

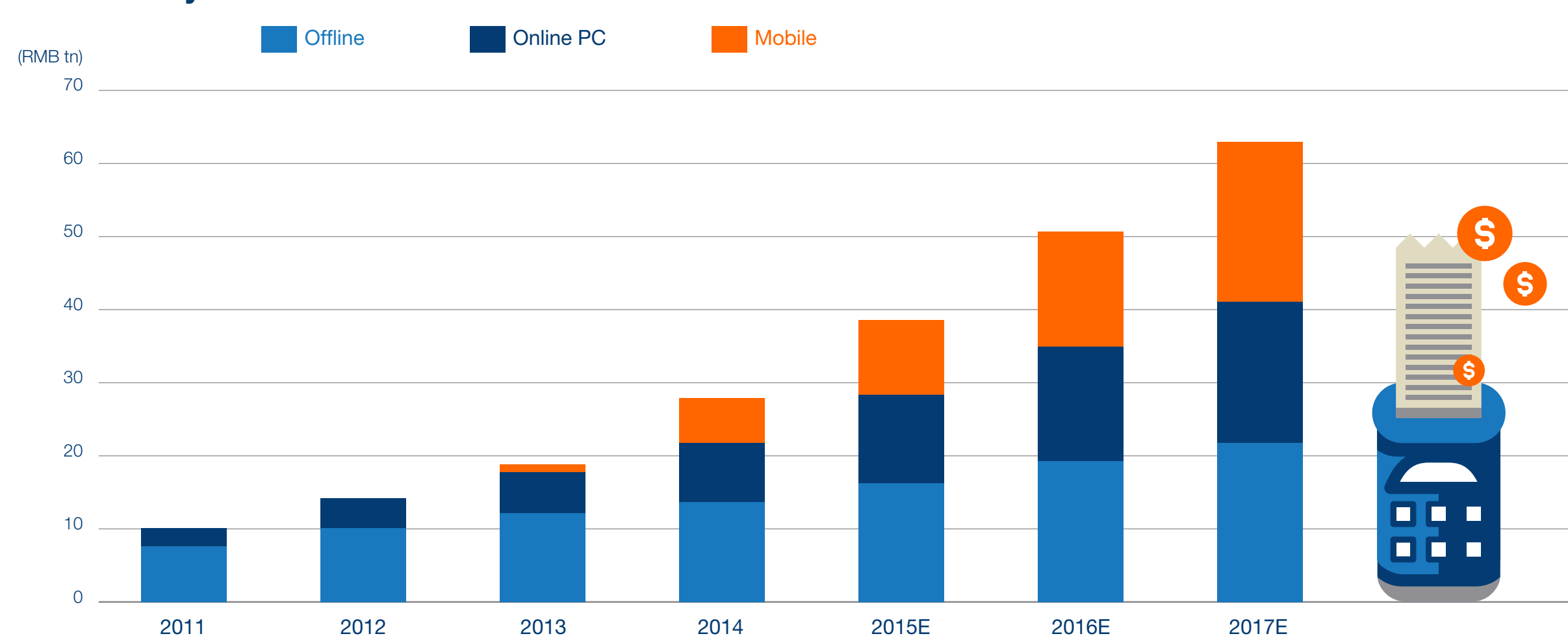
## Are You Invested in Asia?

China's Third-Party Payment Market  
Non-Financial Institution Payments  
Mobile's Prominence for the Chinese Internet Dragons  
Evolving Mobile Payments in China

### Non-Financial Institution Payments

- The total non-financial institutional payment market in China is expected to surge between 2014-2017, climbing from RMB 24 trillion to over RMB 60 trillion.<sup>1</sup>
- The share of offline payments, dominated by the People's Bank of China's UnionPay, is forecasted to drop over the same period, conceding to online PC and mobile players such as Alibaba and Tencent.<sup>2</sup>

#### Timeline: Payment Channel Mix



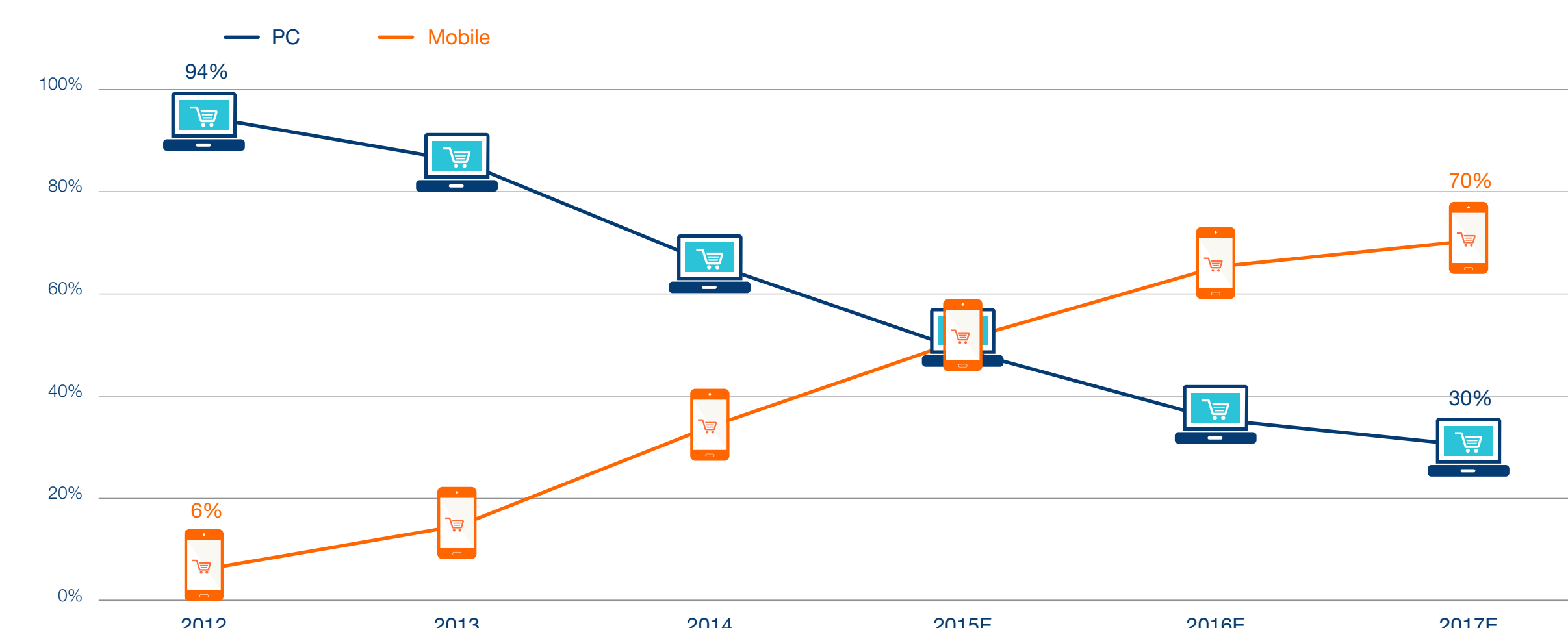
Source: iResearch, Mirae Asset Global Investments (2016)

1, 2: CRSHK, iResearch, People's Bank of China (2015)

### Mobile's Prominence for the Chinese Internet Dragons

- The retail market landscape is rapidly shifting towards mobile into various verticals, wherein winners will require a fully-fledged mobile strategy to adequately compete.<sup>1</sup>
- The empires of Tencent's WeChat messenger platform and Alibaba's leading online shopping gateway Taobao feature over 650 million and 400 million users respectively, underscoring the importance of leveraging strong organic traffic and big data technology.

#### China Gross Market Value Trend in Retail



Source: eMarketer (2015)

#### Internet Company Active Users



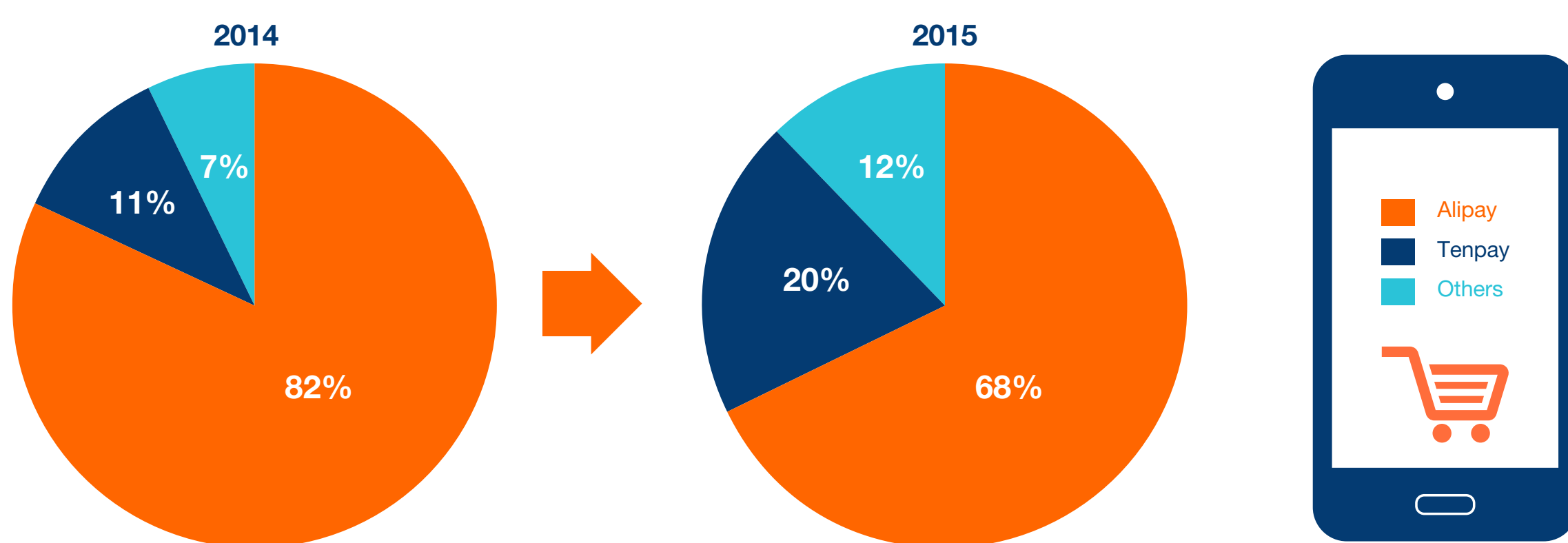
Source: Company Disclosures, Mirae Asset Global Investments (3Q 2015)

1: iResearch (2015)

### Evolving Mobile Payments in China

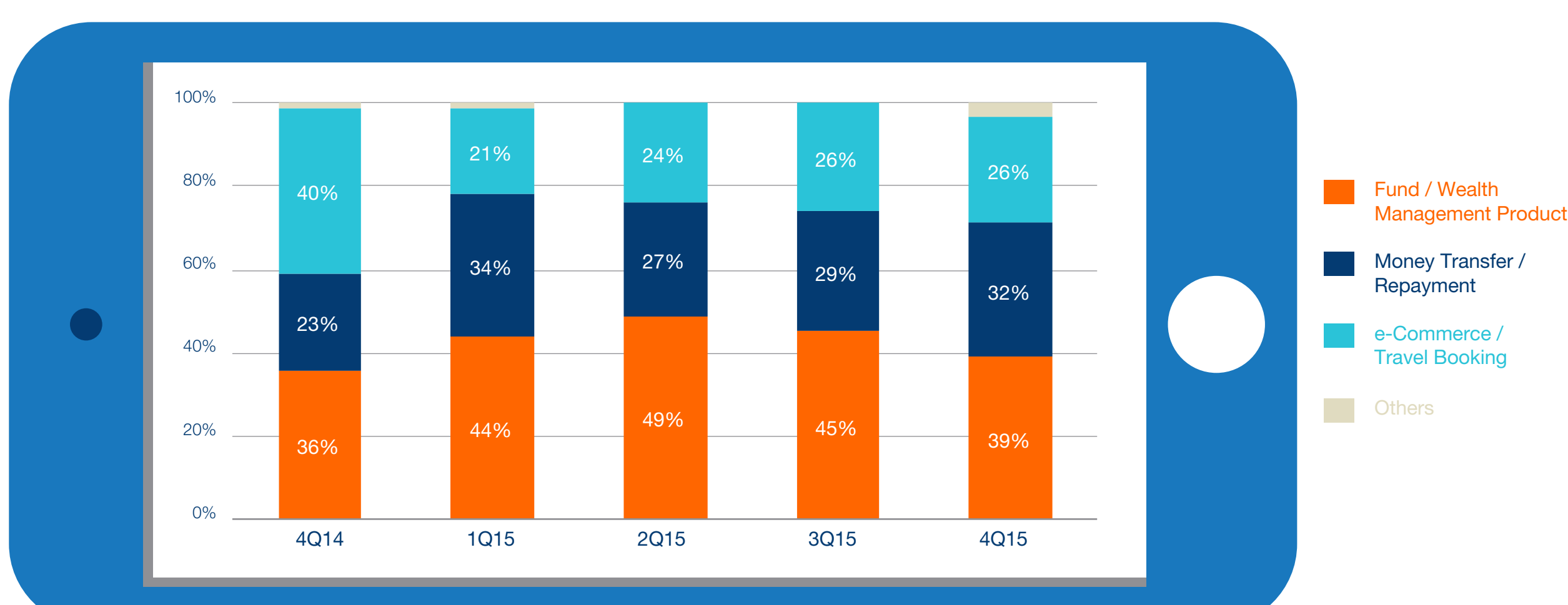
- While the online PC payment is largely commanded by a handful of top players of the market amid comparatively stable dynamics, with Alibaba at the forefront, the mobile payment market is proving to be an intensifying battle ground.
- Alibaba's Alipay is the mobile leader owing to scale, marketing promotions and discounts to merchants, although Tencent's Tenpay is aggressively pushing into the space and gaining traction thanks to the viral effect of WeChat's red envelopes ("hongbao") that allow for electronic cash transfers connected to bank cards.
- Mobile payment activity falls under three broad categories that are roughly equivalent: e-commerce and travel; money transfers and repayments; fund investments and other wealth management products.

#### Dominance of Alipay vs. Rise of Tenpay



Source: iResearch (2015)

#### Third Party Mobile Payments Volume Breakdown



Source: iResearch, Merrill Lynch, Mirae Asset Global Investments (2016)

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