

Megabyte News Service (IS Research)

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Monitise completes First Eastern JV, opening up Asia for mobile banking

Mobile banking provider Monitise has completed its JV agreement with First Eastern, announced in December. The agreement paves the way for Monitise's mobile banking services to be rolled out in Hong Kong in 2H 2010, followed by China and throughout Asia, and unlocks £5.6m of new equity funding. This JV thus provides the spur for the next phase of Monitise's growth, substantially increasing the addressable market beyond the current UK and US focus.

The 50:50 JV agreement with First Eastern has been completed by the 1st April target date, set when the deal was announced on the 17th December (Monitise is a research client of IS-Research, and our research can be seen [here](#)). First Eastern is a large Hong Kong-based investment group headed by Victor Chu, who appears to have impeccable credentials and connections both regionally and globally, and importantly in the major target market of China, where the company has offices in Shanghai and Beijing.

The JV's first services will launch in Hong Kong in the second half of 2010, representing a relatively small market (c10-11m subscribers), but one which is mobile-savvy and which obviously represents a stepping stone for China (c800m subscribers). Monitise has already established a local presence in Hong Kong, from where it has been undertaking the necessary preparations for the launch.

Following the December announcement, First Eastern subscribed for £5m in Monitise shares at 13p a share. First Eastern also subscribed for £2.5m shares at 13p, conditional on the completion of the JV, plus warrants for £2.5m at 15p. Both of these equity fundings are being taken up by First Eastern. In addition, as part of the same agreement, UBS is subscribing for £0.6m at 15p a share. This new funding of £5.6m takes Monitise to a pro-forma net cash position of £18.3m at 31st March 2010.

Monitise also announced a new retail money JV with Carphone Warehouse back in December, which was also due for signing by the 1st April. Monitise stated in its recent trading update that this has been delayed, with an announcement due 'in coming weeks'. We suspect that the delay was due to the demerger of Talk Talk from CPW, which has just been completed.