
CONNECTED TRANSACTIONS

We have entered into a number of agreements with Digital Garage and certain subsidiaries of SBI Holdings that will continue after the [●]. Digital Garage as our Controlling Shareholder will be a connected person of our Company under the [●] upon the [●]. SBI Holdings and its affiliates own 33.3% of JJ-Street, our non-wholly owned subsidiary. As a result, SBI Holdings is a substantial shareholder of JJ-Street and a connected person of our Company. Accordingly, any subsidiary of SBI Holdings, as an associate of SBI Holdings, is also a connected person of our Company. As a result, the transactions under these agreements will constitute continuing connected transactions of our Company under the [●].

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the [●], the following transactions, each of which was entered into in the ordinary and usual course of business following arm's length negotiations and is on normal commercial terms, will be regarded as continuing connected transactions exempt from [●].

1. Agreements for payment services and management outsourcing and management system services

VeriTrans entered into various agreements between February 7, 2003 and July 6, 2012 to provide online, advance and/or online payment services to each of SBI artfolio Co., Ltd., SBI Remit Co., Ltd., SBI FXTRADE Co., Ltd. and SBI SECURITIES Co., Ltd., all of which are subsidiaries of SBI Holdings. VeriTrans is entitled to monthly service fees which range between ¥5,000 (equivalent to HK\$379) to ¥100,000 (equivalent to HK\$7,583) under some of the agreements and per transaction fees determined by factors such as the number of merchants and the type of settlement service used. VeriTrans also entered into an agreement on July 1, 2012 with SBI Business Solutions Co., Ltd., a subsidiary of SBI Holdings, for the provision of management outsourcing and management system services from SBI Business Solutions Co., Ltd. The management outsourcing and management system services comprise, among other things, books and accounts management and filing services, cashflow and payment services, access to the computer systems required for carrying out management outsourcing services and other administrative services. SBI Business Solutions Co., Ltd. is entitled to a monthly service fee of ¥427,000 (equivalent to HK\$32,379) and an additional quarterly and semi-annual service fee of ¥100,000 (equivalent to HK\$7,583) and ¥310,000 (equivalent to HK\$23,507), respectively.

2. Administrative services agreement

On October 1, 2013, our Company entered into an administrative services agreement (the "**Administrative Services Agreement**") with Digital Garage pursuant to which Digital Garage has agreed to provide administrative services to us with respect to the information technology network, the Office Equipment and Facilities (as defined below) and payroll and other general administrative services at the premises we sub-lease from Digital Garage. Digital Garage is entitled to a fee of ¥2,950,000 (approximately HK\$223,699) per month for such services, which was determined on a cost basis.

CONNECTED TRANSACTIONS

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the [●], the following transactions will be regarded as continuing connected transactions under the [●].

1. Sub-lease agreements and office equipment and facilities agreements

(a) Description of the transaction

On February 1, 2013, each of VeriTrans and ECONTEXT entered into sub-lease agreements (as amended by addenda dated June 28, 2013) (the "**Sub-lease Agreements**") with Digital Garage to sub-lease the entire 5th floor and part of the premises situated on the 9th to 12th floors, as well as the rooftop of Daikanyama DG Building, located at 3-5-7 Ebisu Minami, Shibuya-ku, Tokyo, Japan from Digital Garage for use as office space (the "**Digital Garage Premises**"). The total gross floor area sub-leased by VeriTrans and ECONTEXT pursuant to the Sub-lease Agreements is approximately 880 square meters and 594 square meters, respectively. The landlord of the Digital Garage Premises is an Independent Third Party.

The term of the Sub-lease Agreements is from February 1, 2013 to October 31, 2014. The Sub-lease Agreements may be terminated prior to October 31, 2014 by either party by giving the other party at least one month's notice.

On June 28, 2013, each of VeriTrans and ECONTEXT also entered into office equipment and facilities agreements (the "**Office Equipment and Facilities Agreements**") with Digital Garage with the Sub-lease Agreements pursuant to which Digital Garage has agreed to sub-lease certain office equipment and facilities (the "**Office Equipment and Facilities**") situated at the Digital Garage Premises to VeriTrans and ECONTEXT.

The terms of the Office Equipment and Facilities Agreements are from March 1, 2013 to October 31, 2014 and will be automatically renewed for successive periods of one year upon expiry unless either parties notifies the other party of its intention to terminate the agreement no later than one month before the expiry date. Notwithstanding the foregoing, upon the termination of the lease agreement between Digital Garage and the lender of the Office Equipment and Facilities, an Independent Third Party, the Office Equipment and Facilities Agreements will also be terminated.

(b) Pricing

Each of the Sub-lease Agreements and the Office Equipment and Facilities Agreements were entered into in the ordinary and usual course of business following arm's length negotiations and is on normal commercial terms. The aggregate monthly rent payable by VeriTrans and ECONTEXT to Digital Garage under the Sub-lease Agreements and the Office Equipment and Facilities Agreements is ¥8,784,618 and ¥5,939,035 (approximately HK\$666,138 and HK\$450,357), respectively. The monthly rent was determined on the basis of the actual floor area occupied by VeriTrans and ECONTEXT, respectively, in proportion to the rent payable by Digital Garage to the landlord for the Digital Garage Premises.

VeriTrans and ECONTEXT have also agreed to pay Digital Garage the proportion of the utilities and maintenance fees (the "**Utilities and Maintenance Fees**") payable by Digital Garage to the management company of the Digital Garages Premises, an Independent Third Party, attributable to the floor area used by them under the Sub-lease Agreements.

CONNECTED TRANSACTIONS

VeriTrans and ECONTEXT paid Digital Garage deposits of ¥36,097,200 and ¥24,064,800 (approximately HK\$2,737,251 and HK\$1,824,834), respectively, in relation to the Sub-lease Agreements. The deposits paid by VeriTrans and ECONTEXT to Digital Garage were determined on the basis of the actual floor area occupied by VeriTrans and ECONTEXT in proportion to the deposits paid by Digital Garage to the landlord for the Digital Garage Premises. Each deposit is refundable upon expiration or termination of the respective Sub-lease Agreement and within three months of all outstanding amounts owed to Digital Garage being settled and the premises being vacated. No interest will accrue on the deposits. Each of VeriTrans and ECONTEXT has also agreed to pay a cleaning fee and restoration fee when it vacates the Digital Garage Premises.

(c) *Historical transaction amounts*

There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the Sub-lease Agreements and the Office Equipment and Facilities Agreements were not effective until February 1, 2013 and March 1, 2013, respectively. The amount paid by VeriTrans and ECONTEXT to Digital Garage under the Sub-lease Agreements and the Office Equipment and Facilities Agreements for the year ended June 30, 2013 was ¥28,609,277 (approximately HK\$2,169,441).

It is stated in the Accountants’ Report in the section headed “Appendix I—Accountants’ Report” in this document that the office rental payments charged to our Group in respect of the sub-lease arrangements with Digital Garage for the years ended June 30, 2011, 2012 and 2013 were HK\$7,227,962, HK\$7,568,463 and HK\$8,496,260, respectively. These lease payments were mainly attributable to office space used by ECONTEXT during the relevant periods. VeriTrans began to sub-lease office equipment and facilities from Digital Garage after February 1, 2013. ECONTEXT was formerly a business division of the Digital Garage Group prior to the Reorganization and for the purpose of the financial information included in the Accountants’ Report in Appendix I to this document, the lease payments were allocated to us when the financial results of our Company were segregated from those of the Digital Garage Group. [●] the sections headed “Appendix I—Accountants’ Report—Notes to financial information—26. Related party transactions” and “History, Reorganization and Corporate Structure—Reorganization” in this document.

(d) *Annual caps on future transaction amounts*

Based on the terms of the Sub-lease Agreements and the Office Equipment and Facilities Agreements, the expected amounts payable for each of the financial years ending June 30, 2014 and 2015 are ¥173,080,884 and ¥57,693,628 (approximately HK\$13,124,723 and HK\$4,374,908), respectively. However, as there has been a relatively large fluctuation in the exchange rate between the Japanese yen and the Hong Kong dollar in recent years, the proposed caps in Hong Kong dollars are HK\$17,250,000 and HK\$5,750,000, respectively to provide for an approximate 30% buffer in the event of appreciation in the value of Japanese yen relative to Hong Kong dollar which is based on the approximate fluctuation in the exchange rate during the [●]. The annual caps are significantly greater than the historical transaction amounts because the historical transaction amounts represent lease payments which were mainly attributable to office space used by ECONTEXT only. The historical transaction amounts only represent the amount paid by VeriTrans since February 1, 2013 as this was when VeriTrans began to sub-lease the office space and office equipment and facilities from Digital Garage. The annual cap for the year ending June 30, 2015 is significantly lower than for the year

CONNECTED TRANSACTIONS

ending June 30, 2014 because the terms of the Sub-lease Agreements expire on, and the period for which the waiver is sought is until, October 31, 2014.

2. *Secondment agreements with Digital Garage*

(a) *Description of the transaction*

On July 1, 2012, October 1, 2012 and March 1, 2013, respectively, VeriTrans, ECONTEXT and NaviPlus entered into secondment agreements (the "**Secondment Agreements**") (as amended by addenda dated July 1, 2013) with Digital Garage pursuant to which Digital Garage has agreed to second certain of its employees to VeriTrans, ECONTEXT and NaviPlus (the "**Seconded Employees**"). The Seconded Employees, which include recent university graduates, provide non-skill based services to our Group. For the year ended June 30, 2013, seven Seconded Employees were seconded to our Group.

The term of the Secondment Agreements is from July 1, 2012 to June 30, 2014 and will be automatically renewed for successive periods of one year upon expiry unless either party notifies the other party in writing of its intention to terminate the agreement no later than one month before the expiry date.

(b) *Pricing*

The Secondment Agreements were entered into in the ordinary and usual course of business following arm's length negotiations and are on normal commercial terms. Pursuant to the Secondment Agreements, VeriTrans, ECONTEXT and NaviPlus have agreed to reimburse Digital Garage for the salary, social insurance and other employment benefits (the "**Salary and Other Benefits**") that Digital Garage pays to the Seconded Employees on a cost basis.

(c) *Historical transaction amounts*

There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the Secondment Agreements were not entered into by VeriTrans, ECONTEXT and NaviPlus until July 1, 2012, October 1, 2012 and March 1, 2013, respectively. No employees were seconded to VeriTrans and NaviPlus until February 1, 2013 and March 1, 2013, respectively. The amount of Salary and Other Benefits paid by us to Digital Garage for the Seconded Employees seconded to ECONTEXT for the year ended June 30, 2013 was ¥8,811,233 (approximately HK\$668,156).

(d) *Annual caps on future transaction amounts*

We may retain and employ some of the Seconded Employees upon expiry of the term of their secondment with us. We therefore anticipate that the number of Seconded Employees will be gradually reduced. The expected amount payable for the financial years ending June 30, 2014, 2015 and 2016 are ¥50,000,000, ¥35,000,000 and ¥20,000,000 (approximately HK\$3,791,500, HK\$2,654,050 and HK\$1,516,600), respectively, which have been determined based on the terms of the Secondment Agreements and the estimated reduction in the number of Seconded Employees. However, as there has been a relatively large fluctuation in the exchange rate between the Japanese yen and the Hong Kong dollar in recent years, the proposed caps in Hong Kong dollars are HK\$5,000,000, HK\$3,500,000 and HK\$2,000,000, respectively, to provide for an approximate 30% buffer in the event of appreciation in

CONNECTED TRANSACTIONS

the value of Japanese yen relative to Hong Kong dollar which is based on the approximate fluctuation in the exchange rate during the [●]. The annual caps are significantly greater than the historical transaction amounts because the historical transaction amounts represent payments to Digital Garage for Seconded Employees to ECONTEXT only and do not include the amount our Group anticipates being payable to Digital Garage for Seconded Employees to VeriTrans and NaviPlus. The annual cap decreases significantly year on year because our Group anticipates that it will retain and employ some of the Seconded Employees upon the expiry of the term of the secondment. Therefore, it is anticipated that the number of Seconded Employees will be gradually reduced and thus the amount payable to Digital Garage for the Seconded Employees is expected to be lower.

Following the [●], the following transactions will be regarded as continuing connected transactions under the [●].

Intellectual property license agreements

(a) Description of the transaction

On September 28, 2012 and October 1, 2012, respectively, VeriTrans and ECONTEXT entered into intellectual property license agreements (as amended by addenda dated August 1, 2013 and October 17, 2013) (the “**IP License Agreements**”) with Digital Garage whereby Digital Garage granted VeriTrans and ECONTEXT the non-exclusive right to use its trade name “Digital Garage” (including the Japanese characters representing the same) and certain trademarks and registered domains as set out in the section headed “Appendix V—Statutory and General Information—B. Further Information about our Business—2. Intellectual Property Rights” in this document (the “**Licensed IP**”).

Under the IP License Agreements, Digital Garage has agreed not to (i) register any trademark or service mark which is the same or similar to the Licensed IP, (ii) act in any way that could diminish the brand image of the Licensed IP and (iii) grant any other license or transfer the Licensed IP to any other third party.

The original terms of the IP License Agreements were from October 1, 2012 to June 30, 2013, which have been renewed for one year on the same terms and conditions and will continue to be automatically renewed for successive periods of one year upon expiry unless the relevant IP License Agreements are terminated. With respect to the termination of the IP License Agreements, VeriTrans or ECONTEXT may terminate the relevant IP License Agreement by one month’s written notice to Digital Garage (1) without any cause, one month prior to expiry of a one year term; or (2) at any time with reasonable cause, which shall include but not be limited to (i) any Licensed IP no longer being used by VeriTrans or ECONTEXT, respectively, (ii) VeriTrans or ECONTEXT ceasing to be subsidiaries of the Company, and (iii) Digital Garage’s indirect shareholding in VeriTrans or ECONTEXT falling below 20%. Digital Garage may only terminate the IP License Agreements with the Company’s prior consent unless:

- (i) Digital Garage ceases to hold or have the right to exercise (directly or indirectly) more than 50% of the voting rights to in the Company, in which case Digital Garage may give one month’s written notice to VeriTrans or ECONTEXT (as the case may be) to terminate the relevant IP License Agreement;

CONNECTED TRANSACTIONS

- (ii) Digital Garage's direct or indirect shareholding in VeriTrans or ECONTEXT (as the case may be) falls below 20%, in which case the relevant IP License Agreement is terminated automatically; or
- (iii) there is a material breach of, or non-compliance with the terms of, the relevant IP License Agreement by VeriTrans or ECONTEXT.

Where prior consent of the Company is required for Digital Garage to terminate the relevant IP License Agreement, the determination as to whether such consent will be granted shall be made by the Board, provided that any Director who is at that time also a director of Digital Garage shall be precluded from voting on any resolution of the Board relating to the granting of such consent.

(b) Pricing

The monthly license fee payable to Digital Garage by ECONTEXT and VeriTrans is 2.5% of their respective monthly revenue. However, Digital Garage and VeriTrans have agreed to amend the IP License Agreement to remove the obligation of VeriTrans to pay a monthly license fee conditional upon [●]. The license fee was determined after arm's length negotiations between VeriTrans, ECONTEXT and Digital Garage. American Appraisal Japan Co., Ltd. ("**American Appraisal**"), an independent valuation consultant, was retained to assess the fairness and reasonableness of the intellectual property license fee payable by ECONTEXT. American Appraisal delivered its conclusions in a written report including a range of values that it deemed to be reasonable. On the basis that the 2.5% license fee falls within the range provided by American Appraisal in its report, our Directors, including our independent non-executive Directors, are of the view that the license fee is fair and reasonable.

Digital Garage has engaged in the internet business since the 1990s both in Japan and overseas. The granting of the license to use the Licensed IP would allow VeriTrans and ECONTEXT to leverage on the well-established brand image of Digital Garage. Our Directors, including our independent non-executive Directors, are of the view that the intellectual property license fee has been determined on an arm's length basis and is fair and reasonable and in the interests of the Shareholders as a whole.

Any change to the basis of calculation of the intellectual property license fee will be subject to the approval of our independent Shareholders unless the IP License Agreements are no longer non-exempt continuing connected transactions requiring independent shareholders' approval under the [●].

(c) Historical transaction amounts

There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the IP License Agreements were not entered into by VeriTrans and ECONTEXT until September 28, 2012 and October 1, 2012, respectively. The aggregate amount of the intellectual property license fee paid to Digital Garage for the year ended June 30, 2013 was HK\$20.5 million, which is equivalent to approximately 17.0% and 32.4% of the operating profit and profit for the year of the Group of HK\$120.9 million and HK\$63.4 million, respectively, for the same period.

(d) Annual caps on future transaction amounts

As the intellectual property license fee is calculated as a percentage of the monthly revenue of ECONTEXT, any proposed monetary cap for the intellectual property license fee could be interpreted

CONNECTED TRANSACTIONS

as a forecast of the revenue of ECONTEXT or our Company. As such, our Directors, including our independent non-executive Directors, and the [●] are of the view that the IP License Agreements should not be subject to an annual cap amount expressed in monetary terms.

Waiver application for non-exempt continuing connected transactions

Our non-exempt continuing connected transactions, the historical amounts paid in respect of these transactions and the proposed annual caps for the three years ending June 30, 2014, 2015 and 2016 are summarized in the table below:

| | Historical Transaction Amounts | | | Proposed Annual Caps | | |
|---|--------------------------------|------|------------|----------------------|------------|-----------|
| | Year ended June 30 | | | Year ending June 30 | | |
| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| | HK\$ | | | HK\$ | | |
| Sub-lease Agreements and the Office | | | | | | |
| Equipment and Facilities Agreements | N/A | N/A | 2,263,620 | 17,250,000 | 5,750,000* | N/A |
| Secondment Agreements | N/A | N/A | 765,665 | 5,000,000 | 3,500,000 | 2,000,000 |
| IP License Agreements | N/A | N/A | 20,533,112 | N/A | N/A | N/A |

* This cap is for the period up to October 31, 2014, being the date on which the Sub-lease Agreements and the Office Equipment and Facilities Agreements concurrently expire.

Confirmation from Directors

Our Directors, including the independent non-executive Directors, are of the view that the continuing connected transactions described above have been and shall be negotiated at arms' length, entered into in the ordinary and usual course of our business, are conducted on normal commercial terms and that the terms of the transactions and the annual caps (whether expressed as a monetary amount or as a percentage of revenue) are fair and reasonable and in the interests of our Shareholders as a whole.