for the third and fourth quarters in 2016, GDP has increased by 2.06% year-on-year. This is the fastest growth since the first and second quarters of 2015 (up 4.04%).

There's a growing demand for High-tech devices. A favorable domestic investment and consumption environment has largely contributed this trend.

Competitive Landscape:

New players from various industries are obtaining third party payment licenses

The competitive landscape will intensify in 2017, as third party payment license limits has been lifted, and the following corporations (including banks) have obtained licenses: ezPay Taiwan Support (Neweb), Pchome, Pockii, YahooKimo, allPay Electronic Payment, Pay2go, Rakuten , Etopay, HyPocket, Swipy, ezPay Taiwan Support, SmilePay and others.

Features:

1 out of 2.3 people use cross-border E-commerce

The utilization rate of cross-border E-commerce is as high as 40%, and purchases from both Mainland China and Japan are prominent. There are many e-commerce users in Taiwan, and local e-commerce websites are accelerating. Lastly, purchases from mainland Chinese websites are observed.