[letterhead of [●] to be inserted]

DRAFT

[6] December 2013

The Directors
econtext Asia Limited
[●]

Dear Sirs,

We set out below our report on the financial information of econtext Asia Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 30 June 2011, 2012 and 2013 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 30 June 2011, 2012 and 2013, and the statement of financial position of the Company as at 30 June 2013, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the document of the Company dated [6] December 2013 (the "Document") in connection with the [●] of the shares of the Company on the [●].

The Company was incorporated in Hong Kong as a company with limited liability on 10 September 2012. Pursuant to a group reorganization (the "Reorganization") as set out in note 2.1 of Section II below, which was completed before the end of the Relevant Periods, the Company became the holding company of the other subsidiaries comprising the Group. Apart from the Reorganization, the Company has not commenced any significant business or operation since its incorporation.

As at the end of the Relevant Periods, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 30 June 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

[●] responsibility

It is our responsibility to form an independent opinion on the Financial Information, and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Documents and the [●]* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 30 June 2011, 2012 and 2013 and of the Company as at 30 June 2013, and of the combined results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

Combined income statements

	Notes	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
		HK$	HK$	HK$
Revenue	5	**278,655,841**	**492,437,415**	**1,166,509,419**
Cost of sales		(195,867,780)	(352,920,137)	(853,279,507)
Gross profit		**82,788,061**	**139,517,278**	**313,229,912**
Selling, general and administrative expenses		(40,764,699)	(65,218,442)	(182,252,471)
Other operating income	9	601,813	7,346	1,544,696
Other operating expenses	9	(392,173)	(326,101)	(11,584,557)
Operating profit	7	**42,233,002**	**73,980,081**	**120,937,580**
Finance income	11	323,923	167,398	471,041
Finance costs	11	(108,014)	(102,323)	(972,699)
Share of after-tax loss of an associate		-	(16,312)	(1,037,475)
Profit before tax		**42,448,911**	**74,028,844**	**119,398,447**
Income tax expense	12	(17,993,277)	(31,525,203)	(56,009,358)
Profit for the year		**24,455,634**	**42,503,641**	**63,389,089**
Profit attributable to:				
Equity holders of the Company		24,455,634	42,965,617	64,908,390
Non-controlling interests		-	(461,976)	(1,519,301)
		24,455,634	**42,503,641**	**63,389,089**

I. FINANCIAL INFORMATION

Combined statements of comprehensive income

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Profit for the year	**24,455,634**	**42,503,641**	**63,389,089**
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	21,397,734	34,750,921	(286,972,201)
Other comprehensive income/(loss) for the year	21,397,734	34,750,921	(286,972,201)
Total comprehensive income/(loss) for the year	**45,853,368**	**77,254,562**	**(223,583,112)**
Attributable to:			
Equity holders of the Company	45,853,368	77,491,321	(220,522,299)
Non-controlling interests	-	(236,759)	(3,060,813)
	45,853,368	**77,254,562**	**(223,583,112)**

I. FINANCIAL INFORMATION

Combined statements of financial position

	Notes	30 June 2011	30 June 2012	30 June 2013
		HK$	HK$	HK$
Assets				
Current assets				
Cash and cash equivalents	18	441,566,909	1,087,056,179	1,090,236,735
Payment processing receivables	22	346,973,792	661,982,877	628,824,456
Accounts receivable	17	2,118,979	30,245,181	25,376,372
Due from the ultimate holding company	20, 26	28,929,605	146,771,037	-
Other current assets		13,250,434	20,112,214	30,524,048
		832,839,719	**1,946,167,488**	**1,774,961,611**
Non-current assets				
Goodwill	13	-	495,334,123	410,440,730
Other intangible assets	13	19,799,844	865,135,615	695,304,549
Financial investments	20	-	5,811,294	21,406,583
Property, plant and equipment	15	6,204,617	19,388,515	46,641,288
Deferred tax assets	12	5,678,074	12,950,032	10,915,071
Investment in an associate	16	-	4,572,129	3,309,541
Restricted cash	18, 20	974,233	1,094,805	884,396
Security deposits	20	9,643	5,400,263	5,448,601
Other non-current assets		2,290,549	1,626,798	1,097,742
		34,956,960	**1,411,313,574**	**1,195,448,501**
Total assets		**867,796,679**	**3,357,481,062**	**2,970,410,112**
Liabilities and equity				
Liabilities				
Current liabilities				
Payment processing payables	20, 22	523,109,354	1,378,021,130	1,362,977,494
Accounts payable, other payables and accruals	19	35,292,139	63,173,877	61,370,386
Finance lease payables	20, 25	-	-	228,953
Interest-bearing bank borrowings	20	19,286,403	-	217,703
Income tax payable		-	7,641,301	19,721,071
Other current liabilities		2,467,251	3,735,101	4,806,170
		580,155,147	**1,452,571,409**	**1,449,321,777**
Non-current liabilities				
Finance lease payables	20	-	-	901,398
Other non-current liabilities		496,662	843,440	1,886,667
Provisions	29	-	1,172,766	1,016,310
Deferred tax liabilities	12	-	278,218,079	217,920,174
		496,662	**280,234,285**	**221,724,549**
Total liabilities		**580,651,809**	**1,732,805,694**	**1,671,046,326**
Equity				
Issued capital	23	-	-	1,623,234,910
Other reserves		204,223,254	1,455,527,898	(153,747,631)
Retained earnings		61,523,882	104,489,499	53,914,817
Foreign currency translation reserve		21,397,734	55,923,438	(229,507,251)
Equity attributable to equity holders of the Company		**287,144,870**	**1,615,940,835**	**1,293,894,845**
Non-controlling interests		-	8,734,533	5,468,941
Total equity		**287,144,870**	**1,624,675,368**	**1,299,363,786**
Total liabilities and equity		**867,796,679**	**3,357,481,062**	**2,970,410,112**
Net current assets		**252,684,572**	**493,596,079**	**325,639,834**
Total assets less current liabilities		**287,641,532**	**1,904,909,653**	**1,521,088,335**

I. FINANCIAL INFORMATION

Combined statements of changes in equity

	Attributable to the equity holders of the Company						
	Issued capital	Other reserves*	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
As at 1 July 2010	-	176,755,895	37,068,248	-	213,824,143	-	213,824,143
Profit for the year	-	-	24,455,634	-	24,455,634	-	24,455,634
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	21,397,734	21,397,734	-	21,397,734
Total comprehensive income for the year	-	-	24,455,634	21,397,734	45,853,368	-	45,853,368
Contribution from the ultimate holding company (note 26)	-	27,467,359	-	-	27,467,359	-	27,467,359
At 30 June 2011 and at 1 July 2011	**-**	**204,223,254**	**61,523,882**	**21,397,734**	**287,144,870**	**-**	**287,144,870**
Profit for the year	-	-	42,965,617	-	42,965,617	(461,976)	42,503,641
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	-	-	-	34,525,704	34,525,704	225,217	34,750,921
Total comprehensive income for the year	-	-	42,965,617	34,525,704	77,491,321	(236,759)	77,254,562
Arising from the acquisition of a subsidiary by the ultimate holding company (note 28)	-	1,237,286,260	-	-	1,237,286,260	6,496,720	1,243,782,980
Change in non-controlling interests without change in control	-	-	-	-	-	2,474,572	2,474,572
Contribution from the ultimate holding company (note 26)	-	33,598,626	-	-	33,598,626	-	33,598,626
Distribution to the ultimate holding company (note 26)	-	(19,580,242)	-	-	(19,580,242)	-	(19,580,242)
At 30 June 2012 and at 1 July 2012	**-**	**1,455,527,898**	**104,489,499**	**55,923,438**	**1,615,940,835**	**8,734,533**	**1,624,675,368**
Profit for the year	-	-	64,908,390	-	64,908,390	(1,519,301)	63,389,089
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	-	-	-	(285,430,689)	(285,430,689)	(1,541,512)	(286,972,201)
Total comprehensive loss for the year	-	-	64,908,390	(285,430,689)	(220,522,299)	(3,060,813)	(223,583,112)
Dividend paid by a subsidiary to the ultimate holding company and non-controlling interests (note 26)	-	(102,021,203)	-	-	(102,021,203)	(204,779)	(102,225,982)
Issue of shares (note 23)	100,000,000	-	-	-	100,000,000	-	100,000,000
Issue of shares for the Reorganization (note 23)	1,523,234,910	(1,523,234,910)	-	-	-	-	-
Distribution to the ultimate holding company (note 26)	-	-	(99,502,488)	-	(99,502,488)	-	(99,502,488)
Transfer arising from the Reorganization	-	15,980,584	(15,980,584)	-	-	-	-
At 30 June 2013	**1,623,234,910**	**(153,747,631)**	**53,914,817**	**(229,507,251)**	**1,293,894,845**	**5,468,941**	**1,299,363,786**

* Other reserves mainly represented contributions from less distributions to the ultimate holding company and other reserves arising from the Reorganization.

I. FINANCIAL INFORMATION

Combined statements of cash flows

	Notes	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
		HK$	HK$	HK$
Cash flows from operating activities				
Profit before tax		42,448,911	74,028,844	119,398,447
Adjustments for:				
Depreciation of property, plant and equipment	15	1,853,960	2,942,363	8,218,099
Amortisation of intangible assets	13	7,663,489	14,971,458	46,542,409
Loss on disposals/retirements of items of property, plant and equipment	9	112,356	-	1,960,800
Loss on disposals/retirements of intangible assets	9	-	261,528	771,035
Finance income	11	(323,923)	(167,398)	(471,041)
Finance costs	11	108,014	102,323	972,699
Share of after-tax loss of an associate		-	16,312	1,037,475
		51,862,807	92,155,430	178,429,923
Increase in payment processing receivables		(71,259,634)	(180,352,358)	(141,336,203)
Increase in payment processing payables		13,604,846	322,273,582	319,444,496
Increase/(decrease) in provisions	29	-	3,980	(983,586)
Decrease/(increase) in accounts receivable		1,206,173	883,870	(604,565)
Decrease/(increase) in other current assets		7,093,014	7,717,238	(14,619,268)
Increase in security deposits		-	-	(1,705,335)
Increase/(decrease) in accounts payable, other payables and accruals		12,795,029	(6,567,318)	12,973,722
Decrease in other non-current assets		558,582	911,358	68,357
Increase/(decrease) in other current liabilities		152,608	(1,344,133)	1,450,769
Increase in other non-current liabilities		251,905	1,804,324	1,274,837
Cash generated from operations		16,265,330	237,485,973	354,393,147
Interest received		301,010	130,931	438,229
Interest paid		(108,014)	(92,642)	(972,699)
Overseas income taxes paid		-	(34,977,509)	(38,201,750)
Net cash flows from operating activities		**16,458,326**	**202,546,753**	**315,656,927**
Cash flows from investing activities				
Purchase of items of property, plant and equipment	15	(2,645,967)	(3,586,612)	(34,491,703)
Purchase of intangible assets	13	(6,719,958)	(15,584,063)	(61,270,093)
Loans to the ultimate holding company		(28,037,383)	(118,577,075)	(19,447,816)
Repayment of loans to the ultimate holding company		-	-	162,652,345
Acquisition of a subsidiary	28	-	605,633,374	(13,029,960)
Purchase of financial investments		-	(5,949,256)	(18,950,388)
Increase in restricted cash		(433,266)	-	-
Net cash flows from/(used in) investing activities		**(37,836,574)**	**461,936,368**	**15,462,385**
Cash flows from financing activities				
[●] from issue of shares	23	-	-	100,000,000
Dividend paid by a subsidiary to the ultimate holding company	26	-	-	(102,021,203)
Dividend paid by a subsidiary to non-controlling interests	26	-	-	(204,779)
Distribution to the ultimate holding company	26	-	(19,580,242)	(99,502,488)
Net changes in bank overdrafts not repayable on demand		18,691,589	(19,762,846)	-
Capital element of finance lease rental payments		-	-	(55,260)
Repayment of interest-bearing bank loans		-	-	(1,049,755)
Net cash flows from/(used in) financing activities		**18,691,589**	**(39,343,088)**	**(102,833,485)**
Net increase/(decrease) in cash and cash equivalents		(2,686,659)	625,140,033	228,285,827
Cash and cash equivalents at beginning of year		405,175,559	441,566,909	1,087,056,179
Effect of foreign exchange rate changes, net		39,078,009	20,349,237	(225,105,271)
Cash and cash equivalents at end of year	18	**441,566,909**	**1,087,056,179**	**1,090,236,735**

Major non-cash transactions

During the year ended 30 June 2013, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$1,127,359.

I. FINANCIAL INFORMATION

Company statement of financial position

	Notes	30 June 2013
		HK$
Assets		
Current assets		
Cash and cash equivalents	18	71,316,681
Prepaid/deferred [●] costs		8,763,200
		80,079,881
Non-current assets		
Intangible assets	13	329,427
Financial investments	20	5,670,942
Investments in subsidiaries	1	1,523,234,910
Investment in an associate	16	4,640,480
Security deposits		13,865
		1,533,889,624
Total assets		**1,613,969,505**
Liabilities and equity		
Liabilities		
Current liabilities		
Other payables and accruals	19	11,681,829
Due to subsidiaries	20	315
Total liabilities		**11,682,144**
Equity		
Issued capital	23	1,623,234,910
Accumulated loss		(20,947,549)
Total equity		**1,602,287,361**
Total liabilities and equity		**1,613,969,505**
Net current assets		**68,397,737**
Total assets less current liabilities		**1,602,287,361**

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

The principal activity of the Company is the holding of its subsidiaries and an associate. The principal activities of the Group are the provision of online payment services and e-commerce solutions.

The Company was incorporated as a limited liability company in Hong Kong on 10 September 2012. The Company's registered office is located at Unit 607a, Level 6, Cyberport 3, 100 Cyberport Road, Hong Kong.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Digital Garage, Inc. ("DG"), which is incorporated in Japan and listed on JASDAQ.

The statutory financial statements of the Company for the period ended 30 June 2013 prepared under HKFRSs were audited by [●], Hong Kong.

Prior to the Reorganization as detailed below, the online payment processing business of the Group was individually conducted by the payment segment/division of DG and by VeriTrans Inc. ("VeriTrans"), since DG became the parent of VeriTrans on 26 April 2012.

In preparation for the [●] of the Company's shares on the [●], the Group underwent the Reorganization as set out in paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" to the Document. ECONTEXT, Inc. ("ECONTEXT") was incorporated on 1 October 2012 for the spin-off of DG's payment segment/division. The business formerly operated by DG's payment segment/division (the "ECONTEXT Business") was transferred from DG to ECONTEXT, including its assets and liabilities at their then existing book values from the controlling shareholder's perspective. As part of the Reorganization, 99.8% equity interest in VeriTrans and 100% equity interest in ECONTEXT were transferred from DG to the Group as further detailed in note 23 below. As a result of the Reorganization, the Company became the direct/indirect holding company of all of its current subsidiaries.

The Reorganization was completed by way of a common control combination.

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information (continued)

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/registered share capital	Percentage of equity/ ownership interest attributable to the Company		Brief description of business
			Direct	Indirect	
ECONTEXT, Inc. (Note (b))	Japan 1 October 2012	Japanese yen ("JPY") 100,000,000	100	-	Online payment service provider
VeriTrans Inc. (Note (a))	Japan 24 April 1997	JPY1,068,450,000	99.8	-	Online payment service provider
eCURE Co., Ltd. (Note (b))	Japan 1 November 2006	JPY75,000,000	-	99.8	Provision of internet security services
NaviPlus Co., Ltd. (Note (b) and (f))	Japan 21 January 2010	JPY145,000,000	-	94.8	Provision of online marketing and advertisement
iResearch Japan Co., Ltd. (Note (b))	Japan 5 November 2009	JPY30,000,000	-	66.6	Provision of research and data analysis
JJ-Street, Inc. (Notes (b), (c) and (d))	Japan 14 January 2011	JPY100,000,000	-	49.9	Operation of information website for Chinese tourists in Japan
Coolpat Co., Ltd. (Notes (b) and (d))	Japan 27 June 2006	JPY1,000,000	-	99.8	Online payment service provider
Kotohako, Inc. (Notes (b), (d) and (f))	Japan 15 September 2004	JPY63,500,000	-	94.8	Provision of online marketing and advertisement
E-Commerce Asia Association (Notes (b), (d) and (e))	Japan 18 November 2011	Not applicable Note (e)	-	99.8	Provision of e-commerce promotion in Asia

Notes:

(a) The financial statements of this entity for the years ended 31 March 2011 and 2012, prepared under Japanese generally accepted accounting principles ("J-GAAP"), were audited by Deloitte Touche Tohmatsu LLC, certified public accountants registered in Japan. The financial statements of this entity for the period from 1 April 2012 to 30 June 2013, prepared under J-GAAP, were audited by [●]

(b) These entities were not subject to statutory audit requirements in Japan.

(c) Shareee-china, Inc. was renamed as JJ-Street, Inc. on 28 June 2013.

(d) Coolpat Co., Ltd., Kotohako, Inc., E-Commerce Asia Association ("ECAA") and JJ-Street, Inc. have a different fiscal year end date from 30 June. The fiscal year end date of Coolpat Co., Ltd., ECAA and JJ-Street, Inc. is 31 March, and the fiscal year end date of Kotohako, Inc. is 31 August. For the purpose of the Financial Information, the Underlying Financial Statements included the financial information of the above subsidiaries from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period, and such financial information is prepared using the same reporting date as the Company.

(e) ECAA is an incorporated association established in Japan, which does not have issued share capital.

(f) On 24 July 2013, certain written resolutions of the shareholders of NaviPlus Co., Ltd. ("NaviPlus") were passed to approve the merger of NaviPlus and Kotohako, Inc. with NaviPlus being the surviving entity effective on 1 September 2013.

II. NOTES TO FINANCIAL INFORMATION

2.1 Basis of presentation

Pursuant to the Reorganization as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Corporate Structure" to the Document, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group were under the common control of DG, the controlling shareholder, immediately before and after the Reorganization. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis, including the assets, liabilities and results of operations of the ECONTEXT Business, by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods or since the date when the respective subsidiaries and/or businesses were incorporated/established or first came under the common control of the controlling shareholder, whichever is later.

The combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all the companies and businesses now comprising the Group from the earliest date presented or since the date when the respective subsidiaries and/or businesses were incorporated/established or first came under the common control of the controlling shareholder, where this is a shorter period. The combined statements of financial position of the Group as at 30 June 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholder, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 Basis of preparation

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period commencing from 1 July 2012, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Group has also early adopted HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Investments in Other Entities*, HKAS 27 (2011) *Separate Financial Statements*, HKAS 28 (2011) *Investment in Associates and Joint Ventures,* Amendments to HKFRS 10, HKFRS 11 and HKFRS 12—*Transition Guidance* and Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)—*[●] Entities* from 1 July 2010. The adoption of these new and revised HKFRSs has had no significant financial effect on the Financial Information.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK$").

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies

a) Basis of combination

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies as explained in note 2.2 above. For the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods or since the date when the respective subsidiaries and/or businesses were incorporated/established or first come under the common control of the controlling shareholder whichever is later.

The merger method of accounting involves incorporating the financial statement items of the combining entities and/or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities/businesses first came under the control of the controlling party. The net assets of the combining entities/businesses are combined using the existing book values from the controlling party's perspective.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

b) Subsidiaries

A subsidiary is an entity (including a structured entity) controlled by the Company and/or its other subsidiaries.

The Group controls an investee when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., the existing rights that give the Group the current ability to direct the relevant activities of the investee).

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control described above.

c) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets or the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

c) Investments in associates and joint ventures (continued)

The consideration made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of change in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture prepared for the Group's application of the equity method are for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and [●] from disposal is recognised in profit or loss.

The results of an associate are included in the Company's income statement to the extent of dividends received and receivable. The Company's investment in an associate is treated as a non-current asset and is stated at cost less any impairment losses.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

d) Foreign currencies

The Group's combined financial statements are presented in HK$, which is also the Company's functional currency. During the Relevant Periods, the functional currency of the Group's foreign subsidiaries, including ECONTEXT, VeriTrans and their subsidiaries is Japanese yen.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statements of financial position. Differences are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The assets and liabilities of foreign operations are translated into HK$ at the rate of exchange prevailing at the statement of financial position date. Income and expenses are translated at average exchange rates for the period unless exchange rates fluctuate significantly. The resulting exchange differences are recognised in other comprehensive income. On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is recognised as income or as expenses in the income statement. As permitted by HKFRS 1, the cumulative translation differences were deemed to be nil at the transition date to HKFRSs.

e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably. Revenue from the rendering of services is recognised when the related services are rendered or on a time proportion basis over the terms of the respective arrangements.

The Group is involved in transaction processing services. Revenues from transaction processing services are recognised at the time when services are rendered. Revenue is recognised either as a charge per transaction or as a fee calculated as a percentage of funds processed according to the respective agreements with customers.

f) Interest income

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to its net carrying amount.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

g) Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical combined financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in profit or loss in the income statement.

h) Employee benefits

Post-retirement benefit obligations

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans. Once the contributions have been paid, the Group, as employer, has no further payment obligations. The Group's contributions are charged to the combined income statement in the reporting period to which they relate and are included in staff costs. The assets of the pension plans are held separately from those of the Group and independently administered.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) Financial instruments - initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets of the Group within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as described below:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at their initial recognition date and only if the criteria under HKAS 39 are satisfied. The Group has not designated any financial assets as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments include equity investments and debt securities. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) *Financial instruments - initial recognition and subsequent measurement* (continued)

Financial assets **(continued)**

Available-for-sale financial investments (continued)

intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial assets accordingly.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) *Financial instruments - initial recognition and subsequent measurement* (continued)

Financial assets **(continued)**

Derecognition (continued)

substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial [●] and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) Financial instruments - initial recognition and subsequent measurement (continued)

Financial assets **(continued)**

Financial assets carried at amortised cost (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) *Financial instruments - initial recognition and subsequent measurement* (continued)

Financial assets **(continued)**

Available-for-sale financial investments (continued)

fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss, and loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts, and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

i) *Financial instruments - initial recognition and subsequent measurement* (continued)

Financial liabilities **(continued)**

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 20.

j) *Cash and cash equivalents*

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

k) *Payment processing receivables and payables*

Payment processing receivables in the statement of financial position comprise cash in transit from convenience stores and credit card companies for purchases made by customers. The term of these receivables are normally less than one month. Payment processing payables, on the other hand, comprise scheduled payments to online merchants for money received from customers for the purchases made. The payment usually made to online merchants within one month from the receipts of cash from customers. These receivables and payables are transitory in nature and subject to substantial fluctuation from one reference date to another.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

l) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRSs. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase. Goodwill on acquisitions prior to 1 July 2008 is carried at book value (original cost less cumulative amortisation) on that date, less any impairment subsequently incurred.

Goodwill arising on the Group's investments in subsidiaries since 1 July 2008 is shown as a separate asset, whilst that on investments in associates and joint ventures is included within the carrying value of those investments.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at the end of the reporting period. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

l) Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

m) Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset, including cost of sales and administrative expenses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the CGU level. The assessment of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in useful life assessment from indefinite to finite is accounted for on a prospective basis.

The Group holds the following intangible assets and their useful lives are stated (or the fact that they have been assessed as having indefinite useful lives) as follows:

Software	5 years
Trademarks	Indefinite
Customer relationships	17 years

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

***m) Other intangible assets* (continued)**

Software under development is not amortised. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal [●] and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

n) Property, plant and equipment

The Group's policy is to depreciate the difference between the cost of each item of property, plant and equipment and its residual value systematically over its estimated useful life. Assets under construction are not depreciated. Financing costs are capitalised within the cost of qualifying assets in the course of construction.

For significant additions, where it is identified that there are parts of the asset with different useful lives or consumption patterns, these parts are depreciated separately.

Reviews are made annually on the estimated remaining lives and residual values of individual productive assets, taking account of commercial and technological obsolescence as well as normal wear and tear. The normal expected lives of the major categories of assets are:

Leasehold improvements	Over the expected underlying lease arrangement not exceeding 10 to 15 years
Fixtures, fittings and equipment	2 to 15 years

On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the historical combined financial statements and the net amount, less any [●], is taken to the income statement.

All items of property, plant and equipment are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in the income statement.

o) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 July 2010, the date of inception is deemed to be 1 July 2010.

Group as a lessee

Assets held under finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease, with a corresponding liability being recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement as to achieve a constant rate of interest on the remaining balance of the liability. Assets held under finance leases are depreciated over the lease term.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

***o) Leases* (continued)**

Group as a lessee (continued)

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight-line basis over the lease term.

p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill and other intangible assets with indefinite life, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions/estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

q) Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the effect is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

II. NOTES TO FINANCIAL INFORMATION

2.3 Summary of significant accounting policies (continued)

q) Provisions (continued)

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance policy, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. Where discounting is used, the increase in the provision due to unwinding the discount is recognised as a finance cost.

r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. Issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards - Government Loans*[1]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*[1]
HKFRS 9	*Financial Instruments*[3]
HKFRS 13	*Fair Value Measurement*[1]
HKAS 19 (2011)	HKAS 19 *Employee Benefits*[1]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*[2]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*[2]
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: *Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*[2]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[1]
HK(IFRIC)-Int 21	*Levies*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[1]

1 Effective for annual periods beginning on or after 1 January 2013

2 Effective for annual periods beginning on or after 1 January 2014

3 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application, but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

II. NOTES TO FINANCIAL INFORMATION

4. Significant accounting judgements, estimates and assumptions

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosures of contingent liabilities, at the date of the statement of financial position. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

a) ***Consolidation of a subsidiary, JJ-Street Inc. (formerly Shareee-China, Inc.)***

The Group hold a 49.9% equity interest in this entity. Management has concluded that the Group controls this entity as the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

b) ***Income taxes***

Significant judgment is involved in determining the Group's provision for income taxes. Determining income tax provisions involves judgments on the future tax treatments of certain transactions and interpretation of relevant tax legislation, interpretations and practices in respect thereof. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

c) ***Determination of functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of each entity of the Group, judgment is required to determine and consider the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of goods and services; the currency that mainly influences labour, material and other costs of providing goods and services; the currency in which funds from financing activities are generated; and the currency in which receipts from operating activities are usually retained. The functional currency of each entity of the Group is determined based on management's assessment of the primary economic environment in which the entities operate. When the indicators are mixed and the functional currency is not obvious, management uses judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) ***Deferred tax assets***

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

II. NOTES TO FINANCIAL INFORMATION

4. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

b) *Fair value of intangible assets acquired in a business combination*

As noted above, the Group acquired VeriTrans in April 2012. As part of this acquisition in accordance with HKFRS 3, management identified a number of intangible assets acquired as part of the acquisition. HKFRS 3 requires that these intangible assets be measured at fair value. The assets' fair value was determined using valuation techniques including the discounted cash flow model. The inputs to these models were taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Since purchase consideration has been split between goodwill and the fair values of identifiable assets acquired and liabilities assumed in the acquisition, changes in these assumptions would directly affect the amount of goodwill recognised in the statement of financial position.

c) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the CGUs to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at the end of the respective reporting periods is disclosed in note 13 below.

d) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

e) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets and therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the end of the respective reporting periods is disclosed in note 15 below.

f) Useful lives of other intangible assets

The cost of other intangible assets is amortised on a straight-line basis over the other intangible assets' estimated economic useful lives. Management estimates the useful lives of the Group's other intangible asset to be within five or seventeen years. Changes in the expected level of usage could impact the economic useful lives and, therefore, future amortisation charges could be revised. The

II. NOTES TO FINANCIAL INFORMATION

4. Significant accounting judgements, estimates and assumptions (continued)

Estimates and assumptions (continued)

f) Useful lives of other intangible assets **(continued)**

carrying amount of the Group's other intangible assets at the end of each reporting period is disclosed in note 13 to the Financial Information.

g) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a loan/receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers various factors including, inter alia, the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

The Group maintains an allowance for the estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the aging of its receivable balances, debtors' creditworthiness, and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

5. Revenue

An analysis of the Group's revenue, which is also Group's turnover, is as follows:

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Initial setup and monthly fees	5,608,505	14,203,298	46,589,452
Settlement data transaction fees	4,564,117	18,462,217	66,903,322
Agency payment fees	244,645,276	420,782,019	948,952,898
Advertising related services	-	12,410,987	58,340,054
Information security services	-	4,747,013	19,619,306
Others	23,837,943	21,831,881	26,104,387
	278,655,841	**492,437,415**	**1,166,509,419**

6. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has one reportable segment as follows:

- Payment segment - provides a total payment platform as well as various payment solutions.

The information about other business activities and operating segments that are not reportable segments, being relatively small in size as compared to the Group as a whole, has been combined and disclosed in an "all other segments" category. The revenue included in the all other segments category represents revenue from advertising related services.

In addition to the payment segment, management does, however, monitor the operating results of certain smaller business units separately that may be for the purpose of making decisions about resource allocation and/or performance assessment. As noted above, their information has been

II. NOTES TO FINANCIAL INFORMATION

6. Operating segment information (continued)

combined and disclosed in an "all other segments" category. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the combined financial statements.

Inter-segment revenues are eliminated upon combination and reflected in the "adjustments and eliminations" column.

6.1 Segmental Financial Information

Year ended 30 June 2011/ as at 30 June 2011	**Payment segment**	**All other segments**	**Adjustments and eliminations**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Revenue				
External customers	278,655,841	-	-	278,655,841
Inter-segment	-	-	-	-
Total revenue	278,655,841	-	-	278,655,841
Segment profit	42,448,911	-	-	42,448,911
Total segment assets	867,796,679	-	-	867,796,679
Total segment liabilities	580,651,809	-	-	580,651,809
Other disclosures				
Capital expenditure*	9,365,925	-	-	9,365,925
Depreciation and amortisation	(9,517,449)	-	-	(9,517,449)
Finance income	323,923	-	-	323,923
Finance costs	(108,014)	-	-	(108,014)

* Capital expenditure consists of additions to property, plant and equipment and intangible assets (other than goodwill).

Year ended 30 June 2012/ as at 30 June 2012	**Payment segment**	**All other segments**	**Adjustments and eliminations**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Revenue				
External customers	480,026,428	12,410,987	-	492,437,415
Inter-segment	-	9,881	(9,881)	-
Total revenue	480,026,428	12,420,868	(9,881)	492,437,415
Segment profit	72,400,358	1,628,486	-	74,028,844
Total segment assets	3,319,727,989	37,753,073	-	3,357,481,062
Total segment liabilities	1,725,207,919	7,597,775	-	1,732,805,694
Other disclosures				
Investment in an associate	4,572,129	-	-	4,572,129
Share of after-tax loss of an associate accounted for using the equity method	(16,312)	-	-	(16,312)
Capital expenditure**	843,025,923	11,450,683	-	854,476,606
Depreciation and amortisation	(17,321,158)	(592,663)	-	(17,913,821)
Finance income	167,398	-	-	167,398
Finance costs	(102,323)	-	-	(102,323)

** Capital expenditure consists of additions to property, plant and equipments, and intangible assets (other than goodwill), including assets from the acquisition of subsidiaries.

II. NOTES TO FINANCIAL INFORMATION

6. Operating segment information (continued)

6.1 Segmental Financial Information (continued)

Year ended 30 June 2013 /as at 30 June 2013	**Payment segment**	**All other segments**	**Adjustments and eliminations**	**Total**
	HK$	**HK$**	**HK$**	**HK$**
Revenue				
External customers	1,108,169,365	58,340,054	-	1,166,509,419
Inter-segment	-	107,022	(107,022)	-
Total revenue	1,108,169,365	58,447,076	(107,022)	1,166,509,419
Segment profit/(loss)	136,059,512	(16,661,065)	-	119,398,447
Total segment assets	2,837,325,375	133,084,737	-	2,970,410,112
Total segment liabilities	1,643,980,387	27,065,939	-	1,671,046,326
Other disclosures				
Investment in an associate	3,309,541	-	-	3,309,541
Share of after-tax loss of an associate accounted for using the equity method	(1,037,475)	-	-	(1,037,475)
Capital expenditure***	83,313,922	6,598,612	-	89,912,534
Depreciation and amortisation	(50,498,014)	(4,262,494)	-	(54,760,508)
Finance income	558,018	10,262	(97,239)	471,041
Finance costs	(945,538)	(124,400)	97,239	(972,699)

*** Capital expenditure consists of additions to property, plant and equipment, and intangible assets (other than goodwill), including assets from the acquisition of subsidiaries.

For each of the Relevant Periods/at the end of each of the Relevant Periods, the amounts of the total segment revenue (after adjustments and eliminations), segment profit or loss, segment assets and segment liabilities as disclosed above are the same as the Group's combined revenue, profit before tax, total assets and total liabilities, respectively.

6.2 Geographical Information

a) Revenue from external customers

Substantially all of the Group's revenues from external customers during each of the Relevant Periods were attributable to Japan based on the location of the customers.

(b) Non-current assets

Except for the investment in an associate, which is located in Indonesia (note 16), substantially all of the Group's non-current assets at the end of the respective reporting periods were located in Japan based on the location of the assets and excludes financial instruments and deferred tax assets.

6.3 Customer Information

There were no external customer whose revenue amount exceeded 10% or more of the external customers' revenue of the Group for each of the Relevant Periods.

II. NOTES TO FINANCIAL INFORMATION

7. Operating profit

Group

The Group's operating profits is arrived after charging/(crediting):

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Employee benefit expense (including directors' remuneration (note 10)):			
Salaries, allowances, bonuses and benefits in kind*	23,804,506	38,174,943	74,283,020
Social security costs*	3,171,451	5,113,971	10,285,470
Pension scheme contributions*^	251,905	579,773	2,309,388
Less: Amount capitalised	(411,818)	(807,823)	(5,076,939)
	26,816,044	43,060,864	81,800,939
Minimum lease payments under operating leases in respect of land and buildings	7,261,213	8,218,402	12,343,212
Depreciation of property, plant and equipment (note 15)	1,853,960	2,942,363	8,218,099
Amortisation of intangible assets (note 13)	7,663,489	14,971,458	46,542,409
Auditors' remuneration for audit services	-	346,427	3,813,193
Impairment/(impairment losses reversed) of accounts receivable (note 17)	(5,110)	(8,928)	602,782
Within cost of sales:			
Salaries, allowances, bonuses and benefits in kind*	5,041,909	10,652,664	16,912,287
Social security costs*	483,758	1,433,538	3,713,952
Pension scheme contributions*^	-	122,421	650,349
Depreciation of property, plant and equipment	1,843,230	2,707,687	5,508,046
Amortisation of intangible assets	7,644,433	11,792,434	29,353,001
Within selling, general and administrative expenses:			
Salaries, allowances, bonuses and benefits in kind*	18,762,597	27,522,279	57,370,733
Social security costs*	2,687,693	3,680,433	6,571,518
Pension scheme contributions*^	251,905	457,352	1,659,039
Minimum lease payments under operating leases	7,261,213	8,218,402	12,343,212
Depreciation of property, plant and equipment	10,730	234,676	2,710,053
Amortisation of intangible assets	19,056	3,179,024	17,189,408
Auditors' remuneration for audit services	-	346,427	3,813,193
Impairment/(impairment losses reversed) of accounts receivable (note 17)	(5,110)	(8,928)	602,782

^ At 30 June 2011, 2012 and 2013, the Group had no material forfeited contributions available to reduce its contributions to the pension schemes in future years.

* Before deducting amount capitalised.

8. Profit attributable to owners of the Company

The combined profit attributable to owners of the Company for the year ended 30 June 2013 includes a loss of HK$20,947,549 which has been dealt with in the financial statements of the Company for the period ended 30 June 2013.

II. NOTES TO FINANCIAL INFORMATION

9. Other operating income and expenses

Group

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Other operating income			
Vendor's contribution to software development	-	-	686,948
Others	601,813	7,346	857,748
	601,813	7,346	1,544,696
Other operating expenses			
Loss on disposals/retirements of items of property, plant and equipment	112,356	-	1,960,800
Loss on disposals/retirements of intangible assets	-	261,528	771,035
Foreign exchange losses, net	-	54,667	7,850,413
Others	279,817	9,906	1,002,309
	392,173	326,101	11,584,557

10. Remuneration of directors and highest paid employees

Group

10.1 Directors' remuneration

Directors' remuneration for the Relevant Periods, disclosed pursuant to the Rules Governing the [●] of Securities on [●] and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Fees	-	-	-
Other emoluments:			
Salaries, allowances and benefits in kind	1,374,125	1,910,683	7,549,578
Social security costs	-	20,387	129,336
Performance related bonuses	-	-	294,406
Pension scheme contributions	-	16,918	158,395
	1,374,125	**1,947,988**	**8,131,715**

10.2 Independent non-executive directors

The appointment of Mamoru Ozaki, Toshio Kinoshita and Takao Nakamura as independent non-executive directors of the Company will be effective from the date on which the shares of the Company are first listed and on which dealings in such shares are permitted to take place on the [●]. There were no fees or other emoluments paid or payable to the independent non-executive directors of the Company during the Relevant Periods.

II. NOTES TO FINANCIAL INFORMATION

10. Remuneration of directors and highest paid employees (continued)

Group (continued)

10.3 Executive directors and non-executive directors

The remuneration of each of the executive directors and non-executive directors of the Company for the Relevant Periods is set out below:

	Salaries, allowances and benefits in kind	Social security costs	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$	HK$	HK$	HK$	HK$
Year ended 30 June 2011					
Executive directors					
Kaoru Hayashi (note 26)	**1,374,125**	-	-	-	**1,374,125**

	Salaries, allowances and benefits in kind	Social security costs	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$	HK$	HK$	HK$	HK$
Year ended 30 June 2012					
Executive directors					
Kaoru Hayashi (note 26)	1,452,006	-	-	-	1,452,006
Takashi Okita	234,987	10,159	-	8,459	253,605
Tomohiro Yamaguchi	223,690	10,228	-	8,459	242,377
	1,910,683	**20,387**	**-**	**16,918**	**1,947,988**

	Salaries, allowances and benefits in kind	Social security costs	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$	HK$	HK$	HK$	HK$
Year ended 30 June 2013					
Executive directors					
Kaoru Hayashi (note 26)	2,622,045*	-	-	-	2,622,045
Takashi Okita	1,625,160	60,818	98,135	78,071	1,862,184
Tomohiro Yamaguchi	1,256,799	68,518	196,271	80,324	1,601,912
Keizo Odori	1,985,574	-	-	-	1,985,574
Non-executive directors					
Yasuyuki Rokuyata	-	-	-	-	-
Joi Okada	-	-	-	-	-
Adam Lindemann	60,000	-	-	-	60,000
	7,549,578	**129,336**	**294,406**	**158,395**	**8,131,715**

* Included an amount of HK$356,874 allocated from DG (note 26).

Kaoru Hayashi, Takashi Okita, Tomohiro Yamaguchi and Keizo Odori were appointed as executive directors of the Company on 10 September 2012. Their remuneration as disclosed above represented the amounts in respect of their services rendered to the companies and businesses now comprising the Group from the earliest date presented or since the date when the respective subsidiaries and/or businesses were incorporated/established or first came under the common control of the controlling shareholder, where this is a shorter period.

II. NOTES TO FINANCIAL INFORMATION

10. Remuneration of directors and highest paid employees (continued)

Group (continued)

***10.3 Executive directors and non-executive directors* (continued)**

Yasuyuki Rokuyata and Joi Okada were appointed as non-executive directors of the Company on 10 September 2012 and did not receive any remuneration from the Group during the years ended 30 June 2011 and 2012. Yasuyuki Rokuyata was subsequently resigned on 31 March 2013 and Adam Lindemann was appointed as a non-executive director of the Company on 1 April 2013.

Takashi Okita is also the chief executive officer of the Company.

During the Relevant Periods, no remuneration was paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

10.4 Five highest paid employees

The five highest paid employees during the years ended 30 June 2011, 2012 and 2013 included 1, 1 and 4 directors, respectively, details of whose remuneration are set out in note 10.3 above.

Details of the remuneration of the remaining 4, 4 and 1 highest paid employees who are neither a director nor chief executive of the Company for the years ended 30 June 2011, 2012 and 2013, respectively, are as follows:

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Salaries, allowances and benefits in kind	3,665,067	4,002,484	1,367,264
Social security costs	174,079	188,050	63,708
Performance related bonuses	511,148	744,538	-
Pension scheme contributions	214,053	241,220	55,299
	4,564,347	**5,176,292**	**1,486,271**

The number of non-director non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
Nil to HK$1,000,000	-	-	-
HK$1,000,001 to HK$1,500,000	4	3	1
HK$1,500,001 to HK$2,000,000	-	1	-
	4	**4**	**1**

During the Relevant Periods no remuneration was paid or payable by the Group to the non-director non-chief executive highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

II. NOTES TO FINANCIAL INFORMATION

11. Finance income and costs

Group

	Year ended 30 June 2011 HK$	Year ended 30 June 2012 HK$	Year ended 30 June 2013 HK$
Finance income			
Bank interest income	301,010	130,931	276,868
Other finance income	22,913	36,467	194,173
Total finance income	**323,923**	**167,398**	**471,041**

	Year ended 30 June 2011 HK$	Year ended 30 June 2012 HK$	Year ended 30 June 2013 HK$
Finance costs			
Interest on bank loans and overdrafts wholly repayable within five years	108,014	102,323	966,737
Interest on finance leases	-	-	5,962
Total finance costs	**108,014**	**102,323**	**972,699**

12. Tax

Group

12.1 Income tax expense

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during each of the Relevant Periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 30 June 2011 HK$	Year ended 30 June 2012 HK$	Year ended 30 June 2013 HK$
Current income tax			
Current income tax charge - Japan	19,406,744	32,667,084	63,663,850
Deferred tax			
Relating to origination and reversal of temporary differences	(1,413,467)	(621,213)	(7,654,492)
Reduction in tax rate	-	(520,668)	-
Total income tax expense reported in the combined income statement	**17,993,277**	**31,525,203**	**56,009,358**

II. NOTES TO FINANCIAL INFORMATION

12. Tax (continued)

Group (continued)

12.2 Reconciliation of income tax expense

A reconciliation of the tax expense applicable to profit before tax at the Company's statutory tax rate to the tax expense at the Group's effective tax rate is as follows:

	Year ended 30 June 2011		Year ended 30 June 2012		Year ended 30 June 2013	
	HK$	%	HK$	%	HK$	%
Profit before tax	42,448,911		74,028,844		119,398,447	
Tax at the Company's statutory income tax rate	7,004,070	16.5	12,214,759	16.5	19,700,744	16.5
Expenses not deductible for tax	53,332		79,974		268,186	
Tax losses not recognised	-		190,271		4,222,481	
Utilisation of previously unrecognised tax losses	-		-		(435,695)	
Others	31,205		457,723		232,161	
Effect of higher tax rates of overseas subsidiaries	10,904,670		18,582,476		32,021,481	
Tax at the Group's effective income tax rate	**17,993,277**	**42.4**	**31,525,203**	**42.6**	**56,009,358**	**46.9**

II. NOTES TO FINANCIAL INFORMATION

12. Tax (continued)

Group (continued)

12.3 Deferred tax

Deferred tax relates to the following:

	Combined statements of financial position			Combined income statements		
	30 June 2011	30 June 2012	30 June 2013	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$	HK$	HK$	HK$
Difference in depreciation allowance for tax purposes and related depreciation expense	(621,861)	(1,212,877)	(658,107)	(10,059)	377,252	(392,187)
Accrued Japanese enterprise tax	1,823,174	2,740,211	1,693,726	(312,510)	1,389,387	609,657
Accrued bonuses	813,422	1,037,354	710,145	(788,335)	(214,088)	150,731
Vacation accruals	580,262	1,491,715	1,266,706	1,762	(271,733)	(81,736)
Fair value adjustments to intangible assets arising from acquisition of subsidiaries	-	(276,654,945)	(217,071,920)	-	(1,198,612)	(6,545,480)
Revenue recognition	2,655,337	6,150,928	5,535,437	(79,104)	(844,437)	(716,720)
Others	427,740	1,179,567	1,518,910	(225,221)	(379,650)	(678,757)
Deferred tax income				**(1,413,467)**	**(1,141,881)**	**(7,654,492)**
Net deferred tax assets/(liabilities)	**5,678,074**	**(265,268,047)**	**(207,005,103)**			
Reflected in the combined statement of financial position as follows:						
Deferred tax assets	5,678,074	12,950,032	10,915,071			
Deferred tax liabilities	-	(278,218,079)	(217,920,174)			
Deferred tax assets/(liabilities), net	**5,678,074**	**(265,268,047)**	**(207,005,103)**			

Reconciliation of deferred tax assets/(liabilities), net:

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Opening balance as at the beginning of the year	3,848,508	5,678,074	(265,268,047)
Deferred tax income recognised in the combined income statement	1,413,467	1,141,881	7,654,492
Deferred taxes arising from the acquisition of VeriTrans	-	(275,693,996)	-
Exchange realignment and others	416,099	3,605,994	50,608,452
Closing balance at the end of the year	**5,678,074**	**(265,268,047)**	**(207,005,103)**

II. NOTES TO FINANCIAL INFORMATION

12. Tax (continued)

Group (continued)

***12.3 Deferred tax* (continued)**

Management of the Company intends to reinvest certain undistributed earnings of the Company's foreign subsidiaries for an indefinite period of time. As a result, no deferred tax liabilities have been recognised on pre-acquisition and post-acquisition undistributed earnings of these subsidiaries not expected to be remitted in the foreseeable future, aggregating approximately HK$61.7 million and HK$101.5 million, respectively, (including any restricted amount as detailed below) at 30 June 2013. Deferred tax liabilities will be recognised when management of the Company expects that it will realise those undistributed earnings in a taxable manner, such as through receipts of dividends or sale of the investments.

Included in the above balances, aggregate amounts of approximately HK$24.7 million and HK$0.2 million of pre-acquisition and post-acquisition undistributed earnings, respectively, of the subsidiaries are non-distributable earnings in accordance with the Companies Act of Japan (Act No. 86 of 2005, as amended) (the "Companies Act"). Pursuant to the Companies Act, upon distribution of dividends, certain subsidiaries of the Group had set aside the smaller amount of (i) 10% of the earnings so distributed, or (ii) an amount equal to one quarter of the respective subsidiaries' issued share capital less the aggregate amount of share premium and legal reserve. No additional provision is required to be set aside as the aggregate amount of respective subsidiaries' share premium and legal reserve reaches 25% of the respective issued share capital.

12.4 Unrecognised tax losses

The Group has tax losses which arose from overseas subsidiaries of approximately HK$20.9 million, HK$20.6 million and nil as at 30 June 2013, 30 June 2012 and 30 June 2011, respectively, that will expire in two to nine years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits of other companies within the Group and they have arisen in subsidiaries that have been loss-making for some time or it is currently not considered probable that taxable profits will be available against which the tax losses can be utilised.

II. NOTES TO FINANCIAL INFORMATION

12. Tax (continued)

Group (continued)

12.5 Changes in corporate tax rate

Japan's corporate tax rate varies according to the company type. As a result, different taxation rates are applied to VeriTrans and ECONTEXT, the key operating subsidiaries of the Group.

The following table outlines the changes in the corporate tax rate, and similar taxes, through the reporting period. Additionally, there will be changes in the tax rates from 1 April 2015, which are shown below:

	Fiscal years to 31 March 2012	Fiscal years from 1 April 2012 to 31 March 2015	Fiscal years from 1 April 2015
Corporate tax rate			
VeriTrans	30%	25.5%	25.5%
ECONTEXT	30%	25.5%	25.5%
Residence tax rate			
VeriTrans	20.7%	20.7%	20.7%
ECONTEXT	20.7%	20.7%	20.7%
Enterprise tax rate			
VeriTrans	7.56%	3.26%	3.26%
ECONTEXT	10.08%	5.78%	5.78%
Special corporate tax for reconstruction			
VeriTrans	-	10%	-
ECONTEXT	-	10%	-
Local special corporate tax rate			
VeriTrans	-	4.292%	4.292%
ECONTEXT	-	4.293%	4.293%
Total tax rate			
VeriTrans	40.69%	38.01%	35.64%
ECONTEXT	42.05%	39.43%	37.11%

II. NOTES TO FINANCIAL INFORMATION

13. Intangible assets

Group

		Other intangible assets						
	Goodwill	Software	Software development in progress	Trademarks	Customer relationships	Others	Total	Total
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
Cost								
As at 1 July 2010	-	44,375,711	-	-	-	659,383	45,035,094	45,035,094
Additions - internal development	-	-	411,818	-	-	-	411,818	411,818
Additions - acquired separately	-	-	6,217,594	-	-	90,546	6,308,140	6,308,140
Transfers	-	6,629,412	(6,629,412)	-	-	-	-	-
Exchange realignment	-	4,490,204	-	-	-	66,467	4,556,671	4,556,671
As at 30 June 2011	**-**	**55,495,327**	**-**	**-**	**-**	**816,396**	**56,311,723**	**56,311,723**
Additions - internal development	-	-	807,823	-	-	-	807,823	807,823
Additions - acquired separately	-	-	14,761,161	-	-	15,079	14,776,240	14,776,240
Acquisition of a subsidiary (note 28)	482,584,817	63,656,206	2,706,024	459,580,551	296,949,476	244,559	823,136,816	1,305,721,633
Transfers	-	11,877,793	(11,877,793)	-	-	-	-	-
Disposals/retirements	-	(2,429,701)	(49,407)	-	-	-	(2,479,108)	(2,479,108)
Exchange realignment	12,749,306	2,226,878	27,912	12,141,563	7,845,044	17,578	22,258,975	35,008,281
As at 30 June 2012	**495,334,123**	**130,826,503**	**6,375,720**	**471,722,114**	**304,794,520**	**1,093,612**	**914,812,469**	**1,410,146,592**
Additions - internal development	-	-	5,076,939	-	-	-	5,076,939	5,076,939
Additions - acquired separately	-	-	43,952,691	-	-	58,028	44,010,719	44,010,719
Acquisition of a subsidiary (note 28)	13,821,571	-	-	-	-	130,771	130,771	13,952,342
Transfers	-	36,998,009	(36,998,009)	-	-	-	-	-
Disposals/retirements	-	(4,474,409)	(110,336)	-	-	(696,197)	(5,280,942)	(5,280,942)
Exchange realignment	(98,714,964)	(28,780,960)	(5,384,819)	(92,414,482)	(59,711,908)	(150,399)	(186,442,568)	(285,157,532)
As at 30 June 2013	**410,440,730**	**134,569,143**	**12,912,186**	**379,307,632**	**245,082,612**	**435,815**	**772,307,388**	**1,182,748,118**
Accumulated amortisation								
As at 1 July 2010	-	25,653,864	-	-	-	434,866	26,088,730	26,088,730
Amortisation	-	7,644,433	-	-	-	19,056	7,663,489	7,663,489
Exchange realignment	-	2,717,119	-	-	-	42,541	2,759,660	2,759,660
As at 30 June 2011	**-**	**36,015,416**	**-**	**-**	**-**	**496,463**	**36,511,879**	**36,511,879**
Amortisation	-	11,911,470	-	-	3,017,709	42,279	14,971,458	14,971,458
Disposals/retirements	-	(2,217,579)	-	-	-	-	(2,217,579)	(2,217,579)
Exchange realignment	-	433,750	-	-	(29,527)	6,873	411,096	411,096
As at 30 June 2012	**-**	**46,143,057**	**-**	**-**	**2,988,182**	**545,615**	**49,676,854**	**49,676,854**
Amortisation	-	30,176,256	-	-	16,319,362	46,791	46,542,409	46,542,409
Disposals/retirements	-	(3,523,761)	-	-	-	(526,643)	(4,050,404)	(4,050,404)
Exchange realignment	-	(12,627,170)	-	-	(2,488,149)	(50,701)	(15,166,020)	(15,166,020)
As at 30 June 2013	**-**	**60,168,382**	**-**	**-**	**16,819,395**	**15,062**	**77,002,839**	**77,002,839**
Net carrying amount								
At 30 June 2011	-	19,479,911	-	-	-	319,933	19,799,844	19,799,844
At 30 June 2012	495,334,123	84,683,446	6,375,720	471,722,114	301,806,338	547,997	865,135,615	1,360,469,738
At 30 June 2013	410,440,730	74,400,761	12,912,186	379,307,632	228,263,217	420,753	695,304,549	1,105,745,279

II. NOTES TO FINANCIAL INFORMATION

13. Intangible assets (continued)

Company

	Software
	HK$
Cost:	
As at 1 July 2012	-
Additions-acquired separately	366,030
As at 30 June 2013	366,030
Accumulated depreciation:	
As at 1 July 2012	-
Depreciation	36,603
As at 30 June 2013	36,603
Net carrying amount:	
At 30 June 2013	329,427

Goodwill

Goodwill arises primarily in respect of the Group's acquisition of VeriTrans and Kotohako Inc. The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

Software and software development in progress

Expenditure incurred on a project to develop software, including internal expenditure and costs of third party contractors incurred for development of the software, is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the software so that it will be available for use, its intention to complete and its ability to use the asset, how the software will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Software development expenditure which does not meet these criteria is expensed when incurred. After the completion of the development, the software development expenditure is transferred to software account.

All research costs are charged to profit or loss as incurred.

Software costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the estimated useful lives of the underlying software not exceeding five years, commencing from the date when the software is put into use. Software under development is not amortised, but is assessed for impairment where appropriate.

Trademarks

Trademarks have been assessed as having an indefinite useful life. Management reviews this assessment on a regular basis. Trademarks are reviewed for impairment where appropriate.

Customer relationships

Customer relationships were acquired in the acquisition of VeriTrans. The relationships refer to acquired customer portfolio and those resulting from companies being consolidated. Customer

II. NOTES TO FINANCIAL INFORMATION

13. Intangible assets (continued)

Company (continued)

Customer relationships (continued)

relationships are amortised on the straight-line-basis over their estimated useful lives of 17 years. The useful lives were determined based on the estimated period of economic benefit to be derived from the portfolio.

14. Impairment testing of goodwill and other intangible assets with indefinite useful lives/not yet available for use

Group

Goodwill acquired through business combinations and other intangible assets with indefinite useful lives/not yet available for use have been allocated for impairment testing purposes to the payment CGU and the marketing CGU, which represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

The Group tests goodwill and other intangible assets with indefinite useful lives/not yet available for use annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for value in use calculations are those regarding the discount rates, growth rates and expected changes to gross margin and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in gross margin and direct costs are based on past experience and expectations of future changes in the market.

14.1 Carrying amounts of goodwill and other intangible assets with indefinite useful lives/ not yet available for use allocated to CGUs

Payment CGU

The recoverable amount of the payment CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets/forecasts covering a five-year period approved by management. The discount rate applied to the cash flow projections is 14.6% for the recoverable amounts at 30 June 2012 and 2013 and cash flows beyond the five-year period are extrapolated using a growth rate of 2% for the recoverable amounts at 30 June 2012 and 2013.

Marketing CGU

The recoverable amount of the marketing CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets/forecasts covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 14.6% for the recoverable amount at 30 June 2013, and cash flows beyond the five-year period are extrapolated using a growth rate of 2% for the recoverable amount at 30 June 2013.

II. NOTES TO FINANCIAL INFORMATION

14. Impairment testing of goodwill and other intangible assets with indefinite useful lives/not yet available for use (continued)

Group (continued)

***14.1 Carrying amounts of goodwill and other intangible assets with indefinite useful lives/not yet available for use allocated to CGUs* (continued)**

Marketing CGU (continued)

The carrying amounts of goodwill, trademarks and software development in progress allocated to each of the CGUs are follows:

	30 June 2011			30 June 2012			30 June 2013		
	Goodwill HK$	Trademarks HK$	Software development in progress HK$	Goodwill HK$	Trademarks HK$	Software development in progress HK$	Goodwill HK$	Trademarks HK$	Software development in progress HK$
Payment CGU	-	-	-	495,334,123	471,722,114	6,375,720	398,293,842	379,307,632	12,842,949
Marketing CGU	-	-	-	-	-	-	12,146,888	-	69,237
	-	-	-	495,334,123	471,722,114	6,375,720	410,440,730	379,307,632	12,912,186

14.2 Key assumptions used in value in use calculations

The calculation of value in use for the payment CGU and marketing CGU is most sensitive to the following assumptions:

- Gross margins
- Discount rates
- Market demand
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross margins are based on average values achieved in the 2 years preceding the start of the budget period.

Discount rates reflect management's estimate of return on capital employed ("ROCE") required in each unit. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Market demand is based on anticipated market penetration relative to the Group's competitors and how this will affect volume sales over the budget period.

Management has projected cash flows for a period of 5 years. A growth rate of 2% for the payment CGU and 2% for the marketing CGU have been used to extrapolate cash flow projections beyond the period covered by the most recent forecasts.

II. NOTES TO FINANCIAL INFORMATION

15. Property, plant and equipment

Group

	Leasehold improvements	Fixtures, fittings and equipment	Total
	HK$	HK$	HK$
Cost			
As at 1 July 2010	203,254	10,051,679	10,254,933
Additions	-	2,645,967	2,645,967
Disposals/retirements	-	(250,724)	(250,724)
Exchange realignment	19,600	1,045,527	1,065,127
As at 30 June 2011	**222,854**	**13,492,449**	**13,715,303**
Additions	466,338	3,120,274	3,586,612
Acquisition of a subsidiary (note 28)	1,496,670	10,672,445	12,169,115
Disposals/retirements	-	(107,090)	(107,090)
Exchange realignment	33,855	419,172	453,027
As at 30 June 2012	**2,219,717**	**27,597,250**	**29,816,967**
Additions	2,842,910	37,602,078	40,444,988
Acquisition of a subsidiary (note 28)	-	249,117	249,117
Disposals/retirements	(1,873,647)	(3,753,812)	(5,627,459)
Exchange realignment	664,032	(1,878,983)	(1,214,951)
As at 30 June 2013	**3,853,012**	**59,815,650**	**63,668,662**
Accumulated depreciation			
As at 1 July 2010	5,890	5,229,727	5,235,617
Depreciation	10,730	1,843,230	1,853,960
Disposals/retirements	-	(138,368)	(138,368)
Exchange realignment	910	558,567	559,477
As at 30 June 2011	**17,530**	**7,493,156**	**7,510,686**
Depreciation	59,952	2,882,411	2,942,363
Disposals/retirements	-	(107,090)	(107,090)
Exchange realignment	(329)	82,822	82,493
As at 30 June 2012	**77,153**	**10,351,299**	**10,428,452**
Depreciation	226,392	7,991,707	8,218,099
Disposals/retirements	(66,209)	(3,276,997)	(3,343,206)
Exchange realignment	(302)	1,724,331	1,724,029
As at 30 June 2013	**237,034**	**16,790,340**	**17,027,374**
Net carrying amount			
At 30 June 2011	205,324	5,999,293	6,204,617
At 30 June 2012	2,142,564	17,245,951	19,388,515
At 30 June 2013	3,615,978	43,025,310	46,641,288

Finance leases

The net carrying amounts of the Group's property, plant and equipment held under finance lease, included in the total amounts of fixtures, fittings and equipment at 30 June 2013 amounted to HK$1,070,992.

II. NOTES TO FINANCIAL INFORMATION

16. Investment in an associate

Group

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Share of net assets	-	4,572,129	3,309,541

Company

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Unlisted shares, at cost	-	-	4,640,480

On 15 March 2013, VeriTrans transferred its entire interest in PT. Midtrans, being 598,000 shares of Indonesian Rupiah ("IDR") 8,890 each (approximately 23% of the issued share capital of PT. Midtrans), to the Company for a consideration of approximately IDR5,316 million (approximately HK$4.1 million).

Particulars of the associate are as follows:

Entity name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activity
PT. Midtrans*	598,000 ordinary shares of IDR8,890 each	Indonesia	23	Online payment service provider

* The auditor of PT. Midtrans is Tanubrata Sutanto Fahmi & Rekan, certified public accountants, an Indonesian partnership and a member of BDO International Limited.

	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$
The amount of the Group's share of the associate*:		
Loss for the period	(16,312)	(1,037,475)
Other comprehensive loss	(58,019)	(225,113)
Total comprehensive loss	(74,331)	(1,262,588)

* Representing the Group's share of the post-acquisition results and other comprehensive loss of the associate.

II. NOTES TO FINANCIAL INFORMATION

17. Accounts receivable

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Accounts receivable	2,128,827	30,254,310	25,789,954
Impairment	(9,848)	(9,129)	(413,582)
	2,118,979	30,245,181	25,376,372

Accounts receivable are non-interest-bearing and are generally on 30-day terms from the month-end closing date. Each debtor has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified debtors, save as disclosed in note 27.3 below, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

An aged analysis of the accounts receivable as at the end of each reporting period, based on the invoice date and net of provision, is follows:

	Total	0 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	Over 120 days
	HK$	HK$	HK$	HK$	HK$	HK$
30 June 2013	25,376,372	20,539,481	2,916,365	831,143	49,747	1,039,636
30 June 2012	30,245,181	24,044,102	4,313,799	512,540	74,340	1,300,400
30 June 2011	2,118,979	43,338	2,067,578	8,063	-	-

The movements in provision for impairment of accounts receivable are as follows:

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
At beginning of year	13,953	9,848	9,129
Impairment/(impairment losses reversed) (note 7)	(5,110)	(8,928)	602,782
Amount written off as uncollectible	(173)	(4,440)	(79,803)
Exchange realignment	1,178	12,649	(118,526)
At end of year	9,848	9,129	413,582

Included in the above provision for impairment of accounts receivable is a provision for collectively impaired accounts receivable of HK$9,848, HK$9,129 and HK$413,582 as at 30 June 2011, 2012 and 2013 with a carrying amount before provision of HK$2,128,827, HK$30,254,310 and HK$25,789,954, respectively.

II. NOTES TO FINANCIAL INFORMATION

17. Accounts receivable (continued)

An aged analysis of the accounts receivable that are not individually considered to be impaired is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	0 – 30 days	31 – 60 days	61 – 90 days	91 – 120 days	Over 120 days
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
30 June 2013	25,376,372	22,930,560	1,168,755	199,161	102,521	126,177	849,198
30 June 2012	30,245,181	25,734,736	3,029,614	139,022	57,818	46,926	1,237,065
30 June 2011	2,118,979	2,118,979	-	-	-	-	-

18. Cash and cash equivalents

Group

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Bank deposits	442,541,142	1,088,150,984	1,091,121,131
Less: Restricted cash* (note 20)	(974,233)	(1,094,805)	(884,396)
Cash and cash equivalents as stated in the combined statement of financial position and combined statement of cash flow	441,566,909	1,087,056,179	1,090,236,735

* The balance represented deposits placed in trust accounts with certain banks, which are restricted to use in accordance with the payment settlement arrangements with those banks.

The cash and cash equivalents of the Group denominated in JPY and U.S. dollar amounted to HK$441,566,909 and nil as at 30 June 2011, HK$1,087,050,654 and nil as at 30 June 2012 and HK$1,043,664,731 and HK$31,687,052 as at 30 June 2013, respectively.

Company

	30 June 2013
	HK$
Bank deposits and cash and cash equivalents as stated in the statement of financial position	71,316,681

The bank deposits of the Company denominated in JPY and U.S. dollar amounted to HK$24,894,477 and HK$31,555,481, respectively, as at 30 June 2013.

Group and Company

Interest-bearing bank deposits earn interest at floating rates based on daily bank deposit rates. The bank deposits are deposited with creditworthy banks with no recent history of default.

II. NOTES TO FINANCIAL INFORMATION

19. Accounts payable, other payables and accruals

Group

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Accounts payable	2,680,143	15,468,817	8,958,834
Other payables	29,297,646	40,301,757	46,018,011
Accruals	3,314,350	7,403,303	6,393,541
	35,292,139	63,173,877	61,370,386

Company

	30 June 2013
	HK$
Other payables and accruals	11,681,829

Accounts payable are non-interest-bearing and are normally settled on 30-day terms.

An aged analysis of the Group's accounts payable as at the end of each reporting period, based on the invoice date, is within one month.

Other payables are non-interest-bearing and are normally settled on 30-day terms.

20. Financial assets and liabilities

Group

20.1 Financial assets

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Available-for-sale financial assets			
Available-for-sale investment	-	5,811,294	5,670,942
Loans and receivables			
Commercial bonds ***	-	-	15,735,641
Cash and cash equivalents	441,566,909	1,087,056,179	1,090,236,735
Agency payment service - cash in transit from convenience stores	321,515,142	537,555,598	504,313,841
Accounts receivable	2,118,979	30,245,181	25,376,372
Restricted cash	974,233	1,094,805	884,396
Security deposits **	9,643	5,400,263	5,448,601
Due from the ultimate holding company *	28,929,605	146,771,037	-
	795,114,511	1,808,123,063	1,641,995,586
Total	795,114,511	1,813,934,357	1,647,666,528
Total current	794,130,635	1,801,627,995	1,619,926,948
Total non-current	983,876	12,306,362	27,739,580
	795,114,511	1,813,934,357	1,647,666,528

* The amount due from the ultimate holding company is unsecured, interest-bearing at 2.175% per annum and repayable on demand.

** The security deposits are deposits made for office leases.

*** The commercial bonds are unsecured, interest-bearing at 1.19% per annum and will mature on 31 July 2023.

II. NOTES TO FINANCIAL INFORMATION

20. Financial assets and liabilities (continued)

Group (continued)

20.1 Financial assets (continued)

On 24 October 2013, the Company entered into an agreement with certain third parties to acquire 15.59% of the issued share capital in Citrus Payment Solutions Pte. Ltd. ("Citrus Singapore"), an investment holding company incorporated in Singapore, for a total consideration of US$4,599,999.90 and in November 2013, the Company became a shareholder of Citrus Singapore.

20.2 Financial liabilities

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Financial liabilities at amortised cost:			
Payment processing payables	523,109,354	1,378,021,130	1,362,977,494
Interest-bearing bank borrowings	19,286,403	-	217,703
Financial liabilities included in accounts payable, other payables and accruals	31,977,789	55,770,574	54,976,845
Finance lease payables	-	-	1,130,351
Total	574,373,546	1,433,791,704	1,419,302,393
Total current	574,373,546	1,433,791,704	1,418,400,995
Total non-current	-	-	901,398
	574,373,546	1,433,791,704	1,419,302,393

20.3 Interest-bearing bank borrowings

	Interest rate	30 June 2011	30 June 2012	30 June 2013
		HK$	HK$	HK$
Current				
Bank overdrafts*	1.475%	19,286,403	-	-
Bank loan - unsecured**	1.8%	-	-	217,703
Total current interest-bearing bank borrowings		19,286,403	-	217,703

* Secured by DG's equity interest in one of its subsidiaries at 30 June 2011 and were repaid in July 2011.

** The bank loan was repaid in July 2013.

Bank loans and overdrafts

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year	19,286,403	-	217,703

VeriTrans has unsecured lines of credit with two banks in Japan up to an amount of JPY5,000 million and JPY2,000 million, respectively, with an interest rate of 1.475% per annum. ECONTEXT also has a line of credit with a bank in Japan up to an amount of JPY3,000 million with an interest rate of 1.475% per annum, which is secured by the Group's equity interest in VeriTrans. The total amounts utilised under these lines of credit were HK$19,286,403, nil and nil at 30 June 2011, 2012 and 2013, respectively.

II. NOTES TO FINANCIAL INFORMATION

20. Financial assets and liabilities (continued)

Group (continued)

20.4 Financial investments

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Available-for-sale investment	-	5,811,294	5,670,942
Commercial bonds	-	-	15,735,641
	-	5,811,294	21,406,583

Available-for-sale investment

As at 30 June 2012 and 2013, an unlisted equity investment with a carrying amount of HK$5,811,294 and HK$5,670,942, respectively, was stated at cost less any impairment losses because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. The Group does not intend to dispose of it in the near future. The details of the unlisted equity investment are as follows:

	At cost			Dividend income		
	30 June 2011	30 June 2012	30 June 2013	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$	HK$	HK$	HK$
PT. Tokopedia	-	5,811,294	5,670,942	-	-	-

On 2 May 2013, VeriTrans transferred its entire interest in PT. Tokopedia, being 178 shares of IDR1,000,000 (approximately HK$779) each, to the Company for a consideration of US$730,791 (approximately HK$5.7 million).

20.5 Fair values

As at 30 June 2011, 2012 and 2013, except for the available-for-sale investment in which its fair value cannot be measured reliably as detailed in note 20.4 above, the fair values of the Group's and the Company's financial assets and financial liabilities approximated to their carrying amounts or are not materially different from their carrying amounts.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, payment processing receivables, accounts receivable, amount due from the ultimate holding company, commercial bonds, restricted cash, security deposits, accounts payable, financial liabilities included in payment processing payables, other payables and accruals, interest-bearing bank borrowings, current portion of finance lease payables and amounts due to subsidiaries approximate to their carrying amounts or are not materially different from their carrying amounts largely due to the short term maturities of these instruments or as the effect of discounting is not material.

II. NOTES TO FINANCIAL INFORMATION

20. Financial assets and liabilities (continued)

Group (continued)

***20.5 Fair values* (continued)**

The fair values of the non-current portion of finance lease payables and commercial bonds have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities.

Company

20.6 Financial assets and liabilities

	30 June 2013
	HK$
Available-for-sale financial assets	
Available-for-sale investment—Financial investment	5,670,942
Loans and receivables	
Cash and cash equivalents	71,316,681
Security deposits	13,865
Total financial assets	71,330,546
	77,001,488
Total current	71,316,681
Total non-current	5,684,807
	77,001,488
Financial liabilities as amortised cost	
Due to subsidiaries*	315
Other payables and accruals	11,681,829
Total financial liabilities	11,682,144
Total current	11,682,144

* The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

21. DIVIDENDS

Company

The Company did not pay or propose any dividends in respect of the periods presented.

Subsidiary

During the year ended 30 June 2013, a subsidiary declared and paid dividends in the amounts of HK$102,021,203 and HK$204,779 to the ultimate holding company and to the non-controlling interests of the subsidiary, respectively.

22. Payment processing receivables and payables

Group

During the course of its payment processing business, the Group receives cash remittances from consumers paying for goods and services at convenience stores, by credit cards and other means. In turn, the Group remits these amounts to the providers of those goods and services, such as online merchants. The timing of these receipts and payments does not always match, and thus the related assets and liabilities may fluctuate on a daily basis.

Additionally included in the tables below are pre-payments made to online merchants before the Group receives cash settlements from customers through credit card companies.

These assets and liabilities are transitory in nature and subject to substantial fluctuation from one reference date to another.

II. NOTES TO FINANCIAL INFORMATION

22. Payment processing receivables and payables (continued)

Group (continued)

Payment processing receivables

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Agency payment services - cash in transit from convenience stores	321,515,142	537,555,598	504,313,841
Advance payments made to online merchants*	25,458,650	124,427,279	124,510,615
	346,973,792	**661,982,877**	**628,824,456**

* The advance payments made to online merchants will be offset when the Group receives cash from credit card companies.

Payment processing receivables are non-interest-bearing and normally receivable within 30 business days. An aged analysis of the above receivables is neither past due nor impairment.

Payment processing payables

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Agency payment services - to be paid to online merchants	523,109,354	1,378,021,130	1,362,977,494

Payment processing payables are non-interest-bearing and normally payable within 30 business days. An aged analysis of the above payables is within 1 month.

23. Share capital

Company

Authorised share capital

	30 June 2011		30 June 2012		30 June 2013	
	Number of shares	Amount HK$	Number of shares	Amount HK$	Number of shares	Amount HK$
Ordinary shares of HK$10 each	-	-	-	-	649,293,964	6,492,939,640

Issued and fully-paid share capital

	30 June 2011		30 June 2012		30 June 2013	
	Number of shares	Amount HK$	Number of shares	Amount HK$	Number of shares	Amount HK$
Ordinary shares of HK$10 each	-	-	-	-	162,323,491	1,623,234,910

On 10 September 2012, the Company was incorporated with an authorised share capital of HK$100,000,000 divided into 10,000,000 ordinary shares of HK$10 each. On the same date, 10,000,000 ordinary shares of the Company of HK$10 each were allotted and issued at par for cash to DG.

On 1 December 2012, the authorised share capital was increased from HK$100,000,000 to HK$6,492,939,640 by the creation of 639,293,964 additional ordinary shares at HK$10 each, ranking pari passu in all respects with the existing shares of the Company. As part of the Reorganization,

II. NOTES TO FINANCIAL INFORMATION

23. Share capital (continued)

Company (continued)

during the year ended 30 June 2013, 29,901,101 and 122,422,390 (totalling 152,323,491) additional ordinary shares of the Company were allotted and issued at par credited as fully paid to DG for the acquisition by the Company of the entire issued share capital of ECONTEXT and 99.8% of the issued share capital of VeriTrans from DG, respectively.

24. Earnings per share attributable to ordinary equity holders of the Company

Earnings per share information is not presented as, in the opinion of the directors of the Company, its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganization and the presentation of the results for the Relevant Periods on the combined basis as further explained in note 2.1 above.

25. Commitments and Lease Arrangements

Group

25.1 Operating lease commitments - Group as lessee

The Group leases certain properties and equipment under operating lease arrangements. These leases are negotiated for terms ranging from one to five years. Certain property leases have renewal options, whereby leases can be extended at market rental rate.

As at 30 June 2011, 2012 and 2013, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011	30 June 2012	30 June 2013
	HK$	HK$	HK$
Office rental payments:			
Within one year	-	951,342	337,449
In the second to fifth years, inclusive	-	114,364	144,113
	-	1,065,706	481,562

At 30 June 2013, the Company had no operating lease commitments.

25.2 Finance lease commitments - Group as lessee

The Group in its ordinary course of business enters into finance lease agreements to fund the purchase of furniture and equipment. The lease agreements are typically for periods of 5 years and do not have contingent rent or escalation clauses.

The agreements have industry standard terms and do not contain any restrictions on dividends, additional debt or further leasing.

II. NOTES TO FINANCIAL INFORMATION

25. Commitments and Lease Arrangements (continued)

Group (continued)

***25.2 Finance lease commitments - Group as lessee* (continued)**

The total future minimum lease payments under finance leases and their present values were as follows:

	30 June 2011	30 June 2012	30 June 2013	
			Minimum lease payments	Present value of minimum lease payments
	HK$	HK$	HK$	HK$
Amounts payable:				
Within one year	-	-	249,918	228,953
In the second year	-	-	249,918	233,668
In the third to fifth years, inclusive	-	-	687,275	667,730
Total minimum finance lease payments	-	-	1,187,111	1,130,351
Future finance charges	-	-	(56,760)	
Total net finance lease payables	-	-	1,130,351	
Portion classified as current liabilities	-	-	(228,953)	
Non-current portion	-	-	901,398	

The finance lease payables of the Group bear interest at 2.15% per annum.

25.3 Capital commitments

As at 30 June 2011, 30 June 2012 and 30 June 2013, the Group and the Company had no material capital commitments.

26. Related party transactions

This report includes the historical financial information of the Company and the other companies now comprising the Group listed in the following table:

	Country of incorporation	% of equity/ownership interest 30 June 2011	30 June 2012	30 June 2013
ECONTEXT, Inc.*	Japan	100	100	100
VeriTrans Inc.	Japan	-	99.8	99.8
eCURE Co., Ltd.	Japan	-	99.8	99.8
NaviPlus Co., Ltd.	Japan	-	94.8	94.8
iResearch Japan Co., Ltd.	Japan	-	66.6	66.6
JJ-Street, Inc.	Japan	-	49.9	49.9
Coolpat Co., Ltd.	Japan	-	99.8	99.8
Kotohako, Inc.	Japan	-	-	94.8
E-Commerce Asia Association	Japan	-	99.8	99.8

* The business currently operated by ECONTEXT, Inc. was a former division/segment of DG. For the purpose of this report, the assets and liabilities of that business have been included in the combined statements of financial position of the Group.

II. NOTES TO FINANCIAL INFORMATION

26. Related party transactions (continued)

In addition to the transactions, arrangements and balances detailed elsewhere in this report, the Group had the following transactions with related parties at terms agreed between the relevant parties during the Relevant Periods:

(i) Ultimate holding company: DG

Group	Year ended 30 June 2011	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	HK$
Income and expenses			
Intellectual property license fees	-	-	20,533,112
Salaries and other benefits paid for secondment arrangement	-	-	765,665
Office rental expenses+	7,227,962	7,568,463	8,496,260
Business support expense	2,242,991	2,371,542	5,248,995
Directors' remuneration^	1,374,125	1,452,006	4,607,619
Salaries, allowances and benefits in kind for employees^	467,390	-	866,199
Outsourcing expense	184,112	901,285	402,840
Contributions from the ultimate holding company*	27,467,359	33,598,626	-
Dividend paid by a subsidiary to the ultimate holding company**	-	-	102,021,203
Distribution to the ultimate holding company***	-	19,580,242	99,502,488
Dividend paid by a subsidiary to the non-controlling interests**	-	-	204,779
Receivables and payables			
Short-term loan receivable (interest rate of 2.175% per annum)	28,929,605	146,771,037	-
Interest receivable on short-term loan receivable	252,279	86,557	-

+ The office rental expenses are related to sublease arrangement with DG.

* Being certain balances waived by DG as contribution to ECONTEXT/ECONTEXT Business

** Being dividend paid by VeriTrans to DG and the non-controlling interests of VeriTrans.

*** Being cash distribution to DG.

^ Being amounts attributable to the Group allocated from DG and social security costs and pension scheme contributions of such individuals were borne by DG.

In May 2012, DG sold 0.2% of its equity interest in VeriTrans to certain directors of VeriTrans for a total consideration of JPY26 million (approximately HK$2.5 million). The unit price per share of the transaction equals to the acquisition price per share of VeriTrans paid by DG.

(ii) Other related party

Group	As at/year ended	Sales thereto	Purchases therefrom	Amount owed therefrom*	Amount due thereto*
		HK$	HK$	HK$	HK$
Kakaku.com Inc.	30 June 2011	1,682,243	-	202,507	-
	30 June 2012	592,885	914,308	188,048	-
	30 June 2013	6,076,201	3,038,100	-	-

* Amounts are included in accounts receivable/accounts payable of the Group.

Kakaku.com Inc. is an associate company of DG during the Relevant Periods.

II. NOTES TO FINANCIAL INFORMATION

26. Related party transactions (continued)

26.1 Terms and conditions of transactions with related parties

Generally, sales and purchases between related parties are made/or with reference to normal market prices or agreed terms. The Group has not provided or benefited from any guarantees for any related party receivables or payables. The Group has not made any provision for doubtful debts relating to amounts owed by related parties.

Regarding the intellectual property license fees to DG, VeriTrans and ECONTEXT paid a fee of 2.5% of their revenue to DG. The payment was made for the use of DG's brand and payment was made at the end of each month. The underlying agreement originally ran from 1 October 2012 and contained a provision for automatic renewal for an additional one year. Subsequent to the end of the Relevant Periods, the underlying agreements were amended to remove the obligation of VeriTrans to pay the monthly license fee conditional upon the [●] of the shares of the Company on the [●].

Salaries, allowances and benefits in kind for seconded employees were charged by DG based on terms mutually agreed.

26.2 Compensation of key management personnel of the Group

Compensation of key management personnel of the Group mainly represented directors' remuneration as further detailed in note 10 above.

26.3 Non-disposal undertaken

DG has provided an irrevocable undertaking to the Company under which it has agreed to the following:

- it will not sell any of its shares of the Company as part of the Company's proposed [●]; and
- it will not sell any of its shares of the Company for a period of at least three years from the date of the [●] of the Company.

27. Financial risk management objectives and policies

Group

The Group's principal financial instruments comprise cash and cash equivalents and bank borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as accounts receivable, accounts payable and other financial assets and financial liabilities which mainly arise directly from the Group's operations. The Group's policy is not to undertake speculative trading in financial instruments. The Group is exposed to financial risks within the scope of its ordinary business activities. The main risks arising from the Group's financial instruments are specified below.

27.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to bank deposits and bank borrowings. The Group also holds commercial bonds, however the rate of interest is fixed until 2017. The Group has minimal loans and borrowings that exposure the Group to significant interest rate risk. Interest charges for the periods presented were insignificant.

II. NOTES TO FINANCIAL INFORMATION

27. Financial risk management objectives and policies (continued)

Group (continued)

***27.1 Interest rate risk* (continued)**

The Group manages its interest rate risk by keeping loans and borrowings that exposure the Group to significant interest rate risk at a minimum level. As a result, management believes that interest rate risk is not a significant risk for the Group.

27.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's bank deposits denominated in JPY, which is different from the Company's functional currency (Hong Kong dollar).

The Group manages its foreign currency risk by holding its cash and cash equivalents in HK$ and JPY by the Company/its subsidiaries, and the Group has not entered into any foreign currency hedge transaction.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the JPY exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of the Company's bank deposits denominated in JPY). As the Company was only incorporated during the year ended 30 June 2013, there was no such foreign currency risk at 30 June 2012 and 2011.

	Change in JPY exchange rate	Increase/ (decrease) in profit before tax
		HK$
30 June 2013		
If the JPY weakens against HK$	-5%	(1,185,451)
If the JPY strengthens against HK$	+5%	1,310,236

27.3 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for accounts receivable) and from its other activities, including deposits with banks and financial institutions, foreign exchange transactions, commercial bonds and other financial instruments.

Accounts receivable

Customer credit risk is managed at subsidiary level subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group operates in the online payment processing business, and so receivables are largely due from major banking institutions and credit card companies, on short credit terms, and thus the risk is low. Outstanding customer receivables are regularly monitored. The Group had, one, nil and one customer as at 30 June 2011, 30 June 2012 and 30 June 2013, respectively, that owed the Group more than 10% of total accounts receivable each and accounted for approximately 64%, nil and 15%, respectively, of all the accounts receivable owed. The requirement for impairment is analysed at each reporting date on an individual basis for major debtors. Additionally, a large number of receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data. The maximum exposure to credit risk of the Group's receivables at the end of each reporting period is the carrying amounts of these instruments.

II. NOTES TO FINANCIAL INFORMATION

27. Financial risk management objectives and policies (continued)

Group (continued)

***27.3 Credit risk* (continued)**

Accounts receivable (continued)

The Group does not hold any collateral as security. The Group evaluates the concentration of risk with respect to accounts receivable as not high, as its customers are located mainly in Japan and operate in largely independent markets.

Other financial assets

Credit risk from balances with banks and other financial assets is managed by the Group's management in accordance with the Group's policy. Counterparty credit limits are reviewed by the Group's management on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Group's exposure to credit risk of these financial assets at 30 June 2013, 30 June 2012 and 30 June 2011, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

27.4 Liquidity risk

The Group monitors its risk to a shortage of funds by reviewing cash flow forecasts on a regular basis, and monitoring cash deposits against management expectation. The Group aims to maximise returns on cash deposits, but while minimising the associated risk with these balances. Additionally, the Group has lines of credit with two banks, including overdraft facilities, of JPY10,000,000,000 (approximately HK$786 million) at 30 June 2013 (HK$685 million with two banks at 30 June 2012 and HK$98 million with one bank at 30 June 2011). The Group had no significant liabilities at the end of the reporting period other than short term payables.

The maturity profile of the Group's short-term interest-bearing bank borrowings as at the end of the respective reporting periods is disclosed in note 20. The maturity profile of the Group's finance lease payables as at 30 June 2013, based on the contractual undiscounted payments, amounted to HK$62,480, HK$187,439 and HK$937,192 are repayable less than 3 months, within 3 months to 12 months and more than 12 months, respectively. The maturity profile of other financial liabilities of the Group and the Company including payment processing payables, accounts payable, other payables and accruals, and amounts due to subsidiaries as at the end of the respective reporting periods, based on the contractual undiscounted payments, are either repayable on demand/have no fixed terms of repayment or repayable in less than 3 months.

27.5 Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2011, 30 June 2012 and 30 June 2013.

II. NOTES TO FINANCIAL INFORMATION

28. Business combinations

Group

28.1 Acquisition of Kotohako Inc.

On 28 December 2012, the Group acquired 100% of the voting shares of Kotohako Inc., an unlisted company incorporated and based in Japan and specialising in online marketing and advertisement for a consideration of JPY 217 million (approximately HK$19.4 million).

The fair value of the identifiable net assets acquired at the date of acquisition totalled JPY 62.7 million (approximately HK$5.6 million) and the excess amount paid over the fair value of the net assets was JPY 154 million (approximately HK$13.8 million), which was recorded as goodwill.

The fair values of the identifiable assets and liabilities of Kotohako, Inc. as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$
Cash and cash equivalents	6,404,239
Accounts receivable	832,529
Property, plant and equipment (note 15)	249,117
Other intangible assets (note 13)	130,771
Other current and non-current assets	125,297
Total assets	7,741,953
Interest-bearing bank borrowings	1,441,809
Other current liabilities	687,518
Total liabilities	2,129,327
Total identifiable net assets at fair value	5,612,626
Goodwill arising on acquisition (note 13)	13,821,573
Purchase consideration satisfied by cash	**19,434,199**
Analysis of cash flows on acquisition:	
Cash consideration	(19,434,199)
Cash and cash equivalents acquired	6,404,239
Net cash outflow on acquisition	**(13,029,960)**

The goodwill mainly comprises the value of expected synergies arising from the acquisition. The acquisition was made as part of the Group's strategy to expand its market share.

Since the date of acquisition, Kotohako Inc. contributed HK$3,878,346 to the revenue and HK$2,534,632 to the profit before tax of the Group for the year ended 30 June 2013. Had the combination taken place at the beginning of the year, the revenue of the Group would have been HK$1,183,480,137 and the profit before tax of the Group would have been HK$124,308,415 for the year ended 30 June 2013.

28.2 Acquisition of VeriTrans

On 26 April 2012, DG, the controlling shareholder, acquired 100% of the issued share capital of VeriTrans (together with its subsidiaries, collectively, the "VeriTrans Group"), an unlisted company incorporated and based in Japan and specialising in payment solutions services. The Group has elected to measure the non-controlling interest in the acquiree at fair value.

II. NOTES TO FINANCIAL INFORMATION

28. Business combinations (continued)

Group (continued)

***28.2 Acquisition of VeriTrans* (continued)**

The fair values of the identifiable assets and liabilities of the VeriTrans Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	HK$
Assets	
Cash and cash equivalents	605,633,374
Payment processing receivables	147,106,922
Accounts receivable	28,305,613
Other current assets	4,894,388
Intangible assets (note 13)	823,136,816
Property, plant and equipment (note 15)	12,169,115
Other non-current financial assets	5,059,370
Deferred tax assets	8,001,125
Investment in an associate	4,483,006
Total assets	1,638,789,729
Liabilities	
Payment processing payables	534,787,840
Accounts payable, other payables and accruals	31,882,323
Income tax payable	35,255,306
Other current liabilities	2,297,272
Provisions	1,142,007
Deferred tax liabilities	272,226,818
Total liabilities	877,591,566
Total identifiable net assets at fair value	761,198,163
Non-controlling interests	(6,496,720)
Goodwill arising on acquisition (note 13)	482,584,817
Purchase consideration transferred	1,237,286,260

	HK$
Purchase consideration	
Total consideration transferred by DG*	1,237,286,260

	HK$
Analysis of cash flows on acquisition:	
Cash and cash equivalents acquired	605,633,374
Net cash inflow on acquisition	**605,633,374**

* In April 2012, DG acquired the entire issued share capital of VeriTrans from an external third party for a total cash consideration of JPY 13 billion (approximately HK$1,237,286,260). 99.8% equity interest in VeriTrans was subsequently transferred from DG to the Group as part of the Reorganization and was satisfied by the Company issuing 122,422,390 shares of the Company of HK$10 each credited as fully paid to DG.

No material transaction costs were borne by the Group in connection with this acquisition.

II. NOTES TO FINANCIAL INFORMATION

28. Business combinations (continued)

Group (continued)

***28.2 Acquisition of VeriTrans* (continued)**

The goodwill of HK$482,584,817 mainly comprises the value of expected synergies arising from the acquisition. The acquisition was made as part of the Group's strategy to expand its market share. None of the goodwill recognised is expected to be deductible for income tax purposes. The Group has recognised deferred tax liability of HK$272,226,818 due to the recognition of identifiable intangible assets resulting from purchase price allocation of the acquisition of VeriTrans. The deferred tax liabilities of HK$272,226,818 represent temporary difference arising from initial recognition of other intangible assets for the amount of HK$759,210,114, taxed at applicable tax rate of Japan of 38.01% and 35.64%.

Since the date of acquisition, VeriTrans contributed HK$131,987,741 to the revenue and HK$20,617,017 to the profit before tax of the Group for the year ended 30 June 2012. Had the combination taken place at the beginning of the year, revenue would have been HK$1,106,536,999 and the profit before tax would have been HK$164,175,785 for the Group for the year ended 30 June 2012.

29. Provisions and contingencies

Group

	Dilapidation provisions
	HK$
At 1 July 2010 and 30 June 2011	-
Acquisition of a subsidiary (note 28)	1,142,007
Additions	3,980
Exchange realignment	26,779
At 30 June 2012 and at 1 July 2012	1,172,766
Additions	1,037,970
Amounts utilised during the year	(1,003,872)
Exchange realignment	(190,554)
At 30 June 2013	1,016,310

In the opinion of the directors of the Company, both the dilapidation provisions at 30 June 2012 and 30 June 2013 are considered to be non-current.

Dilapidation provisions

The Group has entered into a number of leases/sub-lease arrangements for office spaces. As part of these arrangements, the Group is required to return the leased properties to their original condition at the end of the respective leases. Accordingly, dilapidation provisions were made for the estimated costs to reinstate those leased properties to their original condition at the end of the respective leases.

Contingent liabilities

The Group and the Company did not have any material contingent liabilities as at the end of each of the Relevant Periods.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition

The financial information of the VeriTrans Group for the year ended 30 June 2011 and for the period from 1 July 2011 to 25 April 2012 (the day immediately before DG's acquisition of the entire issued share capital of VeriTrans) is as follows:

Consolidated income statements

	Notes	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
		HK$	HK$
Revenue	I	609,982,992	621,508,124
Cost of sales		(437,319,993)	(453,854,530)
Gross profit		172,662,999	167,653,594
Selling, general and administrative expenses		(62,683,309)	(58,921,513)
Other operating expenses	III	(3,158,496)	(5,085,460)
Other operating income	III	1,429,500	1,282,055
Operating profit	II	108,250,694	104,928,676
Finance income	V	2,203,197	1,765,902
Finance costs	V	(753,033)	(588,434)
Share of after-tax profit of an associate		-	22,209
Gain on disposal of financial investments		1,542,654	-
Profit before tax		111,243,512	106,128,353
Income tax expense	VII	(44,024,319)	(45,603,908)
Profit for the year/period		67,219,193	60,524,445
Profit attributable to:			
Equity holders of VeriTrans		69,421,298	62,271,275
Non-controlling interests		(2,202,105)	(1,746,830)
		67,219,193	60,524,445

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

Consolidated statements of comprehensive income

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Profit for the year/period	67,219,193	60,524,445
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	25,056,581	(6,208,667)
Available-for-sale investments:		
Reclassification adjustment for gain included in the consolidated income statement - gain on disposal	(901,917)	-
Income tax effect	380,280	-
	(521,637)	-
Other comprehensive income/(loss) for the year/period, net of tax	24,534,944	(6,208,667)
Total comprehensive income for the year/period, net of tax	91,754,137	54,315,778
Attributable to:		
Equity holders of VeriTrans	93,808,572	56,017,406
Non-controlling interests	(2,054,435)	(1,701,628)
	91,754,137	54,315,778

Consolidated statements of financial position

	Notes	30 June 2011	25 April 2012
		HK$	HK$
Assets			
Current assets			
Cash and cash equivalents	XII	262,071,749	605,633,374
Payment processing receivables	XIV	185,311,394	147,106,922
Accounts receivable	XI	28,533,079	28,305,613
Financial investments	XV	96,564,883	-
Other current assets		4,141,808	4,894,388
		576,622,913	**785,940,297**
Non-current assets			
Intangible assets	VIII	62,926,328	63,216,703
Property, plant and equipment	IX	15,552,034	12,169,115
Security deposits	XV	4,571,234	5,059,370
Deferred tax assets	VII	7,674,116	8,001,125
Investment in an associate	X	-	4,483,006
		90,723,712	**92,929,319**
Total assets		**667,346,625**	**878,869,616**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

Consolidated statements of financial position (continued)

	Notes	30 June 2011	25 April 2012
		HK$	HK$
Liabilities			
Current liabilities			
Payment processing payables	XIV	245,778,059	534,787,840
Accounts payable, other payables and accruals	XIII	32,874,433	31,882,323
Interest-bearing bank borrowings	XV	57,859,209	-
Income tax payable		12,335,754	35,255,306
Other current liabilities		4,643,505	2,297,271
		353,490,960	**604,222,740**
Non-current liabilities			
Provisions	XIX	1,132,844	1,142,007
		1,132,844	1,142,007
Total liabilities		**354,623,804**	**605,364,747**
Equity			
Issued capital	XVII	93,982,745	93,982,745
Share premium	XVII	5,117,153	5,117,153
Treasury shares	XVII	(47,395,966)	-
Other reserves		2,863,830	(44,353,588)
Retained earnings		225,575,189	193,606,797
Foreign currency translation reserve		24,908,911	18,655,042
Equity attributable to equity holders of VeriTrans		**305,051,862**	**267,008,149**
Non-controlling interests		7,670,959	6,496,720
Total equity		**312,722,821**	**273,504,869**
Total liabilities and equity		**667,346,625**	**878,869,616**
Net current assets		**223,131,953**	**181,717,557**
Total assets less current liabilities		**313,855,665**	**274,646,876**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

Consolidated statements of changes in equity

	Attributable to the equity holders of VeriTrans									
	Issued capital	Share premium account	Treasury shares	Other reserves	Retained earnings	Available-for-sale investment revaluation reserve	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$	HK$
As at 1 July 2010	93,841,009	4,975,467	(37,999,025)	1,602,867	168,702,384	521,637	-	231,644,339	1,915,045	233,559,384
Profit for the year	-	-	-	-	69,421,298	-	-	69,421,298	(2,202,105)	67,219,193
Other comprehensive income/(loss):										
Changes in fair value of available-for-sale investments, net of tax	-	-	-	-	-	(521,637)	-	(521,637)	-	(521,637)
Exchange differences on translation	-	-	-	-	-	-	24,908,911	24,908,911	147,670	25,056,581
Total comprehensive income for the year	-	-	-	-	69,421,298	(521,637)	24,908,911	93,808,572	(2,054,435)	91,754,137
Issue of shares (note XVII)	141,736	141,686	-	-	-	-	-	283,422	-	283,422
Issue of shares by a subsidiary	-	-	-	6,965,528	-	-	-	6,965,528	7,420,561	14,386,089
Dividends (note V)	-	-	-	-	(12,548,493)	-	-	(12,548,493)	-	(12,548,493)
Purchase of treasury shares (note XVII)	-	-	(9,396,941)	-	-	-	-	(9,396,941)	-	(9,396,941)
Change in non-controlling interests without change in control	-	-	-	(5,704,565)	-	-	-	(5,704,565)	389,788	(5,314,777)
As at 30 June 2011	**93,982,745**	**5,117,153**	**(47,395,966)**	**2,863,830**	**225,575,189**	**-**	**24,908,911**	**305,051,862**	**7,670,959**	**312,722,821**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

Consolidated statements of changes in equity (continued)

	Attributable to the equity holders of VeriTrans									
	Issued capital	**Share premium account**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Available-for-sale investment revaluation reserve**	**Foreign current translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	HK$	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**	**HK$**
As at 1 July 2011	**93,982,745**	**5,117,153**	**(47,395,966)**	**2,863,830**	**225,575,189**	**-**	**24,908,911**	**305,051,862**	**7,670,959**	**312,722,821**
Profit for the period	-	-	-	-	62,271,275	-	-	62,271,275	(1,746,830)	60,524,445
Other comprehensive loss:										
Exchange differences on translation	-	-	-	-	-	-	(6,253,869)	(6,253,869)	45,202	(6,208,667)
Total comprehensive income for the period	-	-	-	-	62,271,275	-	(6,253,869)	56,017,406	(1,701,628)	54,315,778
Dividends (note V)	-	-	-	-	(94,239,667)	-	-	(94,239,667)	-	(94,239,667)
Cancellation of treasury shares (note XVII)	-	-	47,395,966	(47,395,966)	-	-	-	-	-	-
Issue of shares by a subsidiary	-	-	-	178,548	-	-	-	178,548	527,389	705,937
As at 25 April 2012	**93,982,745**	**5,117,153**	**-**	**(44,353,588)**	**193,606,797**	**-**	**18,655,042**	**267,008,149**	**6,496,720**	**273,504,869**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

Consolidated statements of cash flows

	Notes	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
		HK$	HK$
Cash flows from operating activities			
Profit before tax		111,243,512	106,128,353
Adjustments for:			
Depreciation of property, plant and equipment	IX	4,412,033	4,407,553
Amortisation of intangible assets	VIII	18,514,258	17,960,086
Loss on disposals/retirements of items of property, plant and equipment	III	128,283	-
Loss on disposals/retirements of intangible assets	III	1,679,362	-
Finance income	V	(2,203,197)	(1,765,902)
Gain on disposal of financial investments		(1,542,654)	-
Finance costs	V	753,033	588,434
Share of after-tax profit of an associate		-	(22,209)
		132,984,630	127,296,315
Increase in security deposits		(373,525)	(425,089)
Decrease/(increase) in payment processing receivables		(52,227,427)	37,045,690
Increase in payment processing payables		127,584,612	301,501,221
Increase in accounts receivables		(2,836,870)	(206,711)
Decrease/(increase) in other current assets		(193,670)	155,671
Increase/(decrease) in accounts payable, other payables and accruals		5,110,877	(564,977)
Increase/(decrease) in other current liabilities		296,484	(2,009,741)
Increase in provisions		13,076	19,584
Cash generated from operations		210,358,187	462,811,963
Interest received		2,203,085	2,333,768
Interest paid		(753,033)	(588,434)
Japan income taxes paid		(42,403,384)	(22,565,241)
Net cash flows from operating activities		**169,404,855**	**441,992,056**
Cash flows from investing activities			
Purchase of items of property, plant and equipment	IX	(10,300,473)	(1,071,190)
Purchase of intangible assets	VIII	(26,394,763)	(18,821,541)
Purchase of financial investments		(98,772,721)	(4,646,460)
[●] from sale of financial investments		99,065,421	99,009,901
Net cash flows from/(used in) investing activities		**(36,402,536)**	**74,470,710**
Cash flows from financing activities			
Dividends paid		(12,548,493)	(94,239,667)
[●] from issue of shares		283,422	-
Purchase of treasury shares		(9,396,941)	-
[●] from issue of shares by a subsidiary to non-controlling interests		14,386,089	705,937
[●] from bank borrowings		3,503,340,374	2,524,752,475
Repayment of bank borrowings		(3,448,598,131)	(2,584,158,416)
Net cash flows from/(used in) financing activities		**47,466,320**	**(152,939,671)**
Increase in cash and cash equivalents		180,468,639	363,523,095
Cash and cash equivalents at beginning of year/period		67,114,188	262,071,749
Effect of foreign exchange rate changes, net		14,488,922	(19,961,470)
Cash and cash equivalents at end of year/period		**262,071,749**	**605,633,374**
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank deposits		262,071,749	605,633,374

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

I. Revenue

An analysis of the revenue of the VeriTrans Group, which is also the turnover of the VeriTrans Group, is as follows:

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Initial setup and monthly fees	40,187,357	36,051,798
Settlement data transaction fees	65,092,151	61,266,629
Agency payment fees	422,165,602	442,097,275
Advertising related services	46,178,392	54,166,927
Information security services	20,660,943	16,982,346
Others	15,698,547	10,943,149
	609,982,992	621,508,124

II. Operating profit

The operating profit of the VeriTrans Group is arrived at after charging/(crediting):

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Employee benefit expense (including directors' remuneration (note IV)):		
Salaries, allowances, bonuses and benefits in kind*	38,075,911	34,435,661
Social security costs*	5,458,445	5,053,547
Pension scheme contributions*^	1,335,744	1,259,807
Less: Amount capitalised	(1,441,133)	(1,563,708)
	43,428,967	39,185,307
Minimum lease payments under operating leases in respect of land and buildings	3,108,465	2,773,313
Depreciation of property, plant and equipment (note IX)	4,412,033	4,407,553
Amortisation of intangible assets (note VIII)	18,514,258	17,960,086
Auditors' remuneration for audit services	2,101,870	990,099
Impairment of accounts receivable (note XI)	396,729	346,415
Within cost of sales:		
Salaries, allowances, bonuses and benefits in kind*	13,469,454	13,176,425
Social security costs*	2,034,046	2,109,695
Pension scheme contributions*^	523,620	539,910
Depreciation of property, plant and equipment	3,366,086	3,212,559
Amortisation of intangible assets	16,974,096	16,949,493
Within selling, general and administrative expenses:		
Salaries, allowances, bonuses and benefits in kind*	24,606,457	21,259,236
Social security costs*	3,424,399	2,943,582
Pension scheme contributions*^	812,124	719,897
Minimum lease payments under operating leases in respect of land and buildings	3,108,465	2,773,313
Depreciation of property, plant and equipment	1,045,947	1,194,994
Amortisation of intangible assets	1,540,162	1,010,593
Auditors' remuneration for audit services	2,101,870	990,099
Impairment of accounts receivable	396,729	346,415

^ At 30 June 2011 and 25 April 2012, the VeriTrans Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

* Before deducting amount capitalised

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

III. Other operating income and expenses

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Other operating income		
Vendor's contribution to software development	1,170,450	942,951
Others	259,050	339,104
	1,429,500	1,282,055
Other operating expenses		
Loss on disposals/retirements of items of property, plant and equipment	128,283	-
Loss on disposals/retirements of intangible assets	1,679,362	-
Donation	2,976	4,455,446
Others	1,347,875	630,014
	3,158,496	5,085,460

IV. Remuneration of directors of VeriTrans and five highest paid employees of the VeriTrans Group

Directors' remuneration

Directors' remuneration for the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012 is as follows:

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Fees	-	-
Other emoluments:		
Salaries, allowances and benefits in kind	3,300,870	3,107,378
Social security costs	130,628	150,620
Performance related bonuses	-	395,104
Pension scheme contributions	139,473	156,150
	3,570,971	**3,809,252**

Executive directors and non-executive directors of VeriTrans

The remuneration of each of the executive directors of VeriTrans for the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012 is set out below:

	Salaries, allowances and benefits in kind	Social security costs	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$	HK$	HK$	HK$	HK$
Year ended 30 June 2011					
Executive directors					
Yoshitaka Kitao	-	-	-	-	-
Takashi Okita	1,237,507	50,050	-	46,491	1,334,048
Tomohiro Yamaguchi	1,175,513	47,900	-	46,491	1,269,904
Kohei Akao	887,850	32,678	-	46,491	967,019
	3,300,870	**130,628**	-	**139,473**	**3,570,971**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

IV. Remuneration of directors of VeriTrans and five highest paid employees of the VeriTrans Group (continued)

Executive directors and non-executive directors of VeriTrans (continued)

	Salaries, allowances and benefits in kind	Social security costs	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$	HK$	HK$	HK$	HK$
Period from 1 July 2011 to 25 April 2012					
Executive directors					
Yoshitaka Kitao	-	-	-	-	-
Takashi Okita	1,118,515	59,191	197,552	54,295	1,429,553
Tomohiro Yamaguchi	1,060,841	53,018	98,776	50,221	1,262,856
Kohei Akao	851,280	37,362	98,776	50,221	1,037,639
Hiroshi Shino*	76,742	1,049	-	1,413	79,204
	3,107,378	**150,620**	**395,104**	**156,150**	**3,809,252**

* Only includes the remuneration of Hiroshi Shino for the period subsequent to his appointment as a director of VeriTrans.

There was no non-executive directors for the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012.

During the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012, no remunerations was paid or payable by the VeriTrans Group to the directors as an inducement to join or upon joining the VeriTrans Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012.

Five highest paid employees of the VeriTrans Group

The five highest paid employees the VeriTrans Group during the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012 included 3 and 4 directors, respectively, details of whose remuneration are set out above.

Details of the remuneration of the remaining 2 and 1 highest paid employees of the VeriTrans Group who are neither a director nor chief executive of VeriTrans for the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012, respectively, are as follows:

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Salaries, allowances and benefits in kind	1,959,672	878,307
Pension scheme contributions	40,382	17,824
	2,000,054	**896,131**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

IV. Remuneration of directors of VeriTrans and five highest paid employees of the VeriTrans Group (continued)

Five highest paid employees of the VeriTrans Group (continued)

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	1	-
	2	**1**

During the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012, no remunerations was paid or payable by the VeriTrans Group to the non-director, five highest paid employees of the VeriTrans Group as an inducement to join or upon joining the VeriTrans Group as compensation for loss of office.

V. Finance income and costs

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Finance income		
Bank interest income	102,826	106,333
Other finance income	2,100,371	1,659,569
Total finance income	**2,203,197**	**1,765,902**

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Finance costs		
Interest on bank loans wholly repayable within five years or on demand	753,033	588,434

VI. Dividends

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Interim - HK$582.7 (2011: Nil) per ordinary share	-	94,239,667
Final* - Nil (2011: HK$77.7) per ordinary share	12,548,493	-
	12,548,493	94,239,667

* Being final dividend of VeriTrans for its fiscal year ended 31 March 2011.

VII. Tax

i) Income tax expense

No provision for Hong Kong profits tax has been made as the VeriTrans Group did not generate any assessable profits arising in Hong Kong during the year ended 30 June 2011 and period from

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

VII. Tax (continued)

i) *Income tax expense* (continued)

1 July 2011 to 25 April 2012. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the VeriTrans Group operates.

The major components of income tax expense for the year ended 30 June 2011 and for the period from 1 July 2011 to 25 April 2012 are:

Reported in consolidated income statements

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Current income tax		
Current income tax charge - Japan	44,926,017	46,010,956
Deferred tax		
Relating to origination and reversal of temporary differences	2,032,415	(998,517)
Increase/(reduction) in tax rate	(28,147)	591,469
Recognition of unrecognised tax losses of prior periods	(2,905,966)	-
Total income tax expense reported in the consolidated income statement	**44,024,319**	**45,603,908**

Reported in consolidated statements of other comprehensive income

	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Deferred tax related to items credited to equity during the year/period:		
Gain on disposal of available-for-sale investments	380,280	-
Income tax charged directly to other comprehensive income	**380,280**	**-**

ii) *Reconciliation of income tax expense*

A reconciliation of the tax expense applicable to profit before tax at VeriTrans's statutory tax rate to the tax expense at the VeriTrans Group's effective tax rate is as follows:

	Year ended 30 June 2011		Period from 1 July 2011 to 25 April 2012	
	HK$	%	HK$	%
Profit before tax	111,243,512		106,128,353	
Tax at statutory income tax rate of VeriTrans	45,264,985	40.69	43,183,627	40.69
Expenses not deductible for tax	19,100		185,146	
Adjustments in respect of current tax of previous periods	(327,802)		148,845	
Changes in tax rates	(28,147)		591,469	
Tax losses not recognised	1,940,198		967,513	
Tax losses utilised from previous periods	(2,905,966)		-	
Others	61,951		527,308	
Tax at the VeriTrans Group's effective income tax rate	**44,024,319**	**39.6**	**45,603,908**	**43.0**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

VII. Tax (continued)

iii) Deferred tax

Deferred tax relates to the following:

	Consolidated statements of financial position		Consolidated income statements	
	30 June 2011	25 April 2012	Year ended 30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$	HK$	HK$
Difference in depreciation allowance for tax purposes and related depreciation expense	821,517	578,793	(526,096)	244,055
Accrued Japanese enterprise tax	977,248	2,214,076	(125,131)	(1,289,622)
Vacation accruals	942,093	619,319	(125,982)	325,884
Realised gain on sale of investment in [●]	-	-	1,958,687	-
Intangible assets	2,248,831	1,666,112	(1,725,223)	583,451
Revenue recognition	2,579,424	2,560,319	(342,927)	(3,199)
Others	105,003	362,506	(15,026)	(267,617)
Deferred tax expense			(901,698)	(407,048)
Deferred tax assets, net	7,674,116	8,001,125		
Reflected in the consolidated statement of financial position as follows:				
Deferred tax assets	8,122,648	8,250,993		
Deferred tax liabilities	(448,532)	(249,868)		
Deferred tax assets, net	7,674,116	8,001,125		

Reconciliation of deferred tax assets, net:

	30 June 2011	25 April 2012
	HK$	HK$
Opening balance as at the beginning of the year/period	5,336,310	7,674,116
Deferred tax income recognised in the consolidated income statement	901,698	407,048
Deferred tax income recognised in other comprehensive income	380,280	-
Exchange realignment	1,055,828	(80,039)
Closing balance at the end of the year/period	7,674,116	8,001,125

iv) Unrecognised tax losses

The VeriTrans Group has tax losses which arose in Japan of HK$15,650,942 and HK$18,561,561 as at 30 June 2011 and 25 April 2012, respectively, that will expire in three to nine years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits of the companies within the VeriTrans Group and they have arisen in subsidiaries of the VeriTrans Group that have been loss-making for some time or it is currently not considered probable that taxable profits will be available against which the tax losses can be utilised.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

VIII. Intangible assets

	Software	Software development in progress	Others	Total
	HK$	HK$	HK$	HK$
Cost				
As at 1 July 2010	103,900,475	3,398,905	359,825	107,659,205
Additions - internal development	-	1,441,133	-	1,441,133
Additions - acquired separately	-	24,948,785	4,845	24,953,630
Transfers	27,934,965	(27,934,965)	-	-
Disposals/retirements	(1,747,286)	(1,519,605)	(5,384)	(3,272,275)
Exchange realignment	7,410,696	230,238	31,673	7,672,607
As at 30 June 2011	**137,498,850**	**564,491**	**390,959**	**138,454,300**
Additions - internal development	-	1,563,708	-	1,563,708
Additions - acquired separately	-	17,196,922	60,911	17,257,833
Transfers	16,537,736	(16,537,736)	-	-
Exchange realignment	(1,752,245)	(81,361)	(5,461)	(1,839,067)
As at 25 April 2012	**152,284,341**	**2,706,024**	**446,409**	**155,436,774**
Accumulated amortisation				
As at 1 July 2010	54,453,400	-	141,280	54,594,680
Amortisation	18,495,135	-	19,123	18,514,258
Disposals/retirements	(1,592,375)	-	(538)	(1,592,913)
Exchange realignment	4,000,218	-	11,729	4,011,947
As at 30 June 2011	**75,356,378**	**-**	**171,594**	**75,527,972**
Amortisation	17,927,222	-	32,864	17,960,086
Exchange realignment	(1,265,380)	-	(2,607)	(1,267,987)
As at 25 April 2012	**92,018,220**	**-**	**201,851**	**92,220,071**
Net carrying amount				
As at 30 June 2011	**62,142,472**	**564,491**	**219,365**	**62,926,328**
As at 25 April 2012	**60,266,121**	**2,706,024**	**244,558**	**63,216,703**

Software

Software is amortised over its expected useful life of 5 years. Software under development is not amortised, but is reviewed for impairment when appropriate.

Software and software development in progress

Expenditure incurred on a project to develop software, including internal expenditure and costs of third party contractors incurred for development of the software, is capitalised and deferred only when the VeriTrans Group can demonstrate the technical feasibility of completing the software so that it will be available for use, its intention to complete and its ability to use the asset, how the software will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Software development expenditure which does not meet these criteria is expensed when incurred. After the completion of the development, the software development expenditure is transferred to software account.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

VIII. Intangible assets (continued)

Software and software development in progress (continued)

All research costs are charged to profit or loss as incurred.

Software costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the estimated useful lives of the underlying software not exceeding five years, commencing from the date when the software is put into use. Software under development is not amortised, but is assessed for impairment where appropriate.

IX. Property, plant and equipment

	Leasehold improvements	Fixtures, fittings and equipment	Total
	HK$	HK$	HK$
Cost			
As at 1 July 2010	1,948,798	19,146,264	21,095,062
Additions	19,252	10,281,221	10,300,473
Disposals/retirements	(8,516)	(4,221,809)	(4,230,325)
Exchange realignment	188,269	2,039,139	2,227,408
As at 30 June 2011	**2,147,803**	**27,244,815**	**29,392,618**
Additions	-	1,071,190	1,071,190
Disposals/retirements	-	(17,334)	(17,334)
Exchange realignment	(18,480)	(281,523)	(300,003)
As at 25 April 2012	**2,129,323**	**28,017,148**	**30,146,471**
Accumulated depreciation			
As at 1 July 2010	209,957	11,885,362	12,095,319
Depreciation for the year	227,362	4,184,671	4,412,033
Disposals/retirements	(8,516)	(4,093,526)	(4,102,042)
Exchange realignment	33,625	1,401,649	1,435,274
As at 30 June 2011	**462,428**	**13,378,156**	**13,840,584**
Depreciation for the period	180,412	4,227,141	4,407,553
Disposals/retirements	-	(17,334)	(17,334)
Exchange realignment	(10,187)	(243,260)	(253,447)
As at 25 April 2012	**632,653**	**17,344,703**	**17,977,356**
Net carrying amount			
As at 30 June 2011	**1,685,375**	**13,866,659**	**15,552,034**
As at 25 April 2012	**1,496,670**	**10,672,445**	**12,169,115**

X. Investment in an associate

	30 June 2011	25 April 2012
	HK$	HK$
Share of net assets	-	4,483,006

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

X. Investment in an associate (continued)

Particulars of the associate are as follows:

Entity name	Particulars of issued shares held	Place of incorporation	Percentage of ownership interest attributable to the VeriTrans Group	Principal activity
PT. Midtrans*	598,000 ordinary shares of IDR8,890 each	Indonesia	23	Online payment service provider

* Not audited by [●] or another member firm of the [●] global network.

	Period ended 25 April 2012
	HK$
The amount of the VeriTrans Group's share of the associate:	
Profit for the period	22,210
Other comprehensive loss	(185,664)
Total comprehensive loss	(163,454)

The associate was acquired during the period ended 25 April 2012.

XI. Accounts receivable

	30 June 2011	25 April 2012
	HK$	HK$
Accounts receivable	28,897,127	28,848,087
Impairment	(364,048)	(542,474)
	28,533,079	28,305,613

Accounts receivable are non-interest-bearing and are generally on 30-day terms from the month-end closing date. Each debtor has a maximum credit limit. The VeriTrans Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the VeriTrans Group's accounts receivable relate to a large number of diversified debtors, there is no significant concentration of credit risk. The VeriTrans Group does not hold any collateral or other credit enhancements over its accounts receivable balances.

Included in the VeriTrans Group's accounts receivable are amounts due from SBI Holdings Inc., the then ultimate holding company of VeriTrans and its subsidiaries (collectively, the "SBI Group") of HK$1,370,086 and HK$2,561,731 at 30 June 2011 and 25 April 2012, respectively, which are generally repayable on similar terms to those offered to the major customers of the VeriTrans Group.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XI. Accounts receivable (continued)

At 30 June 2011 and 25 April 2012, an aged analysis of the accounts receivable, based on the invoice date and net of provision, is as follows:

	Total	0-30 days	31-60 days	61-90 days	91-120 days	Over 120 days
	HK$	HK$	HK$	HK$	HK$	HK$
25 April 2012	28,305,613	22,640,641	3,799,435	528,794	5,230	1,331,513
30 June 2011	28,533,079	23,121,538	3,732,288	439,683	45,803	1,193,767

The movements in provision for impairment of accounts receivable are as follows:

	30 June 2011	25 April 2012
	HK$	HK$
At beginning of year/period	332,555	364,048
Impairment losses recognised (note II)	396,729	188,030
Written off as uncollectible	(397,288)	-
Exchange realignment	32,052	(9,604)
At end of year/period	364,048	542,474

Included in the above provision for impairment of accounts receivable is a provision for collectively impaired accounts receivable of HK$364,048 and HK$542,474, as at 30 June 2011 and 25 April 2012 with a carrying amount before provision of HK$28,897,127 and HK$28,848,087, respectively.

An aged analysis of the accounts receivable that are not individually considered to be impaired is as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			0-30 days	31-60 days	61-90 days	91-120 days	over 120 days
	HK$	HK$	HK$	HK$	HK$	HK$	HK$
25 April 2012	28,305,613	23,530,587	3,291,925	114,828	133,649	-	1,234,624
30 June 2011	28,533,079	24,206,183	2,958,840	84,678	126,389	45,754	1,111,235

XII. Cash and cash equivalents

	30 June 2011	25 April 2012
	HK$	HK$
Bank deposits and cash and cash equivalents as stated in the VeriTrans Group's consolidated statements of financial position	262,071,749	605,633,374

Interest-bearing bank deposits earn interest at floating rates based on daily bank deposit rates. The bank deposits are deposited with creditworthy banks with no recent history of default.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XIII. Accounts payable, other payables and accruals

	30 June 2011	25 April 2012
	HK$	HK$
Accounts payable	14,441,633	11,817,096
Other payables	14,923,954	17,325,050
Accruals	3,508,846	2,740,177
	32,874,433	31,882,323

The above financial liabilities are non-interest bearing and are normally settled on 30-day terms.

An aged analysis of the VeriTrans' Group accounts payable as at 30 June 2011 and 25 April 2012, based on the invoice date, is within one month.

XIV. Payment processing receivables/payables

During the course of its payment processing business, the VeriTrans Group receives cash remittances from consumers paying for goods and services at convenience stores, by credit cards and other means. In turn, the VeriTrans Group remits these amounts to the providers of those goods and services, such as online merchants. The timing of these receipts and payments does not always match, and thus the related assets and liabilities may fluctuate on a daily basis.

Additionally included in the tables below are advance payments made to online merchants before the VeriTrans Group receives cash settlements from customers through credit card companies to ease cash flows of such online merchants. These assets and liabilities are transitory in nature and subject to substantial fluctuation from one reference date to another.

Payment processing - receivables

	30 June 2011	25 April 2012
	HK$	HK$
Agency payment services - cash in transit from convenience stores	47,975,695	56,728,422
Advance payments made to online merchants*	137,335,699	90,378,500
	185,311,394	147,106,922

* The advance payments made to online merchants will be offset when the VeriTrans Group receives cash from credit card companies for those merchants.

Payment processing - payables

	30 June 2011	25 April 2012
	HK$	HK$
Agency payment services - to be paid to online merchants on behalf of credit card companies	245,778,059	534,787,840

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XV. Financial assets and liabilities

i) Financial assets

	30 June 2011	25 April 2012
	HK$	HK$
Loans and receivables		
Cash and cash equivalents	262,071,749	605,633,374
Accounts receivable	28,533,079	28,305,613
Agency payment service - cash in transit from convenience stores	47,975,695	56,728,422
Financial investments	96,564,883	-
Security deposits	4,571,234	5,059,370
Total	**439,716,640**	**695,726,779**
Total current	435,145,406	690,667,409
Total non-current	4,571,234	5,059,370
	439,716,640	695,627,779

ii) Financial liabilities

	30 June 2011	25 April 2012
	HK$	HK$
Financial liabilities at amortised cost:		
Interest-bearing bank borrowings	57,859,209	-
Payment processing payables	245,778,059	534,787,840
Financial liabilities included in accounts payable, other payables and accruals	29,365,587	29,142,146
Total	**333,002,855**	**563,929,986**
Total current	333,002,855	563,929,986

iii) Interest-bearing bank borrowings

	Interest rate	Maturity	30 June 2011	25 April 2012
			HK$	HK$
Current interest-bearing bank borrowings				
Bank loan - unsecured	1.475%	15 July 2011	57,859,209	-
Total current interest-bearing bank borrowings			57,859,209	-

Bank loans and overdrafts

The VeriTrans Group has unsecured lines of credit with two banks for an aggregate amount of JPY 7 billion (approximately HK$669 million), with an interest rate of 1.475% per annum. The amounts utilised under the lines of credit were HK$57,859,209 and nil at 30 June 2011 and 25 April 2012, respectively.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XV. Financial assets and liabilities (continued)

iv) Fair values

As at 30 June 2011 and 25 April 2012, the fair values of the VeriTran Group's financial assets and financial liabilities approximated to their carrying amounts. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, payment processing receivables, accounts receivable, financial investments, security deposits, payment processing payables, financial liabilities included in accounts payable, other payables and accruals, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments or as the effect of discounting is immaterial.

XVI. Related party transactions

VeriTrans Group had the following transactions with SBI Group at terms agreed between the relevant parties during the year ended 30 June 2011 and the period from 1 July 2011 to 25 April 2012:

Then ultimate holding company: SBI Group

	30 June 2011	Period from 1 July 2011 to 25 April 2012
	HK$	HK$
Income and expenses		
Sales to SBI Group	26,423,681	21,977,746
Interest income from SBI Group*	2,149,533	1,659,569
Rental expenses to SBI Group	2,418,944	2,280,907
Business support expense to SBI Group	2,385,392	2,240,138
Donations to non-profit subsidiary of SBI Group	-	4,455,446
Agency fee to SBI Group	646,332	1,004,488
Dividends paid to SBI Group	5,425,073	94,239,667

* Represents investment in commercial bonds of eResearch, a group company of SBI, amounting to HK$96,564,833 as at 30 June 2011 which was repaid on 23 March 2012.

Details of accounts receivable with the SBI Group as at 30 June 2011 and 25 April 2012 are disclosed in note XI.

Terms and conditions of transactions with the SBI Group

Generally, sales are made or with reference to normal market prices. Interest income was based on the prevailing interest rates as stipulated in the agreements. The VeriTrans Group has not provided or benefitted from any guarantees for any related party receivables or payables. Rental expenses are charged with reference to the market rental. Business support payment and agency fee were based on agreed terms.

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XVII. Issued capital, share premium account and treasury shares account

	Issued capital	Share premium account	Treasury shares	Total
	HK$	HK$	HK$	HK$
As at 1 July 2010	93,841,009	4,975,467	(37,999,025)	60,817,451
Issue of shares (note a)	141,736	141,686	-	283,422
Purchase of treasury shares (note b)	-	-	(9,396,941)	(9,396,941)
As at 30 June 2011	**93,982,745**	**5,117,153**	**(47,395,966)**	**51,703,932**
Cancellation of treasury shares (note c)	-	-	47,395,966	47,395,966
As at 25 April 2012	**93,982,745**	**5,117,153**	**-**	**99,099,898**

Notes:

(a) The 516 share options exercised during the year resulted in the issue of 516 shares and new share capital of HK$141,736 and share premium of HK$141,686.

(b) 2,065 treasury shares were repurchased by VeriTrans during the year.

(c) 9,565 treasury shares were cancelled on 29 July 2011.

XVIII. Commitments

Operating lease commitments - VeriTrans Group as lessee

The VeriTrans Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years. As at 30 June 2011 and 25 April 2012, the VeriTrans Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011	25 April 2012
	HK$	HK$
Within one year	1,814,157	1,510,933
In the second to fifth years, inclusive	179,701	126,439
	1,993,858	1,637,372

Capital commitments

At 30 June 2011 and 25 April 2012, the VeriTrans Group had no material capital commitments.

XIX. Provisions and contingencies

	Dilapidation provisions
	HK$
At 1 July 2010	1,020,905
Additions	13,076
Exchange realignment	98,863
At 30 June 2011 and 1 July 2011	**1,132,844**
Additions	19,584
Exchange realignment	(10,421)
At 25 April 2012	**1,142,007**

II. NOTES TO FINANCIAL INFORMATION

30. Additional financial information of the VeriTrans Group before acquisition (continued)

XIX. Provisions and contingencies (continued)

In the opinion of the directors, both the dilapidation provisions at 30 June 2011 and 25 April 2012 are non-current.

Dilapidation provisions

The VeriTrans Group had entered into certain lease/sub-lease arrangements for an office space. As part of the arrangements, the VeriTrans Group is required to return the leased property to its original condition at the end of the lease. Accordingly, dilapidation provisions were made for the estimated costs to reinstate those lease properties to their original condition at the end of the respective leases.

Contingent liabilities

The VeriTrans Group did not have any material contingent liabilities as at 30 June 2011 and 25 April 2012.

31. Events after the reporting period

(a) On 24 July 2013, certain written resolutions of the shareholders of NaviPlus Co., Ltd. ("NaviPlus") were passed to approve the merger of NaviPlus and Kotohako, Inc., with NaviPlus being the surviving entity effective on 1 September 2013.

(b) Pursuant to written resolutions of the shareholders of the Company passed on 9 August 2013 in accordance with section 58 of the Hong Kong Companies Ordinance, the issued share capital of the Company was reduced from HK$1,623,234,910 divided into 162,323,491 shares of par value HK$10.00 each to HK$1,623,234.91 divided into 162,323,491 shares of par value HK$0.01 each by cancelling the paid up capital of the Company to the extent of HK$9.99 on each issued share of the Company. The amount arising from the reduction, being HK$1,621,611,675.09, was credited to the share premium account of the Company. The reduction of the capital of the Company became effective on 22 October 2013. In addition, the authorized share capital of the Company was reduced from HK$6,492,939,640 divided into 649,293,694 shares of par value HK$10.00 each to HK$6,492,393.64 divided into 649,293,964 shares of par value HK$0.01 each.

(c) On 25 June 2013, the Company entered into a joint venture agreement with Shanghai CardInfoLink Data Service Co., Ltd., pursuant to which in September 2013, the Company subscribed for RMB100,000 (approximately HK$126,582) issued capital of VeriTrans Shanghai Co., Ltd. ("VeriTrans Shanghai"), a company registered in the People's Republic of China, for a consideration of RMB3,128,562 (approximately HK$3,932,677), and the Company became a shareholder of VeriTrans Shanghai with a 50% equity interest.

(d) On 15 November 2013, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Resolutions of our Shareholders" in the section headed "Statutory and General Information" of Appendix V to the Document.

II. NOTES TO FINANCIAL INFORMATION

32. Subsequent financial statements

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 June 2013.

Yours faithfully,
[●]
Certified Public Accountants
Hong Kong