Web Proof Information Pack relating to

econtext Asia Limited
環亞智富有限公司

(*Incorporated in Hong Kong with limited liability*)

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CONTENTS

This Web Proof Information Pack contains the following information relating to the Company extracted from the draft document:

YOU SHOULD READ THE SECTION HEADED "WARNING" ON THE COVER OF THIS WEB PROOF INFORMATION PACK.

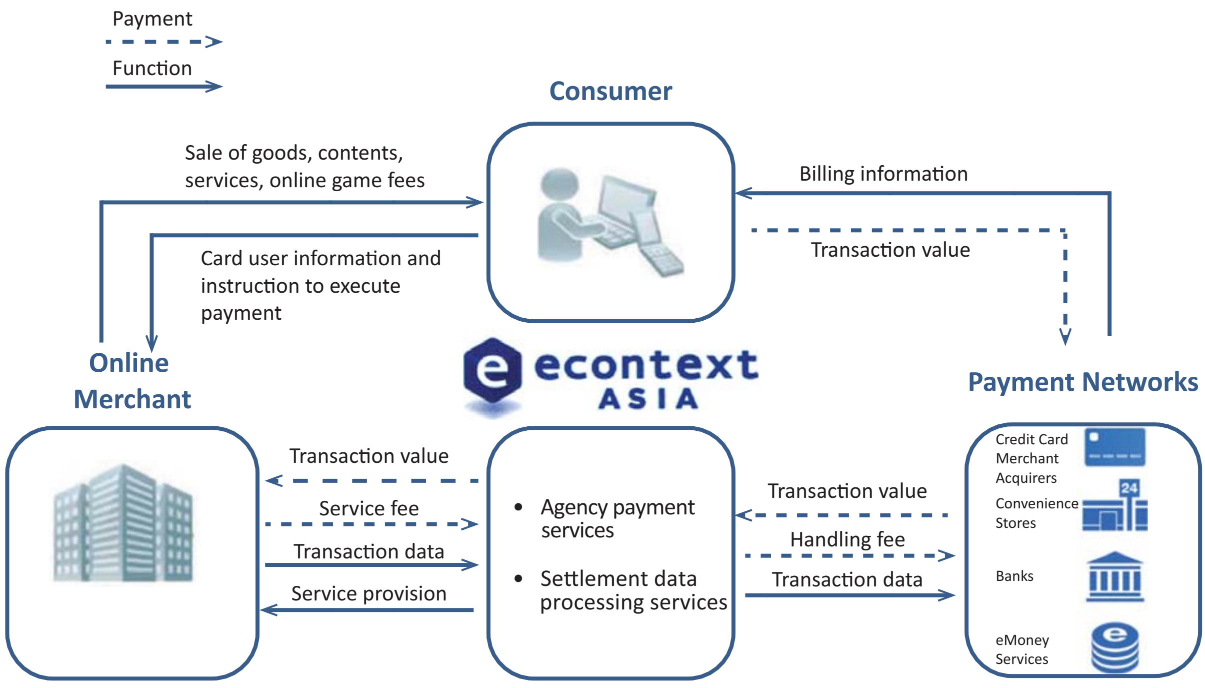
This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you.

OVERVIEW

We are a leading provider of online payment services and e-commerce solutions in Japan. We were one of the leading online payment and e-commerce providers in Japan based on the aggregate revenue from online transactions processed for the 2011 and 2012 fiscal years according to MIC Research Institute, a Japanese market research company. Since 1997, we have designed and marketed system solutions that facilitate online payment transactions and e-commerce solutions for online merchants in Japan.

We act as an intermediary between online merchants and financial institutions or convenience store chains to facilitate processing of transaction data and the transfer of funds to online merchants for settlement of online transactions. Our online payment system network builds on technology linking the internet with the existing financial infrastructure of bank accounts, credit card, debit and ATM networks and convenience store networks in Japan to create an online payment system that serves merchants and financial institutions. Our online payment services comprise settlement data processing services and agency payment services. These services allow online merchants to accept payments via credit card, debit card, ATM or internet banking transfers, eMoney, domestic or international payment intermediaries (such as PayPal or Alipay), payments made at convenience stores throughout Japan and payments made through mobile phone carriers such as au, Softbank and docomo for settling online transactions.

The following is an illustration of our business model, showing the flow of funds for a typical transaction using our online payment services:



We provide our online payment services through our subsidiaries ECONTEXT and VeriTrans, which had a combined share of 10.9% of the online payment services market in Japan for the 12 months ended June 30, 2013, according to MIC Research Institute. VeriTrans has traditionally been recognized in the industry as an innovative online payment solutions provider and has contributed to the overall development of the online payment service industry in Japan by, among other things, developing online payment systems that allow for transactions to be settled by various payment methods, such as eMoney, and introducing value-added services such as trAd and IVR. VeriTrans also has strong relationships with credit card merchant acquirers and we have recently reinforced these relationships through the entry into of strategic partnership agreements between our Company and the three [●], each of which is a major credit card merchant acquirer in Japan, pursuant to which we have agreed to work together to explore future areas of cooperation. ECONTEXT has been recognized in the industry as one of the first online payment service providers in Japan with the capability of processing payments made at convenience stores throughout Japan and with the capability of acting as a convenience store interface serving four of Japan's top 10 convenience store chains, a service which is currently only provided by a few other online payment service providers. We have been ranked among other technology, media and telecommunications companies in Asia Pacific in the Deloitte Technology Fast 500 in 2005 and 2007, as well as receiving an ASP SaaS/ICT Outsourcing Award in 2010.

We also provide e-commerce solutions such as online security measures and marketing solutions for merchants and financial institutions. Our marketing solutions include services such as trAd, a settlement transaction-linked advertisement platform, and NaviPlus Recommend, a recommendation engine that optimizes a website's contents based on an analysis of data collected from users of a given website.

During the [●], we derived our revenue principally from fees for our online payment services, including initial setup and monthly fees. We also derived revenue from service fees for other e-commerce solutions such as information security products and services, trAd and NaviPlus Recommend. Our revenue grew by 76.7% and 136.9%, respectively, for the years ended June 30, 2012 and June 30, 2013, in each case as compared with the immediately preceding year, reaching HK$1,166.5 million in the year ended June 30, 2013.

We have a broad and diversified customer base in Japan, ranging from retailers and manufacturers to travel agents, insurance companies, schools and online/mobile gaming and content streaming companies. As of June 30, 2013, we had 12,284 Active Merchant Websites, including those of our top five customers, namely DMM.com, Rakuten Edy, BitCash, Sony Computer Entertainment and SBI Life Living. A majority of our top ten customers during the [●] have had working relationships with us for more than five years.

In 2009, we entered into partnerships with Sumitomo Mitsui Card to introduce China UnionPay cards as a settlement option for cross-border e-commerce transactions between Japanese merchants and Chinese consumers. We also operate three cross-border online shopping malls, Buy-J.com, JCB Global Shopping Mall and Ich1ban Mall, through alliances with China UnionPay, JCB and MasterCard, respectively, and an informational website and marketing services under the name of JJ-Street.com, which is targeted at Chinese tourists visiting Japan.

In 2011, we established VeriTrans Indonesia, a joint venture with subsidiaries of Midplaza Holdings and Netprice.com in which we own a 23% interest. As part of the joint venture, we have provided our agency payment business model and a license to use our payment processing systems to

PT. Midtrans, which operates as VeriTrans Indonesia. VeriTrans Indonesia's primary business is to provide online payment processing services to online merchants in Indonesia.

Our Company was incorporated in Hong Kong in September 2012 to serve as the holding company and regional headquarters for our operating subsidiaries and other investments as we implement our plans to further expand our business throughout Asia. However, other than potentially acquiring a minority interest in an established local e-commerce platform, we do not currently have any plans to conduct any business operations in Hong Kong of a material nature. For a description of our future plans in mature markets including Hong Kong, please [●] the section headed "Our Business—Our Strategies—Capitalize on high growth opportunities and expand our operations throughout Asia" in this document.

In November 2013, we became a registered owner of VeriTrans Shanghai, a joint venture owned 50% by Shanghai CardInfoLink and 50% by our Company. The primary business of VeriTrans Shanghai is to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China.

In November 2013, we acquired a 15.59% interest in Citrus Singapore, the holding company of Citrus India. Citrus India is owned by Citrus Singapore as to 70% and the remaining shares are held by its founders and other [●], all of which are Independent Third Parties. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India.

OUR COMPETITIVE STRENGTHS

We believe that we have a number of key strengths that differentiate our business from that of our competitors, including the following:

- Recurring and scalable revenue business model based on a large customer base
- Broad range of payment options and strong relationships with payment networks
- Trusted and well recognized brand names in Japan
- Providing online merchants with payment and other value-added services that offer an integrated e-commerce experience and cost effectiveness
- Experienced technology development team dedicated to improving user experience
- Experienced management team

OUR STRATEGIES

We strive to enhance our position as a leading provider of online payment services and e-commerce solutions. The key elements of our strategies are as follows:

- Increase our market share in Japan by targeting small to medium enterprises
- Optimize our fee structure by forming strategic alliances with credit card merchant acquirers and offering value-added services
- Expand our business through selective acquisitions, investments, licensing arrangements or partnerships

- Capitalize on high growth opportunities and expand our operations throughout Asia
- Introduce offline payment processing services to broaden our scope of business

RISK FACTORS

Our business is subject to numerous risks and there are risks relating to an [●] in the [●]. **As different [●] may have different interpretations and criteria when determining the significance of a risk, you should read the section headed "Risk Factors" in this document in its entirety.** The risks we primarily face include the following:

- We may experience breakdowns in our information technology systems that could damage customer relations and expose us to liability
- We may experience software defects, computer viruses and development delays, which could damage customer relations, decrease our potential profitability and expose us to liability
- Material breaches in security of our information technology systems may subject us to liability
- We depend on our online merchant relationships and strategic alliances to grow our business. If we are unable to maintain these relationships and alliances, our business may be adversely affected
- Anticipated benefits of mergers, acquisitions, joint ventures or strategic alliances may not be realized
- Our investments in foreign markets expose us to risks associated with conditions in those markets
- Changes in credit card merchant acquirer and debit network fees or products could increase costs or otherwise limit our operations

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDER

Digital Garage, our Controlling Shareholder, is principally engaged in the internet business in Japan. Our Board is satisfied that we are able to operate independently of the Digital Garage Group after the [●]. Digital Garage has granted us the non-exclusive right to use its trade name and certain trademarks and registered domains, the details of which are set out in the sections headed "Connected Transactions—Non-exempt continuing connected transactions—Continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements—Intellectual property license agreements" and "Appendix V—Statutory and General Information—B. Further Information about our Business—Intellectual Property Rights" in this document.

Pursuant to the IP License Agreements, the monthly license fee payable to Digital Garage by ECONTEXT and VeriTrans is 2.5% of their respective monthly revenue. However, Digital Garage and VeriTrans have agreed to amend the IP License Agreement to remove the obligation of VeriTrans to pay a monthly license fee conditional upon [●]. There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the IP License Agreements were not entered into by VeriTrans and ECONTEXT until September 28, 2012 and October 1, 2012, respectively. The aggregate amount of the license fees paid to Digital Garage for the year ended June 30, 2013 was

HK$20.5 million, which was equivalent to approximately 17.0% and 32.4% of the operating profit and profit for the year of the Group of HK$120.9 million and HK$63.4 million, respectively, for the same year.

Operational Independence

We are principally engaged in the payment business, namely, the provision of online payment services and e-commerce solutions, which differs significantly from the incubation business, which focuses on the promotion of investment opportunities in information technology related venture businesses, and marketing business, which focuses on the provision of online marketing tools for advertising and sales promotions targeted at consumers, carried out by the Digital Garage Group. Although we have entered into a number of agreements with the Digital Garage Group set out in the section headed "Connected Transactions" in this document, we do not believe that these agreements impact our ability to operate our business independently from the Digital Garage Group.

Management Independence

We have been operating under the supervision of an experienced senior management team, all members of which have been appointed as our Directors or listed as members of our senior management team. Three out of nine of our Directors, including our Chairman, and one other member of our senior management team hold positions in Digital Garage. None of our other Directors, including our CEO and CFO, or any other member of our senior management hold any position in members of the Digital Garage Group. After the [●], our Company will continue to be centrally managed by the senior management team. We have sound reporting mechanisms in place to ensure that important decisions are made independently and only with the proper authorizations from the senior management team. Our Directors believe that we operate independently of the Digital Garage Group and in the interests of our Shareholders.

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We also have our own treasury function that is operated independently from Digital Garage. We are capable of obtaining financing from third parties, if necessary, without reliance on Digital Garage. All the amounts due and owing to Digital Garage will be settled on or prior to [●]. Therefore, our Directors are of the view that we are financially independent from Digital Garage.

SUMMARY COMBINED FINANCIAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong, with Hong Kong dollars as its functional currency. The Company is the holding company of our Group, which includes our subsidiaries, associates and joint ventures in Japan, Indonesia, the PRC and Singapore. We intend to continue expanding our international operations in emerging e-commerce markets in Asia (either through joint venture arrangements with local third parties or through the establishment of new companies or acquisition of or investment in locally established operations). We believe that the Group will eventually comprise operations in different jurisdictions with different functional currencies. Accordingly, we have adopted Hong Kong dollars as the presentation currency for our combined financial statements. We believe that Hong Kong dollars, being the currency of the primary economic environment in which the Company is domiciled, most usefully portrays the economic effect of certain key transactions and events of the Company and that financial information presented in Hong Kong dollars would also provide convenient and useful information to potential Shareholders.

The selected financial information from our summary combined statements of financial position as of June 30, 2011, 2012 and 2013, and the summary combined statements of comprehensive income and summary combined statements of cash flows for the years ended June 30, 2011, 2012 and 2013 set forth below are derived from our Accountants' Report included in the section headed "Appendix I—Accountants' Report" in this document, and should be read in conjunction with the Accountants' Report and with the section headed "Financial Information—Management's Discussion and Analysis of Financial Condition and Results of Operations" in this document.

Summary Combined Statements of Comprehensive Income

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Revenue	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**
Profit before tax	**42,448,911**	**74,028,844**	**119,398,447**
Income tax expense	(17,993,277)	(31,525,203)	(56,009,358)
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, net of tax	21,397,734	34,750,921	(286,972,201)
Total comprehensive income/(loss) for the year, net of tax	**45,853,368**	**77,254,562**	**(223,583,112)**
Total comprehensive income/(loss) 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)**

Our combined financial statements are presented in Hong Kong dollars, while the functional currency of our foreign subsidiaries, including ECONTEXT and VeriTrans, is Japanese yen. The fluctuations of our other comprehensive income/(loss) during the [●] were attributable to the fluctuations in the exchange differences on translation of our foreign operations, mainly ECONTEXT and VeriTrans during the relevant years. This mainly reflects the fluctuations in the Japanese yen to Hong Kong dollar exchange rate during the [●].

For the years ended June 30, 2011 and 2012, the Japanese yen appreciated against the Hong Kong dollar by 9.6% and 1.5%, respectively, which resulted in exchange gains on translation of foreign operations recognized in other comprehensive income of HK$21.4 million and HK$34.8 million, respectively. For the year ended June 30, 2013, the Japanese yen depreciated against the Hong Kong dollar by 19.4%, which resulted in an exchange loss on translation of foreign operations recognized in other comprehensive loss of HK$287.0 million. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document. This also impacted our other operating expenses, which increased from HK$326,101 for the year ended June 30, 2012 to HK$11.6 million for the year ended June 30, 2013 as a result of, among other things, foreign exchange losses due to the depreciation of Japanese yen against Hong Kong dollars as the Company holds cash and cash equivalents denominated in Japanese yen. [●] the section headed "Financial Information—

Management's Discussion and Analysis of Financial Condition and Results of Operations" in this document.

The following table sets forth our selected combined statements of comprehensive income for the years ended June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥	¥	¥
Revenue	2,981,617,501	4,983,466,641	13,115,364,176
Cost of sales	(2,095,785,246)	(3,571,551,783)	(9,602,328,750)
Gross profit	**885,832,255**	**1,411,914,858**	**3,513,035,426**
Selling, general and administrative expenses	(436,182,287)	(660,010,643)	(2,065,459,246)
Other operating income	6,439,397	74,342	15,843,557
Other operating expenses	(4,196,247)	(3,300,139)	(135,759,489)
Operating profit	**451,893,118**	**748,678,418**	**1,327,660,248**
Finance income	3,465,974	1,694,070	5,317,465
Finance costs	(1,155,748)	(1,035,505)	(11,063,193)
Share of after-tax loss of an associate	—	(165,077)	(12,204,282)
Profit before tax	**454,203,344**	**749,171,906**	**1,309,710,238**
Income Tax expense	(192,528,057)	(319,035,059)	(625,798,296)
Profit for the year	**261,675,287**	**430,136,847**	**683,911,942**
Profit attributable to:			
Equity holders of the Company	261,675,287	434,812,044	699,622,197
Non-controlling interests	—	(4,675,197)	(15,710,255)
	261,675,287	430,136,847	683,911,942

Summary Combined Statements of Financial Position

	June 30, 2011	June 30, 2012	June 30, 2013
	HK$	HK$	HK$
Current assets	832,839,719	1,946,167,488	1,774,961,611
Non-current assets	34,956,960	1,411,313,574	1,195,448,501
Total assets	**867,796,679**	**3,357,481,062**	**2,970,410,112**
Current liabilities	580,155,147	1,452,571,409	1,449,321,777
Non-current liabilities	496,662	280,234,285	221,724,549
Total liabilities	**580,651,809**	**1,732,805,694**	**1,671,046,326**
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

The following table sets forth our summary combined statements of financial position as of June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	June 30, 2011	June 30, 2012	June 30, 2013
	¥	¥	¥
Total assets	**8,999,051,561**	**34,313,456,454**	**37,753,912,524**
Total liabilities	**6,021,359,259**	**17,709,274,193**	**21,238,998,803**
Total equity	**2,977,692,302**	**16,604,182,261**	**16,514,913,720**

Summary Combined Statement of Cash Flows Information

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Cash and cash equivalents at the beginning of the period	405,175,559	441,566,909	1,087,056,179
Net cashflow from operating activities	16,458,326	202,546,753	315,656,927
Net cashflow from/(used in) investing activities	(37,836,574)	461,936,368	15,462,385
Net cash flow 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
Effect of foreign exchange rate changes, net	39,078,009	20,349,237	(225,105,271)
Cash and cash equivalents at the end of the period	441,566,909	1,087,056,179	1,090,236,735

OTHER KEY FINANCIAL DATA

Breakdown of our revenue by category of services:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 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**

The following table sets forth our breakdown of revenue by category of services for the years ended June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥	¥	¥
Initial setup and monthly fees	60,011,004	143,737,376	523,215,777
Settlement data transaction fees	48,836,052	186,837,636	744,666,294
Agency payment fees	2,617,704,453	4,258,314,032	10,671,888,752
Advertising related services	—	125,599,188	664,746,342
Information security services	—	48,039,772	218,248,462
Others	255,065,992	220,938,637	292,598,549
	2,981,617,501	4,983,466,641	13,115,364,176

FINANCIAL RATIOS

The following table sets forth certain financial ratios as of the respective dates:

	As of/years ended June 30,			As of/three months ended September 30, 2013
	2011	2012	2013	
Return on equity ratio	8.5%	2.7%	5.0%	N/A
Gearing ratio	6.7%	0%	0%	6.0%
Current ratio	1.4	1.3	1.2	1.3
Interest coverage	394.0	724.5	123.7	59.9

The following table sets forth certain financial ratios as of and for the year or period ended June 30, 2011, 2012 and 2013 and September 30, 2013, calculated using the relevant amounts in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	As of/years ended June 30,			As of/three months ended September 30, 2013
	2011	2012	2013	
Return on equity ratio	8.8%	2.6%	4.3%	N/A
Gearing ratio	6.7%	0%	0%	6.0%
Current ratio	1.4	1.3	1.2	1.3
Interest coverage	394.0	724.5	119.4	60.0

RECENT DEVELOPMENTS

The following represents our management's analysis on our results of operations for the three months ended September 30, 2013. Our Directors are responsible for the preparation and fair presentation of the unaudited consolidated management accounts of our Group for the three months ended September 30, 2013 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our consolidated management accounts for the three months ended September 30, 2013 are unaudited but have been reviewed by our [●], in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The following financial information extracted from our unaudited consolidated management accounts for the three months ended September 30, 2013 (the "**Interim Financial Information**") is shown in Hong Kong dollars, our presentation currency, and Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

Based on our unaudited consolidated management accounts, our total revenue decreased by approximately 10.7%, or HK$32.6 million, from HK$303.8 million for the three months ended September 30, 2012 to about HK$271.2 million for the three months ended September 30, 2013, primarily due to the depreciation of the Japanese yen against the Hong Kong dollar, partially offset by an increase in revenue from the growth of our business.

Based on our unaudited consolidated management accounts, our total revenue represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information increased by 12.5%, or ¥385.8 million, from ¥3,080.6 million for the three months ended September 30, 2012 to about ¥3,466.4 million for the three months ended September 30, 2013. The increase in revenue was primarily attributable to the growth of our business.

Based on our unaudited consolidated management accounts, our gross profit decreased by approximately 22.3% for the three months ended September 30, 2013 as compared to that of the corresponding period in 2012, primarily due to the depreciation of the Japanese yen against the Hong Kong dollar. Our overall gross profit margin decreased from 28.4% for the three months ended September 30, 2012 to 24.8% for the three months ended September 30, 2013 mainly due to the increase in number of credit card settled transactions, which have generally higher cost of sales than convenience store settled transactions.

Based on our unaudited consolidated management accounts, our gross profit represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information decreased by approximately 2.0% for the three months ended September 30, 2013 as compared to that of the corresponding period in 2012. Our overall gross profit margin calculated using our gross profit and revenue represented in Japanese yen decreased from approximately 28.4% for the three months ended September 30, 2012 to approximately 24.8% for the corresponding period in 2013, primarily due to the increase in the number of credit card settled transactions with a generally higher cost of sales than convenience store transactions.

Based on our unaudited consolidated management accounts for the three months ended September 30, 2013, our gearing ratio was 6.0%, our current ratio was 1.3 and our interest coverage was 59.9. Based on our unaudited consolidated management accounts for the three months ended September 30, 2013 and calculated based on the relevant information represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information, our gearing ratio was 6.0%, our current ratio was 1.3 and our interest coverage was 60.0. The increase in our gearing ratio for the three months ended September 30, 2013 was primarily due to an increase of bank loans and overdrafts of HK$79.3 million (¥1,000 million). The increase in current ratio for the three months ended September 30, 2013 was primarily due to a decrease in payment processing payables of HK$243.7 million (¥3,209.2 million). The decrease in our interest coverage for the three months ended September 30, 2013 was primarily due to an increase in interest on finance lease, bank loans and overdrafts of HK$147,748 (¥2.5 million).

DEFINITIONS

In this Web Proof Information Pack, unless the context otherwise requires, the following words and expressions shall have the following meanings. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this Web Proof Information Pack.

"Active Merchant Website(s)"	website(s) that is/are required to pay fees within a given calendar month
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"Alipay"	a third party online payment platform in China launched in 2004 and an Independent Third Party
"Articles" or "Articles of Association"	the articles of association of our Company (as amended from time to time), adopted with effect from November 29, 2013, a summary of which is set out in the section headed "Appendix IV—Summary of the Articles of Association" in this document
"associate(s)"	has the meaning ascribed thereto under the [●]
"au"	a mobile phone brand in Japan marketed by KDDI, an Independent Third Party
"Audited Financial Statements"	the audited combined financial statements of our Group for the financial years ended June 30, 2011, 2012 and 2013 as included in the section headed "Appendix I—Accountants' Report" in this document
"Board"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"Buy-J.com"	a cross-border online shopping mall that we operate in alliance with China UnionPay
"CAGR"	compounded annual growth rate
"CASH POST"	a licensed service provided by ECONTEXT that allows merchants to transfer funds by way of email
"China" or "PRC"	the People's Republic of China and for the purposes of this document only, except where the context requires otherwise, references to China or the PRC exclude Hong Kong, Macau and Taiwan
"China UnionPay"	the only domestic bank card organization in the PRC founded in 2002 operating under the approval of the People's Bank of China and an Independent Third Party
"Citrus India"	Citrus Payment Solutions Private Limited, a company incorporated under the laws of India
"Citrus Singapore"	Citrus Payment Solutions Pte. Ltd., a company incorporated under the laws of Singapore

"Civil Code"	the Civil Code of Japan (Act No. 89 of 1896, as amended)
"Companies Act"	the Companies Act of Japan (Act No. 86 of 2005, as amended)
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company"	econtext Asia Limited, a company incorporated in Hong Kong on September 10, 2012
"connected person(s)"	has the meaning ascribed to it under the [●]
"connected transaction(s)"	has the meaning ascribed to it under the [●]
"Controlling Shareholder"	means Digital Garage. [●] the section headed "Relationship with Our Controlling Shareholder" in this document
"Coolpat"	Coolpat Co., Ltd., a company incorporated under the laws of Japan and a subsidiary of our Company
"Credit Saison"	Credit Saison Co., Ltd., a company incorporated under the laws of Japan
"CyberTrust"	Cybertrust Japan Co., Ltd., a company incorporated under the laws of Japan that provides security related services and an Independent Third Party
"Digital Garage"	Digital Garage, Inc., a company incorporated under the laws of Japan and our Controlling Shareholder
"Digital Garage Group"	Digital Garage and its subsidiaries (excluding our Group) at the relevant point of time or, where the context so requires, in respect of the period before Digital Garage became the holding company of its present subsidiaries, the present subsidiaries of Digital Garage
"Director(s)"	the director(s) of our Company
"docomo"	a mobile phone brand in Japan marketed by NTT DOCOMO, Inc., an Independent Third Party
"ECAA"	E-Commerce Asia Association, an incorporated association (*shadan-hojin*) established under the laws of Japan
"ECONTEXT"	ECONTEXT, Inc., a company incorporated under the laws of Japan on October 1, 2012 upon its demerger from Digital Garage and a subsidiary of our Company
"eCURE"	eCURE Co. Ltd., a company incorporated under the laws of Japan and a subsidiary of our Company
"Euromonitor Japan Report"	the report "Internet Retailing in Japan" published by Euromonitor International in May 2013
"FIEA"	the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)

"financial institutions"	institutions or establishments including banks, non-bank financial companies, credit card merchant acquirers, credit card issuers, debit networks (including China UnionPay), eMoney service providers (including the providers of Rakuten Edy and Suica) and international payment intermediaries (such as PayPal and Alipay), where payments for purchases made by consumers are transacted
"fiscal year"	the 12 month period for which a company prepares financial statements
"Fuji Chimera"	Fuji Chimera Research Institute, Inc., an independent provider of industry and market information
"Fuji Chimera Research Report"	the Fuji Chimera Research Report on Broadband and Mobile Service 2013
"GMO Payment Gateway Inc."	GMO Payment Gateway Inc., a company incorporated under the laws of Japan that provides online payment services and an Independent Third Party
"Group", "our Group" or "the Group", "we", "us" or "our"	the Company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"HKFRS"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong dollars" or HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong-Japan Tax Treaty"	the Agreement between the Government of the Hong Kong Special Administrative Region of the People's Republic of China and the Government of Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income dated November 9, 2010
"Ich1ban Mall"	a cross-border online shopping mall that we operate pursuant to an agreement with MasterCard
"Independent Third Party(ies)"	a person(s) or a company(ies) who or which is/are not connected (within the meaning under the [●]) with any directors, chief executive or substantial shareholders (within the meaning under the [●]) of us or any of our subsidiaries or any of their respective associate(s)
"iResearch Consulting Group"	iResearch Consulting Group, a company incorporated in the PRC that provides research services focusing on China's internet industry and an Independent Third Party
"iResearch Japan"	iResearch Japan Co., Ltd. (formerly known as SBI Research Co., Ltd.), a company incorporated under the laws of Japan and a subsidiary of our Company

"Japanese yen" or "¥"	Japanese yen, the lawful currency of Japan
"JASDAQ"	Japan Association of Securities Dealers Automated Quotation
"JCB"	JCB Co., Ltd., a company incorporated under the laws of Japan
"JCB Global Shopping Mall"	a cross-border online shopping mall that we operate pursuant to an agreement with JCB
"JCN"	Japan Card Network Co., Ltd., a company incorporated under the laws of Japan that operates CARDNET and an Independent Third Party
"JGAAP"	Japanese generally accepted accounting principles
"JIPDEC"	Japan Information Processing Development Corporation, a nonprofit organization under the laws of Japan with the purposes of advancing computer technologies and ensuring the security of information systems and an Independent Third Party
"JJ-Street"	JJ-Street Inc. (formerly known as Shareee-china, Inc.), a company incorporated under the laws of Japan and a subsidiary of our Company
"KDDI"	KDDI Corporation, a company incorporated under the laws of Japan that is in the telecommunications business and an Independent Third Party
"Kotohako"	Kotohako, Inc. (also known as Kotohaco, Inc.), formerly a wholly-owned subsidiary of NaviPlus but was merged into NaviPlus and ceased to be a separate legal entity with effect from September 1, 2013
"Latest Practicable Date"	November 29, 2013, being the latest practicable date for ascertaining certain information in this document before its publication
"[●]"	the [●] (excluding the option market) operated by the [●] which is independent from and operated in parallel with the Growth Enterprise Market of the [●]
"Management Shareholders"	Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi, who are our Executive Directors
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company
"MIC Report"	the report on the size and competitiveness of the Japanese online payment service market prepared by MIC Research Institute in September 2013
"MIC Research Institute"	MIC Research Institute Limited, an independent third party provider of industry and market information
"Midplaza Holdings"	an Indonesian real estate and information communication technology company and holder of a 67% interest in the PT. Midtrans joint venture through its subsidiaries, PT Mitra Dutamas and PT Mitratama Grahaguna

"Mitsubishi UFJ Nicos"	Mitsubishi UFJ Nicos Co., Ltd., a company incorporated under the laws of Japan which engages in the provision of consumer credit card services and an Independent Third Party
"NaviPlus"	NaviPlus Co., Ltd. (formerly known as SBI Navi Co., Ltd.), a company incorporated under the laws of Japan and a subsidiary of our Company
"NaviPlus Recommend"	a recommendation engine service offered by NaviPlus that allows online merchants to promote products to consumers based on their purchase and browsing history
"Netprice.com"	Netprice.com, Ltd., a company incorporated under the laws of Japan and holder of a 10% interest in the PT. Midtrans joint venture through its subsidiary, BEENOS ASIA PTE. LTD.
"NTT DATA"	NTT DATA Corporation, a company incorporated under the laws of Japan that engages in the provision of system integration and network system services and an Independent Third Party
"NTT DOCOMO, Inc."	a company incorporated under the laws of Japan which provides various types of telecommunications services in Japan and an Independent Third Party
"OECD"	the Organisation for Economic Co-operation and Development, an Independent Third Party
"OSE"	Osaka Securities Exchange, the cash equity market, clearing functions, and self-regulatory functions of which were integrated with those of the Tokyo Stock Exchange, the Japan Securities Clearing Corporation, and the Tokyo Stock Exchange Regulation, respectively, on July 16, 2013
"Personal Information Protection Act"	The Personal Information Protection Act of Japan (Law No. 57 of 2003, as amended)
"document"	this document being issued in connection with the Hong Kong [●]
"PT. Midtrans"	PT. Midtrans, a company incorporated under the laws of the Republic of Indonesia in which we own a 23% interest, which operates as VeriTrans Indonesia
"PT. Tokopedia"	PT. Tokopedia, a company incorporated under the laws of the Republic of Indonesia in which we own a 6.62% interest
"Rakuten Edy"	an eMoney service provided by Rakuten Edy, Inc. (formerly known as bitWallet, Inc.), an Independent Third Party
"Reorganization"	the reorganization undertaken by our Group, as more fully described in the section headed "History, Reorganization and Corporate Structure—Reorganization" in this document
"RMB"	Renminbi, the lawful currency of the PRC

"Rp."	Rupiah, the lawful currency of the Republic of Indonesia
"SBI Holdings"	SBI Holdings, Inc., a company incorporated under the laws of Japan that is listed on the TSE and the [●], a substantial shareholder of JJ-street and a connected person of our Company
"Shanghai CardInfoLink"	Shanghai CardInfoLink Data Service Co., Ltd, a company incorporated under the laws of the PRC that provides payment solutions in China
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of HK$0.01 each
"Shareholder(s)"	holder(s) of the Share(s)
"shareholders' equity"	Shares, retained earnings and accumulated other comprehensive income
"Softbank"	SOFTBANK MOBILE Corp., a company incorporated under the laws of Japan that is engaged in mobile communication services in Japan and an Independent Third Party
"subsidiary(ies)"	has the meaning ascribed thereto in Section 2 of the Companies Ordinance
"Substantial Shareholder"	has the meaning ascribed to it in the [●]
"Suica"	a prepaid rechargeable smart card system in Japan operated by East Japan Railway Company, an Independent Third Party
"Sumitomo Mitsui Card" or "SMCC"	Sumitomo Mitsui Card Company, Limited, a company incorporated under the laws of Japan that provides credit card, settlement and financing services in Japan and an Independent Third Party
"Topstart"	Topstart Holdings Ltd., a company incorporated in the British Virgin Islands and owned by Mr. Yang Weiqing, and each an Independent Third Party
"trAd"	a transaction-linked advertisement platform offered by our Company
"TSE"	Tokyo Stock Exchange
"United States", "USA" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"VeriTrans"	VeriTrans Inc., a company incorporated under the laws of Japan and a subsidiary of our Company
"VeriTrans Indonesia"	the trade name used by PT. Midtrans in connection with its online payment services business and the joint venture between subsidiaries of Midplaza Holdings and Netprice.com and the Company
"VeriTrans Shanghai"	VeriTrans Shanghai Co., Ltd., a company incorporated under the laws of the PRC in which we own a 50% interest
"%"	percent

The translation of financial information denominated in foreign currencies into HK dollars are in accordance with the Group's accounting policies as set out in Note 2.3(d) of Section II of the Accountants' Report. Financial information presented in Japanese yen in the sections headed "Summary", "Our Business" and "Financial Information" in this document represents the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document. Unless otherwise specified, translations of ¥ into HK$ in this document are based on the rate of ¥1,000: HK$75.83, translations of US$ into HK$ are based on the rate of US$1.00: HK$7.8, translations of Rp. into HK$ are based on the rate of Rp.1,000: HK$0.64 and translations of RMB into HK$ are based on the rate of RMB1: HK$1.27.

No representation is made that any amounts in HK$, ¥ and US$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains definitions of certain technical terms used in this document in connection with our business. These terms and their given meanings may not correspond to industry standard definitions or usage of these terms.

"2G"	second generation online payment service system operated by VeriTrans, a predecessor of VeriTrans 3G
"3-D Secure"	a credit card authentication security feature which requires the cardholder to enter a personal password when entering into online transactions
"4G LTE"	the marketing name for LTE, or long-term evolution, a standard for wireless communication of high-speed data for mobile phones and data terminals
"ad exchange"	technology platforms that facilitate the auctioning of individual advertisements to multiple advertisers through advertisement networks
"ADSL"	asymmetric digital subscriber line, a data communications technology that enables faster data transmission over copper telephone lines than a conventional voiceband modem can provide
"Ad-to-Commerce"	a proposed transaction-linked advertisement platform to be offered by our company to selected countries across Asia
"ATM"	automated teller machine
"CARDNET"	the online switching network used in credit card based payment data transfer in Japan operated by JCN
"CAFIS"	the Credit and Finance Information Switching system, the largest online switching network used in credit card based payment data transfer in Japan operated by NTT DATA
"convenience store chains"	convenience stores that share a brand and central management, which usually have standardized business methods and practices
"convenience store interface"	a data hub for processing transaction data to and from online payment service providers or online merchants and convenience store chains through their respective data networks
"convenience store networks"	a telecommunications system connecting the computer systems of convenience stores of a convenience store chain
"cryptographic protocols"	security protocol that performs a security-related function

GLOSSARY OF TECHNICAL TERMS

"debit network"	a telecommunications system connecting companies that process transactions by debiting the cardholder's bank account for the purchase amount.
"e-commerce"	electronic commerce, a type of industry where buying and selling of products or services is conducted online
"eMoney"	money that is exchanged electronically
"EMS"	express mail service
"fault-tolerant power"	power systems that are able to keep working to a level of satisfaction in the presence of faults
"fire suppression systems"	systems utilised in heavy power equipment to prevent risks arising from fires
"IVR"	interactive voice response
"kiosk terminal"	computer terminal featuring specialised hardware and software that facilitates the access to information and applications for commerce
"MDK"	merchant development kit
"OEM"	original equipment manufacturer
"online PSP"	online payment service provider for e-commerce
"online switching network"	a telecommunications system that connects financial institutions with online payment service providers
"PA-DSS"	payment application data security standard, a security standard developed by the PCI Security Standards Council relating to security requirements and assessment procedures for online payment applications
"Pay-easy network"	a telecommunications system that links the Japanese banking network with various governmental departments and public utilities companies
"Payment Card Industry Data Security Standard" or "PCI DSS"	a security standard developed by the PCI Security Standards Council relating to security requirements for organisations that handle cardholder information for major debit, credit, prepaid and ATM cards
"PayPal"	an online payment platform allowing payment and money transfers to be made through the internet operated by PayPal, Inc., a company incorporated under the laws of Delaware, USA, and an Independent Third Party, and its subsidiaries
"PCI Security Standards Council"	an open global forum launched in 2006 to develop, manage, educate and promote awareness of the PCI Security Standards

GLOSSARY OF TECHNICAL TERMS

"PIN"	Personal Identification Number
"POS"	point of sale
"PrivacyMark"	a system set up to assess private enterprises that take appropriate measures to protect personal information
"PTS"	PIN transaction security, a security standard developed by the PCI Security Standards Council for protecting consumer PIN (personal identification number) data from theft
"SSL"	secure sockets layer, cryptographic protocols that provide communication security over the Internet
"Verisign Japan Code Signing Certificate"	an electronic certificate-based digital signature service offered by Verisign Japan K.K., an Independent Third Party, used for verifying an author's identity and ensuring that the code has not been changed or corrupted since it was signed by the author
"Verisign Japan Personal Class 2 Certificate"	a class of Verisign Japan Code Signing Certificate that includes email address verification and personal identity verification via submission of personal identity documents
"VeriTrans 3G"	third generation online payment service system operated by VeriTrans and the successor to 2G

FORWARD-LOOKING STATEMENTS

Certain statements in this document are forward looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this document), uncertainties and other factors some of which are beyond our Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our ability to develop and manage our operations;
- our capital expenditure programmes and future capital requirements;
- our future general and administrative expenses;
- competition for, among other things, capital, technology and skilled personnel;
- our ability to control costs;
- our dividend policy;
- changes to the regulatory and operating conditions in the industry and geographical markets in which we operate; and
- all other risks and uncertainties described in the section headed "Risk Factors" in this document.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, we strongly caution [●] against placing undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made and, subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise, or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of or references to our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments. All forward-looking statements in this document are expressly qualified by reference to the cautionary statements set out in this section.

You should carefully consider all of the information in this document, including the risks and uncertainties described below, prior to [●]. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is subject to the cautionary statements in the section headed "Forward-Looking Statements" in this document.

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to business operations in Japan; and (iv) risks relating to [●].

RISKS RELATING TO OUR BUSINESS

We may experience breakdowns in our information technology systems that could damage customer relations and expose us to liability.

We depend heavily on the stable operation of our information technology systems including software, processing systems, data centers and telecommunications networks, as well as systems provided by third parties. A system outage or data loss could have a material adverse effect on our business, financial condition and results of operations. Not only would we suffer damage to our reputation in the event of a system outage or data loss, but we may also be liable to third parties. Many of our contractual agreements with financial institutions require the payment of penalties if our systems do not meet certain operating standards or become prone to interruptions or security breaches. To successfully operate our business, we must be able to protect our processing and other systems from disruption, including from events that may be beyond our control. Events that could cause system interruptions include, but are not limited to, upgrading of our information technology systems, fire, natural disaster, unauthorized entry, power loss, telecommunications failure, software defects, computer viruses, terrorist acts and war. We perform the vast majority of disaster recovery operations ourselves, though we utilize select third parties for some aspects of recovery, particularly internationally. To the extent we outsource our disaster recovery, we are at risk of the relevant service provider's unresponsiveness or failure to respond appropriately in the event of breakdowns in our systems. Furthermore, our insurance policies may not be adequate to compensate us for all losses or failures that may occur.

We may experience software defects, computer viruses and development delays, which could damage customer relations, decrease our potential profitability and expose us to liability.

Our services are based on sophisticated software and computing systems that often encounter development delays, and the underlying software may contain undetected errors, viruses or defects. Defects in our software systems and errors or delays in our processing of electronic transactions could result in one or more of the following:

- additional development costs;
- diversion of technical and other resources from our other development efforts;

- loss of credibility with current or potential customers;
- harm to our reputation; and
- exposure to liability claims.

In addition, we rely on technologies supplied to us by third parties that may also contain undetected errors, viruses or defects that could have a material adverse effect on our business, financial condition and results of operations.

Material breaches in security of our information technology systems may subject us to liability.

The uninterrupted and secure operation of our information technology systems, the safe-keeping of confidential customer and consumer information that is stored on such systems and the secure handling of consumer information that is processed on such systems are critical to the successful operations of our business. We collect and maintain databases of sensitive information about online merchants and consumers, including names, email addresses, credit card numbers and bank account numbers. We have observed a global increase in IT security threats and more sophisticated and targeted computer crime, which pose a risk to the security of systems and networks and the confidentiality, availability and integrity of our data. We have security, backup and recovery systems in place, as well as a business continuity plan to ensure the systems will not be inoperable. We consider that we have sufficient security around the systems and adequate encryption of our databases to prevent unauthorized access to our systems and unauthorized use of our databases. However, our visibility in the online payments industry may attract hackers to carry out attacks on our systems that could compromise the security of our data. An information breach in our systems and loss of confidential information such as credit card numbers and related information could have a longer and more significant impact on our business operations than a hardware failure. The loss of confidential information could result in our online merchants and their customers losing confidence in us and thus the loss of their business. The loss of confidential information could also subject us to liability including claims for unauthorized purchases with misappropriated bank card information, impersonation or other fraud claims as well as the imposition of fines and damages by credit card merchant acquirers or government bodies or, in case of material breach, the prohibition from provision of processing transactions for card networks. Any of the above events could have an adverse impact on our business, financial condition and results of operations.

We depend on our online merchant relationships and strategic alliances to grow our business. If we are unable to maintain these relationships and alliances, our business may be adversely affected.

Growth in our business depends primarily on attracting new online merchants, maintaining relationships with existing online merchants, developing new and enhanced product and service offerings, cross-selling products and services into existing relationships, increased online purchasing by consumers and thus increased usage of electronic forms of payment and the strength of our alliance partnerships with credit card merchant acquirers and other third parties. We have entered into business and capital alliances with certain credit card merchant acquirers such as JCB, Sumitomo Mitsui Card and Credit Saison, which typically act as online merchant referral sources due to their existing relationships with online merchants. We rely on our strategic alliances with these credit card merchant acquirers and our relationships with online merchants for our continued growth. There can be no guarantee that this growth will continue. The loss of any of our online merchant relationships or strategic alliances with any of these credit card merchant acquirers could negatively impact our business and result in a reduction of our revenue and profit.

Anticipated benefits of mergers, acquisitions, joint ventures or strategic alliances may not be realized.

As part of our strategy of expansion throughout Asia, we may, from time to time, merge with or acquire businesses or interests in businesses, including non-controlling interests, form joint ventures or create strategic alliances. We expect to evaluate potential strategic acquisitions of businesses or products with the potential of expanding our user and revenue base and widening our geographic coverage. Whether we realize the anticipated benefits from these transactions depends, in part, on the integration between the businesses involved, the performance and development of the underlying services or technologies, our correct assessment of assumed liabilities and the management of the relevant operations. We may not be able to successfully finance or integrate any newly acquired businesses or products and the integration may divert our management's focus from our core business and result in disruption to our normal business operations. We may spend time and resources on such acquisitions that do not ultimately increase our profitability. To the extent the purchase price of any acquisition is funded by cash, it may result in a reduction of our cash reserves and/or an increase in our leverage, and to the extent the purchase price is funded by equity, it may result in a dilution to our shareholders' equity. While we continue to evaluate potential acquisitions of businesses or products, we have not identified any acquisition target and we have not, nor has anyone on our behalf, initiated any discussions, directly or indirectly, with respect to identifying any acquisition target.

Our investments in foreign markets expose us to risks associated with conditions in those markets.

In 2011, we entered into a joint venture with subsidiaries of Midplaza Holdings and Netprice.com to establish PT. Midtrans, in which we own a 23% interest. As part of the joint venture, we have provided our agency payment business model to PT. Midtrans, which operates as VeriTrans Indonesia. In January 2012, VeriTrans Indonesia began its operations in providing online payment processing services to online merchants in Indonesia. In November 2013, we became a registered owner of VeriTrans Shanghai, a joint venture owned 50% by Shanghai CardInfoLink and 50% by our Company. The primary business of VeriTrans Shanghai is to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China. In November 2013, we acquired a 15.59% interest in Citrus Singapore, the holding company of Citrus India. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India. We are also currently seeking to expand our online payment business in other parts of Asia primarily by investing in joint ventures with local e-commerce companies, software or system development companies and payment solutions companies. Investing in emerging markets can present risks that are not encountered in countries with well established economic and political systems, including:

- economic instability, which could make it difficult for us to anticipate future business conditions in these markets;
- political or social instability, which could complicate our dealings with governments regarding permits or other regulatory matters, local businesses and workforces;

- foreign state takeovers of our facilities in these countries;
- significant fluctuations in interest rates and currency exchange rates;
- the imposition of unexpected taxes or other payments on our revenue in these markets;
- the ability to obtain financing and insurance coverage from export credit agencies; and
- the introduction of exchange controls and other restrictions by foreign governments.

In addition, the legal and regulatory systems of many emerging market countries are less developed and less well enforced than in industrialized countries. Therefore, our ability to protect our contractual and other legal rights in these countries could be limited. Consequently, we may not be successful in expanding our business into these emerging markets and our exposure to the conditions in or affecting emerging markets may adversely affect our business, financial condition and results of operations.

Changes in credit card merchant acquirer and debit network fees or products could increase costs or otherwise limit our operations.

From time to time, credit card merchant acquirers and banks increase the organization and processing fees (known as interchange fees or debit network fees) that they charge. We may not be able to pass on all of the increases in interchange fees or debit network fees along to our online merchants, if at all. It is possible that competitive pressures may result in our absorbing a portion of such increases in the future, which would increase our operating costs, reduce our profit margin and adversely affect our business, financial condition and results of operations.

We rely on various financial institutions to provide clearing and settlement services in connection with our online payment services. If we are unable to maintain clearing and settlement services with these financial institutions and are unable to find a replacement, our business may be adversely affected.

We rely on various financial institutions to provide clearing and settlement services in connection with our online payment services. If such financial institutions stop providing clearing and settlement services or start imposing excessive processing fees, we would need to find other financial institutions to provide these services. If we are unable to find a replacement financial institution to provide clearing and settlement services on commercially reasonable terms or at all, we may no longer be able to provide our online payment services to certain customers, which could negatively impact our business, financial condition and results of operations.

The inability to adopt to changing industry and customer needs or trends may affect our competitiveness or demand for our services, which may adversely affect our results of operations.

Changes in technology may limit the competitiveness of, and demand for, our services. Our business operates in an industry that is subject to technological advancements, developing industry standards and changing customer needs and preferences. Also, our customers continue to adopt new technology for business uses. Our information technology systems may be rendered uncompetitive or obsolete as a result of the continuous development and adoption of the latest information technology in the payment processing industry. We must anticipate and respond promptly to these changes in the industry and customer needs and technological advancements, and expend resources regularly in upgrading our information technology systems to remain competitive. For example, the inability to adopt technological advances in point-of-sale ("**POS**") technology available to merchants could have an impact on our online-to-offline payment service businesses. Any inability to respond promptly to new competitors and technological advancements could adversely impact our businesses, financial condition and results of operations.

Currently, credit card merchant acquirers do not impose stringent security requirements on online payment service providers connecting to their systems. We cannot assure you that credit card merchant acquirers will not impose additional security requirements in the future, such as requiring all online payment service providers to be PCI DSS compliant and up-to-date with the latest version, or require us to implement additional security measures or upgrades to our existing security measures. Failure to meet the security requirements of credit card merchant acquirers could have an adverse effect on our business, financial condition and results of operations.

Global and domestic economic conditions may adversely affect trends in consumer spending, which may adversely impact our revenue and profitability.

The online payment services and e-commerce industries depend heavily upon the overall level of consumer spending. While the online payment services and e-commerce industries have experienced growth in the past few years and are expected to continue to grow, we cannot assure you that such growth will continue or materialize. In the past few years, the overall Japanese retail sector has experienced adverse conditions due to the downturn in the Japanese economy as a result of the global financial crisis and natural disasters, and the retail sector has only recently begun to improve. The downturn in the Japanese economy has been characterized by sluggish consumer spending, deflation and intense competition. Our results of operations are particularly sensitive to changes in the disposable income and the spending patterns of Japanese consumers. Spending by consumers in Japan has been affected by the global financial crisis and fluctuations in wages. Also, our results of operations are reliant on the popularity of the products and services offered by the online merchants that use our payment services. If consumer spending in Japan worsens or if the online merchants that use our payment services are unable to attract consumers to purchase their products or services, the operations of online merchants may suffer, which in turn would result in a decline in our business and our financial performance and expansion strategy may be adversely affected. We can provide no assurance that any improvement in economic conditions in the global economy, and in particular Japan, will materialize, and even if such improvement does materialize, that it will have a positive impact on our business, financial condition and results of operations in the short-term or at all.

Recent global market and economic conditions have been unprecedented and challenging, with recessionary conditions persisting in most major economies through 2010. While the global economy showed some signs of moderate recovery during 2010, difficult economic conditions returned in 2011 and have continued into 2013, in part due to the debt crisis in Europe. The Japanese economy, which went into a technical recession in late 2008 that intensified through early 2009, showed some signs of a modest recovery during 2010 and 2011 due in part to the economic stimulus measures implemented by the government in 2010. However, as the government ended many of the stimulus measures during the first part of 2011, the Japanese economy may weaken again. Furthermore, the Great East Japan Earthquake that occurred on March 11, 2011 triggered another technical recession in the Japanese economy significantly affecting business and consumer spending. [●] the risk factor headed "—Risks

Relating to Business Operations in Japan—We may suffer substantial losses in the event of a natural disaster, such as an earthquake, terrorist attack, outbreak of disease or other casualty event in Japan or other markets in which we operate."

Continued weakness in the global economy or in the Japanese economy, where we conduct a substantial portion of our business operations and where the vast majority of our customers are located and/or generate their income, may result in a reduction in the number of online merchants, a reduction in the frequency of online spending or amount spent by consumers on websites of online merchants using our online payment systems. Any reduction in consumer demand for the services we offer would materially adversely affect our operating revenue and, as a result, our business, financial condition and results of operations.

Additionally, governments, government ministries and agencies, as well as various financial markets are proceeding with systemic reforms and amendments to laws concerning stock markets and other markets related to our businesses. Major changes to such systems or laws in the future may have an adverse impact on our business, financial condition and results of operations.

A substantial portion of our revenue is derived from our agency payment services.

We derive a substantial portion of our revenue from our agency payment services. The revenue contributed by agency payment services amounted to 87.8%, 85.4% and 81.3% of our total revenue for the years ended June 30, 2011, 2012 and 2013, respectively. Our reliance on service fees from our agency payment services is expected to continue in the future due to a number of factors, including our expansion of this business overseas and the anticipated growth of the e-commerce industry in Japan. Should the demand for agency payment services decrease, or should there be new technology or payment methods that render our services unnecessary or obsolete, our results of operations could be materially and adversely affected.

Gross profit margins for our services vary substantially and any deterioration in the gross profit margin for our principal services will have a material and adverse effect on our results of operations.

Due to supply and demand conditions and the competitive nature of the online payment services industry, average fee margins and average selling prices for our online payment services have been subject to downward pricing pressure. As a result of such pricing pressure, gross profit margins of a number of our services have fluctuated significantly from year to year. Due to rapidly changing technology and evolving industry standards, our historical gross profit margin is not an accurate measure for estimating our future gross profit margins. Any deterioration in the gross profit margin for our principal services will have a material and adverse effect on our results of operations.

Any significant impairment of payment processing receivables may adversely affect our cash flow and working capital, financial condition and results of operations.

In determining if recognition of impairment is required, we take into account the collection history, collectability, creditworthiness and financial condition of convenience store chains and credit card merchant acquirers. Impairment will be made for specific payment processing receivables when our management, having considered the above factors, are of the view that such payment processing receivables are unlikely to be collected. Due to the creditworthiness of convenience store chains and credit card merchant acquirers, the Directors are of the view that no impairment for related trade receivables was required during the [●]. However, there can be no assurance that the collectability, creditworthiness and financial condition of convenience store chains and credit card merchant acquirers will not deteriorate in the future as a result of factors including market, technological and legal developments. Any material default of payment and any significant impairment or provisions for impairment of our payment processing receivables may adversely affect our cash flow and working capital, financial condition and results of operation.

Our business may be adversely affected by currency risks.

We are subject to risks related to changes in currency rates as a result of our foreign investments and from revenue generated in currencies other than the Hong Kong dollar. We account for our share of profits from our foreign joint ventures under the equity method. Revenue and profit generated and expenses incurred by our foreign joint ventures will increase or decrease compared to prior periods as a result of changes in foreign currency exchange rates. During the [●], we recorded losses attributable to changes in foreign currency exchange rates of nil, HK$54,667 and HK$7.9 million for the years ended June 30, 2011, 2012 and 2013, respectively. Furthermore, we may become subject to foreign exchange control regulations that might restrict or prohibit the conversion of our currencies into Japanese yen or repatriation of our capital back to our operating subsidiaries in Japan. The occurrence of any of these factors could have a material adverse impact on our business, financial condition and results of operations.

A significant amount of intangible assets is recorded on our combined statement of financial position. Future impairment of our intangible assets could have a material adverse impact on our financial condition and results of operations.

As of June 30, 2013, our goodwill and other intangible assets amounted to approximately HK$1,105.7 million representing 37.2% of our total assets as of June 30, 2013 of approximately HK$2,970.4 million. Our other intangible assets primarily consisted of software, trademarks and customer relationships we purchased and developed, which are carried at cost less accumulated amortization, based on their respective estimated useful lives, and accumulated impairment loss. We determine the estimated useful lives and related amortization charges for our other intangible assets based on the historical experience of the actual useful lives of intangible assets of similar nature and functions, and the practice in the industry. The estimates can significantly change as a result of technical innovations and competitor actions. Future events such as market acceptance of these products, introduction of superior products by our competitors, regulatory actions, safety concerns as to our products, and challenges to and infringement of our intellectual property rights, could have a material impact on estimates. This in turn could result in write-downs of our intangible assets, or a change in the useful lives of our intangible assets. Future write-downs of our other intangible assets, or change in useful lives of our other intangible assets, could have a material adverse impact on our financial condition and results of operations.

Failure to protect our intellectual property rights and confidential proprietary information or to defend ourselves from potential infringement claims may diminish our competitive advantages or restrict us from delivering our services.

Our trademarks, patents and other intellectual property rights are important to our business and future success. The VeriTrans and ECONTEXT trademarks and trade names and the trademarks and trade names associated with our products, including trAd, NaviPlus Recommend and CASH POST, are individually material to us. We believe that these trademarks and trade names are widely recognized within the online payment and e-commerce industries and are associated with the quality and reliable services provided by us. Loss of the proprietary use of these trademarks and trade names, especially the trademarks associated with the VeriTrans and ECONTEXT company names, or a diminution in the perceived quality associated with them could harm the growth of our businesses. We also rely on proprietary technology. It is possible that others will independently develop the same or similar technology. Assurance of protecting our trade secrets, know-how or other proprietary information cannot be guaranteed. Our patents could be challenged, invalidated or circumvented by others and may not be of sufficient scope or strength to provide us with any meaningful protection or advantage. If we are unable to maintain the proprietary nature of our technologies, we could lose competitive advantages and be materially adversely affected. The laws of certain foreign countries in which we do business or contemplate doing business in the future do not recognize intellectual property rights or protect them to the same extent as the laws of Japan. The expiration of the protection period of our registered patents or trademarks, infringement by others of our proprietary technology and intellectual property rights, the refusal by relevant regulatory authorities to approve our patent or trademark applications and renewals or any adverse determinations in judicial or administrative proceedings which prevent us from selling our services or allow others to sell competing services, could have a material adverse effect on our business and results of operations. There is no assurance that the measures we have put in place to protect our intellectual property rights will be sufficient.

We have also entered into confidentiality agreements with our management and employees relating to confidential proprietary information. However, the protection of confidential proprietary information may be compromised as a result of the departure of any of our management members or employees who possess confidential proprietary information or the breach by any management member or employee of his or her confidentiality obligations.

Furthermore, there is a risk that we may inadvertently infringe on the intellectual property rights of others. As is the case with many other companies in our industry, we from time to time receive communications from third parties asserting patent rights to our services and enter into discussions with such third parties. During the [●], no claims have been made with regard to our technology allegedly infringing on the intellectual property rights of third parties. However, we cannot assure you that no claims will be made in the future. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes. Litigation to enforce or defend our intellectual property rights could result in substantial costs and we may not be successful. Unfavorable resolution of these claims could either result in our being restricted from delivering any related service, result in a settlement that could be materially adverse to us or enable our competitors to use our intellectual property to compete with us. In addition, our customers typically require that we indemnify them against claims of intellectual property infringement. If any claims are brought against our customers for such infringement, whether or not these have merit, we could be required to expend significant resources in defending such claims. In the event we are subject to any infringement claims, we may be required to spend a significant amount of money in developing non-infringing alternatives or obtaining licenses. We may not be successful in developing such alternatives or in obtaining such licenses on reasonable terms or at all, which could disrupt our production processes, damage our reputation and affect our profitability.

The ability to recruit, retain and develop qualified personnel is critical to our success and growth.

Our business functions at the intersection of rapidly changing technological, social, economic and regulatory developments that require a wide ranging set of expertise and intellectual capital. For us to successfully compete and grow, we must retain, recruit and develop the necessary personnel, such as software engineers, who can provide the needed expertise across the entire spectrum of our intellectual capital needs. In addition, we must develop succession plans to mitigate employee attrition. However, the market for suitably qualified and experienced personnel is competitive and we may not succeed in recruiting additional personnel or may fail to effectively replace personnel who depart with qualified or effective successors. Our effort to retain and develop personnel may also result in significant additional expenses, which could adversely affect our profitability. We cannot assure you that key personnel, including executive officers, will continue to be employed or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract key personnel could have a material adverse effect on our business.

We are subject to the credit risk that our online merchants will be unable to satisfy obligations for which we may also be liable.

We are subject to the credit risk of our online merchants being unable to satisfy obligations for which we also may be liable. For example, under our agreements with credit card merchant acquirers, we may be liable for transactions that are disputed by the cardholder and charged back to the online merchant. If we are unable to collect this amount from the online merchant, due to the merchant's insolvency or other reasons, we will bear the loss for the amount of the refund paid to the cardholder. It is possible that a default on such obligations by one or more of our online merchants could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the credit risk that convenience store chains will be unable to transfer funds that they have received from consumers for which we will be liable to pay to online merchants.

Under the terms of our service contracts with online merchants, we are deemed to have received funds for the purposes of triggering our contractual obligation to transfer funds to an online merchant at the time a consumer pays for its purchase at a convenience store. Where a consumer has paid for the transaction at a convenience store but we do not receive any funds from the relevant convenience store chain, we will still be under a contractual obligation to transfer money to the online merchant. Any failure on the part of convenience store chains to transfer funds they have already received from consumers to us could have a material adverse effect on our business, financial condition and results of operations.

We may require external debt or equity financing to expand our business as planned, which may not be available on satisfactory terms or at all.

In the past, we have funded our business and operational expansion primarily through cash generated from our operations and external bank borrowings. We may require additional funding in the future to further expand our business, which we may raise through external financing. Our ability to obtain debt or equity financing on acceptable terms depends on a variety of factors that are beyond our control, including market conditions, [●] and lenders' perceptions of, and demand for, debt and [●] of online payment companies, credit availability and interest rates. The availability of, and likely terms for, debt financing may be adversely affected by recent developments in the global economy. As a result, we cannot assure you that we will be able to obtain sufficient funding from external sources as required on terms satisfactory to us, or at all, to finance future expansion. If we raise additional capital through the sale of equity, or securities convertible into equity this will result in the dilution of the interests of our Shareholders in our Company. If we raise additional capital through the incurrence of debt, our business may be affected by the amount of leverage we incur. For instance, such borrowings could subject us to covenants restricting our business activities, servicing interest would divert funds that would otherwise be available to support our operations or development activities, and holders of debt instruments would have rights and privileges senior to those of our equity [●]. If we are unable to obtain adequate funding on a timely basis, we may not be able to carry out parts of our growth strategy or to maintain our growth and competitiveness, which could materially and adversely affect our business, financial condition, results of operations and prospects.

Our insurance coverage may not be adequate to cover all possible operational losses that we could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same level of insurance coverage in the future.

We maintain liability insurance for information technology, personal data leakage and network related claims. We also maintain comprehensive insurance for our computer equipment, insurance against fire damage for our offices and data centers and general liability insurance against third party claims and property damage. We do not carry business interruption insurance. Each such policy has customary exclusions and certain events such as nuclear events, labor strikes, acts of war or terrorism, and epidemic outbreaks are excluded from coverage under these insurance policies. Therefore, certain acts and events could expose us to substantial uninsured losses. We may suffer business disruption as a result of these events or be subject to claims by third parties who have suffered loss or injury. Our current insurance coverage may not be adequate to cover all such losses. If we incur losses or damages for amounts exceeding the limits of our insurance coverage, or for claims outside the scope of our insurance coverage, our business, financial condition and results of operations could be materially and adversely affected.

Moreover, we may be unable to renew or replace our existing insurance policies when they expire on commercially reasonable terms, or at all, which could result in substantially higher insurance costs, a reduction of our policy limits, certain exclusions from our coverage, an increase of our deductibles, and/or a significant increase in our risk of loss or damage due to uninsured events. In addition, any failure to renew or replace an insurance policy that may be required under our various credit and other material agreements may affect our ability to operate and could result in an event of default under these credit or other material agreements. Any substantial increase in insurance costs or default under our credit or other material agreements could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the potential risk of increased income taxes in the different countries in which we operate.

Our tax position is subject to review and possible challenge by tax authorities and to possible changes in law, including certain changes with retrospective effect. Tax authorities in Japan may not agree with the tax filings made or to be made by us or the tax treatment for certain intra-group transactions. We can provide no assurance to [●] that we will not become subject to claims of additional taxation in Japan as a result of any such challenge or disagreement by the tax authorities. Furthermore, as we have integrated operations, if a particular tax authority regards certain income generated by members of our Group incorporated outside such jurisdiction to be taxable, we may be subject to claims of additional taxation. In such cases, our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO OUR INDUSTRY

We operate in a competitive industry.

The online payment services industry is highly competitive. For each of our services, we compete with other online payment service providers or e-commerce services providers, some of which have greater design, manufacturing, financial, marketing or other resources than we do while others may be financial institutions which have direct access to bank card networks for bank card settlement services. Our lack of resources relative to our competitors may result in us being unable to anticipate or respond adequately to technological developments and customer requirements or to experience significant delays in developing or introducing new products and services. Unlike other online payment service providers, financial institutions with direct access to bank card networks may offer online payment services to online merchants at more competitive prices than others. Moreover, we compete in different services areas to various degrees on the basis of price, technical features, sales and technical support. If we fail to compete successfully, there is likely to be a material adverse effect on our business, financial condition and results of operations.

Currently, credit card merchant acquirers do not offer exclusive rights to their systems and do not impose stringent security requirements on online payment service providers connecting to their systems. There are few barriers to entry for new companies wishing to enter the online payment services industry. An increasing number of our competitors in Japan also offer agency payment services similar to those which we provide. Certain of the financial institutions are also our competitors and provide payment processing services to online merchants. We may lose customers to our competitors if we fail to keep our total costs at competitive levels for comparable services. We may also lose customers if we fail to develop the technology and provide the services required by our customers at a rate comparable to our competitors. In recent years, many participants in the industry, including us, have substantially expanded their online payment services capabilities. There can be no assurance that we will be able to competitively develop the technology and services necessary to retain existing business or attract new customers.

The market for the services we provide is uncertain and may not continue to develop or grow rapidly enough for us to maintain and increase our profitability.

The Japanese online retail market is estimated to continue to grow at a CAGR of 8.7% from ¥4,105 billion (approximately HK$311.3 billion) in 2012 to ¥6,228 billion (approximately HK$472.3 billion) in 2017 according to the Euromonitor Japan Report. Nonetheless, there is no assurance that the rate of change in consumers using online settlement of purchases will increase as fast as the rate estimated in the Euromonitor Japan Report, or at all. If the number of electronic commerce transactions does not continue to grow or if consumers or businesses do not continue to use our services, it could have a material adverse effect on the profitability of our business, results of operations and financial condition. We believe future growth in the electronic commerce market will be driven by the cost, ease-of-use and quality of products and services offered to consumers and businesses. In order to consistently increase and maintain our profitability, consumers and businesses must continue to adopt our services.

RISKS RELATING TO BUSINESS OPERATIONS IN JAPAN

Our online payment services business is currently not regulated in Japan and may be subject to regulation in the future.

While our online payment services business is currently not regulated under the laws of Japan, the Japanese Government passed the Funds Settlement Act (Law No. 59 of 2009, as amended), which became effective on April 1, 2010 and regulates certain types of settlement service businesses in Japan. The Funds Settlement Act regulates, among others, providers of funds settlement services that require consumers to deposit funds with the service provider as a prerequisite for using their services for settling online transactions. The main purpose of the Funds Settlement Act is to protect consumers who have deposited funds from the risk of bankruptcy of their service provider. We do not receive any deposit or prepayment from customers in connection with our online payment services business (other than CASH POST) and therefore, the online payment services we offer (other than CASH POST) do not fall within the scope of the type of settlement services governed by the Funds Settlement Act. However, Japan's Financial Services Agency noted in its January 14, 2009 report concerning the Regulation of Settlement of Funds that the regulation of agency payment service businesses should be considered in the future. While we are not currently aware of any proposed new laws or regulations in this area, there is no assurance that the Japanese Government will not introduce new laws or regulations governing, or impose any requirements on, our online payment services business in the future. We cannot assure you that we will be able to comply, or that it will be commercially feasible for us to comply, with any such laws, regulations or requirements. Any such laws, regulations or requirements may have a material and adverse impact on our business, financial condition and results of operations.

We are subject to Japan's privacy laws in connection with our information technology system and database.

We are subject to the Personal Information Protection Act, which regulates the collection, use, handling, and transfer of personal information. [●] the section headed "Our Business—Legal and Regulatory Matters" in this document. We maintain and manage databases to collect, store and analyze information in relation to transactions carried out by online merchants and their customers who utilize our online payment and e-commerce solutions. Our databases may contain private information concerning the online merchants and their customers such as a customer's name, email address, credit card numbers and transaction history. The mishandling of any such personal information as a result of internal leaks, misappropriation by an unauthorized third party or other unauthorized handling by us or a third party, is required to be reported to the person whose information has been mishandled, as well as to the relevant authorities, and could subject us to civil and/or criminal liability, significantly damage our reputation and in turn adversely affect our business operations and financial performance.

Consumption tax is likely to increase in Japan, which may in turn affect consumer spending.

The Japanese government reviews tax policy annually as part of its budgetary process. The government of Japan has announced that it intends to increase consumption tax to 8% beginning from April 2014. In addition, the government of Japan has stated that it will consider increasing consumption tax to 10% beginning from October 2015 depending on future economic conditions surrounding Japan. We cannot predict if and when the consumption tax will further increase in the future or at what rate. If the consumption tax is increased, it is likely that consumer spending will be adversely affected. For example, when the consumption tax in Japan was increased in April 1997 from

3% to 5%, consumer spending was significantly adversely affected. Declines in consumer spending may result in declines in the amount of sales of our online merchant customers, which in turn may result in declines in our revenue, resulting in material adverse effects on our financial condition, results of operations or business.

We may suffer substantial losses in the event of a natural disaster, such as an earthquake, terrorist attack, outbreak of disease or other casualty event in Japan or other markets in which we operate.

A substantial majority of our business operations, including the head offices of our main subsidiaries and data centers, is located in Japan. Japan has historically experienced numerous large earthquakes that have resulted in extensive property damage. For example, on March 11, 2011, an earthquake measuring a magnitude of 9.0 degrees on the Richter scale occurred off the coast of Japan (the "**Great East Japan Earthquake**"). This was reported to be the most powerful known earthquake to have hit Japan. The earthquake triggered strong tsunami waves in the Tohoku region in Japan, causing significant property damage and a high number of casualties. It also led to the malfunctioning and explosions of three nuclear reactors in the Fukushima I Nuclear Power Plant complex. We cannot assure you that future earthquakes or other disasters will not result in significant interruptions to our business and materially and adversely affect our business, financial condition and results of operations.

Our overseas operations are subject to similar or other disaster risks. Additionally, large disasters, outbreaks of disease, terrorist attacks, industrial accidents or other casualty events affecting our or our vendors' systems and networks, either in Japan or overseas, could disrupt our operations even in the absence of direct physical damage to our equipment or properties, which in turn could result in significant interruptions to our businesses.

We do not have insurance against all earthquake damage or business interruption. With or without insurance, damage to any of our offices, data centers or branches due to fire, earthquake, typhoon, flood, terrorism, outbreaks such as the H1N1 pandemic, avian flu or other man-made or natural disasters or casualty events may materially and adversely affect our business, financial condition and results of operations.

Major earthquakes in Japan may also affect the operations of our third-party service providers and their ability to provide the necessary services to our customers or require us to spend additional capital expenditure, each of which could materially and adversely affect our results of operations.

RISKS RELATING TO [●]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Kaoru Hayashi *(Chairman)*	3-41-6 Nishihara Shibuya-ku Tokyo Japan	Japanese
Takashi Okita *(Chief Executive Officer)*	1-7-1-1511 Mita Minato-ku Tokyo Japan	Japanese
Tomohiro Yamaguchi *(Chief Financial Officer)*	Flat C, 28th Floor, Tower 6 The Belcher's No. 89 Pok Fu Lam Road Hong Kong	Japanese
Keizo Odori	4-22-8-104 Shimoochiai Shinjuku-ku Tokyo Japan	Japanese
Non-Executive Directors		
Joi Okada	2-21-5 Hiroo Shibuya-ku Tokyo Japan	Japanese
Adam David Lindemann	Apt 42 B, Building 3, Phase 2 Residence Bel Air 38 Bel Air Avenue Cyberport Hong Kong	British
Independent Non-Executive Directors		
Mamoru Ozaki	1-31-11 Fukasawa Setagaya-ku Tokyo Japan	Japanese
Toshio Kinoshita	1-17-1-2904 Shirokane Minato-ku Tokyo Japan	Japanese
Takao Nakamura	2-42-23-203 Uehara Shibuya-ku Tokyo Japan	Japanese

CORPORATE INFORMATION

Registered Office	Unit 607a Level 6 Cyberport 3 100 Cyberport Road Hong Kong
Principal Place of Business and Headquarters	5th Floor, Daikanyama DG Bldg. 3-5-7 Ebisu Minami Shibuya-ku Tokyo Japan
Company Website	**www.econtext.asia**
Company Secretary	Sau Mei Wong *(Associate member, The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Principal Banker	Sumitomo Mitsui Banking Corporation Shibuya Corporate Business Office-I 12th Floor, Shibuya-Markcity-West 1-12-1 Dogenzaka Shibuya-ku Tokyo Japan

Certain information and statistics set out in this section and elsewhere in this document relating to the online payment services industry are derived from various government and other sources and from the MIC Report which was commissioned by us. Other than the MIC Report, none of the reports cited in this document was commissioned by us.

We believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information and statistics false or misleading. No independent verification has been carried out on such information and statistics by us and no representation is given as to the accuracy of such information and statistics.

OVERVIEW OF ONLINE PAYMENT SERVICES

The primary role of an online payment service provider ("**online PSP**") is to act as an intermediary between online merchants and payment networks for execution and settlement of a payment by various payment methods including credit cards, eMoney, convenience stores or other local payment networks.

The functions of an online PSP typically include: merchant acquiring (i.e. linking merchants and payment networks and acting as the interface for those merchants on an ongoing basis), data processing (i.e. processing transactional and customer payment information and performing payment related functions such as obtaining authorization), and acting as a fund transfer agent (i.e. receiving funds from payment networks and forwarding funds to online merchants).

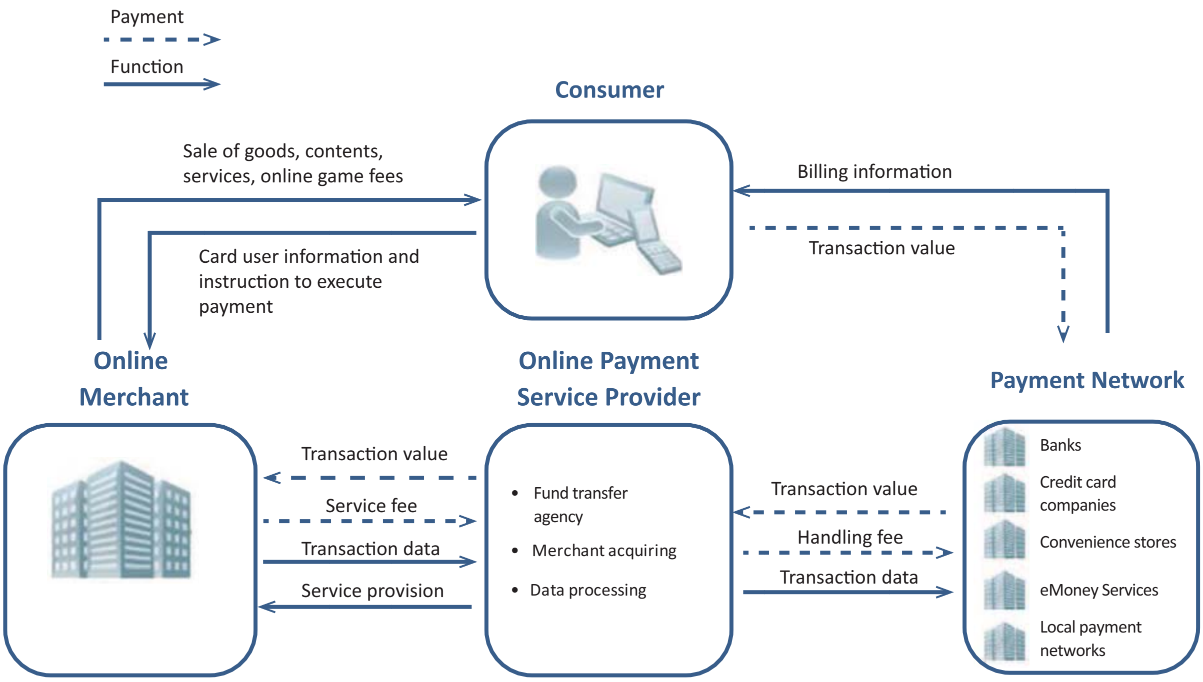
The process for a typical online transaction includes the following steps:

- the consumer first sends a request electronically to an online merchant to purchase items/services through the merchant's website;
- the online merchant then makes a request to an online PSP to execute the payment transaction between itself and its customer (the consumer) through the internet;
- in response to the request, the online PSP executes a series of processes including: obtaining authorization, capturing the transaction information, transmitting the captured data, payment information and billing information to the applicable payment network, processing settlement and transaction data, receiving the amount of the transaction value from the payment network transferring the amount of the transaction value less service fees to the merchant's bank account. Payments can be handled directly between the payment network (in the case of credit card payment) and the merchant's bank, or through an online PSP acting as the fund transfer agent; and
- in exchange for performing these services, the online PSP will typically receive a service fee from the online merchant/retailer, a portion of which is shared with the payment network.

This process varies depending on the arrangements with each customer (i.e. online merchants), and may have some variations in different regional markets.

The use of an independent online PSP enables online merchants to outsource the payment specialist functionality that requires high security capabilities so that they can focus on their own core business. For payment networks, the use of an online PSP enables them to easily access and quickly manage a large volume of customers through a single partner using a single interface.

Overview of the Typical Online Payment Services Process



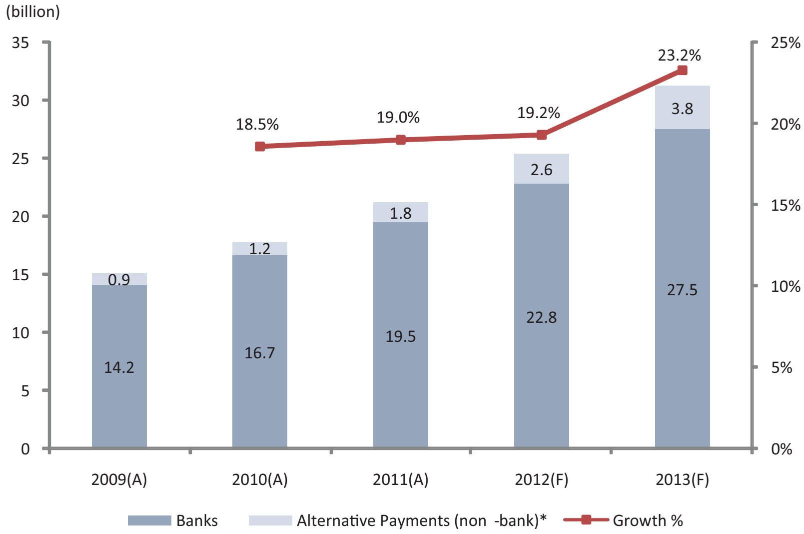
Regarding the handling fees we pay to payment network, there is no publicly available information on the industry trend.

DEVELOPMENT OF THE ONLINE PAYMENT SERVICES MARKET

Prior to the 1990s, the payments market was dominated by banks, and innovations in the payments market were largely driven by the incremental pursuit of efficiencies. The online payment services market grew along with the advent of the internet for commercial use during the 1990s. Since that time, innovations in the payments market have been focused on the internet and mobile channels and largely driven by non-bank market participants.

Consistent with high levels of ongoing innovation, the global market for online payment services continues to grow rapidly. The volume of online payment transactions globally is forecast to reach 31.4 billion transactions in 2013 after growing at a CAGR of 20.0% from 2009 to 2013 according to the World Payments Report 2012 published by Cap Gemini S.A., The Royal Bank of Scotland plc and European Financial Management & Marketing Association. This is driven by factors including the constant growth of internet subscribers around the world, the continuous shift from physical retail (through merchants having storefronts) to internet retail, the increase in the amount of time consumers spend online, the rise of mobile payment methods and the widespread use of smartphones. Particularly in countries with low internet penetration, the increasing growth of smartphone sales has resulted in the mass adoption of electronic payments through the mobile channel.

Number of Global Online-Payment Transactions, 2009-2013F

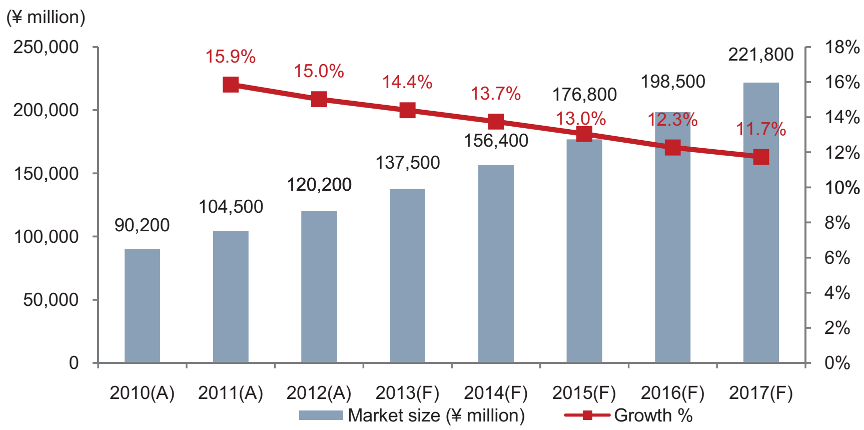


Alternative payments are carried out by non-bank firms such as eMoney licensed institutions, mobile phone and telecommunications firms, large retailers, etc
Source: World Payments Report 2012

THE JAPANESE ONLINE PAYMENT SERVICES MARKET

The Japanese online payment services market is one of the most developed in the Asia Pacific region. The estimated revenue generated by online payment service providers was ¥120 billion (approximately HK$9.1 billion) in 2012 according to MIC Research Institute. The market is forecast to grow at a CAGR of 13.0% from 2012 to reach revenue of ¥222 billion (approximately HK$16.8 billion) in 2017.

Size and Growth of the Japanese Online Payment Services Market



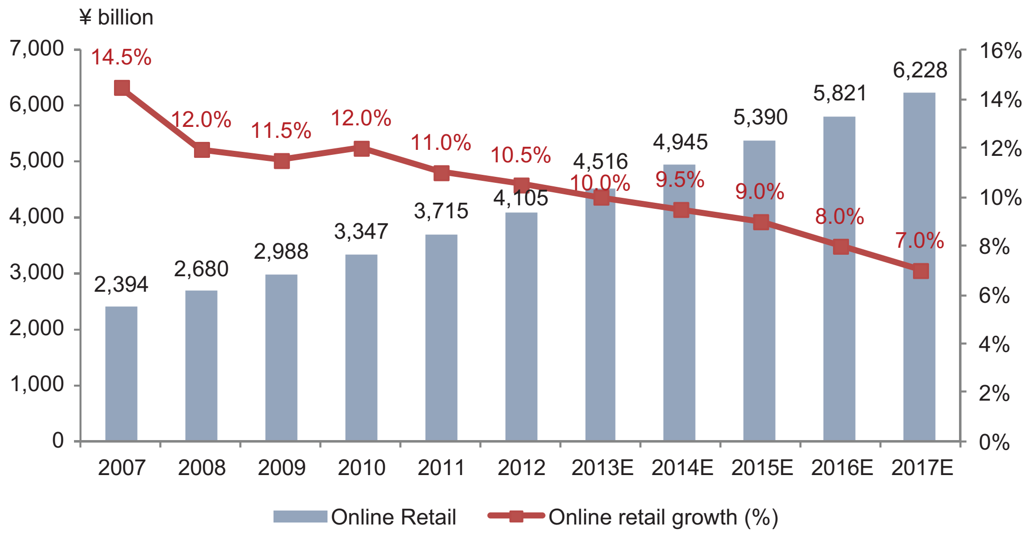
Source: MIC Research Institute

The Japanese Online Retail Market

Growth in the Japanese online payment services market is primarily driven by and closely related to the growth in the Japanese online retail market. The aggregate transaction value of the

Japanese online retail market reached ¥4,105 billion (approximately HK$311.3 billion) in revenue in 2012 and is forecast to grow at a CAGR of 8.7% from 2012 to reach ¥6,228 billion (approximately HK$472.3 billion) in revenue in 2017 according to the Euromonitor Japan Report.

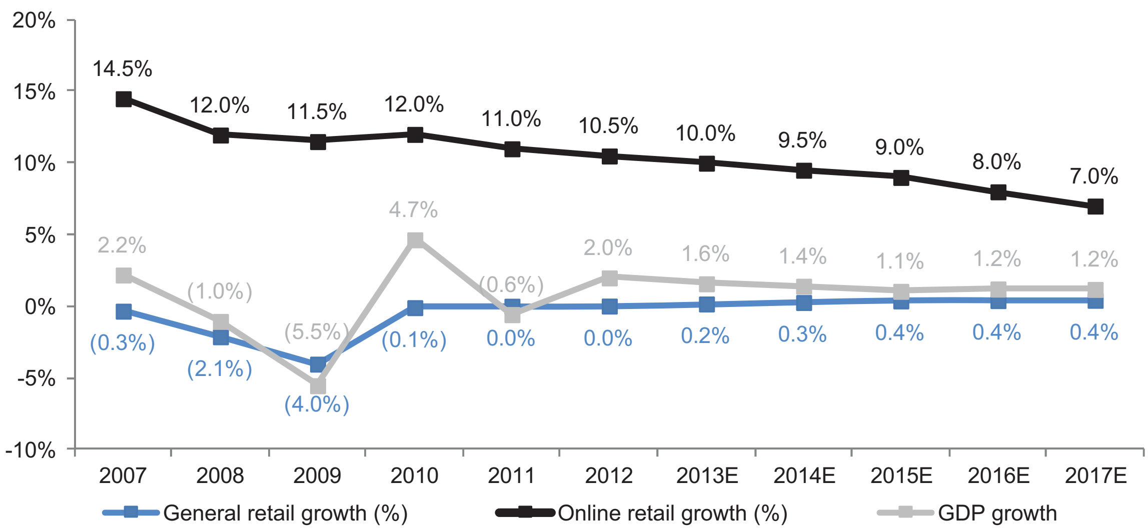
Aggregate Transaction Value and Growth of the Japanese Online Retail Market



Source: Euromonitor

The overall Japanese retail market has been affected by some negative factors including long term implications of demographic ageing, which has influenced the Japanese economy. In contrast, the Japanese online retail market has grown strongly and consistently during the last four years and is forecast to continue to outperform the broader Japanese retail market.

Japanese Retail Market Growth



Sources: Euromonitor, International Monetary Fund

Euromonitor's data projection is primarily based on historical trends as well as trade surveys. Euromonitor engaged a variety of personnel from key industry players for their views on the development of the industry in the next five years with a focus on their views on future sales volumes and average selling trends compared to historical trends. Parties interviewed included suppliers, distributors, retailers, service operators and industry associations. Trade associations engaged included the Internet Association Japan, and companies engaged for interviews included Amazon.com, Rakuten and other such internet retailers.

According to the Japanese Ministry of Economy's report in 2013 on e-commerce business, the penetration rate of e-commerce is growing steadily from 1.79% of total private consumption in 2008 to 3.11% in 2012.

Japan e-Commerce Penetration Rate by Sector

	Sector	Year	
		2011	2012
Retailing	Integrated retailing	4.74%	5.05%
	Apparel and accessory retailing	1.12%	1.33%
	Grocery retailing	0.85%	0.96%
	Automobile, furniture, electronic device retailing	4.08%	4.29%
	Pharmaceutical and cosmetics retailing	3.64%	4.02%
	Sport, book, music and toy retailing	2.46%	2.74%
Service	Hotel, travel and food services	5.47%	6.16%
	Entertainment	0.89%	0.94%

Source: Japanese Ministry of Economy's report in 2013 on e-commerce business

During the period from 2011 to 2012, particular growth was demonstrated by pharmaceutical and cosmetics retailers which grew by 19.3%, apparel and accessory retailers which grew by 21.5% and hotel, travel and food services which grew by 17.8%.

Growth in the Japanese online retail market has been driven by the following factors:

Increasing bandwidth of landline and mobile networks

Higher bandwidth speeds on both landline and mobile internet enables, firstly, a superior user experience, which encourages online spending, and secondly, more rapid download of data, which encourages purchase of digital content such as video, game and music streams.

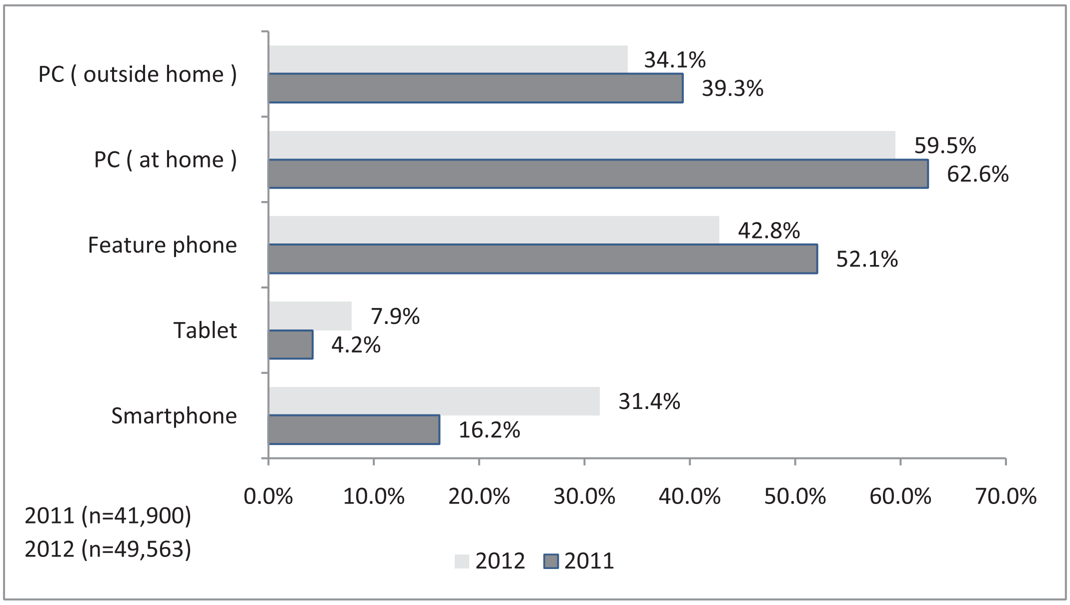
In the early 2000s, internet users grew significantly in Japan because of the spread of low cost fixed ADSL services. With the spread of mobile phones, mobile e-commerce in Japan was developed in a different way from desktop-based e-commerce particularly due to the different content. For example, mobile internet services such as i-mode provided by docomo or Ezweb provided by KDDI were key in initiating mobile e-commerce. The subsequent spread of smartphones and 4G LTE services enabled users to use the same e-commerce services through mobile phone as desktop computers.

docomo, the largest mobile telecommunication carrier in Japan, started providing high speed 4G LTE service from December 2010. KDDI and Softbank also started providing 4G LTE services from September 2012. According to the Fuji Chimera Research Report, 52.2% of mobile phone subscribers are expected to sign contracts for 4G LTE network connections by 2014, with penetration further increasing thereafter.

Increasing widespread use of wireless devices

The emergence and growth of smart wireless devices such as tablet computers and smartphones have encouraged the development of applications for purchasing goods and services using mobile devices, such as the core service of Amazon's "Kindle" tablet computers, Apple's "iTunes" and docomo's "d Market" for smartphones and tablet PCs.

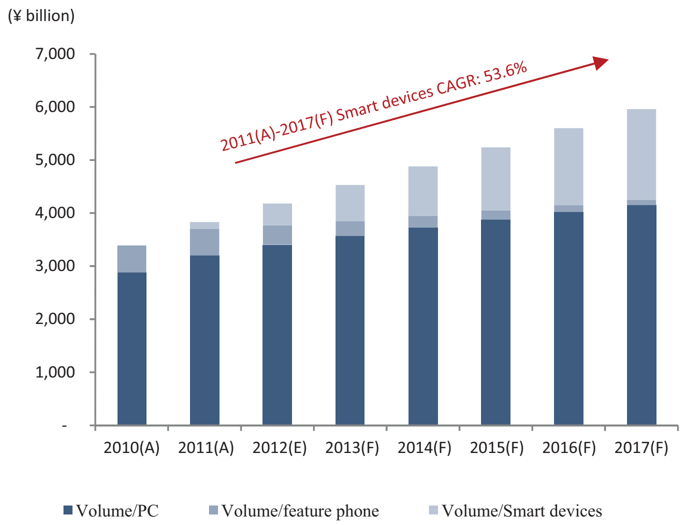
Penetration rate by device in Japan



Source: Communication service survey report 2012 published by Ministry of Internal Affairs and Communications of Japan

In addition, improvements in the mobile bandwidth speed that allow streaming of media on the move has created a rapidly growing mobile download market. According to Fuji Chimera, the value of online shopping transactions carried out using smart devices is forecast to grow at a CAGR of 33.1% from ¥410 billion (approximately HK$31.1 billion) in 2012 to reach a size of ¥1,710 billion (approximately HK$129.7 billion) in 2017.

Japan Online Shopping Aggregate Transaction Value by Device



Source: Fuji Chimera Research Report

Diversification and Expansion Strategies of Leading Players in the Online Retail Market

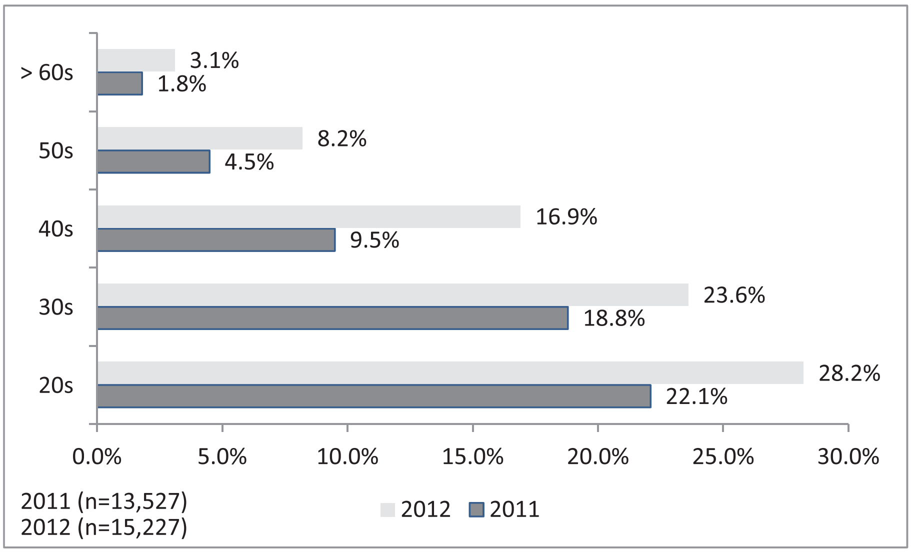
The five largest participants in the Japanese online retail market according to the Euromonitor Japan Report are Rakuten (26.4% share in 2012), Amazon Japan (14.3%), Apple Japan (5.1%), Yahoo! Japan (3.0%) and Senshukai (1.8%). The top three participants are rapidly increasing market share through the provision of superior customer service, an ever expanding range of products and through corporate acquisitions. Other major retail and department stores such as AEON Group, Seven & i Group, Takashimaya and Isetan Mitsukoshi Group have also started to focus on online retailing.

Increasing e-commerce Activity on Social Networking Services

Social networking services are increasingly monetizing their user base through the provision of e-commerce functionality, such as promoting product sales by reviews and comments left on a social media site by members who are also consumers. In March 2012, for example, DeNA Co., Ltd. and Mixi, Inc. partnered to launch a platform called "mixi mall" on the Mixi social network. The platform enables users to review comments on products from other users and to promote increased sales and more active communication among users.

The penetration rate of social networking services in Japan is increasing significantly. The following diagram sets out the result of a survey with regard to the usage of social networking services by age group conducted by the Ministry of Internal Affairs and Communications of Japan showing the percentage of such usage by age group in 2011 and 2012 respectively.

Use of Social Networking Services by age group in Japan

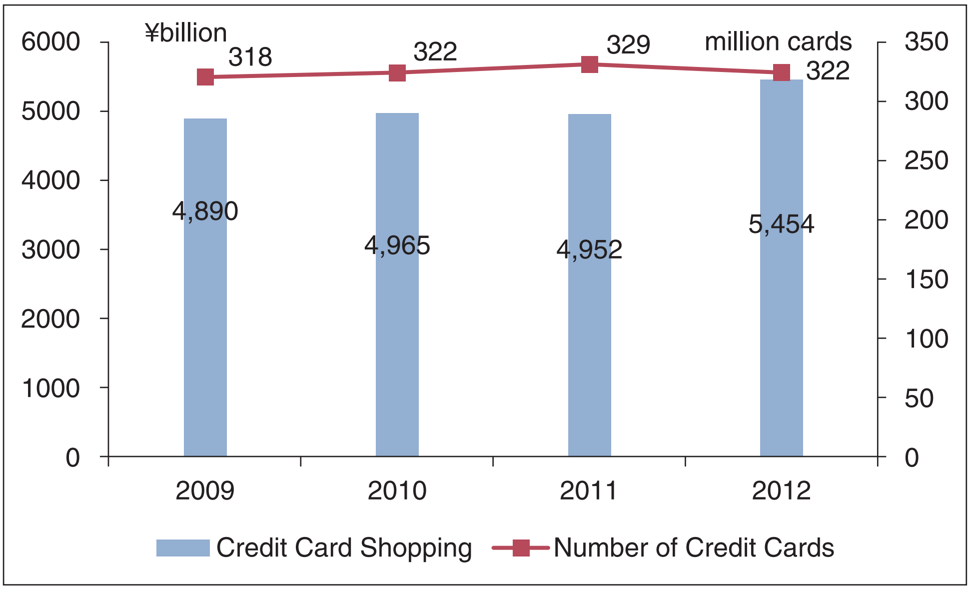


Source: Communication service survey report 2012 published by Ministry of Internal Affairs and Communications of Japan

Increase in Card Based Transactions

According to Japan Consumer Credit Association, as of March 2012, 322 million credit cards were in issue, which represents approximately 3.1 cards issued per person. According to the result of a survey conducted by Ministry of Internal Affairs and Communications of Japan in 2012, 60% of the respondents answered that they use credit cards as a payment method for online shopping. The aggregate value of credit card shopping in Japan was ¥5,454 billion (approximately HK$413.6 billion) in 2012 (10.1% growth from 2011).

Number of Credit Cards and Aggregate Value of Credit Card Shopping in Japan



Source: Japan Consumer Credit Association

Other Japanese Electronic Payment Service Growth Factors

Revenue of online PSPs are also influenced by factors outside of online retailing such as the following:

Increased Security Requirements

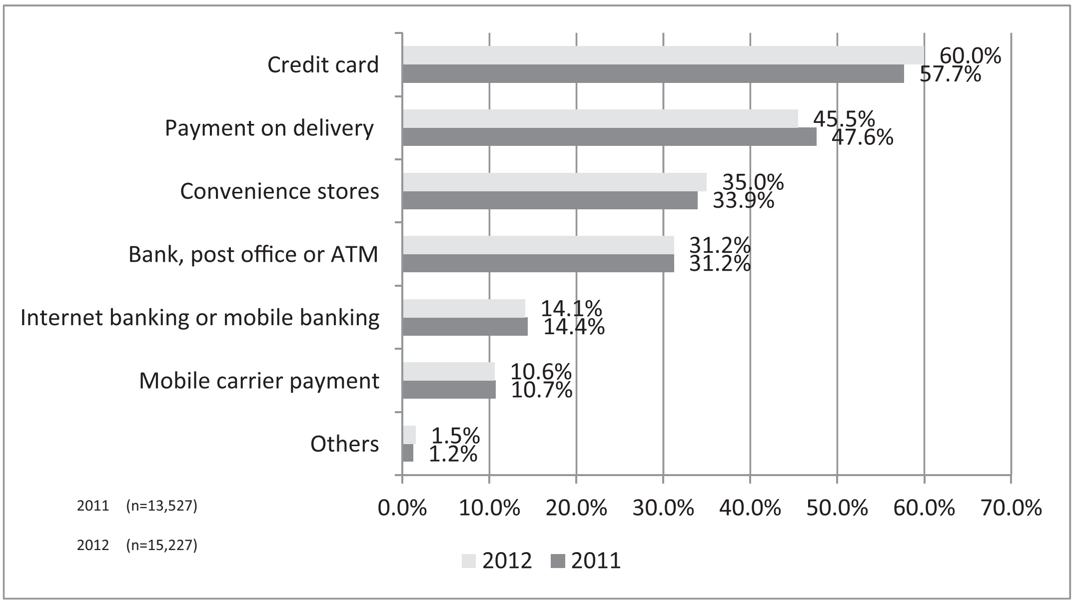
The lack of consumer confidence in the security of electronic payments was reported in the OECD's 2012 "Report on Consumer Protection in Online and Mobile Payments" as one of the most important factors affecting the development of e-commerce. Various initiatives have been undertaken by regulators and companies to address this concern, such as the introduction by credit card associations of the 3-D Secure protocol, the use of encryption technologies and the use of fraud detection software.

Diversification of Online Payment Services and Methods

In order to expand revenue sources and outperform competitors, market participants are increasingly providing value-added and complementary services such as internet advertising technology, point of sale payment processing and loyalty and marketing services, in addition to their core electronic payment transaction fulfilment function. Diversification of accepted payment types other than credit cards is also becoming a norm. An increasing number of online stores have begun to accept payments made at convenience stores, with electronic money (generally known as eMoney) cards such as Suica and Rakuten Edy (whereby funds can be stored in and paid out for purchases made online by entering card information, or by touching the card at a point of sale device for in-store transactions), and with reward points through point service operators such as Credit Saison.

The following diagram sets out the result of a survey conducted by the Ministry of Internal Affairs and Communications of Japan showing what kind of payment methods are used for online shopping:

Online payment method for online shopping in Japan (multiple answers)



Source: Communication service survey report 2012 published by Ministry of Internal Affairs and Communications of Japan

Pressure on Per Transaction Fees

Fees chargeable per transaction by online PSPs continue to decrease across the industry. The causes of such decrease include (i) competition between online PSPs and (ii) rapidly increasing volumes of online transactions being processed, which generate cost efficiencies such that cost savings can be partially passed on to customers (i.e. online merchants). The decrease in the per transaction fees and pressure on margins are to some extent offset by the diversification by online PSPs into higher margin products and services mentioned above.

Competitive Environment in Japan

The leading online payment service companies in Japan, ranked by aggregate revenue, are as follows:

Market Share of Online Payment Service Companies in Japan

	Fiscal Year 2011 Actual		Fiscal Year 2012 Actual	
Company	Revenue (¥ million)	%	Revenue (¥ million)	%
A	21,200	20.3%	25,700	21.4%
econtext Asia[1]	11,275	10.8%	13,115[2]	10.9%
B	9,000	8.6%	11,300	9.4%
C	11,400	10.9%	10,300	8.6%
D	8,000	7.7%	9,000	7.5%
Others	43,625	41.7%	50,785	42.3%
Total	104,500	100%	120,200	100%

Source: MIC Research Institute

Notes:

(1) econtext Asia includes aggregate revenue of VeriTrans and ECONTEXT.

(2) As defined by MIC Research Institute, fiscal year 2012 represents the 12 months ended June 30, 2013.

THE ASIA PACIFIC ONLINE PAYMENT SERVICES MARKET

The Asia Pacific online payment services market is highly fragmented at present. Many of the regional markets are at an early stage of development with differing payment systems. However, when taken as a whole and owing to its relative population size, Asia Pacific has a promising potential to become the world's largest electronic payment service market.

Amongst the key drivers for future growth (similar to the shift seen towards the online retail market experienced globally) are the continuous growth of the internet penetration rate (which in Asia was the second lowest at 27.5% in June 2012) and the growth of non-cash payments.

Global Internet Penetration and Growth Statistics

World Regions	Population 2012 Est.	Internet Users Dec. 31, 2000	Internet Users 2012	Penetration (% Population)	Growth 2000-2012	Users % of Table
Africa	1,073,380,925	4,514,400	167,335,676	15.6%	3,606.7%	7.0%
Asia	3,922,066,987	114,304,000	1,076,681,059	27.5%	841.9%	44.8%
Europe	820,918,446	105,096,093	518,512,109	63.2%	393.4%	21.5%
Middle East	223,608,203	3,284,800	90,000,455	40.2%	2,639.9%	3.7%
North America	348,280,154	108,096,800	273,785,413	78.6%	153.3%	11.4%
Latin America / Caribbean	593,688,638	18,068,919	254,915,745	42.9%	1,310.8%	10.6%
Oceania / Australia	35,903,569	7,620,480	24,287,919	67.6%	218.7%	1.0%
WORLD TOTAL	**7,017,846,922**	**360,985,492**	**2,405,518,376**	**34.3%**	**566.4%**	**100.0**

Source: internetworldstats.com

In Asian countries excluding Japan, the regions that demonstrate the greatest potential are those countries that either have a large existing internet subscriber base or are anticipating rapid internet subscriber growth.

Asia Pacific Statistics on Internet and Online Retail Growth

Country	Population 2012	Internet Users and Penetration 2012	Internet User Growth Rate 2000-2012 CAGR	Online Retail Market Size 2012 (US$ million)	Online Retail Market Size 2017 (US$ million)	Online Retail Growth Estimate 2012-2017 CAGR
China	1,343,239,923	538,000,000 (40.1%)	30.3%	64,378	233,987	29.4%
India	1,205,073,612	137,000,000 (11.4%)	31.8%	1,591	3,431	16.6%
Indonesia	248,645,008	55,000,000 (22.1%)	31.8%	78	190	19.5%
South Korea	48,860,500	40,329,660 (82.5%)	6.5%	23,761	29,304	4.3%
Philippines	103,775,002	33,600,000 (32.4%)	26.5%	318	395	4.4%
Thailand	67,091,089	20,100,000 (30.0%)	19.8%	619	869	7.0%
Malaysia	29,179,952	17,723,000 (60.7%)	13.9%	298	548	12.9%

Source: Euromonitor, internetworldstats.com

Asia Pacific Statistics on Consumer Payments and Aggregate Value of Credit Card Transactions

Country	Credit Card Transaction Value (US$ billion) and % of Total Consumer Payments 2012	Credit Card Transaction Value (US$ billion) and % of Total Consumer Payments 2017	Credit Card Transaction Value Growth Estimate 2012-2017 CAGR
China	810.3 (21.4%)	1,452.0 (24.1%)	12.4%
India	17.1 (1.7%)	32.0 (1.6%)	13.4%
Indonesia	20.9 (4.6%)	35.1 (6.6%)	11.0%
South Korea	423.5 (71.7%)	501.3 (70.8%)	3.4%
Philippines	11.6 (8.0%)	21.1 (12.2%)	12.8%
Thailand	37.0 (8.5%)	52.5 (8.5%)	7.3%
Malaysia	31.5 (15.2%)	48.7 (17.0%)	9.1%

Source: Euromonitor

Growth in the Asia Pacific online payment services market is primarily driven by and closely related to the growth in the online retail market. Key growth factors of the online retail market, such as the increase in internet and wireless penetration, enhanced shopping experience and government support, are consistent factors across each market.

China Online Retail Market

The key China specific drivers of the ongoing rapid growth in online retail market have been competitive prices caused by increasing numbers of manufacturers and retailers setting up online stores and broadening product ranges. Taobao.com dominates the online retail market with greater than 50% market share across all product categories according to Euromonitor.

Thanks to the growing popularity of internet retailing, third party payment operators recorded vigorous growth in China. By the end of August 2012, the People's Bank of China had issued 101 licenses to payment processors to enable development of electronic payment markets. In addition to leading players like Alipay, local pre-paid issuers such as Beijing Municipal Administration & Communications Card have also secured licenses.

Indonesia Online Retail Market

With only 22.1% internet penetration in 2012, Indonesia is an early stage online retail market but is growing rapidly. Mobile commerce is an emerging trend in Indonesia due to extensive ownership of smartphones as well as the growing use of tablet computers.

Indonesia demonstrates strong potential with an online retail market size of US$78 million (approximately HK$608.4 million) in 2012 (35% growth from 2011). This is forecasted to grow at a CAGR of 19.5% from 2012 to 2017 and reach a value of US$190 million (approximately HK$1,482.0 million) in 2017 according to Euromonitor's Internet Retailing in Indonesia Report (April 2013).

Online retail growth is also supported by the recent establishment of the Indonesian E-Commerce Association (idEA), which aims to create a sustainable environment in online retail by enhancing the relationships between the Indonesian Government, other associations and industry players. The Indonesian Government has also demonstrated its support for the industry by creating Rancangan Peraturan Pemerintah (Government Regulation Plan) regarding electronic transactions and systems.

SOURCES OF INFORMATION

We have commissioned MIC Research Institute to prepare the MIC Report. MIC Research Institute is a member of the Japan Marketing Research Association and has been publishing periodical reports on the Japanese online payment service industry since July 2009. The MIC Report was based on general economic data, surveys, historical market data and statistics published by Government. MIC Research Institute received a fee of JPY924,000 (approximately HK$70,067), which we believe reflects the market rate for such reports.

MIC Research Institute adopted a methodology of both primary research and secondary research. Primary research was conducted through interviews with major market participants, the data from which was collected and used to cross check the consistency of relevant data and estimates. Secondary research involved reviewing public information published by market participants and government and MIC Research Institute's own industry knowledge. Forecast data in the MIC Report was based on historical data analyses of market participants, market data published by the Japanese government and a survey of the major market participants.

Our Directors and [●] are of the belief that MIC Research Institute has taken due care in collecting and reviewing data and that the basic assumptions contained in the MIC Report are factual, correct and not misleading. Our Directors are of the opinion, after taking all reasonable care, that there has been no adverse change in the market information since the date of the MIC Report or any of the other reports referred to in this section which may qualify, contradict or have an impact on the information in this section.

OVERVIEW

The history of our Company can be traced back to 1997 with the establishment of one of our principal operating subsidiaries, VeriTrans, to provide online payment processing solutions for e-commerce companies. Our other principal operating subsidiary, ECONTEXT, was established as a joint venture between Digital Garage, Lawson Inc., Mitsubishi Corporation and TIS Inc. (formerly known as Toyo Information Systems Co., Ltd) in 2000 to provide a convenience store-based payment and fulfilment platform.

History of VeriTrans

VeriTrans was incorporated under the name CyberCash K.K. on April 24, 1997 under the laws of Japan by CyberCash Japan, BV with an initial issued share capital of ¥10,000,000. CyberCash K.K. was established to provide online payment processing solutions for e-commerce companies.

On May 12, 1997, the entire issued share capital of CyberCash K.K. was transferred from CyberCash Japan, BV to CyberCash Japan, CV.

On April 24, 2002, CyberCash K.K. changed its name to VeriTrans Co., Ltd.

On July 1, 2003, CyberCash Japan, CV transferred its entire interest in VeriTrans to Softbank Finance and a former employee of VeriTrans. On December 16, 2003, Softbank Finance transferred its entire interest in VeriTrans to Finance All, Inc. ("**Finance All**") and Finance All became the largest shareholder of VeriTrans.

On October 5, 2004, VeriTrans was listed on the Hercules market (formerly known as the Nasdaq Japan Market), which catered for growth stock, of the Osaka Securities Exchange with stock code 3749. At the time of listing, Finance All was the largest shareholder of VeriTrans with a 45.8% interest. On July 1, 2005, VeriTrans Co., Ltd. changed its name to SBI VeriTrans Co., Ltd. The Hercules market was subsequently merged with the JASDAQ in October 2010 and the listing of VeriTrans was transferred to the JASDAQ on October 12, 2010 with stock code 3749.

On March 1, 2006, Finance All was merged into SBI Holdings and SBI Holdings became the largest shareholder of VeriTrans with a 45.8% interest.

On August 11, 2011, SBI Holdings acquired the entire issued share capital of VeriTrans from the then existing shareholders by way of share exchange. VeriTrans was delisted from the JASDAQ on July 27, 2011 and became a wholly-owned subsidiary of SBI Holdings. According to the announcement of SBI Holdings dated February 24, 2011, VeriTrans was delisted from JASDAQ in order to integrate it with the settlement business carried out by SBI Holdings and to strengthen the operation of VeriTrans.

Pursuant to a share transfer agreement dated March 29, 2012 between SBI Holdings, Wheel, Inc. ("**Wheel**") and Digital Garage, Wheel acquired the entire issued share capital of VeriTrans from SBI Holdings for a consideration of ¥13 billion, based on arm's length negotiations between SBI Holdings and Digital Garage with reference to a valuation conducted by an independent appraiser based on discounted cashflow and market comparable valuation methods. VeriTrans became a wholly-owned subsidiary of Wheel on April 26, 2012. Wheel was then a wholly-owned subsidiary of Digital Garage and was subsequently renamed as DG Payment Holdings, Inc. ("**DG Payment**"). Prior to the transfer, the management team of VeriTrans consisted of five directors and one statutory auditor. One of the directors and the statutory auditor resigned following the transfer and an additional four directors and a statutory auditor were appointed to VeriTrans by the Digital Garage Group.

VeriTrans is one of the market leaders in the online payment solutions industry in Japan with well established infrastructure and clientele. The acquisition of VeriTrans by the Digital Garage Group formed a strategic synergy with ECONTEXT to strengthen the business and market position of the Digital Garage Group in the online payment business in Japan and to complement the Group's expansion plan in Asia. According to the announcement of SBI Holdings dated March 29, 2012, in light of the network of investor possessed by Digital Garage and its proven track record in the internet business, the disposal of VeriTrans to Digital Garage would allow VeriTrans to further expand its settlement service business in Japan and the rest of Asia and was considered by SBI Holdings to be in the best interest of VeriTrans.

Mr. Takashi Okita, our executive Director and Chief Executive Officer, was formerly a director and executive officer of SBI Holdings from 2008 to 2012 and a non-executive director of SBI Holdings from 2012 to June 2013. SBI Holdings and its affiliates are currently shareholders of JJ-Street, with an aggregate shareholding of 33.3%. VeriTrans also provides online settlement services to subsidiaries of SBI Holdings for various websites operated by such subsidiaries and the transactions are conducted on normal commercial terms. Please see the section headed "Connected Transactions — Exempt Continuing Connected Transactions" in the document for further details.

On May 1, 2012, SBI VeriTrans Co., Ltd. changed its name to VeriTrans Inc. On May 29, 2012, Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi, who are our executive Directors, acquired 162, 112 and 50 common shares of VeriTrans, respectively, from DG Payment. The aggregate shareholding of these Management Shareholders amounts to 0.2% of the issued share capital of VeriTrans.

On March 31, 2013, three directors of VeriTrans, Mr. Makoto Soda, Mr. Masashi Tanaka and Mr. Kiyotaka Harada, who were originally nominated by Digital Garage and appointed to specifically assist with matters relating to the integration of VeriTrans and ECONTEXT under the Digital Garage Group, completed their assignment and vacated their respective directorships permanently. As of the Latest Practicable Date, Mr. Makoto Soda and Mr. Masashi Tanaka are directors of Digital Garage and Mr. Kiyotaka Harada is an executive director of ECONTEXT. A further two directors, namely Mr. Kohei Akao and Mr. Hiroshi Shino, vacated their directorships on the same date and remained as members of the management of VeriTrans. Due to the increased significance of VeriTrans within the group, Mr. Akao and Mr. Shino were re-appointed as directors of VeriTrans on October 22, 2013. Our Directors and the [●] are of the view that the vacation of directorship by these five individuals had no adverse effect on the operations of VeriTrans. The management of VeriTrans now comprises six directors, being Mr. Kaoru Hayashi, Mr. Takashi Okita, Mr. Tomohiro Yamaguchi, Mr. Kohei Akao, Mr. Hiroshi Shino and Mr. Keizo Odori, and one statutory auditor, being Mr. Yoshitaka Sakai.

On November 20, 2012, DG Payment was absorbed into Digital Garage by way of a simplified absorption-type merger under the Japanese Companies Act and VeriTrans became a direct subsidiary of Digital Garage.

The key milestones in the history and development of VeriTrans are as set out below:

1997	Incorporated as CyberCash K.K. in Japan on April 24, 1997 by CyberCash Japan, BV
	Entire issued share capital transferred to CyberCash Japan, CV
1998	Launched Japan's first secure internet-based credit card settlement service
2000	Began distribution of SSL Server Certificates in alliance with VeriSign Japan
	Launched our second generation online payment service known as "BuySmart"
2001	Launched "Credit All-in-One" agency payment service
2002	Changed its name to VeriTrans Co., Ltd.
2003	CyberCash Japan CV transferred its entire interest in VeriTrans to Softbank Finance Corporation and a former employee of VeriTrans
	Softbank Finance transferred its entire interest in VeriTrans to Finance All and Finance All became the largest shareholder
2004	Listed on the Hercules market of the Osaka Securities Exchange (which later became the JASDAQ)
	Implemented 3-D Secure internet identity authentication technology
	Kotohako was incorporated in Japan by third parties on September 15, 2004 for the establishment of search engine business
2005	Changed its name to SBI VeriTrans Co., Ltd.
	Granted the right by JIPDEC to use "PrivacyMark"
	Became compliant with Payment Card Industry Data Security Standard (PCI DSS) version 1.0
2006	Finance All merged into SBI Holdings and SBI Holdings became the largest shareholder
	eCURE was incorporated in Japan as a joint venture among VeriTrans and two Independent Third Parties on November 1, 2006 for the establishment of internet security business
	Coolpat was incorporated in Japan by third parties on June 27, 2006 for the establishment of internet payment and settlement business
	Launched VeriTrans' eMoney settlement service (formerly known as "VeriTrans eMoney"), and became the first provider of such service for Suica

2007	Received certification for the PCI DSS version 1.1
	Acquired the entire issued share capital of eCURE
2009	Became the first Japanese online payment service provider registered with Visa's Registry Program, a registry of online payment service providers that comply with PCI-DSS
	Launched "UnionPay Net Settlement Service" targeted towards consumers in China in alliance with Sumitomo Mitsui Card
	iResearch Japan was incorporated in Japan as a 66.7% owned subsidiary of VeriTrans on November 5, 2009 to provide research services
2010	Launched our third generation online payment service, "VeriTrans 3G"
	NaviPlus was incorporated in Japan on January 21, 2010 as a 90% owned subsidiary of VeriTrans and the search recommendation engine business was segregated from VeriTrans into NaviPlus
	Received the "Grand Prix" prize in the PaaS category of the ASP/SaaS/ICT Outsourcing Awards
2011	Hercules market was merged with the JASDAQ and the listing was transferred to the JASDAQ
	Entire issued share capital was acquired by SBI Holdings
	Delisted from the JASDAQ
	Acquired the entire issued share capital of Coolpat
	JJ-Street was incorporated in Japan on January 14, 2011 as a 50% owned joint venture for the establishment of our internet advertising business
2012	Entire issued share capital was acquired by Wheel (subsequently renamed as Digital Garage Payment Holdings, Inc.) and became part of the Digital Garage Group
	Changed its name to VeriTrans Inc.
	Acquired the entire issued share capital of Kotohako
	Launched IVR (or Interactive Voice Response) payment solution service in Japan
	99.8% of the issued share capital transferred to our Company
2013	Kotohako merged into NaviPlus and ceased to be a separate legal entity

History of ECONTEXT

ECONTEXT was incorporated on May 29, 2000 under the laws of Japan with an initial issued share capital of ¥400,000,000. Upon incorporation, the issued share capital of ECONTEXT was held by Digital Garage as to 34%, Lawson Inc. as to 46%, Mitsubishi Corporation as to 10% and TIS Inc. as to 10%.

On January 3, 2003, ECONTEXT carried out a capital reduction whereby every eight shares were combined into one share and the share capital of ECONTEXT was reduced to ¥88,650,000.

On January 30, 2003, Digital Garage subscribed for an additional 3,100 shares of ECONTEXT and became the largest shareholder of ECONTEXT with a 77.9% shareholding.

On June 23, 2005, ECONTEXT was listed on the Hercules market of the Osaka Securities Exchange with stock code 2448.

In order to strengthen the marketing know-how and system development of ECONTEXT and to take advantage of the technology know-how possessed by other subsidiaries within the Digital Garage group, ECONTEXT was merged into Digital Garage by way of a merger and acquisition agreement dated August 27, 2008 between Digital Garage and ECONTEXT, which was duly approved at the annual meetings of shareholders of Digital Garage and ECONTEXT held on September 26, 2008 and September 25, 2008, respectively. Pursuant to the merger and acquisition agreement, each shareholder of ECONTEXT was entitled to be issued 0.61 shares of Digital Garage for every share it held in ECONTEXT. ECONTEXT was delisted from the then Hercules market of the Osaka Securities Exchange on October 21, 2008. ECONTEXT was merged into Digital Garage and ceased to be a separate legal entity effective as of October 27, 2008.

The key milestones in the history and development of ECONTEXT are as set out below:

2000	Incorporated in Japan on May 29, 2000 by Digital Garage, Lawson Inc., Mitsubishi Corporation and TIS Inc.
2003	Digital Garage subscribed for additional shares and became the largest shareholder
2005	Listed on the Hercules market of the Osaka Securities Exchange (which later became the JASDAQ)
2008	Merged into Digital Garage and delisted from the Hercules market
2012	Demerged from Digital Garage and incorporated under the laws of Japan on October 1, 2012 Entire issued share capital transferred to our Company

Other operating subsidiaries

Coolpat

Coolpat was incorporated in Japan on June 27, 2006 by five third party individuals. Pursuant to a share transfer agreement dated February 18, 2011 between VeriTrans and five other third party individuals, the entire issued share capital of Coolpat was transferred to VeriTrans on February 18, 2011 for an aggregate consideration of ¥54,993,480, which was determined by the fair value of

Coolpat on a discounted cashflow basis with reference to a valuation conducted by an Independent Third Party.

The issued share capital of Coolpat is ¥1,000,000, all of which is now owned by VeriTrans.

The principal business of Coolpat is the provision of infrastructure and technology support for internet payment and settlement businesses.

eCURE

eCURE was incorporated in Japan on November 1, 2006 by VeriTrans, Sanwa Comtech K.K. and C4 Technology, Inc.

Pursuant to a share transfer agreement dated July 24, 2007 between VeriTrans, Sanwa Comtech K.K. and C4 Technology, Inc., the entire issued share capital eCURE was transferred to VeriTrans on July 24, 2007 for an aggregate consideration of ¥20,000,000, which was determined based on the fair value of eCURE with reference to the then market price of VeriTrans (eCURE then became a 100% subsidiary of VeriTrans comprising its entire information security segment).

The issued share capital of eCURE is ¥75,000,000, all of which is now owned by VeriTrans.

The principal business of eCURE is the provision of internet security services, including sale of website authentication, safety check and security consulting services.

iResearch Japan

iResearch Japan was incorporated in Japan on November 5, 2009. The issued share capital of iResearch Japan is ¥30,000,000 and its shares are owned by VeriTrans as to 66.7% and Topstart as to 33.3%.

The principal business of iResearch Japan is the provision of research services, including internet research, data collection and analysis and other services.

NaviPlus

NaviPlus was incorporated in Japan on January 21, 2010. The issued share capital of NaviPlus is ¥145,000,000 and its shares are owned by VeriTrans as to 95% and Appirits Inc., an Independent Third Party, as to 5%.

The principal business of NaviPlus is the provision of a recommendation engine, customer review platform and e-commerce services including service support, advertising support and analysis support.

JJ-Street

JJ-Street was incorporated in Japan under the name Shareee-china on January 14, 2011. Shareee-china changed its name to JJ-Street on June 28, 2013. The issued share capital of JJ-Street is ¥100,000,000 and its shares are owned by VeriTrans as to 50%. The remaining shares are held by e-machitown Co., Ltd., as to 16.7% and SBI Holdings and its affiliates as to 33.3%.

The principal business of JJ-Street is the operation of an information website, JJ-Street.com, targeted mainly at Chinese-speaking visitors in Japan.

See the section headed "Appendix V—Statutory and General Information—A. Further Information About Our Group—Changes in the share capital of our subsidiaries" in this document for further details on the above subsidiaries.

Other investments

PT. Tokopedia

PT. Tokopedia was incorporated in Indonesia on February 6, 2009 with an issued share capital of Rp.600 million (approximately HK$384,000) divided into 600 shares of Rp.1,000,000 (approximately HK$640) each. The shares of PT. Tokopedia are owned by us as to 6.62% and the remaining shares are held by its founders and other investors all of which are Independent Third Parties.

The principal business of PT. Tokopedia is the operation of an online e-commerce platform.

PT. Midtrans

PT. Midtrans was incorporated in Indonesia on January 9, 2012 with an issued share capital of Rp.23,114 million (approximately HK$14.8 million) divided into 2,600,000 shares of Rp.8,890 (approximately HK$5.7) each. The shares of PT. Midtrans are owned by us as to 23%, PT Mitra Dutamas as to 42% and PT Mitratama Grahaguna as to 25% (both are subsidiaries of Midplaza Holdings) and BEENOS ASIA PTE. LTD. (a subsidiary of Netprice.com, Ltd.) as to 10%, all of which are Independent Third Parties.

The principal business of PT. Midtrans is the provision of online payment processing services to online merchants in Indonesia.

VeriTrans Shanghai

VeriTrans Shanghai was incorporated in December 11, 2012. The issued share capital of VeriTrans Shanghai is RMB200,000 (approximately HK$254,000), which is owned by us and Shanghai CardInfoLink, an Independent Third Party, as to 50% each. We do not consolidate the results of VeriTrans Shanghai as we do not have control over its board of directors.

The principal business of VeriTrans Shanghai is to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China.

ECAA

ECAA was established as an incorporated association (*shadan-hojin*) under the laws of Japan on November 18, 2011. As of the Latest Practicable Date, ECAA had 75 members, all of which engage in e-commerce infrastructure business and are Independent Third Parties and 20 of which consist of voting members that pay membership fees. Mr. Takashi Okita, our executive Director and chief executive officer, is a representative of ECAA.

The main purpose of the establishment of ECAA is the provision of comprehensive solutions and support to online merchants operating in the e-commerce markets in Asia through the cooperation and exchange of information among its members.

Citrus Singapore and Citrus India

Citrus Singapore was incorporated in July 15, 2013. Citrus Singapore is owned by us as to 15.59% and the remaining shares are held by its founders and other investors, all of which are Independent Third Parties. Citrus Singapore is not engaged in any operations other than acting as an investment holding company of Citrus India. Citrus India was incorporated in April 28, 2011. Citrus India is owned by Citrus Singapore as to 70% and the remaining shares are held by its founders and other investors, all of which are Independent Third Parties. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India. We do not consolidate the results of Citrus Singapore or Citrus India as we do not have control over their respective board of directors.

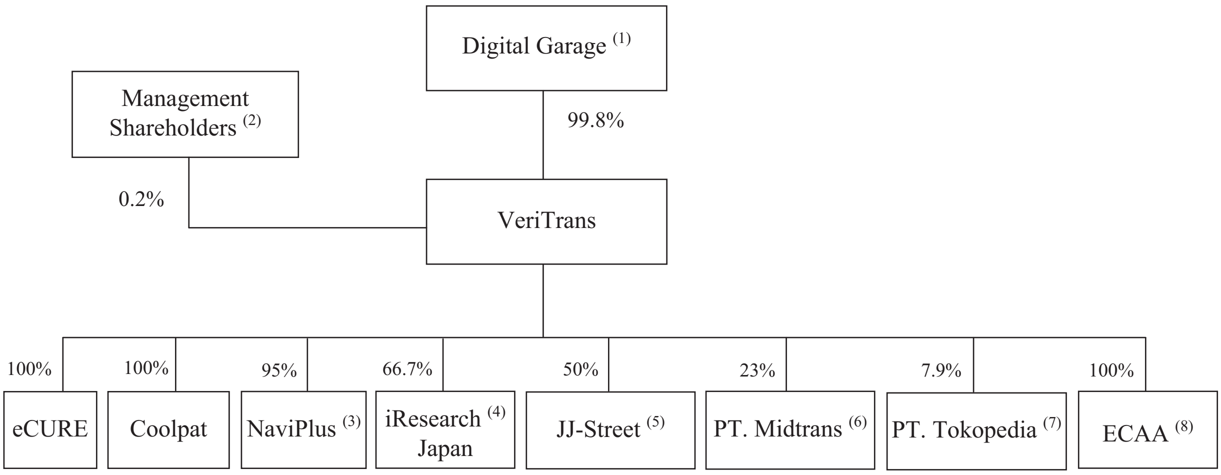
Confirmation

Our Directors confirm that, to the best of their knowledge, Digital Garage, VeriTrans and ECONTEXT, and their respective directors, had been in compliance with all applicable rules and regulations of, and were not subject to any disciplinary action by, the Osaka Securities Exchange during their respective listing on the Hercules market, subsequently the JASDAQ, and there are no matters that need to be brought to the attention of [●].

Our Directors further confirm that all the transfer of shares referred to in this section were properly and legally completed and settled in accordance with the internal or external legal advice or assurances obtained by our Group at the relevant time.

The Group intends to expand both its domestic and international businesses by establishing a leading position in emerging, high growth and mature e-commerce markets throughout Asia, including Hong Kong and China.

The following chart illustrates our shareholding structure immediately prior to the Reorganization:



Notes:

(1) Includes ECONTEXT, which was merged into Digital Garage with effect from October 27, 2008.

(2) The management shareholders are Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi and their shareholdings in VeriTrans are 0.10%, 0.07% and 0.03%, respectively.

(3) The remaining shares are held by Appirits Inc., which is an Independent Third Party.

(4) *The remaining shares are held by Topstart Holdings Ltd.*

(5) *The remaining shares are held by e-machitown Co., Ltd., an Independent Third Party as to 16.7% and SBI Holdings, Inc. and its affiliates as to 33.3%.*

(6) *The remaining shares are held by PT. Mitra Dutamas as to 42%, PT. Mitratama Grahaguna as to 25% and BEENOS ASIA PTE. LTD. as to 10%, all of which are Independent Third Parties.*

(7) *The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.*

(8) *ECAA is an incorporated association (shadan-hojin) established under the laws of Japan and all its members are Independent Third Parties.*

REORGANIZATION

The businesses comprising our Group underwent the Reorganization, details of which are set out below. No regulatory approvals were required in respect of the Reorganization.

Incorporation of the Company

Our Company was incorporated on September 10, 2012 with an authorized share capital of HK$100,000,000 divided into 10,000,000 shares of HK$10.00 each, all of which were issued in the name of Digital Garage. On December 1, 2012, the share capital of our Company was increased from HK$100,000,000 to HK$6,492,939,640 by the creation of 639,293,964 ordinary shares of HK$10.00 each.

Demerger of ECONTEXT from Digital Garage

In order to segregate the payment business segment within the Digital Garage Group, ECONTEXT was demerged from Digital Garage on October 1, 2012 and incorporated under the laws of Japan with an initial issued share capital of ¥100,000,000. The entire issued share capital of ECONTEXT was then held by Digital Garage. The business of ECONTEXT formerly operated by Digital Garage's business division under the name ECONTEXT Company was transferred from Digital Garage to ECONTEXT at book value.

Transfer of interests in VeriTrans and ECONTEXT to our Company

On December 1, 2012, 100% of the issued share capital in ECONTEXT and 99.8% of the issued share capital in VeriTrans were transferred to our Company by Digital Garage in consideration for the issue by our Company of 152,323,491 shares credited as fully paid to Digital Garage. As a result of these transfers, our Company became the holding company of VeriTrans, ECONTEXT and the other businesses operated by our Group. Digital Garage remained the sole shareholder of our Company.

Acquisition of Kotohako by NaviPlus

Kotohako was incorporated in Japan on September 15, 2004 by Japan Asia Investment Co., Ltd., Tsukuba Technology Co., Ltd. and six other third party individuals. Pursuant to a share transfer agreement dated December 13, 2012 between NaviPlus, a subsidiary of VeriTrans, and Japan Asia Investment Co., Ltd., Tsukuba Technology Co., Ltd. and six other third party individuals, the entire issued share capital of Kotohako, being ¥63,500,000, was transferred to NaviPlus on December 28, 2012 for an aggregate consideration of ¥217,080,000, which was determined on a discounted cashflow basis and Kotohako became a wholly-owned subsidiary of NaviPlus.

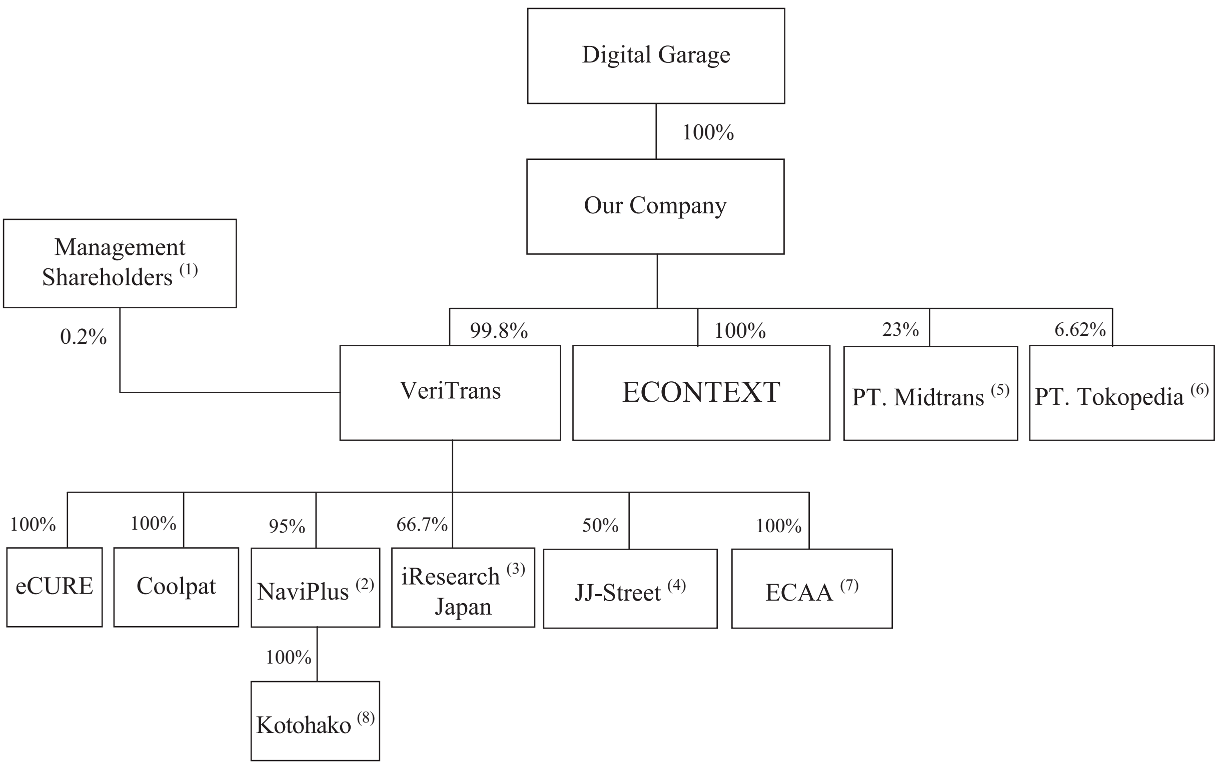
The principal business of Kotohako is the provision of search and recommendation engines for e-commerce businesses.

Transfer of interests in PT. Midtrans and PT. Tokopedia to our Company

On March 15, 2013, VeriTrans transferred its entire interest in PT. Midtrans, being 598,000 shares of Rp.8,890 each (approximately 23% of the share capital of PT. Midtrans), to our Company for a consideration of Rp. 5,316 million (approximately HK$3.4 million), which was determined on a discounted cashflow basis with reference to a valuation conducted by an Independent Third Party. Our Company became a shareholder of PT. Midtrans with a 23% interest.

On May 2, 2013, VeriTrans transferred its entire interest in PT. Tokopedia, being 178 shares of Rp.1,000,000 (approximately HK$640) each (approximately 7.9% of the then issued share capital of PT. Tokopedia), to our Company for a consideration of US$730,791.46 (approximately HK$5,700,173), which was determined on a discounted cashflow basis with reference to a valuation conducted by an Independent Third Party. Following other changes in the shareholding structure of PT. Tokopedia and the issue of new shares, our Company's interest in PT. Tokopedia was reduced to 6.62%.

The following chart illustrates our shareholding structure immediately following the completion of the Reorganization:



Notes:

(1) *The Management Shareholders are Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi and their shareholdings in VeriTrans are 0.10%, 0.07% and 0.03%, respectively.*

(2) *The remaining shares are held by Appirits Inc., which is an Independent Third Party.*

(3) *The remaining shares are held by Topstart Holdings Ltd.*

(4) *The remaining shares are held by e-machitown Co., Ltd., an Independent Third Party as to 16.7% and SBI Holdings, Inc. and its affiliates as to 33.3%.*

(5) *The remaining shares are held by PT. Mitra Dutamas as to 42%, PT. Mitratama Grahaguna as to 25% and BEENOS ASIA PTE. LTD. as to 10%, all of which are Independent Third Parties.*

(6) The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.

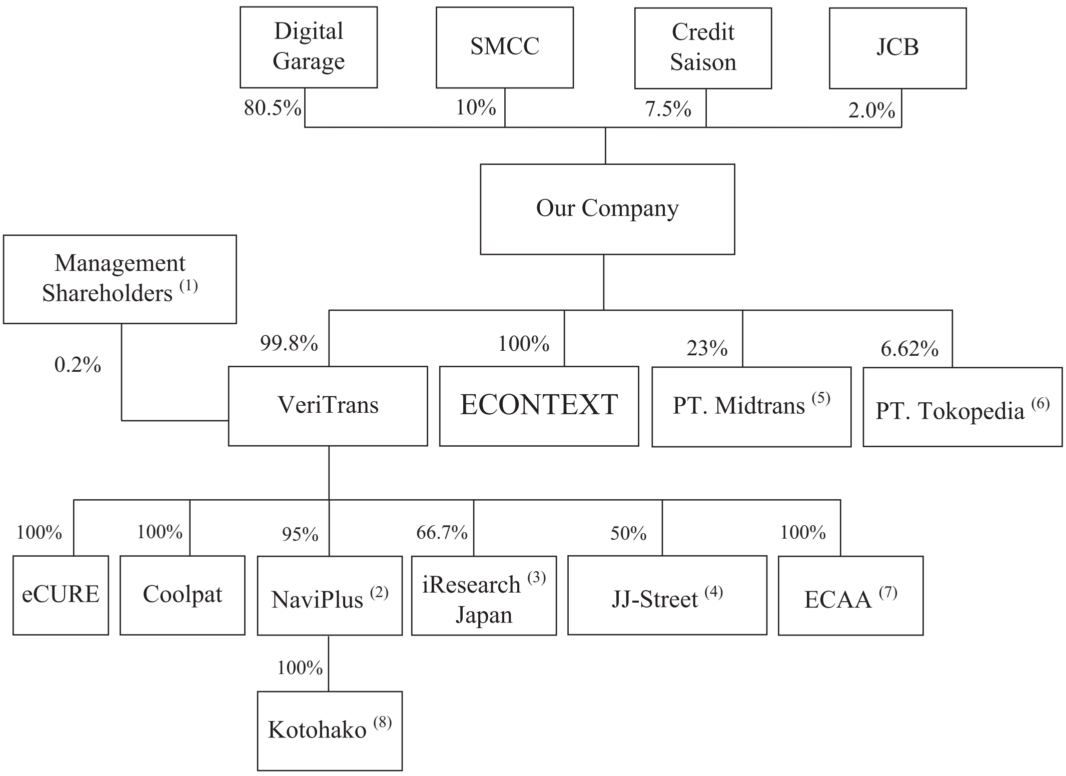
(7) ECAA is an incorporated association (shadan-hojin) established under the laws of Japan and all its members are Independent Third Parties.

(8) Kotohako was incorporated by third parties and its entire issued share capital was transferred to NaviPlus on December 28, 2012.

SALE OF SHARES

In early 2013, with a view to strengthen the shareholding structure of our Company, our Controlling Shareholder, Digital Garage, entered into separate sale and purchase agreements with SMCC, Credit Saison and JCB (the "**Buyers**" and each a "**Buyer**") pursuant to which an aggregate of 19.5% of the then issued and outstanding share capital of our Company was sold by Digital Garage to the Buyers. Our Company was not a party to the agreements between Digital Garage and the Buyers.

The following chart illustrates our shareholding structure immediately following the completion of the share acquisitions by the Buyers:



Notes:

(1) The Management Shareholders are Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi and their shareholdings in VeriTrans are 0.10%, 0.07% and 0.03%, respectively.

(2) The remaining shares are held by Appirits Inc., which is an Independent Third Party.

(3) The remaining shares are held by Topstart Holdings Ltd.

(4) The remaining shares are held by e-machitown Co., Ltd. as to 16.7% and SBI Holdings, Inc. and its affiliates as to 33.3%.

(5) The remaining shares are held by PT. Mitra Dutamas as to 42%, PT. Mitratama Grahaguna as to 25% and BEENOS ASIA PTE. LTD. as to 10%, all of which are Independent Third Parties.

(6) The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.

(7) ECAA is an incorporated association (shadan-hojin) established under the laws of Japan and all its members are Independent Third Parties.

(8) Kotohako was incorporated by third parties and its entire issued share capital was transferred to NaviPlus on December 28, 2012.

Business and capital alliance with the Buyers

The Directors are of the view that SMCC, Credit Saison and JCB are reputable Japanese credit card companies and will strengthen the shareholder base of our Company.

SMCC, Credit Saison and JCB are credit card merchant acquirers which provide services to the Group. SMCC and JCB were major suppliers of the Group during the [●]. [●] the section headed "Our Business—Vendor Relationships" in this document.

We have entered into business and capital alliance agreements with each of SMCC, Credit Saison and JCB pursuant to which we agreed to work together to explore potential future business opportunities in relation to settlement services. The strategic alliance with the Buyers is expected to provide new business opportunities for the Group both domestically and internationally.

The salient terms of the business and capital alliance agreements are set out below:

Business and capital alliance agreement with SMCC

Date	:	February 27, 2013
Term	:	From the date of signing until such time that SMCC ceases to hold any of our Shares, subject to prior termination on written notice by either party in certain circumstances such as a breach by the other party that is not cured within 10 days of notification.
Summary of potential alliance	:	*(a) Business alliance* Upon SMCC becoming a shareholder of the Company, the parties shall discuss the following areas of business alliance: • as to the settlement business in Japan, formulating and implementing strategies to attract new customers and increase the usage of credit cards by merchant customers and consumers • as to the oversea business carried out by the parties, formulating and implementing strategies to utilize the businesses, customers and services and other assets possessed by the parties *(b) Alliance regarding merchant customers* The parties also agreed on the following alliance regarding merchant customers: • with respect to the subsidiaries of the Company which carry out settlement agency business, the Company shall cause such subsidiaries to use their best commercially reasonable effort to lead their existing and future clients to SMCC for the application of the SMCC brand and the entering into the agreements with the merchant customers • for so long as this agreement stays in full force, SMCC and the Company, through its subsidiaries, shall each make its best commercially reasonable effort to maintain the agreements regarding the above merchant customers

(c) Secondment of officers and employees

The Company shall discuss in good faith with SMCC in accepting the secondment of officers and employees designated by SMCC to the Company or its subsidiaries.

Business and capital alliance agreement with Credit Saison

Date	:	March 29, 2013
Term	:	From the date of signing until such time that Credit Saison ceases to hold any of our Shares, subject to prior termination on written notice by either party in certain circumstances such as a breach by the other party that is not cured within 10 days of notification.
Summary of potential alliance	:	Upon Credit Saison becoming a shareholder of the Company, the parties shall discuss the following areas of business alliance:

- formulating and implementing strategies to utilize the businesses, customers and services and other assets possessed by the parties in Asia
- formulating and implementing strategies to expand and accelerate the businesses carried out by the parties in Japan
- developing and formulating new schemes for the settlement business in order to bring new value to customers and merchant customers

Business and capital alliance agreement with JCB

Date	:	April 26, 2013
Term	:	From the date of signing until such time that JCB ceases to hold any of our Shares, subject to prior termination on written notice by either party in certain circumstances such as a breach by the other party that is not cured within 10 days of notification
Summary of potential alliance	:	Upon JCB becoming a shareholder of the Company, the parties shall discuss the following potential areas of business alliance:

(a) In Japan

- VeriTrans providing JCB and its partner companies who use JCB's credit card transaction system with payment settlement products and services developed by VeriTrans for smartphones
- Collaboration between JCB and VeriTrans with respect to the promotion and expansion of the JCB brand using VeriTrans' products and services
- The Company making efforts to enhance JCB's sales in the Company's merchant customer base

(b) Internationally

- The Company making efforts to promote and expand the JCB brand among its merchant customer base and through the settlement businesses operated by the Company and its other partner companies
- The Company making efforts to develop and provide JCB with any products or services that are useful to expand JCB's business, utilizing the Group and its partner companies

(c) Through JCN

Subject to certain exceptions, we shall use commercially reasonable efforts to do the following with respect to merchant customers of VeriTrans transacting through JCN:

- to propose the JCB brand to any new merchant customers who apply for VeriTrans' services, and enter into a "JCB member shop agreement" with such merchants, as well as obtain any ancillary consents from such customers
- with respect to existing merchant customers using JCN, to maintain the use of JCN services in respect of the connections between such merchants and credit card companies
- to use JCN services for any new merchant customers as the connection between such merchants and credit card companies
- for existing merchant customers that do not use JCN services, to change the connection between those merchants and credit card companies to a connection using JCN's services (excluding via the 2G network)

RECENT INVESTMENT AND CHANGES TO OUR CORPORATE STRUCTURE

Merger of Kotohako into NaviPlus

Pursuant to a merger and acquisition agreement dated July 24, 2013 between NaviPlus and Kotohako, Kotohako was merged into NaviPlus and ceased to be a separate legal entity with effect from September 1, 2013.

Investment in VeriTrans Shanghai

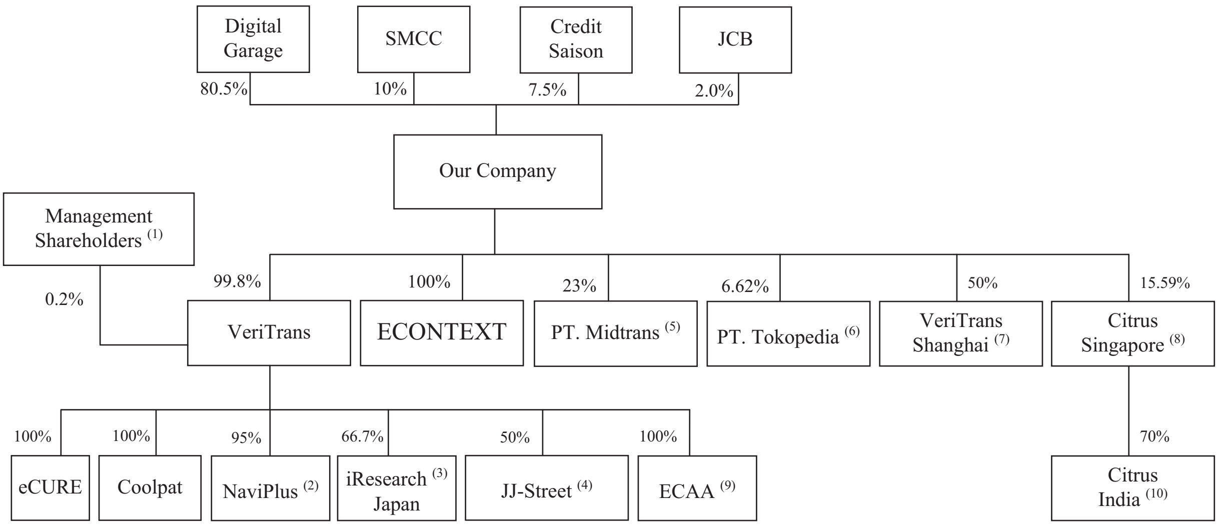
On June 25, 2013, the Company and Shanghai CardInfoLink entered into a Subscription Agreement and the Company subscribed for RMB100,000 (approximately HK$126,582) of issued share capital of VeriTrans Shanghai for a consideration of RMB3,128,562.38 (approximately HK$3,932,677), which was determined on an asset-based approach with reference to a valuation conducted by an Independent Third Party, and the Company became a shareholder of VeriTrans Shanghai with a 50% interest in November 2013.

Our PRC legal advisors have advised us that the establishment of, and the investment of the Company in, VeriTrans Shanghai have been duly approved by the competent authorities in the PRC, and that there are no applicable restrictions on foreign ownership of VeriTrans Shanghai.

Investment in Citrus India through Citrus Singapore

In October 2013, we entered into an agreement to acquire a 15.59% interest in Citrus Singapore for a consideration of US$4,599,999.90 (approximately HK$35.9 million), which was determined on an arm's length basis with reference to a valuation conducted by an Independent Third Party. We acquired the 15.59% interest in Citrus Singapore in November 2013. Citrus Singapore owns 70% of the shares of Citrus India.

The following chart illustrates our shareholding structure immediately following the completion of the investment in VeriTrans Shanghai and in Citrus India through Citrus Singapore:



Notes:

(1) The Management Shareholders are Mr. Kaoru Hayashi, Mr. Takashi Okita and Mr. Tomohiro Yamaguchi and their shareholdings in VeriTrans are 0.10%, 0.07% and 0.03%, respectively.

(2) The remaining shares are held by Appirits Inc., which is an Independent Third Party. Kotohako was merged into NaviPlus and ceased to be a separate legal entity with effect from September 1, 2013.

(3) The remaining shares are held by Topstart Holdings Ltd.

(4) The remaining shares are held by e-machitown Co., Ltd. as to 16.7% and SBI Holdings, Inc. and its affiliates as to 33.3%.

(5) The remaining shares are held by PT. Mitra Dutamas as to 42%, PT. Mitratama Grahaguna as to 25% and BEENOS ASIA PTE. LTD. as to 10%, all of which are Independent Third Parties.

(6) The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.

(7) The remaining shares are held by Shanghai CardInfoLink, which is an Independent Third Party.

(8) The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.

(9) ECAA is an incorporated association (shadan-hojin) established under the laws of Japan and all its members are Independent Third Parties.

(10) The remaining shares are held by its founders and other investors, all of which are Independent Third Parties.

CAPITAL REDUCTION

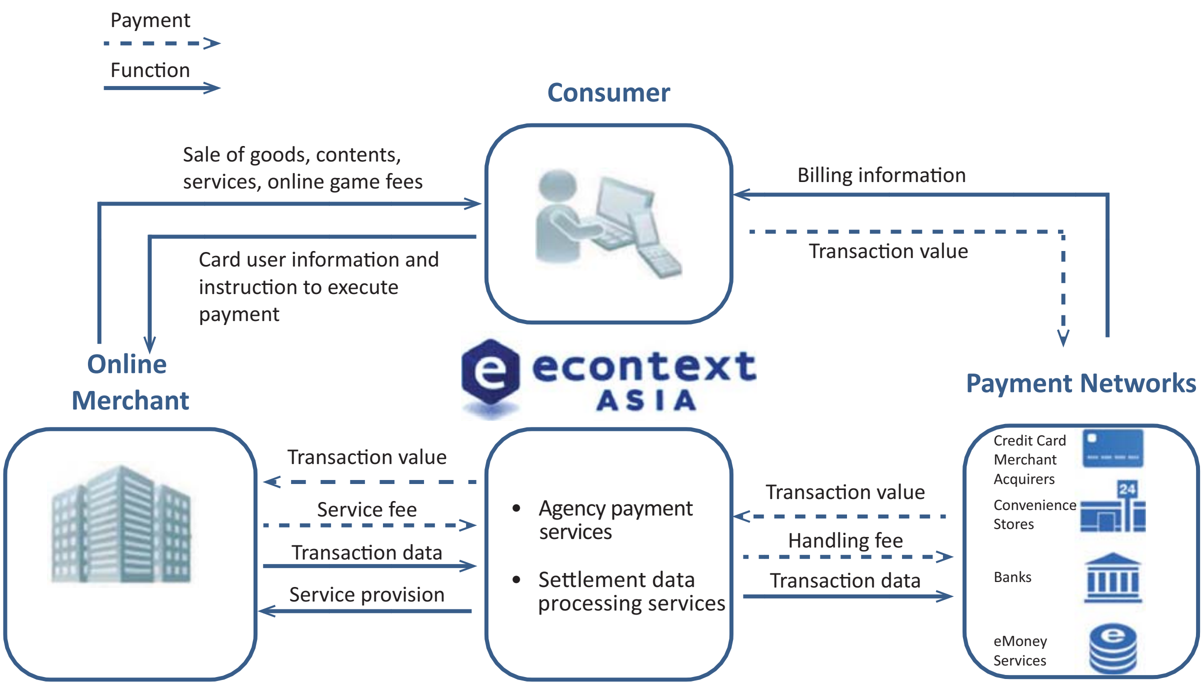
Pursuant to written resolutions of the Shareholders passed on August 9, 2013 in accordance with section 58 of the Companies Ordinance, the issued share capital of the Company was reduced from HK$1,623,234,910 divided into 162,323,491 shares of par value HK$10.00 each to HK$1,623,234.91 divided into 162,323,491 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 October 22, 2013. In addition, the authorized share capital of the Company was reduced from HK$6,492,939,640 divided into 649,293,964 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.

OVERVIEW

We are a leading provider of online payment services and e-commerce solutions in Japan. We were one of the leading online payment and e-commerce providers in Japan based on the aggregate revenue from online transactions processed for the 2011 and 2012 fiscal years according to MIC Research Institute, a Japanese market research company. Since 1997, we have designed and marketed system solutions that facilitate online payment transactions and e-commerce solutions for online merchants in Japan.

We act as an intermediary between online merchants and financial institutions or convenience store chains to facilitate processing of transaction data and the transfer of funds to online merchants for settlement of online transactions. Our online payment system network builds on technology linking the internet with the existing financial infrastructure of bank accounts, credit card, debit and ATM networks and convenience store networks in Japan to create an online payment system that serves merchants and financial institutions. Our online payment services comprise settlement data processing services and agency payment services. These services allow online merchants to accept payments via credit card, debit card, ATM or internet banking transfers, eMoney, domestic or international payment intermediaries (such as PayPal or Alipay), payments made at convenience stores throughout Japan and payments made through mobile phone carriers such as au, Softbank and docomo for settling online transactions.

The following is an illustration of our business model, showing the flow of funds for a typical transaction using our online payment services:



We provide our online payment services through our subsidiaries ECONTEXT and VeriTrans, which had a combined share of 10.9% of the online payment services market in Japan for the 12 months ended June 30, 2013 according to MIC Research Institute. VeriTrans has traditionally been recognized in the industry as an innovative online payment service provider and has contributed to the overall development of the online payment service industry in Japan by, among other things, developing online payment systems that allow for transactions to be settled by various payment methods, such as eMoney, and introducing value-added services such as trAd and IVR. VeriTrans also has strong relationships with credit card merchant acquirers and we have recently reinforced these relationships through the entry into of strategic partnership agreements between our Company and the three [●], each of which is a major credit card merchant acquirer in Japan, pursuant to which we have agreed to work together to explore future areas of cooperation. ECONTEXT has been recognized in the industry as one of the first online payment service providers in Japan with the capability of processing payments made at convenience stores throughout Japan and with the capability of acting as a convenience store interface serving four of Japan's top 10 convenience store chains, a service which is currently only provided by a few other online payment service providers. We have been ranked among other technology, media and telecommunications companies in Asia Pacific in the Deloitte Technology Fast 500 in 2005 and 2007, as well as receiving an ASP SaaS/ICT Outsourcing Award in 2010.

We also provide e-commerce solutions such as online security measures and marketing solutions for merchants and financial institutions. Our marketing solutions include services such as trAd, a settlement transaction-linked advertisement platform, and NaviPlus Recommend, a recommendation engine that optimizes a website's contents based on an analysis of data collected from users of a given website.

Our customer base consists of merchants of various industries with online operations, including, among others, mobile phone service providers, software publishers, electronics vendors, online gaming websites, insurance companies, online video and media stores, fashion, apparel and cosmetics vendors, finance companies, television stations and travel agents. As of June 30, 2013, we had 12,284 Active Merchant Websites, including those of our top five customers, namely DMM.com, Rakuten Edy, BitCash, Sony Computer Entertainment and SBI Life Living. A majority of our top ten customers during the [●] have had working relationships with us for more than five years.

In 2009, we entered into partnerships with Sumitomo Mitsui Card to introduce China UnionPay cards as a settlement option for cross-border e-commerce transactions between Japanese merchants and Chinese consumers. We also operate three cross-border online shopping malls, Buy-J.com, JCB Global Shopping Mall and Ich1ban Mall, through alliances with China UnionPay, JCB and MasterCard, respectively, and an informational website and marketing services under the name of JJ-Street.com, which is targeted at Chinese tourists visiting Japan.

In 2011, we established VeriTrans Indonesia, a joint venture with subsidiaries of Midplaza Holdings and Netprice.com in which we own a 23% interest. As part of the joint venture, we have provided our agency payment business model and a license to use our payment processing systems to PT. Midtrans, which operates as VeriTrans Indonesia. VeriTrans Indonesia's primary business is to provide online payment processing services to online merchants in Indonesia.

Our Company was incorporated in Hong Kong in September 2012 to serve as the holding company and regional headquarters for our operating subsidiaries and other investments as we implement our plans to further expand our business throughout Asia. However, other than potentially acquiring a minority interest in an established local e-commerce platform, we do not currently have any plans to conduct any business operations in Hong Kong of a material nature. For a description of our future plans in mature markets including Hong Kong, please [●] the section headed "Our

Business—Our Strategies—Capitalize on high growth opportunities and expand our operations throughout Asia" in this document.

In November 2013, we became a registered owner of VeriTrans Shanghai, a joint venture owned 50% by Shanghai CardInfoLink and 50% by our Company. The primary business of VeriTrans Shanghai is to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China.

In November 2013, we acquired a 15.59% interest in Citrus Singapore, the holding company of Citrus India. Citrus India is owned by Citrus Singapore as to 70% and the remaining shares are held by its founders and other investors, all of which are Independent Third Parties. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India.

During the [●], we derived our revenue principally from fees for our online payment services, including initial setup and monthly fees. We also derived revenue from service fees for other e-commerce solutions such as trAd, information security products and services and NaviPlus Recommend. Our revenue grew by 76.7% and 136.9%, respectively, for the years ended June 30, 2012 and June 30, 2013, in each case as compared with the immediately preceding year, reaching HK$1,166.5 million in the year ended June 30, 2013.

The breakdown of the source of our revenue during the [●] is as follows:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 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**

The following table sets forth our breakdown of revenue by category of services for the years ended June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥	¥	¥
Initial setup and monthly fees	60,011,004	143,737,376	523,215,777
Settlement data transaction fees	48,836,052	186,837,636	744,666,294
Agency payment fees	2,617,704,453	4,258,314,032	10,671,888,752
Advertising related services	—	125,599,188	664,746,342
Information security services	—	48,039,772	218,248,462
Others	255,065,992	220,938,637	292,598,549
	2,981,617,501	4,983,466,641	13,115,364,176

COMPETITIVE STRENGTHS

We believe that our success to date and potential for future long-term growth can be attributed to the following competitive strengths:

Recurring and scalable revenue business model based on a large customer base

Our revenue is principally derived from monthly service fees and per transaction fees in connection with our online payment services. We believe our existing customer base provides us with a stable source of recurring revenues. For the year ended June 30, 2013, we processed approximately 123 million transactions with an aggregate value of approximately HK$48.3 billion. Our customers typically enter into service agreements that have automatic renewal terms. The majority of our top ten customers by revenue for each of the years ended June 30, 2011, 2012 and 2013 have been our customers for more than five years. We believe that our stable revenue and strong operating cash flows will enable us to continue to invest in the development of new products and services and to continue our planned expansion in Asia.

We have a scalable business model which allows us to expand our business without the need for intensive capital investments. In general, intensive capital investments for facilities and equipment, and the costs of operating such facilities and equipment, may restrict the growth potential of our business. We derive our revenue from online payment services and other e-commerce solutions, which are mainly services provided through automated technology systems. We typically design our technology systems to have the capacity for handling many more customers and transactions than we currently serve and process. Therefore, without requirement for intensive capital investments, we are able to maintain a high degree of scalability and flexibility during both market upturns and downturns.

Broad range of payment options and strong relationships with payment networks

We operate one of the largest online payment systems in Japan and provide our customers with a broad range of payment options. As of June 30, 2013, our online payment system was connected to 376 banks, 39 credit card merchant acquirers, three electronic money (eMoney) networks and the networks of eight convenience store chains throughout Japan. Our agency payment services allow online merchants to accept payments via credit card, debit card, ATM or internet banking transfers, eMoney, domestic or international payment intermediaries (such as PayPal or Alipay), payments made at convenience stores throughout Japan and payments made through mobile phone carriers such as au, Softbank and docomo for settling online transactions. We also have one of the largest number of connection nodes to the systems of financial institutions. This allows us to handle large quantities of transactions stably and simultaneously.

We believe that we have established and maintained strong relationships with financial institutions and convenience store chains in Japan, which allow us to provide a broad range of payment options to online merchants. We were also the first online payment services company in Japan to launch services with China UnionPay (中國銀聯股份有限公司) and PayPal payment options. We have entered into agreements with China UnionPay and PayPal to facilitate payments for international consumers. Online merchants typically purchase online payment services from service providers that offer a wide range of payment options in order to maximize their consumer base. We believe that our online payment service network enables us to provide a wide variety of payment options to online merchants, therefore allowing us to maintain the loyalty and satisfaction of our customers. We also believe that financial institutions and convenience store chains typically enter into agreements with us in order to reduce the operating and marketing costs associated with establishing connections with each individual online merchant. We have also developed close relationships with major credit card merchant acquirers in Japan such as Sumitomo Mitsui Card, Credit Saison and JCB, which have led us to entering into the recent business and capital alliance agreements with each one of them. We believe that these strategic relationships will help us maintain our market position in the industry and maximize synergies for promoting and developing our business in Japan and elsewhere.

Trusted and well recognized brand names in Japan

VeriTrans began providing our online payment services and e-commerce solutions in Japan in 1997 under its former name, Cybercash K.K. In 2002, Cybercash K.K. went through a corporate reorganization and changed its name to VeriTrans. In 2000, ECONTEXT introduced the convenience store payment option using the ECONTEXT brand name for online transactions in Japan. Our brands ECONTEXT and VeriTrans have been recognized as two of the leading online payment solutions brands in Japan by various international magazines and publications, including Red Herring in 2008. In particular, we believe that the ECONTEXT brand name is well known in the online payment industry as a provider of agency payment services with the convenience store payment option. We believe that, through our early entry into the e-commerce market in Japan, we have established and maintained strong relationships with financial institutions and convenience store chains, industry reputation and customer loyalty in Japan. Following the acquisition of VeriTrans in April 2012, we began consolidating the businesses of VeriTrans and ECONTEXT, which has allowed us to reinforce our market position as a leading player in the online payment services industry in Japan. We also believe our early entry into the e-commerce market and our position as one of the leading online payment service providers mean that we are more experienced not only in responding to, but also in assisting to shape, rapidly changing laws and regulations governing the Japanese e-commerce industry. We believe that our ability to respond to changing laws and regulations allows us to modify our existing products and services quickly and develop new products without adversely affecting our profit margins. We also believe that our experience in the e-commerce market has allowed us to develop a platform that addresses the need for data security in online transactions and the handling of credit card information.

Providing online merchants with payment and other value-added services that offer an integrated e-commerce experience and cost effectiveness

We focus extensively on providing online payment services and related value-added services to merchants in Japan and the rest of Asia. Our services offer an attractive value proposition that meets the needs of merchants who wish to expand their business online. For example, in addition to agency payment services, we provide various e-commerce solutions such as trAd and NaviPlus Recommend. trAd is a settlement transaction-linked advertisement service that displays advertisements and promotional campaign notices on the checkout completion page to consumers fulfilling a certain set of criteria, thus facilitating higher productivity for online merchants. NaviPlus Recommend is a recommendation engine that allows online merchants to promote products to consumers based on their purchase and browsing history therefore providing a more convenient shopping experience for consumers. Furthermore, the fee structure for our online payment services provides budget certainty, encouraging online merchants to continue to grow their businesses without incurring hidden costs. We believe our extensive focus on the business needs of online merchants enables us to develop and offer better services and products for online merchants. We believe that our online payment services combined with these value-added services will offer merchants a more integrated e-commerce experience, thereby strengthening customer loyalty and providing greater cost effectiveness.

We began our international expansion in 2009. In order to access overseas markets, especially the PRC, in a more efficient manner, we established our online payment business headquarters in Hong Kong in 2012. As of the Latest Practicable Date, our international investments included two joint ventures, VeriTrans Indonesia, in which we hold a 23% interest, and VeriTrans Shanghai, in which we hold a 50% interest. Through VeriTrans Indonesia, we have introduced our online payment services to customers in Indonesia. Through VeriTrans Shanghai, we offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China.

In November 2013, we acquired a 15.59% interest in Citrus Singapore, the holding company of Citrus India. Citrus India is owned by Citrus Singapore as to 70% and the remaining shares are held by its founders and other investors, all of which are Independent Third Parties. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India.

Experienced technology development team dedicated to improving user experience

We have an experienced technology development team dedicated to improving our services for online merchants. We have built a technology platform and designed technology development processes to meet the dynamic needs of our customers. We have developed many new and enhanced features in response to requests, suggestions or feedback from our customers and market trends that we discern. Our agency payment systems are built upon the "VeriTrans 3G" system, which is a modular platform allowing for expansion and customization catered to our customers' needs. For example, we recently launched our interactive voice response (IVR) module, which is linked to our VeriTrans 3G system, for call centers. This module allows a call center operator to switch to the IVR system so that the consumer may complete an order by submitting credit card details without the presence of the operator, thereby alleviating risks associated with mishandling of credit card information by an operator.

In November 2011, we upgraded our security measures employed in our online payment systems for settling credit card transactions, namely the Payment Card Industry Data Security Standard (PCI DSS), to version 2.0 compliant procedures. We believe that being PCI DSS version 2.0 compliant will allow us to attract medium to large e-commerce businesses that seek higher quality and more secure online payment and e-commerce solutions. In addition, being PCI DSS version 2.0 compliant qualifies us as a registered online payment service provider for credit card associations such as Visa, MasterCard, American Express, Diners Club, JCB and China Unionpay.

We have launched products for processing offline payment transactions, or "card present" or "in store" payment transactions, using kiosk terminals. We have also begun developing products for alternative offline payment solutions, such as smartphone applications that will allow small businesses to receive and process payments through credit/debit cards using their mobile device as the point-of-sale itself. Our offline payment processing products are also compatible with the VeriTrans 3G system. Certain of our hotel and cinema chain customers in Japan have started using our offline payment processing systems in conjunction with our online agency payment services. We believe that our technology platform combined with our technology development efforts allow us to offer functions, tools and features that effectively address the needs of, and provide significant value to, our users.

Experienced management team

Our management team combines extensive experience in the e-commerce, Internet, and information technology industries, with a proven track record of operating and managing online payment and e-commerce systems successfully. In particular, Mr. Takashi Okita, CEO of econtext Asia Limited and VeriTrans Inc., has over 10 years of experience in the online payment industry. He has been a representative director of VeriTrans since 2005. VeriTrans was listed on JASDAQ from 2004 to 2011. He also served as a director of a company listed on the TSE and the Stock Exchange. Our core management team has accumulated extensive experience and expertise in competing in the internet and e-commerce industry.

OUR STRATEGIES

We strive to enhance our position as a leading provider of online payment services and e-commerce solutions. The key elements of our strategies are as follows:

Increase our market share in Japan by targeting small to medium enterprises

We intend to launch a new line of services for small to medium enterprises ("**SMEs**") and optimize service features and our fee structure to stay competitive within the industry by reducing initial setup fees and monthly fixed fees. We believe SMEs will benefit from accepting payments from a wide range of sources, including credit cards, convenience stores and other payment networks. By reducing the initial setup fees and monthly fixed fees, we believe we will be able to attract SMEs to use our online agency payment services.

Since the incremental costs associated with serving an increased number of customers in our online payment services business are relatively low, we expect to improve our profit margins by serving a larger number of customers. We also believe that by reducing our transaction fees, we will be able to attract an increased number of e-commerce businesses to use our online payment services and various value-added services.

Optimize our fee structure by forming strategic alliances with credit card merchant acquirers and offering value-added services

A substantial portion of our online payment services involve transactions settled via credit cards. Therefore, our relationship with credit card merchant acquirers is key to the success of our business. A credit card merchant acquirer is a bank or financial institution that processes credit and debit card payments for merchants. The credit card merchant acquirer accepts or acquires credit card payment instructions from the card issuers within a credit card association (such as Visa, MasterCard, American Express, Diners Club, JCB and China UnionPay). We intend to strengthen our relationships with credit card merchant acquirers by forming strategic alliances in order to attract medium to large e-commerce businesses. Medium to large e-commerce businesses typically accept payments from a wide range of credit cards. By entering into strategic alliances with the credit card merchant acquirers, we expect to optimize our fee structure and promote our services through credit card merchant acquirers to attract new customers. We also intend to attract medium to large e-commerce businesses by offering customized modules based on our existing agency payment services platform to suit their specific needs. For example, we launched our IVR system to cater to certain call centers in July 2012.

Due to the competitive nature of the online payment services industry, average fee margins and average selling prices for our online payment services will continue to be under pricing pressure. In order to stay competitive within the industry, we have begun to adjust our fee structure by shifting part of our revenue stream from per transaction fees for our core online payment services business towards fees charged for value-added services such as our IVR system and trAd service. For example, customers of our online payment services that subscribe to our trAd service can reduce up to two thirds of their per transaction fees to ¥5 and potentially to ¥0. We believe that providing incentives for our customers to use our value-added services will also increase our exposure in the e-commerce industry.

Expand our business through selective acquisitions, investments, licensing arrangements or partnerships

We intend to expand both our domestic and international businesses through selective acquisitions, investments, licensing arrangements or partnerships. Our objectives include expanding our customer and revenue base, widening our geographic coverage, enhancing our content and service offerings, advancing our technology and strengthening our talent pool.

As of the Latest Practicable Date, we have not identified any acquisition target and we have not, nor has anyone on our behalf, initiated any discussions, directly or indirectly, with respect to identifying any acquisition target.

Capitalize on high growth opportunities and expand our operations throughout Asia

We seek to establish a leading position in e-commerce markets throughout Asia as follows:

- *Early-stage markets in Asia*

  We intend to develop our business in early-stage markets in Asia, such as Indonesia, Vietnam, Thailand and the Philippines, by entering into joint ventures with local companies. The main capital expenditures will be for localizing our online payment service system for use in the respective countries. For example, in 2011, we entered into a joint venture with subsidiaries of Netprice.com and Midplaza Holdings to establish PT. Midtrans, in which we own a 23% interest. Midplaza Holdings is an Indonesian real estate and information communication technology company which, through its subsidiaries, operates a variety of businesses, including hotel development, real estate portfolio management, resort management and IT businesses that provide synergies and complement our business, such as internet service providers and systems integrators. PT. Midtrans operates as VeriTrans Indonesia to provide e-commerce solutions and online payment services to online merchants in Indonesia. According to Euromonitor, consumer transactions settled by credit card amounted to 4.6% of the total consumer transactions in Indonesia in 2012. Since the online payment and credit card markets have not been developed in early-stage markets such as Indonesia, our strategy is to introduce our online payment systems and offline payment processing technologies concurrently. We also plan to attract more customers in early-stage markets by forming alliances with local credit card merchant acquirers so that our local joint ventures may charge lower fees. We are also currently in negotiations with potential joint venture partners to establish a platform for providing e-commerce and online payment services in several Asian countries. We intend to begin investing in such markets beginning in late 2014 and throughout 2015.

- *Mature markets in Asia*

  We intend to invest in e-commerce platforms in mature markets in Asia, such as Hong Kong, Taiwan, Singapore and Malaysia. For these countries, our investment plans are to acquire stakes in local companies in order to expand our business in these markets by allocating additional sales, marketing and technology development resources targeted towards these markets. We intend to begin investing in such markets beginning in late 2014 and throughout 2015.

- *Large markets in Asia*

  We intend to invest in large markets in Asia such as China and India by acquiring interests in or entering into joint ventures with existing local e-commerce businesses. Due to restrictions on foreign investment in China and India, our strategy is to benefit from the economic growth by expanding our market share in such regions as a minority shareholder or joint venture partner. In November 2013, we became a registered owner of VeriTrans Shanghai, a joint venture owned 50% by Shanghai CardInfoLink and 50% by our Company. As part of the joint venture, we offer our data processing services business model to VeriTrans Shanghai to allow it to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China. We intend to begin investing in such markets beginning in late 2014 and throughout 2015.

The timing of and amounts allocated to investments stated above is based on our current forecast of, among other factors, our growth rate, our business requirements, our operations and prospects, changes in industry standards and future developments in the online payment services and e-commerce industries. Many of these factors are beyond our control. We cannot assure you that the timing or the investments set forth above will in fact be achieved, or that we will not experience material difficulties or delays in implementing our expansion plan.

Introduce offline payment processing services to broaden our scope of business

We seek to establish a market share in the offline payment processing segment by drawing on our online payment services know-how. We plan to launch offline payment processing services in

Japan and throughout Asia, beginning with smartphone applications that will allow small businesses to receive and process payments through credit/debit cards using their POS. We also intend to launch our Ad-to-Commerce solution, by drawing on our experience from trAd and adapting the service for our target countries in Asia.

OUR PRODUCTS AND SERVICES

Our Online Payment Solutions

Our online payment solutions enable online merchants to receive payments securely, conveniently and cost-effectively from consumers through a variety of settlement systems and methods. Our online payment system network builds on the technology linking the internet with the legacy financial infrastructure of bank accounts, credit card, debit and ATM networks as well as the networks of various convenience store chains throughout Japan to create an integrated online payment network that serves e-commerce businesses and consumers and financial institutions.

Our online payment services are built upon our settlement data processing systems. Our settlement data processing services include authorization, transaction capture, transmission of billing information, settlement and internet-based transaction processing. Our settlement data processing services are included as part of our agency payment services and also available as a standalone service for processing transactions settled via credit card where we do not act as a paying agent.

We provide our agency payment services primarily through VeriTrans and ECONTEXT. VeriTrans has a stronger focus on providing online payment services for transactions settled by credit card, whereas ECONTEXT has a stronger focus on providing online payment services for transactions settled by payment at convenience stores in Japan. Following the acquisition of VeriTrans in April 2012, we have begun to focus on providing online payment services to new online merchant customers solely through VeriTrans. While ECONTEXT continues to provide online payment services to its existing customers, we have begun to shift the focus of ECONTEXT towards providing agency payment services as a convenience store interface to online payment service providers, including VeriTrans, for transactions settled at convenience store chains in Japan.

Following the acquisition of VeriTrans, we have begun to focus development of our online payment service system at VeriTrans and our convenience store interface system at ECONTEXT. We do not intend to further develop ECONTEXT's online payment service system for serving online merchants, and therefore, we expect that existing online merchant customers of ECONTEXT will eventually migrate to VeriTrans system for online payment services. Such migration is expected to occur when the existing ECONTEXT customers implement major upgrades to their websites.

To use our online payment systems, an online merchant must first contact us for a quotation and submit an application to subscribe to our services. During the application process, we will work with the online merchant to select the payment and settlement methods that suit the particular needs of its business. We will also provide the online merchant with an option to subscribe for our trAd services, which reduces the per transaction fees associated with online payment services. Our sales team then passes the online merchant's information to our credit screening division, who then performs background checks on the merchant's business and reviews the line of products and/or services the online merchant wishes to sell through its website. During the credit screening process, we liaise with the relevant financial institutions (for example, credit card merchant acquirers) and/or convenience stores to obtain their approval to allow us to act as an intermediary between the online merchant and the relevant financial institution or convenience store. Concurrently, our sales team begins the process of negotiating a service contract with the online merchant. Once the online merchant enters into a non-disclosure agreement, we will provide our proprietary Merchant Development Kit (MDK) software to the online merchant to begin testing the connections between the online merchant's website and our online payment systems. Once the credit screening process is complete and we have obtained the necessary approvals from the relevant financial institutions or convenience stores, we will finalize our service contract with the online merchant. The entire process, from submitting an application to beginning to use our online payment systems, generally requires four weeks.

For the year ended June 30, 2013, we processed approximately 123 million transactions with an aggregate value of approximately HK$48.3 billion.

Agency Payment Services

Our agency payment services are built upon the technology used for our settlement data processing services, and include services where we act as an agent to transfer funds received from financial institutions or convenience stores to the online merchants. Our agency payment services allow online merchants to accept payments via credit card, debit card, ATM or internet banking transfers, eMoney, domestic or international payment intermediaries (such as PayPal), and payments made at convenience stores in Japan for settling online transactions. For transactions where a consumer makes payments to an online merchant through financial institutions, our agency payment services reduce the administrative burden of an online merchant by consolidating and managing all payments, including the transfer of funds, for the online merchant.

We enter into contracts with online merchants directly to provide agency payment services. Once an online merchant has subscribed for our services, we typically become the online merchant's primary point of contact for payment related matters. A transaction occurs when a consumer purchases something from an online merchant who has contracted with us. When making a purchase, consumers will have the option of selecting from various payment methods depending on the scope of agency payment services pre-selected by the online merchant.

Payments through financial institutions

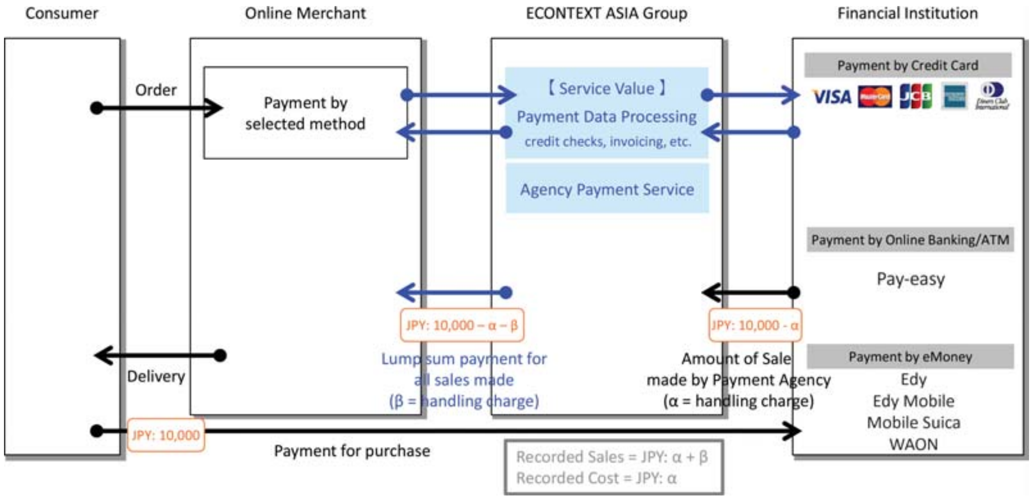
Our agency payment services allow online merchants to receive payments from consumers made via credit card, debit card, ATM or internet banking transfers, eMoney and other forms of online payments (such as China UnionPay and PayPal).

We serve as an intermediary between the online merchant and the financial institutions, including credit card merchant acquirers and banks by:

- obtaining authorization for the transaction from the financial institutions;
- transmitting the transaction data to the financial institutions;
- receiving the transaction amounts from various financial institutions periodically; and
- paying the online merchant for their products or services sold periodically.

We typically receive the funds from the financial institution prior to paying the online merchant.

The following is an illustration showing the flow of funds for the typical types of transactions using our agency payment services and settled by payment through financial institutions:



When a consumer commits to a transaction with an online merchant and provides his credit card, debit card or eMoney data on an online merchant's website, the transaction and payment data are sent to our system. We then obtain authorization for the transaction from the relevant financial institution, verifying that the cardholder or accountholder has sufficient credit or adequate funds for the transaction. For transactions settled by credit card in Japan, the transaction data is typically processed either through the Credit And Finance Information Switching (CAFIS) or CARDNET systems, online switching networks operated by NTT DATA and JCN, respectively. CAFIS and CARDNET are connected to the various credit card merchant acquirers and redirect the transaction data to the relevant credit card merchant acquirer's network. The credit card merchant acquirer then transmits the data to the credit card issuer, and the credit card issuer will approve the transaction and charge the consumer's account for the transaction amount. We are also a member of the Pay-easy network, a system linking Japan's banking network with various governmental departments, public utilities and companies. Pay-easy allows consumers to make payments to Pay-easy members via ATM, telephone or internet transfers. For transactions settled by debit card, eMoney or bank account data, once the relevant financial institution approves the transaction, we transmit the transaction data to the relevant financial institution and the consumer's account is charged for the transaction.

Under our service contracts with online merchants for the provision of agency payment services, we have a contractual obligation to act as an agent on behalf of the online merchants to receive funds from financial institutions and convenience stores and to transfer such funds to the online merchant. Our contractual obligation to transfer funds to online merchants arises at the time we receive funds from a financial institution. If we do not receive any funds from the financial institution, we do not have a contractual obligation to transfer any money for transactions settled via such financial institution to the online merchant.

Each financial institution will calculate the amounts due to us and transfer to us the relevant funds periodically. Set forth below is a table showing the billing cycle, which is the frequency with which financial institutions calculate the amounts to be transferred to us, and the timing for receiving funds from various financial institutions.

	Billing cycle	Timing of funds receipt
Credit card merchant acquirers	Semi-monthly (15th of the month and end of the month).	Semi-monthly. Funds are transferred to us: ● at the end of the month for transactions processed between the 1st and the 15th of the month; and ● on the 15th of the following month for transactions processed between the 16th and the end of the month.
Banks (online banking or ATM)	Daily.	Within 3 business days.
eMoney service providers	Monthly or semi-monthly depending on the system.	For eMoney systems to whom we transmit billing information on a monthly basis, funds are transferred to us on a monthly basis by the end of the month following the month of the billing information. For eMoney systems to whom we transmit billing information on a semi-monthly basis funds are transferred to us: ● at the end of the month for transactions processed between the 1st and the 15th of the month; and ● on the 15th of the following month for transactions processed between the 16th and the end of the month.
China UnionPay	Daily. China UnionPay generates a settlement report of the transactions we transmit on a daily basis.	Funds relating to each settlement report are transferred to us on the following business day.
PayPal	Daily.	Within 2 business days.

We pay each online merchant within 45 business days after receiving the money from the relevant financial institution depending on the terms of the service contract.

The frequency with which we transfer funds to an online merchant varies depending on the terms of our service contract with such online merchant. Online merchants select the frequency of funds transfer depending on the financial institution involved, the number of payment options and the service fees we charge. In the case of agency payment services settled by payment through credit card merchant acquirers, we typically transfer funds to an online merchant either once or twice a month in arrears. We believe that terms of our service contracts for our agency payment services, whereby we transfer funds to online merchants according to the frequency of funds transfer as agreed with the online merchant and within a certain period of time after we have received funds from the relevant credit card merchant acquirer or convenience store chain, are consistent with market practice in the online payment services industry in Japan. Set out below is a timeline showing the timing of funds transfer for a typical credit card settled transaction, assuming that we transfer funds to the online merchant once a month in arrears.

Days:	**1**	**15**	**30**	**60**
	Consumer enters into a transaction with the online merchant and settles via credit card.	Credit card merchant acquirer transfers money to us.	Cut-off date for calculating transaction amounts due to an online merchant.	We transfer money to the online merchant.
		← 45 days →		

Set out below is a timeline showing the timing of funds transfer for a typical credit card settled transaction, assuming that we transfer funds to the online merchant twice a month in arrears. The majority of our service contracts provide for funds to be transferred to an online merchant twice a month in arrears for credit card settled transactions.

Days:	**1**	**15**	**16**	**30**	**45**
	Consumer enters into a first transaction with the online merchant and settles via credit card.	Credit card merchant acquirer transfers money to us for the first transaction. Cut-off date for calculating transaction amounts due to an online merchant.	Consumer enters into a second transaction with the online merchant and settles via credit card.	We transfer money for the first transaction to the online merchant. Cut-off date for calculating transaction amounts due to an online merchant.	We transfer money for the second transaction to the online merchant.
		← 15 days →			
				← 15 days →	

Under certain of our service contracts with online merchants, we provide advance payments to the online merchant at a higher frequency than we receive funds from credit card merchant acquirers or convenience store chains. Online merchants that wish to be paid more frequently in advance of our receiving funds from credit card merchant acquirers or convenience store chains are required to accept additional terms and conditions with respect to such advance payments at the time of signing a service contract for our services. We initially provided this advance payment service at an extra nominal charge. However, due to the increased amount of competition among online payment service providers, most of our advance payments are currently provided at no extra charge. The amount of advance payment that we allow for an online merchant depends on the commercial relationship and creditworthiness of the online merchant. We regularly monitor account activities of each online merchant for extraordinary activity, especially at the time of making advance payments. Any extraordinary activity detected, including a sudden increase in the amount of any transfer to be made to the online merchant, will trigger our review and investigation on the relevant online merchant, at which time we will review the online merchant's eligibility for an increase in the amount of advance payments based on its commercial relationship with us and its creditworthiness. The maximum amount that is transferred to an online merchant, whether as an advance payment or not, is limited to the aggregate transaction amounts processed minus any intermediary service fees, including our service fees. In the situation where we transfer funds to any merchant in advance of our receiving the transaction amount from the relevant credit card merchant acquirer or convenience store chain, we bear the risk of recovering any advanced amounts from the credit card merchant acquirers and convenience stores under our service contract with online merchants. However, we believe that there is no significant credit risk from amounts advanced to online merchants pending payment by credit card merchant acquirers and from payment processing receivables as the counterparties are credit card merchant acquirers, which are generally banks licensed and regulated by relevant authorities in the respective jurisdictions and major convenience store chains in Japan, most of which are listed companies in Japan. During the [●], there have been no incidents of default on the part of credit card merchant acquirers or convenience store chains in connection with any advance payments. For the years ended June 30, 2011, 2012 and 2013, we provided advance payments to 0.31%, 1.35% and 1.09% of our online merchant customers.

Our revenue is generated from:

- initial setup and monthly account fees;
- settlement data transaction fees charged to an online merchant comprising per transaction service fees based on a fixed rate per transaction; and
- per transaction agency payment fees charged to an online merchant. Agency payment fees are typically a percentage of transaction amount in the case of transactions settled via credit card, eMoney, China UnionPay or PayPal, or a fixed fee in the case of ATM or internet banking transfers.

Each participant in the transaction (other than the online merchant and the consumer) receives compensation for processing the transaction. For example, in a transaction using a credit card, the credit card merchant acquirer will bill the cardholder (the consumer) the transaction amount on its monthly statement. The credit card merchant acquirer will retain assessment fees and forward to us the transaction amount net of such assessment fees. We will retain service fees and pay the remaining amount to the online merchant. The assessment fees retained by the credit card merchant acquirer are typically calculated as a percentage of the transaction amount and are set by the credit card merchant acquirer. Our service fees, comprising agency payment fees and settlement data transaction fees, are negotiated between the online merchant and us.

From time to time, we may incur liabilities arising from a billing dispute between an online merchant and a credit cardholder, where the credit cardholder either claims that he had not entered into a transaction or that the amount charged was incorrect. Such disputes may ultimately be resolved in the credit cardholder's favor. Under the terms of our agreements with online merchants, the online merchant is responsible for confirming whether a consumer is a real cardholder. If the online merchant confirms that the consumer is not the credit cardholder and the transaction was the result of fraudulent use of credit cardholder's card, the transaction will be "charged back" to the online merchant and the disputed amount will be credited or otherwise refunded to the credit cardholder. If a dispute occurs after the credit card merchant acquirer has transferred funds to the online merchant and the dispute is found in the cardholder's favor, the online merchant will be required to return the funds for the disputed transaction to the credit card company. Alternatively, the credit card merchant acquirer may set-off the transaction amount from funds to be paid to the online merchant. If we are unable to collect this amount from the online merchant, due to the merchant's insolvency or other reasons, we will bear the loss for the amount of the refund paid to the credit cardholder. [●] "Risk Factors—Risks Relating to Our Business—We are subject to the credit risk that our online merchants will be unable to satisfy obligations for which we may also be liable." During the [●], we did not incur any losses as a result of transactions being charged back.

Payments through convenience stores

Our agency payment services allow online merchants to receive payments from consumers made at participating convenience stores across Japan. Settlement at convenience stores does not require a consumer to have a credit card and is available for any single transaction for an amount not exceeding ¥300,000. As of June 30, 2013, our system allowed for settlement at eight of Japan's top 10 convenience store chains.

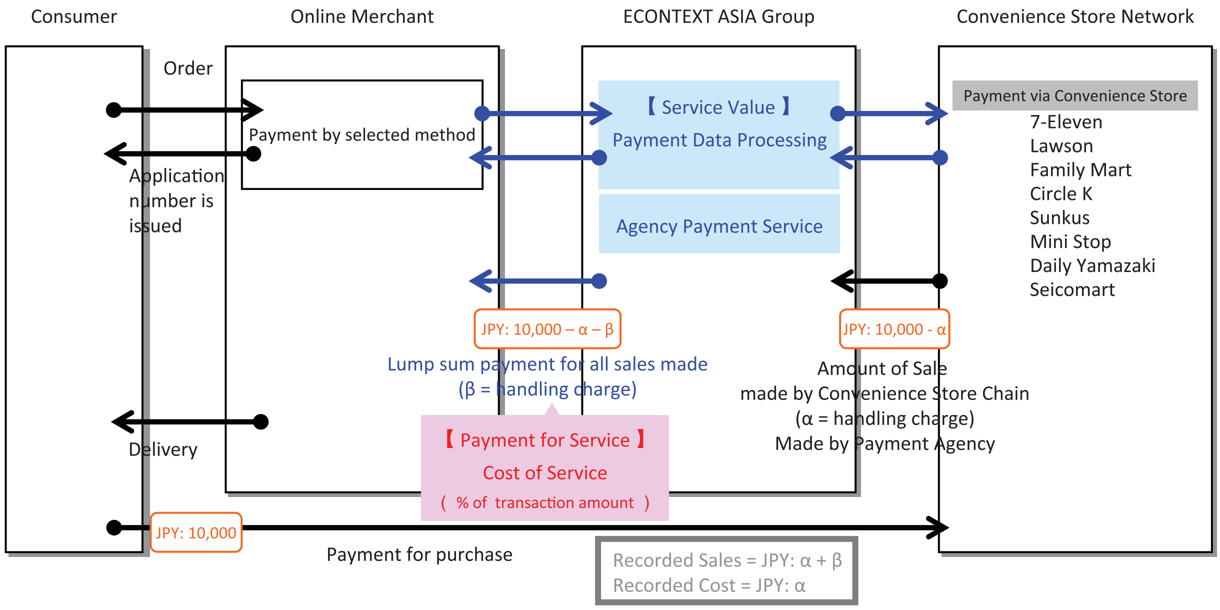
In order to provide the option for consumers to make payments at convenience stores for settling online transactions, ECONTEXT has entered into agreements with various convenience store chains in Japan to act as a convenience store interface and a data hub for processing transaction data received from online payment service providers to be sent to convenience store chains through their respective data networks. We provide convenience store interface services by acting as the data processing agent between online payment service providers without convenience store interfacing capabilities, such as VeriTrans, and convenience store chains. In order to allow consumers to make payments at convenience stores, online merchants may enter into agency payment service agreements with ECONTEXT directly or request for such services through an online payment service provider, such as VeriTrans, which in turn will enter into a service agreement with ECONTEXT for convenience store interface services.

For online merchants that enter into a service contract directly with ECONTEXT for agency payment services, ECONTEXT serves as an intermediary between the online merchant and the networks of various convenience store chains by:

- obtaining the transaction data from the online merchant;
- sending billing information with the transaction data and transaction identification codes to consumers directly or through the online merchants;
- transmitting the transaction to the convenience store network;
- obtaining confirmations of receipt of payment from the convenience store network;
- receiving funds from convenience stores; and
- paying the online merchant for the transaction.

We typically receive funds from the convenience store chain prior to paying the online merchant. Under the terms of our service contracts with online merchants, we are deemed to have received funds for the purposes of triggering our contractual obligation to transfer funds to an online merchant at the time a consumer pays for its purchase at a convenience store. Where a consumer has paid for the transaction at a convenience store but we do not receive any funds from the relevant convenience store chain, we will still be under a contractual obligation to transfer money to the online merchant. However, we believe that there is no significant credit risk in this situation, as the convenience store chains we deal with are generally major chains in Japan, most of which are listed companies in Japan and such amounts are usually settled within 30 days of the transaction date. [●] the section headed "Risk Factors—Risks Relating to Our Business—We are subject to the credit risk that convenience store chains will be unable to transfer funds that they have received from consumers for which we will be liable to pay to online merchants" in this document. During the [●], we did not experience any instances of non-payment or insufficient payment from convenience store chains.

The following is an illustration showing the flow of funds for a typical transaction settled by payment at convenience stores where an online merchant enters into a service contract directly with ECONTEXT:



Alternatively, online merchants may enter into a service contract with other online payment service providers, such as VeriTrans, for agency payment services. Such online payment service provider will enter into a wholesale contract with ECONTEXT, as a convenience store interface, to allow consumers to make payment at convenience stores. The online payment service provider, such as VeriTrans, serves as an intermediary between the online merchant and ECONTEXT as the convenience store interface by:

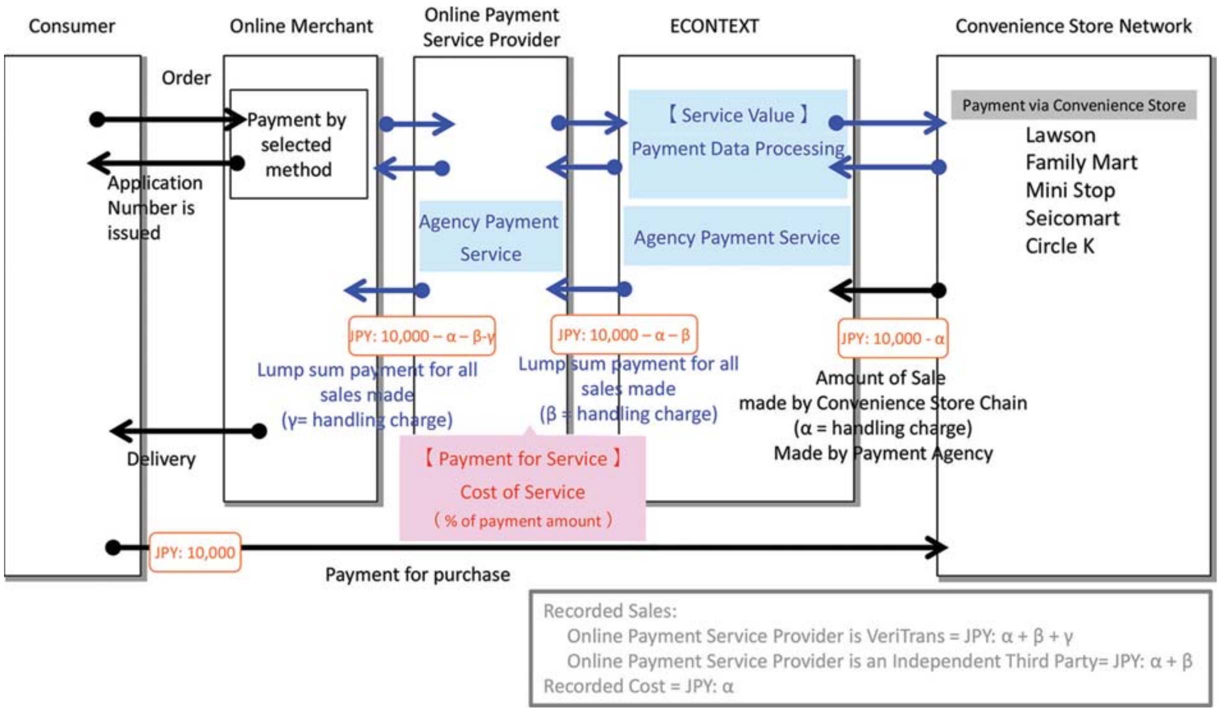
- obtaining the transaction data from the online merchant;
- sending billing information with the transaction data and transaction identification codes to consumers directly or through the online merchants;
- transmitting the transaction to ECONTEXT as the convenience store interface;
- obtaining confirmations of receipt of payment from ECONTEXT as the convenience store interface;
- receiving funds from ECONTEXT as the convenience store interface; and
- paying the online merchant for the transaction.

Online payment service providers typically receive the funds from ECONTEXT as the convenience store interface prior to paying the online merchant.

ECONTEXT, as the convenience store interface, serves as an intermediary between the online payment service provider and the networks of various convenience store chains by:

- obtaining the transaction data from the online payment service provider;
- sending billing information with the transaction data and transaction identification codes to the online payment service provider;
- transmitting the transaction to the convenience store network;
- obtaining confirmations of receipt of payment from the convenience store network;
- receiving funds from convenience stores; and
- transferring funds to the online payment service provider for the transaction.

The following is an illustration showing the flow of funds for a typical transaction settled by payment at convenience stores where an online merchant enters into a service contract with an online payment service provider without convenience store interface capabilities, and such online payment service provider enters into a wholesale contract with ECONTEXT as the convenience store interface for agency payment services:



When a consumer commits to a transaction with the online merchant and selects to settle the transaction at a convenience store, the relevant online payment service provider or the online merchant will send the consumer by e-mail billing information with the transaction data and a transaction identification code. The consumer is required to input the transaction identification code at a kiosk terminal at any participating convenience store across Japan. The kiosk terminal will print a receipt with a barcode, which the consumer is required to present to the cashier within a certain period of time. Upon presenting the barcode to the cashier, the cashier will scan the barcode to retrieve the transaction data from our interface system. Once the consumer pays the transaction amount at a participating convenience store, the convenience store will send a real-time instruction to our system confirming receipt of payment for the transaction. Under the terms of our service contracts with online merchants, we are deemed to have received funds for the purposes of triggering our contractual obligation to transfer funds to an online merchant at this time. We then notify the online merchant directly, where ECONTEXT is the online payment service provider, or through the relevant online payment service provider that the transaction has been settled so that the online merchant can proceed with delivery of the purchased goods or provision of the purchased services.

The convenience store chains typically calculate the aggregate transaction amounts received and deliver reports to us periodically. Depending on the terms of our agreement with the particular convenience store chain, the convenience store chain will deliver reports and transfer funds to us at frequencies ranging from daily to six times a month. Set out below is a timeline showing the timing of funds transfer for a typical convenience store settled transaction, assuming that we transfer funds to the online merchant once a month in arrears.

Days:	**1**	**20**	**30**	**60**
	Consumer enters into a transaction with the online merchant and settles via payment at convenience store. Payment is made on the same day.	Convenience store transfers funds to us.	Cut-off date for calculating transaction amounts due to an online merchant.	We transfer money to the online merchant.

60 days

Set out below is a timeline showing the timing of funds transfer for a typical convenience store settled transaction, assuming that we transfer funds to the online merchant six times a month in arrears.

Days:	**1**	**5**	**10**
	Consumer enters into a transaction with the online merchant and settles via payment at convenience store. Payment is made on the same day.	Cut-off date for calculating transaction amounts due to an online merchant.	We transfer money for the transaction to the online merchant.

10 days

We pay the online merchant or the relevant online service provider within 60 days after receiving the relevant funds from the convenience store chain depending on the terms of the service contract.

Our revenue from agency payment services for transactions settled through convenience store chains is generated from:

- initial setup and monthly account fees;
- settlement data transaction fees for convenience store payments; and
- per transaction agency payment fees charged to an online merchant. Agency payment fees vary depending on the range of the transaction amount.

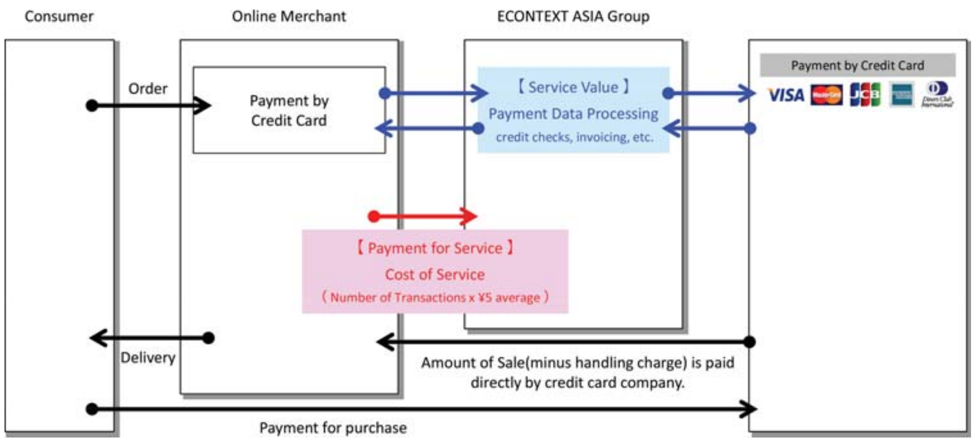
Each participant in the transaction (other than the online merchant and the consumer) receives compensation for processing the transaction. For example, in a transaction where the consumer chooses to make payment at a convenience store, the consumer will pay the transaction amount at the convenience store. The convenience store chain will retain fixed processing fees and forward the remaining amount to us. We will retain our service fees and pay the remaining amount to the online merchant or the online payment service provider, as the case may be. The processing fee retained by the convenience store is set by the convenience store chains. Our service fees, comprising the agency payment fees and settlement data transaction fees, are negotiated between the online merchant or online payment service provider and us.

Standalone credit card settlement data processing services

These services pertain to transactions in which consumer payments to online merchants are settled via credit card where we do not act as a paying agent. Online merchants must be approved by the relevant credit card merchant acquirer(s), such as JCB, Sumitomo Mitsui Card, and Mitsubishi UFJ Nicos, in order to use these services. Online merchants that use our settlement data processing services without our agency payment services receive funds directly from the credit card merchant acquirers. The online merchant is also responsible for settling refunds and chargebacks directly with the credit card merchant acquirers. We enter into contracts with online merchants to facilitate their handling of consumers' credit cards for payment and serve as an intermediary between the merchant and credit card merchant acquirers by:

- obtaining authorization for the transaction from the credit card merchant acquirer through a credit card association's network system; and
- transmitting the transaction data to the credit card merchant acquirer through the applicable credit card association's network system.

The following is an illustration showing the flow of funds for a typical transaction using our standalone settlement data processing services:



As part of our standalone settlement data processing services, we also provide online merchants with consolidated invoices and credit card information storage services.

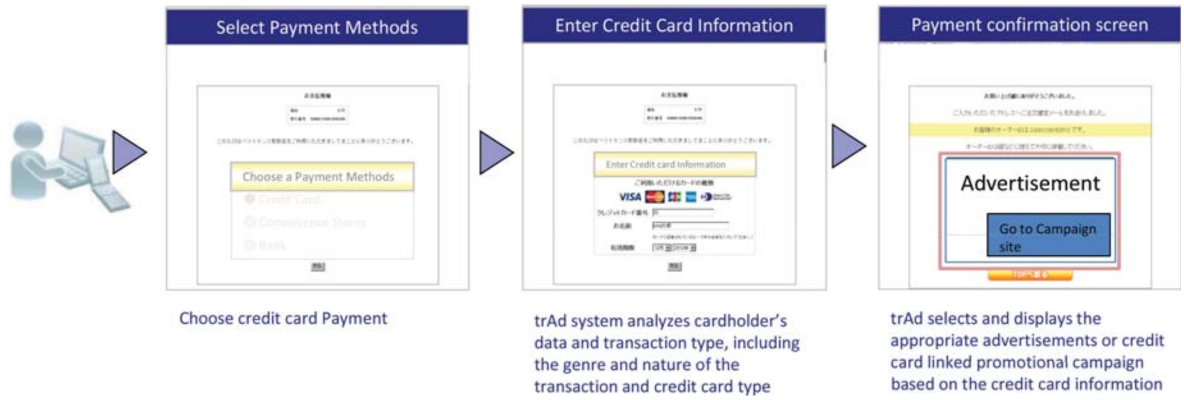
Revenue from standalone settlement data processing services is generated from fees charged to an online merchant comprising an initial setup fee, monthly account fees and service fees charged per transaction.

For the years ended June 30, 2011, 2012 and 2013, approximately 0.5%, 6.4%, and 4.9% of the Company's online merchant customers utilized our standalone settlement data processing services without using agency payment services. The majority of these customers are merchants that began their businesses offline or using mail-order systems prior to the use of the internet becoming widespread in Japan and are generally merchants of a larger scale that had existing contracts with credit card merchant acquirers which included favorable terms prior to beginning their online businesses.

Our e-commerce Solutions

We offer various e-commerce solutions on a standalone basis or as value-added services to customers of our online payment services.

trAd, a transaction-linked advertisement service



trAd is an advertisement service linked with transactions settled via credit card. Our trAd service allows advertisements and credit card linked promotional campaigns to reach their intended audience by matching a consumer's spending pattern with appropriate advertisements or promotional campaigns at the time of settlement. Once a consumer enters his credit card information to settle a transaction, our system analyzes the cardholder's data and transaction type, including the genre and nature of the transaction and credit card type, and selects the appropriate advertisements or credit card linked promotional campaigns to display on the payment confirmation screen. The matched data is then stored on our database. Customers of our online payment services that subscribe to the trAd service receive a substantial discount on the per transaction settlement data transaction fees.

We also offer trAdPlus to online merchants. trAdPlus enhances our trAd service by increasing the frequency and exposure of display of an advertisement or promotional campaign, by displaying advertisements and promotional campaigns on other advertising networks such as ADJUST and MicroAd, operated by Cyber Communications Inc. and MicroAd Inc., respectively, each an Independent Third Party, and Performance X, an advertisement targeting system in Japan linked with various ad exchanges operated by Cyber Communications Inc. These advertisement networks collectively cover substantially all mainstream media outlets in Japan. By connecting these platforms to our trAd database, customers' advertisements will be disseminated more widely and more frequently.

We generate revenue from trAd and trAdPlus by fees from customers every time their advertisements are displayed through our trAd service. We encourage online merchants to use our online payment services to subscribe to our trAd service by providing discounts that can potentially reduce up to two thirds of the regular per transaction fees.

Information Security Products and Services

We offer information security products and services both as value-added services to our existing customers and as standalone services. We provide various security solutions through eCURE, including the provision of SSL Server Certificates, Verisign Japan Personal Class 2 Certificates and Verisign Japan Code Signing Certificates, internet security vulnerability assessments and security consultation services. For the years ended June 30, 2011, 2012 and 2013, revenue from our information security products and services amounted to nil, HK$4.7 million and HK$19.6 million, respectively. Revenue from our information security products and services is primarily generated from sales by eCURE of SSL Server Certificate coupon packages, which accounted for 0%, 100% and 100% of the total revenue from our information security products and services for the years ended June 30, 2011, 2012 and 2013, respectively.

SSL Server Certificates

Secure Sockets Layer (SSL) are cryptographic protocols that provide communication security over the Internet. SSL Server Certificates are small data files that digitally bind a cryptographic key to a website owner's details, encrypt all data flowing to and from the certificate holder's website and make all exchanges between the website and its visitors private. For example, if a merchant wishes to transfer data (such as user information or credit card data) between its consumers and its website securely and privately, the merchant will be able to do so by installing SSL Server Certificates on its web server. When installed on a web server, it activates the https protocol and allows secure connections from a web server to a browser. We offer coupon packages for obtaining SSL Server Certificates from Verisign Japan and CyberTrust. The coupons are prepaid credits for exchanging either Verisign Japan or CyberTrust SSL Server Certificates at a discount price.

NaviPlus Recommend

NaviPlus Recommend is a marketing tool and recommendation engine designed for improving and optimizing a website's contents by allowing online merchant websites to display recommended items for returning consumers. Our NaviPlus Recommend recommendation engine gathers data based on a consumer's purchase and browsing history and generates item recommendations based on a hybrid algorithm combining collaborative filtering and text mining.

We also offer a product search function powered by our Kotohako EC Engine 2 as part of our NaviPlus Recommend services. The Kotohako EC Engine 2 provides online merchants with product search capabilities on their website so that consumers may easily find the products they wish to purchase. Our Kotohako EC Engine 2 may also be used with our NaviPlus recommendation engine to provide product recommendations to consumers when they input their searches.

Revenue from NaviPlus Recommend services is generated primarily from, among other things, monthly service fees. For the years ended June 30, 2011, 2012 and 2013, our revenue from NaviPlus amounted to nil, HK$12.4 million and HK$58.3 million, respectively.

Settlement Support Services

Settlement support services are value-added services that may be used for customizing our online payment services to cater to a customer's specific needs.

IVR System

In July 2012, we launched our IVR module as an add-on feature for our agency payment services. This module allows a call center operator to switch to the IVR system so that the consumer may complete an order by submitting credit card details without the presence of the operator, thereby alleviating risks associated with mishandling of credit card information by an operator.

Offline Settlement System

In January 2013, we introduced a module linking self-check-in machines at hotels with our VeriTrans 3G platform. Once a consumer inserts their credit card to a self-check-in machine, the information is sent through to our settlement data processing system for settlement.

Funds Transfer System, "CASH POST"

CASH POST enables merchants to send funds (including refunds due to cancellation or return of goods) to consumers securely, conveniently and cost-effectively by way of email. In order to send funds, the merchant enters the recipient's information, the minimum requirements being the recipient's email address and telephone number, into our system, which then generates and sends a transaction code and a website address specific to the transaction to the recipient's email address. The recipient will then be able to click on the link to the website address to input his bank account details, which are then sent back to our system. Once our system has received the recipient's information, funds are withdrawn from our CASH POST account and transferred to the recipient's bank account.

Merchants are required to prefund our CASH POST account prior to making any CASH POST payments. Merchants may prefund our CASH POST account by:

- depositing an amount of money into our CASH POST account and keeping a balance on our system for CASH POST transactions;
- depositing the amount for each CASH POST transaction; or
- for merchants that are customers of our online payment systems, requesting for an advance for the CASH POST transaction to be billed to its monthly account (or set off against transaction amounts from our agency payment services, if any).

Revenue from CASH POST is generated from per transaction service fees.

Online Shopping Malls

We currently operate three online shopping malls, Buy-J.com, JCB Global Shopping Mall and Ich1ban Mall, which are complete online platforms created in alliance with China UnionPay, JCB and MasterCard, respectively. These online shopping malls use our VeriTrans 3G system and allow international customers to purchase products from Japanese merchants. As our online shopping malls are operated as Japanese businesses by our subsidiaries in Japan, Japanese online merchants operating on these malls are not required to obtain licenses in the relevant countries in which international customers are located. Merchants who subscribe to our online shopping mall services benefit from an end-to-end service package which reduces the administrative burden to the merchant of promoting overseas transactions. Our online shopping mall service package includes agency payment, translation, logistics, marketing and customer support services. Logistics services for our online shopping malls are provided by an Independent Third Party. Transactions on the online shopping malls are generally settled via credit cards or debit cards of the relevant credit card brand associated with the online shopping mall. Revenue from our online shopping malls is primarily generated from, among other things, initial setup fee, monthly service fees and per transaction fees for agency payment and logistics services. For each of the years ended June 30, 2011, 2012 and 2013, total revenue from our online shopping mall services accounted for less than 1.0% of our Group's revenue.

In November 2013, we launched BuySmartJapan, a shopping service website targeted at consumers outside of Japan and operated by VeriTrans in association with Kakaku.com. Kakaku.com is a shopping comparison website in Japan operated by Kakaku.com, Inc. BuySmartJapan enables consumers outside of Japan to purchase selected products listed on Kakaku.com. The website uses VeriTrans' cross-border platform and supports four different languages, allowing users to choose from English, Chinese (in both simplified and traditional characters), Korean and Japanese. Once the consumer pays for the product and the verification of payment is received by BuySmartJapan, it acts as the purchasing agent to purchase the product on behalf of the consumer in Japan and, upon receipt of the product, ships the product overseas to the consumer. The products available through BuySmartJapan can be delivered to overseas consumers in over 120 global regions outside of Japan. BuySmartJapan supports major credit cards, Alipay, China UnionPay and PayPal as payment options. Revenue from our BuySmartJapan website is primarily derived from product handling fees, which are currently set at 10% of the purchase price. As our BuySmartJapan website is operated as a Japanese business within Japan, we are not subject to licensing regulations in various international regions where consumers may be located.

Overseas Marketing

As part of our international operations, we operate an informational website and marketing services under the name of JJ-Street.com, which is targeted at Chinese tourists visiting Japan. The website promotes Japanese online merchants that accept China UnionPay cards. Data for JJ-Street.com is also replicated to a server in Beijing so that users in China may access the website without any lag or delays. Revenue from JJ-Street.com is generated primarily from, among other things, advertisement fees, monthly fees for updating the advertisements and fees for transmitting data to JJ-Street.com's Beijing server.

Market Research

In 2009, we established iResearch Japan as the Japanese distribution channel for iResearch Consulting Group (上海艾瑞市場諮詢有限公司), a company incorporated in the PRC providing research services focusing on China's internet industry. We own a 65.4% interest in iResearch Japan, and Topstart, a company incorporated under the laws of the British Virgin Islands and owned by Mr. Yang Weiqing, an Independent Third Party and one of the founders of iResearch Consulting Group, owns the remaining 34.6% interest. iResearch Japan provides online research regarding the e-commerce industry in China to Japanese corporations. iResearch Japan also provides marketing services and consultation services relating to trademark rights in China.

Cross-Border Consumer Center Japan

In 2011, the Consumer Affairs Agency of Japan commissioned us to establish the Cross-Border Consumer Center Japan (CCJ) for handling enquiries and complaints from Japanese consumers arising from cross-border consumer transactions entered into on the internet or during travel. CCJ also provides assistance to Japanese consumers for dealing with affiliated consumer associations of certain nations. CCJ is currently affiliated with the Council of Better Business Bureaus of the USA and Canada, the Consumers Association of Singapore and the Secure Online Shopping Association of Taiwan.

Sales and Business Development

Our sales divisions, which include ECONTEXT's sales and partner relations divisions and VeriTrans' sales and marketing divisions, are focused on online merchants, financial institutions and convenience stores in Japan. VeriTrans' global strategy division has regional coverage responsibilities in Southeast Asia.

Typically, each sales division includes a general manager, a manager or assistant manager, business development personnel and customer service representatives. The sales divisions are supported by client services and technology development teams to deliver products and services that meet the needs of our diverse customer base.

Our business development divisions, which include ECONTEXT's solution planning division and VeriTrans' business development division, are responsible for product and account management. Our product management group analyzes and identifies product and technology trends in the marketplace and works closely with our technology development group to develop new products and future enhancements.

As of July 1, 2013, we had 44 sales and business development employees. The following table shows a breakdown of our sales and business development divisions as of July 1, 2013:

Division	Number of Staff
ECONTEXT	
ECONTEXT sales division	12
Partner relations division	2
Solution planning division	5
VeriTrans	
Marketing division	7
Sales division	6
Business development division	8
Global strategy division	4
Total	**44**

Customer Service and Operations

As of July 1, 2013, our customer service and operations team consisted of 20 employees. Our customer service representatives provide phone and email support to our customers.

In addition to the customer service functions, our operations team has built expertise in payments industry rules and best practices in Visa, MasterCard, American Express, Pay-easy, PayPal and China UnionPay processing.

The following table shows a breakdown of our Operations divisions as of July 1, 2013:

Division	Number of Staff
ECONTEXT	
Operations division	9
VeriTrans	
Operations division	11
Total	**20**

MAJOR CUSTOMERS AND SERVICE PROVIDERS

Our customer base consists of merchants of various industries with online operations, including, among others, mobile phone service providers, software publishers, electronics vendors, online gaming websites, insurance companies, online video and media stores, fashion, apparel and cosmetics vendors, finance companies, television stations and travel agents. As of June 30, 2013, we had 12,284 Active Merchant Websites. We do not have a single major customer. Our top five customers in aggregate accounted for less than 30% of our revenue for each of the three years ended June 30, 2011, 2012 and 2013. Our standard form service agreement has a term of one year and is automatically renewed each year unless the customer provides us notification of termination not less than three months from the end of the then-current one year period. We do not require our customers to meet any minimum sales requirements under our service agreements.

Our top five service providers, comprising credit card merchant acquirers and convenience store chains, in aggregate, accounted for approximately 54%, 54% and 53% of our cost of sales and our largest service provider accounted for approximately 27%, 18%, and 17% of our cost of sales in each of the three years ended June 30, 2011, 2012 and 2013, respectively.

None of our Directors, their associates or any of our current Shareholders (who to the knowledge of our Directors owns more than 5% of our share capital) has any interest in any of our top five customers or service providers which is required to be disclosed under the [●].

VENDOR RELATIONSHIPS

Credit card merchant acquirers

The parties involved in a credit card transaction include a merchant, a consumer, a credit card association, a credit card issuer and a credit card merchant acquirer. A credit card association is an association of card-issuing banks (such as JCB, Visa, MasterCard and American Express) that set transaction terms for merchants, credit card issuers and credit card merchant acquirers. Credit card issuers include banks, credit unions and retailers that provide credit lines to consumers through payment cards. The credit card issuer is the party that issues statements to the consumer for repayment.

Credit card merchant acquirers are members of credit card associations. They are the banks that process credit card payments on behalf of a merchant. In the absence of an online payment service provider, such as us, the credit card merchant acquirer will enter into a contract with an online merchant to facilitate payments made using credit cards of the relevant credit card association. Under the terms of these agreements, the credit card merchant acquirer would typically receive funds from credit card issuers (which are paid by the consumer to the relevant credit card issuer) on behalf of the online merchant, and pay the online merchant periodically for the net balance of their payment card activity, net of credit card merchant acquirer fees. In the case where an online payment service provider is not involved, online merchants must enter into agreements directly with credit card merchant acquirers to handle transaction data processing, though we believe that many online merchants have chosen not to do so because of the capital expenditures involved with establishing and maintaining the necessary computer systems (including the security systems) for connecting to various credit card merchant acquirers. Where an online payment service provider such as us is involved, the credit card merchant acquirer will enter into agreements with the online payment service provider to facilitate the transfer of funds from the credit card merchant acquirer to the online payment service provider, who will then transfer the funds (net of fees charged by the credit card merchant acquirer and the online payment service provider) periodically to the online merchant.

We have entered into service agreements with credit card merchant acquirers, such as JCB, Mitsubishi UFJ Nicos and Sumitomo Mitsui Card, for credit card transaction processing services in connection with our online payment services. As of June 30, 2013, we have had business relationships with JCB, Mitsubishi UFJ Nicos and Sumitomo Mitsui Card for over five years. Under each service agreement, the credit card merchant acquirer will process properly presented card transactions and will transfer the funds from such transactions to us on a periodic basis. Our service agreements with credit card merchant acquirers typically have a term of one year and are automatically renewed each year unless either party provides prior notification of termination. The credit card merchant acquirers are required to maintain their membership with the relevant credit card associations. As of June 30, 2013, we maintained service agreements with 39 credit card merchant acquirers. We assume liability for all chargeback losses in the event that we are unable to collect this amount from the online merchant, due to the merchant's insolvency or other reasons. In the overwhelming majority of cases, this situation is unlikely to arise because most products or services are delivered when purchased, and credits are issued on returned items. However, where the product or service is not provided until sometime following the purchase (for example, airline or cruise ship tickets), we assume greater risk. In order to reduce the risk of chargeback losses, major credit card brands have implemented the 3-D Secure security feature. 3-D Secure is a credit card authentication security feature that requires the cardholder to enter a personal password when entering into online transactions. We have integrated 3-D Secure into our Merchant Development Kit and typically recommend our customers to use 3-D Secure as an additional security feature for transactions settled via credit card.

The credit card merchant acquirers are required to meet specified service levels regarding the availability, response times, security procedures, problem resolution and charge back processing. We pay each credit card merchant acquirer a fee for each credit card authorization.

Bank networks

We have entered into service agreements with each bank that provides our online banking processing services. We pay each bank processing fees on a per transaction basis.

Convenience stores

We have entered into service agreements with most of the key convenience store chains in Japan, such as 7-11, Lawson, FamilyMart and Seicomart, for payment acceptance and transaction processing services in connection with our online payment services. As of June 30, 2013, we have had business relationships with 7-11, Lawson, FamilyMart and Seicomart for over five years. For the 7-11 chain, which has its own established network infrastructure, we have adapted our system in order to connect to its network. For certain other convenience store chains, such as Lawson, FamilyMart and Seicomart, we have invested in certain of the equipment for setting up their respective payment networks, including the kiosk terminals, and operate our online payment services as a content provider.

Under each service agreement, the convenience store chain will accept payment and process properly presented transaction billing information from consumers and will periodically transfer the funds from such transactions to us on a periodic basis. Our agreements with convenience store chains typically have a term of one year and are automatically renewed each year unless either party provides prior notification of termination. The convenience store chains are required to meet specified service levels regarding availability, response times, security procedures and problem resolution. We pay each convenience store chain processing fees on a per transaction basis and certain convenience store chains an additional nominal monthly fee.

China UnionPay

In 2012, we entered into an agreement with China UnionPay Co., Ltd. to act as a credit card merchant acquirer and to procure switching, settlement and other services from China UnionPay Co., Ltd. in order to enable the use of China UnionPay cards for conducting online transactions in Japan through the UnionPay Online Payment Program internet payment service. China UnionPay is a credit card association that operates an inter-bank transaction settlement system facilitating the connection and switching between banking systems and the inter-bank, cross-region and cross-border usages of bank cards issued by China UnionPay's associate banks. The term of the agreement with China UnionPay is three years and is automatically renewed for successive one year periods unless either party provides six months' prior written notice of termination. Under the terms of the agreement, we are required to pay China UnionPay per transaction service fees based on a percentage of the transaction amount. Under the terms of the agreement, we are also responsible for the one-time setup fee and recurring usage fees to connect to the UnionPay Online Payment Program system and interface. Under the terms of the agreement, we are required to abide by the China UnionPay regulations governing the use of China UnionPay's internet-based payment network and system.

We believe that our relationship with other credit card merchant acquirers will not be adversely affected by our agreement with China UnionPay. Our agreement with China UnionPay allows us to act as a credit card merchant acquirer only for online transactions. While there is potential competition between us and other credit card merchant acquirers, in order for credit card merchant acquirers to provide online payment services, they will need to establish the necessary computer systems and infrastructure for connecting their payment systems to the internet. We believe that many credit card merchant acquirers have chosen not to do so themselves because of the capital expenditures involved with establishing, maintaining and upgrading the necessary computer systems (including security systems) for providing such services, and instead prefer to use online payment service providers such as us to act as an intermediary to provide such services for convenience and cost efficiency. [●] the section headed "Our Business—Competition" in this document. Also, as we are in the business of providing online payment services and not of credit card merchant acquiring, we do not intend to enter into licensing agreements with other credit card associations to act as a credit card merchant acquirer. Given that China UnionPay is the sole domestic card association in China with its own credit and debit card network, our relationship with China UnionPay is focused on allowing us to process data for online transactions and provide agency payment services for online merchants for transactions settled by payment using a China UnionPay card through the China UnionPay network, rather than the business of credit card merchant acquiring.

PayPal

In, 2009, we entered into agreements with PayPal Pte. Ltd. to obtain a license for using the PayPal system in connection with our agency payment services. Under the terms of the agreements, PayPal Pte. Ltd. is required to pay us incentive payments for integrating the PayPal system with our online payment systems. Our agreements with PayPal Pte. Ltd. have a term of one year and are automatically renewed each year unless either party provides prior notification of termination. In addition to integrating the PayPal system, we are required to provide advertising space to PayPal Pte. Ltd. in accordance with the specifications provided by PayPal Pte. Ltd. We believe that PayPal has chosen to enter into an agreement with us to integrate the PayPal system with our online payment systems because of our online merchant customer base. We believe that online merchants prefer entering into service contracts with online payment service providers such as us because of the various payment options that we can provide, including settlement at convenience stores and by eMoney, in addition to the options provided by PayPal.

Mobile phone carriers

We have entered into agreements with certain mobile phone carriers, such as au, Softbank and docomo, allowing consumers to settle online transactions by charging the amounts to their account with such mobile phone carriers. The maximum amount a consumer may charge on its mobile phone carrier's account is dependent on the contract between the consumer and its respective mobile phone carrier. Our agreements with mobile phone carriers typically have a term of one year and are automatically renewed each year unless either party provides prior notification of termination. Under the terms of these agreements, we are required to pay mobile phone carriers per transaction service fees based on a percentage of the transaction amount.

INFORMATION TECHNOLOGY

Technology and Information Systems

Our technology facilitates access to our website and servers to allow online merchants and their consumers to conduct financial transactions. We focus most of our development efforts on creating specialized software that enhances our payment settlement functionality. One of our key challenges remains building and maintaining a scalable and reliable system, capable of handling traffic and transactions for a growing customer base. The major components of our network are located at a remote data center and at our operations and customer support facility at our corporate headquarters in Tokyo, Japan.

Given the financial nature of our online payment and e-commerce products, we seek to offer a high level of data security in order to build customer confidence and to protect the private information of both our customers (i.e. online merchants) and consumers. We have designed our security infrastructure to protect data from unauthorized access, both physically and over the Internet. Our most sensitive data and hardware reside at our data center. This data center has redundant connections to the internet, or a connection to the internet backed up by secondary resources, as well as fault-tolerant power and fire suppression systems. Given our special security needs, we house our equipment in physically secure data vaults and tightly control physical access to our systems. VeriTrans and ECONTEXT were granted in June 2012 and January 2013, respectively, the right by JIPDEC to use "PrivacyMark" in the course of business. PrivacyMark is a system set up to assess private enterprises that take appropriate measures to protect personal information.

Multiple layers of network security and network intrusion detection devices further enhance the security of our systems. We segment various components of the system logically and physically from each other on our networks. Components of the system communicate with each other via Secure Sockets Layer, or SSL, an industry standard communications security protocol, and require mutual authentication. Access to a system component requires at least two authorized staff members simultaneously to enter secret passphrases. This procedure protects us from the unauthorized use of our infrastructure components. Finally, we store all data in encrypted form in our database. We decrypt data only on an as-needed basis, using a specially designated component of our system which requires authentication before fulfilling a decryption request. Although we have taken steps to protect against data loss and system failures, there is still a risk that we may lose critical data or experience system failures. [●] the section headed "Risk Factors—Risks Relating to Our Business—We may experience breakdowns in our information technology systems that could damage customer relations and expose us to liability" of this document.

Information Technology Risk Management

Our information technology risk management techniques are designed to detect and prevent fraud when consumers enter details of their credit card, bank account or other online payment account details into our system. Our systems have been exposed to attacks from computer hackers during the [●]. [●] the section headed "Risk Factors—Risks Relating to Our Business—Material breaches in security of our information technology systems may subject us to liability" of this document. Due to the continual upgrading of our security systems and efforts to monitor information security breaches, we did not experience any financial or operational losses as a result of hacker attacks during the [●].

Our risk management techniques include the following:

- *Card evaluation*. We became PCI Data Security Standards (PCI DSS) version 1.0 compliant in 2005. PCI DSS is a set of data security standards and technical requirements initially developed by American Express, Discover Financial Services, JCB International, MasterCard Worldwide, and Visa Inc. in December 2004. These five credit card associations subsequently launched an open global forum, the PCI Security Standards Council, in 2006 to develop, manage, educate and promote awareness of the PCI Security Standards, including PCI DSS, Payment Application Data Security Standard (PA-DSS) and PIN Transaction Security (PTS) requirements. We have implemented PCI DSS version 2.0 compliant procedures, including quarterly security testing of our systems, and deploy rigorous anti-fraud screens for every credit card transaction we process. We use a combination of internally developed and third party software.
- *Experience*. We believe our experience and cumulative knowledge in dealing with attempted fraud perpetrators represents an additional anti-fraud advantage.
- *Data backup and recovery.* We maintain a dual backup system, with one backup system located at our main data center in Tokyo and one located remotely in a secret location in of Japan for security purposes. In the event of a system failure at our main servers, we may immediately reroute or retrieve data from one of our two backup systems. Our internal systems maintenance policies require us to design our systems with a certain amount of redundancy in order to handle emergency situations. Our internal risk management policies also require us to notify merchants in the case of any system failures. Our agreements with online merchants also require the merchants to waive all liabilities and damages arising from system failures. Although we attempt to limit our potential liability for warranty claims through disclaimers in our software documentation and limitation of liability provisions in our license and customer agreements, we cannot assure you that these measures will be successful in limiting our liability. [●] the section headed "Risk Factors—Risks Relating to Our Business—We may experience software defects, computer viruses and development delays, which could damage customer relations, decrease our potential profitability and expose us to liability" of this document. During the [●], we have not experienced any system failures or any material disruptions arising from system failures.

RISK MANAGEMENT

Our Internal Risk Management

The internal audit offices of VeriTrans and ECONTEXT, headed by Mr. Tomoaki Yai and Mr. Ken Yamaya, respectively, are responsible for reviewing and monitoring the effectiveness of internal control measures, conducting internal audits for each division and reporting to the relevant entity's management, typically directly to the CEO or COO of the relevant entity. The CEO or management of the relevant entity then directs each applicable division to take appropriate measures to remedy the identified issues or risks.

Risks of the Group pertaining to a specific division are also monitored by the relevant division. Division manager of each division are responsible for implementing and monitoring internal control measures for their respective division and for notifying the relevant entity's management team of any internal controls issues or risks that arise. When a staff member becomes aware of any potential risks, such staff member is required to report to his or her immediate supervisor or the division manager. In case of emergencies requiring immediate executive decision, such staff member may report directly to any of the management members of the Group, normally CEO, CTO, CFO or any executive officer of VeriTrans and ECONTEXT.

Mr. Tomoaki Yai joined VeriTrans as manager of Corporate Strategy Office in 2008. He has held the position of head of internal audit office of VeriTrans since 2009.

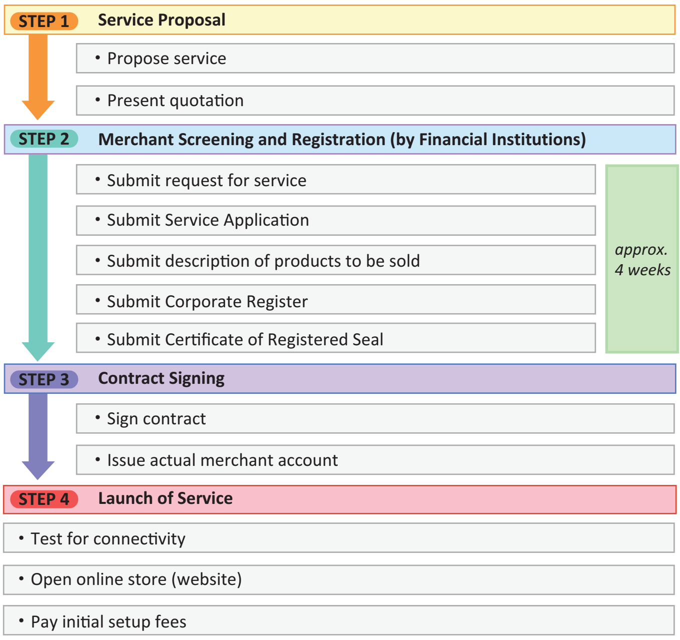
Mr. Ken Yamaya joined Digital Garage as senior manager of Office of the Group CEO in 2007. He has held the position of general manager of internal audit office of ECONTEXT since 2013.

Credit Risk Management

Screening of new customers

To manage credit risks, we have implemented credit management rules. As part of our customer intake process, we assess the creditworthiness of the online merchant.

The following is an illustration showing the process for acquiring new customers for our online payment services:



Our risk management process enables us to screen new merchants prior to entering into service agreements. Once a merchant has submitted an application to subscribe to our services, we consult third party research institutions to assess the merchant's creditworthiness. Once we receive an initial assessment from the third party research institutions, we submit applications for the merchant to the relevant financial institutions depending on the settlement options that the merchant would like to use. We will enter into a service agreement with an online merchant only upon receiving approval from the relevant financial institutions. Such credit limit is determined by each of the relevant credit screening offices of VeriTrans and ECONTEXT, which are overseen by the respective Internal Audit offices, and ultimately, the CFO of the Company. Prior to the expiry of the relevant credit limit period, we re-evaluate the creditworthiness of the online merchant and adjust the credit limits accordingly. For existing customers, the credit limit is subject to periodic review based on the online merchant's track record.

Monitoring of credit risks for advance payments

Our Operations divisions manage our credit risks in connection with advance payments that we make to online merchants by monitoring and reviewing the amount of credit extended to online merchant customers at the time for determining the amount to be transferred to an online merchant during each funds transfer cycle. When an advance payment amount for a particular merchant goes over the initially set credit limit, which is detected during the course of preparing the funds transfer to the merchant's account, the relevant Operations division manager is notified of such activity, who then temporarily suspends such online merchant's account and reviews the online merchant's historical activities as well as creditworthiness to determine whether or not to increase the credit limit and allow such transfer to be initiated. If the amount over the set credit limit is exceptionally higher than normal, such account will be subject to further investigation. In the case where payment to online merchants is made in advance but the funds for such payment are not recovered for nonpayment by the relevant financial institution, we have the right to terminate contract with such merchant. However, we typically discuss and try to resolve any credit issues with our customers prior to terminating a contract. In the case where we cannot recover the amount from credit card merchant acquirers for advance payments, our payment processing receivables will increase. [●] the section headed "Risk Factors—Risks Relating to Our Business—Any significant impairment of payment processing receivables may adversely affect our cash flow and working capital, financial condition and results of operations" During the [●], we did not experience any issues with recovering amounts made as advance payment to online merchants from credit card merchant acquirers.

Our Operations divisions are responsible for overseeing the account activity and credit profile of online merchants.

Merchant Monitoring

We also have risk management policies requiring us to make inquiries to merchants if we observe irregular activity, for example, if there are transactions involving amounts that exceed the merchant's normal transactions. Our service contracts also include provisions prohibiting online merchants from using our services for carrying on money laundering activities and engaging in activities such as funding terrorist organizations. Our Operations divisions monitor the activities and transactions of merchants on a daily basis and our management team reviews transaction records on a monthly basis.

Funds Handling

We have implemented risk management policies requiring us to keep funds received from convenience store chains and financial institutions, which represent the amounts recorded under payment processing payables, in an account separate from the account we use for funds transfer, which is also separate from accounts we use for our general corporate purposes. Our policy of maintaining separate accounts for payment processing payables and funds transfers allows us to keep accurate records of incoming and outgoing amounts and to ensure that we have sufficient funds for our agency payment services. At the end of each billing cycle, we transfer the amount to be paid to the relevant online merchants in such accounts to the funds transfer account to initiate the transfer of such amounts to the relevant online merchants. We also transfer the fees to be paid to us to the accounts we use for our general corporate purposes and record such amounts as income. [●] the section headed "Financial Information—Payment Processing Receivables and Payables Analysis" in this document.

Our Operations divisions compile funds transfer data based on the information collected during settlement data processing. Our Operations divisions then pass this information to the relevant Administration division, who will then upload the funds transfer data to our web banking system. A manager or senior staff in the relevant accounting section then confirms the funds transfer data and seeks the approval of a chief officer such as the CEO or the CFO for initiating the actual funds transfer. Our Administration divisions review and monitor the journal recording the balances of payment processing payables and the amounts in the funds transfer account. In the case where online merchants request for an advance payment, the Administration divisions will record such amount as an overdraft in the journal for the funds transfer account.

Ms. Ai Matsushita and Mr. Eichi Abe are the Operations division managers for VeriTrans and ECONTEXT, respectively, who are responsible for monitoring the activities of our Operations divisions.

Information Technology Risk Management

To manage information technology risks, we have established internal information technology security policies for the Technical divisions of VeriTrans and ECONTEXT. Our Technical divisions are responsible for monitoring security of our information technology systems. Disclosure or transfer of any personal information, except by the person's explicit approval, is prohibited by laws and regulations. [●] the section headed "Our Business—Legal and Regulatory Matters—Overview of Applicable Laws and Regulations in Japan—Personal Information Protection Act" in this document. During the [●], we were in strict compliance with the relevant laws and regulations relating to the protection of personal information.

We keep customer information secured and behind firewalls. Our information technology security policies also restrict the use of USB devices and require us to maintain an email surveillance system to prevent any leakage of customer information. In addition, our information technology security policies restrict access to credit card and other account related information only to a small number of authorized persons. Our Technical division is responsible for monitoring and managing the access rights to such information and the classification of information subject to such restrictions. In addition, the Technical division periodically reviews and monitors access records for any extraordinary cases of access to such information. Our information technology security policies also require all employees including those authorized persons to change their password periodically.

VeriTrans also entered into an agreement on July 1, 2012 with SBI Business Solutions Co., Ltd., a subsidiary of SBI Holdings, for the provision of management outsourcing and management system services from SBI Business Solutions Co., Ltd. comprising, among other things, books and accounts management and filing services, cashflow and payment services, and access to the computer systems required for carrying out management outsourcing services and other administrative services. [●] the section headed "Connected Transactions—Exempt Continuing Connected Transactions—1. Agreements for payment services and management outsourcing and management system" in this document. We routinely monitor the information flow between VeriTrans and SBI Business Solutions Co., Ltd. to ensure compliance with our information technology security policies.

Our Personal Information Protection Management Systems Committees are in charge of monitoring and managing our information technology security risks. Mr. Kohei Akao, CTO of VeriTrans, and Mr. Ken Yamaya, Head of Internal Audit Office are chairmen of the committees of respective entities.

COMPETITION

Our principal competitors in the market for online payment systems and services are GMO Payment Gateway Inc. and Softbank Payment Service. GMO Payment Gateway Inc. and Softbank Payment Service provide the same types of services as we do and are our direct competitors. GMO Payment Gateway Inc. focuses on providing online payment services for municipalities and public utilities while one of Softbank Payment Service's main revenue streams is from providing online payment services in connection with Yahoo! Auction and Yahoo! Shopping in Japan.

We believe competition is based on a number of factors, including customer service, complaint handling, pricing and marketing methods. We believe the key strengths of our online payment services and e-commerce business are (i) our trusted brand name, (ii) an expansive network which allows online merchants to reach a wider consumer base, (iii) our ability to leverage the use of the internet and the support of websites of our other Group companies which complements our business as an effective sales channel, (iv) our high quality customer service driven by our customer-centric principles and (v) our add-on applications and advanced product features, advanced communications modularity, reliability and low total cost of ownership.

There is also potential competition between us and our suppliers, in particular credit card merchant acquirers. In order for financial institutions and convenience store chains to provide online payment services, they will need to establish the necessary computer systems and infrastructure for connecting their payment systems to the internet. We believe that many financial institutions and convenience store chains have chosen not to do so themselves because of the capital expenditures involved with establishing, maintaining and upgrading the necessary computer systems (including security systems) for providing such services, and instead prefer to use online payment service providers such as us to act as an intermediary to provide such services for convenience and cost efficiency. Also, the risk of credit card merchant acquirers, who are in the business of acquiring transactions from online merchants in order to charge processing fees, terminating their relationships with us in order to sell their services to online merchants independently is mitigated by the fact that online merchants prefer having more payment options available to their business rather than limiting themselves to a single credit card payment processor. Credit card merchant acquirers are only capable of providing transaction data processing and agency payment services for credit card settled transactions while we offer a variety of options for settlement. If a credit card merchant acquirer terminates its relationship with us, it will potentially lose the relationship with the online merchant customers that we serve. We, on the other hand, will still be able to process credit card transactions so long as there are other credit card merchant acquirers linked with the relevant credit card issuers and brands. However, if any of the credit card merchant acquirers with which we have a strategic alliance terminates its relationship with us, our continued growth may be affected and this may result in a negative impact to our business and a reduction in our revenue and profit. [●] the section headed "Risk Factors—Risks Relating to Our Business—We depend on our online merchant relationships and strategic alliances to grow our business. If we are unable to maintain these relationships and alliances, our business may be adversely affected" in this document.

We expect competition in our industry will be largely driven by the requirements to respond to increasingly complex technology, industry certifications and security standards.

INTELLECTUAL PROPERTY

We rely primarily on copyrights, trademarks and trade secret laws to establish and maintain our proprietary rights in our technology and products.

As of June 30, 2013, we had registered 34 trademarks in Japan and China, two patents in Japan and 20 active domain names. We also have pending applications for 14 trademarks in China, Hong Kong and Indonesia. In addition, we had also applied for a patent in relation to our IVR system.

As of June 30, 2013, we had been licensed by Digital Garage with the rights to use seven trademarks and three domain names. [●] the section headed "Connected Transactions" in this document.

We have not had a consistent practice of registering copyrights in our software and other written works. Instead, we have relied upon customer license agreements and other forms of protection. We use non-disclosure agreements and license agreements to protect software and other written materials as copyrighted and/or trade secrets.

Details of our intellectual property rights are more particularly set out in the section headed "Appendix V—Statutory and General Information—C. Further information about our business—Intellectual Property Rights" in this document.

TECHNOLOGY DEVELOPMENT

We work with our customers to develop online payment and e-commerce solutions that address existing and anticipated end-user needs. Our main technology development center is located at our corporate headquarters in Tokyo, Japan. Following the acquisition of VeriTrans, we have begun to focus development of our online payment service system at VeriTrans and our convenience store interface system at ECONTEXT. While development costs are expected to continue to increase over the next few years as online merchant customers of ECONTEXT continue to migrate to VeriTrans, we believe that unifying development of our online payment services system for serving online merchants at VeriTrans, coupled with VeriTrans' existing know-how and experience, will allow new services and products to be developed quicker and more efficiently.

We jointly operate technology development teams with our joint venture partners in Indonesia, where regional expertise can be leveraged for the joint venture operations in the respective local markets. These regional development teams provide customization and adaptation to meet the needs of customers in local markets. In order to maintain our position as one of the industry's technology innovators, we believe it is important to manage our technology development capability effectively in order to successfully implement our strategy. Therefore, we may enter into joint technology development agreements with third parties for the development of specific technologies or for adapting our technologies to local markets.

Our technology development goals include:

- developing new solutions, technologies and applications;
- developing enhancements to existing technologies and applications; and
- ensuring compatibility and interoperability between our solutions and those of third parties, such as financial institutions and convenience store networks.

Our technology development expenses, which were recorded as capital expenditures for software development, were HK$6.6 million, HK$15.6 million and HK$49.0 million for the years ended June 30, 2011, 2012 and 2013, respectively. As of July 1, 2013, we had 28 technology development employees representing 20.8% of our total employees.

EMPLOYEES

The following table provides information about our employees by each business segment as of July 1, 2013:

Division	Number of Staff
ECONTEXT	
ECONTEXT sales division	12
Partner relations division	2
Solution planning division	5
Operations division	9
Systems division	18
Corporate administration division	6
Others	2
VeriTrans	
Marketing division	7
Sales division	6
Business development division	8
Global strategy division	4
Technical division	10
Operations division	11
Corporate administration division	8
Legal division	3
Others	1
Other subsidiaries	**36**
Total	**148**

We strive to continuously maintain good working relations with our employees. We believe that our management policies, working environment and the employee development opportunities and benefits extended to employees have contributed to building good employee relations. Our employees do not belong to a labor union.

Since the acquisition of VeriTrans, we have not dismissed any employees due to the integration. Rather, we have retained the existing staff of both VeriTrans and ECONTEXT and have reallocated employees from ECONTEXT to VeriTrans to complement the change in focus of the operations of ECONTEXT and VeriTrans.

We provide employees with training on the rules, regulations and policies with respect to personal information and data privacy upon joining the Company and refresher courses on a regular basis. In addition, upon joining the Company, employees are required to undergo training in relation to insider trading.

INSURANCE

We maintain liability insurance for information technology, personal data leakage and network related claims. We also maintain comprehensive insurance for our computer equipment, insurance against fire damage for our offices and data centers and general liability insurance against third party claims and property damage. Each such policy has customary exclusions. [●] the section headed "Risk Factors—Risks Relating to Our Business—Our insurance coverage may not be adequate to cover all possible operational losses that we could suffer. In addition, our insurance costs may increase and we may not be able to obtain the same level of insurance coverage in the future" in this document.

We believe that our insurance coverage is consistent with industry and regional practice and is adequate for our business operations. From time to time, we review and assess our risks and adjust our insurance coverage as appropriate.

PROPERTIES

We currently sub-lease approximately 1,474 square meters of office space in Tokyo from Digital Garage, where all of our employees and operation are located. As of the Latest Practicable Date, we did not own any properties. Accordingly, the Directors confirm that no single property interest which forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

LEGAL AND REGULATORY MATTERS

Overview of Applicable Laws and Regulations in Japan

A summary of the laws and regulations in Japan that are material to our business and operations is set out below. Our Japanese legal advisors have advised us that there have been no developments in the laws and regulations applicable to the online payment services industry since the passing of the Funds Settlement Act and up to the Latest Practicable Date.

We actively monitor for changes in laws and regulations relevant to the online payment services industry, and through EC Payment Forum, an online payment services industry association, we regularly discuss the potential impact of any future laws and regulations that may have an impact on our industry with other industry participants.

Funds Settlement Act

Our operating subsidiaries in Japan are mainly engaged in providing online payment services. While our online payment services business is currently not regulated under the laws of Japan, the Japanese Government passed the Funds Settlement Act (Law No. 59 of 2009, as amended), which became effective on April 1, 2010 and regulates certain types of settlement service businesses in Japan. Specifically, the Funds Settlement Act regulates among other things, providers of funds settlement services that require consumers to deposit funds with the service providers as a prerequisite for using their services for settling online transactions. The main purpose of the Funds Settlement Act is to protect consumers who have deposited funds from the risk of bankruptcy of their service provider. We do not receive any deposit or prepayment from customers in connection with our online payment services business (other than CASH POST) and therefore, the online payment services we offer (other than CASH POST) do not fall within the scope of the type of settlement services governed by the Funds Settlement Act. [●] the section headed "Risk Factors—Risks Relating to Business Operations in Japan—Our online payment services business is currently not regulated in Japan and may become regulated in the future" in this document. The Consumer Affairs Agency of Japan launched a "settlement agency registry system" at *http://www.caa.go.jp/kessaidaikou/home.html* in July 2011 allowing online payment service providers handling credit card transactions to provide information about their company to the public. The registry system is not mandatory and online payment service providers may provide their information to this registry system on a voluntary basis. Both ECONTEXT and VeriTrans have registered with the registry system. Our CASH POST business, which enables merchants to send funds (including refunds due to cancellation or return of goods) to consumers by way of email, is governed by the Funds Settlement Act. We are duly registered in accordance with the Funds Settlement Act to engage in the CASH POST business.

The Funds Settlement Act requires us to, among other things, set aside a certain amount of money, either by depositing or entrusting a cash reserve, or by concluding a guarantee contract with certain financial institutions. Furthermore, we are required by the Funds Settlement Act to maintain secure control of confidential information with respect to, and proper supervision of our staff running, the CASH POST business.

Act for Prevention of Transfer of Criminal Proceeds

Under the Act for Prevention of Transfer of Criminal Proceeds (Law No. 22 of 2007, as amended) (the "**Anti Money-laundering Act**"), banks and other financial institutions are required to report to the relevant governmental authorities (such as the Commissioner of the Financial Services Agency of Japan) if, in the course of their business, they receive assets or funds which they suspect to be illicit profits from criminal activity. Except for our CASH POST business as described below, we are not subject to the Anti Money-laundering Act as we are not a bank or financial institution. However, since we provide settlement data processing services and act as an intermediary between merchants and Japanese credit card merchant acquirers, who are subject to the Anti Money-laundering Act, financial institutions expect us to use reasonable efforts to assist them to maintain compliance with the Anti-Money Laundering Act. While failure to provide assistance would not result in any penalty being imposed on us, it could affect our reputation within the industry and result in the loss of potential suppliers and business prospects.

Our CASH POST business is registered under the Funds Settlement Act and therefore, the Anti Money-Laundering Act applies to this business. If we breach the Anti Money-Laundering Act in connection with our CASH POST business, the relevant government agency may request us to submit a report or materials for investigation and may conduct an audit of us or give us instructions or orders for remediation. If we breach such orders or instructions issued by the government agency, our Directors or members of our senior management responsible for ensuring compliance with the Anti Money-laundering Act may be liable for up to two years of imprisonment or a fine of up to ¥3 million and our Company may be liable to a fine of not more than ¥300 million. During the [●], we were in compliance with the Anti Money-Laundering Act in all respects.

Personal Information Protection Act

The Personal Information Protection Act became effective on April 1, 2005. The Personal Information Protection Act requires, among other things, a Japanese business operator who comes into possession of personal information to limit the use of personal information to the purpose communicated to the owner of the personal information at collection and to properly retain such personal information. The Personal Information Protection Act also forbids a business operator from providing personal information to third parties without consent of the owner of the personal information.

As part of our online payment services business, we collect and maintain databases of sensitive information about online merchants and consumers, including names, email addresses, credit card numbers and bank account numbers. If we do not comply with the Personal Information Protection Act, a relevant government ministry may advise or order us to take remedial action. If we fail to comply with such governmental advice or order, we may be subject to criminal penalties, including a fine not exceeding ¥300,000.

Litigation, Claims and Arbitration

We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business. As of the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance nor, to the best of our knowledge, is any litigation, claim or arbitration of material importance pending or threatened against any member of the Group.

Compliance with Laws and Regulations

We confirm that during the [●] and up to the Latest Practicable Date, there were no material breaches or violations of the laws or regulations applicable to the Group that would have a material adverse effect on our business or financial condition taken as a whole. During the [●] and up to the Latest Practicable Date, we had obtained all material licenses and permits necessary for the operation of our business in the jurisdictions in which we operate.

Overview of Applicable Laws and Regulations in the PRC

A summary of the laws and regulations in the PRC that are material to our investments in the PRC and our rights to receive dividends and other distributions from such investments is set out below.

Software Protection Regulations

The State Council of the PRC (the "**State Council**") promulgated the Regulations on the Protection of Computer Software (the "**Software Protection Regulations**") on December 20, 2001, which became effective on January 1, 2002 and were subsequently amended in 2013. The Software Protection Regulations were promulgated, among other things, to protect the copyright of computer software in the PRC. According to the Software Protection Regulations, the copyright of computer software that is independently developed and exists in a physical form or is attached to physical goods is protected by the Software Protection Regulations. However, the regulations do not apply to any ideas, mathematical concepts, processing and operation methods used in the development of software products.

Under the Software Protection Regulations, PRC citizens, legal persons and organizations are entitled to copyright protection for computer software that they have developed, regardless of whether the software has been published. In addition, foreigners or any persons without nationality are entitled to copyright protection for computer software that they have developed if such computer software was first distributed in the PRC.

Owners of software copyright enjoy the rights of publication, authorship, modification, duplication, issuance, lease, transmission on the information network, translation, licensing and transfer. Pursuant to the regulations, software copyright comes into existence on the day of completion of its development. In the case of software developed by legal persons and other organizations, the protection period is 50 years and ends on the thirty-first day of December of the fiftieth year from the date the software product was first published. However, the Software Protection Regulations will not afford protection to software if the software was never published during the 50 year period from the completion of development. A licensing contract is required in order to license others to use the software copyright, and if the terms of the licensing contract provide for an exclusive license, such licensing contract must be made in written form. A transfer or assignment of software copyright must be made by way of a written contract.

Civil liabilities available under the Software Protection Regulations against infringements of copyright include, among other things, an order for the cessation of the infringement, an order for an apology and compensation for losses. The administrative department of copyright also has the power to order the infringing party to cease the acts of infringement, confiscate illegal gains, confiscate and destroy infringing copies, and impose fines on the offender under certain circumstances.

Software Copyright Registration

On February 20, 2002, the State Copyright Administration of the PRC promulgated and enforced the Measures Concerning Registration of Computer Software Copyright Procedures (the "**Registration Procedures**") to implement the Software Protection Regulations and to promote the development of the PRC's software industry. The Registration Procedures apply to the registration of software copyrights and software copyright exclusive licensing contracts and copyright transfer or assignment contracts. The registrant of a software copyright will be either the copyright owner, or another person (which may be a natural person, legal person or an organization) in whom the software copyright becomes vested through succession, assignment or inheritance.

Pursuant to the Registration Procedures, the software to be registered must (i) have been independently developed or (ii) significantly improve in its function or performance after modification from the original software, with the permission of the original copyright owner. If the software being registered is developed by more than one person, the copyright owners may nominate one person to handle the copyright registration process on behalf of the other copyright owners. If the copyright owners fail to reach an agreement with respect to the registration, any of the copyright owners may apply for registration but the names of the other copyright owners must be recorded on the application.

The registrant of a software copyright and the parties to a software copyright transfer or assignment contract or exclusive licensing contract may apply to the Copyright Protection Center of the PRC (the "**CPC**") for registration of such software copyright and contracts. The CPC will complete its examination of an accepted application within 60 days of the date of acceptance. If an application complies with the requirements of the Software Protection Regulations and the Registration Procedures, a registration will be granted, a corresponding registration certificate will be issued and the registration will be publicly announced.

Software Products Administration

On March 5, 2009, the Ministry of Industry and Information Technology of the PRC ("**MII**") promulgated the Measures Concerning Software Products Administration, which became effective on April 10, 2009. The Measures Concerning Software Products Administration provide that software products are subject to registration and filing requirements. Domestically-made software products that meet the requirements of the Measures Concerning Software Products Administration and that have undergone due registration and filing procedures may be entitled to the relevant incentive policies provided in the Certain Industry Policies Concerning Encouraging the Development of Software Industry and Integrated Circuits. For the portion of an imported software product whose development and production is located within the PRC, the copyright holder and the original developer of the software is responsible for submitting the required materials for registration and filing according to the Measures Concerning Software Products Administration. Upon completion of the registration and filing procedures, the relevant portion of the software products are granted software product registration numbers and software product registration certificates, and the copyright holder and developer may be entitled to relevant incentive policies provided in the Certain Industry Policies Concerning Encouraging the Development of Software Industry and Integrated Circuits. The term of validity for software product registration is five years and may be renewed through application before the expiration of the term.

Software products made by a software producer are software products for which the producer owns the copyright or for which the producer has authorization by the copyright owner or other right owners to produce. Both software developers and software producers may engage in direct sales of software products that they develop or produce. The MII and other relevant departments may carry out supervision and inspection over the development, production, operation and import/export activities of software products in the PRC.

Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC accounting principles. In accordance with the PRC Income Tax Law that took effect on January 1, 2008 and the related implementing rules, foreign invested enterprises incorporated in the PRC are generally subject to an enterprise income tax rate of 25%. Pursuant to the Interim Regulation of the PRC on Business Tax that took effect on January 1, 2009, PRC enterprises engaged in providing software development services and customer maintenance services are also subject to PRC business tax at a rate of 5% for their maintenance service revenue. Pursuant to the Notice on the Pilot Policy for Carrying out the Change from Business Tax to Value-add Tax in the Transportation Industry and Certain Modern Service Industry across the Country promulgated by the Ministry of Finance and the State Administration of Taxation on May 24, 2013, which took effect on August 1, 2013, PRC enterprises engaged in the provision of certain modern services as defined in the policy, which include information technology services but exclude tangible assets rental services, is subject to value-added tax at a rate of 6% in lieu of PRC business tax.

Foreign Currency Exchange

Foreign currency exchange in the PRC is primarily governed by the following regulations:

- Foreign Exchange Administration Rules (1996), as amended; and
- Regulations of Settlement, Sale and Payment of Foreign Exchange (1996).

According to these regulations, the Renminbi is convertible for current account items, including distribution of dividends, payment of interest, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct investment, loan, securities investment and repatriation of investment, however, is still subject to the approval of the State Administration of Foreign Exchange ("**SAFE**") or its local counterpart. Foreign-invested enterprises may settle and buy foreign currencies at those banks designated to conduct foreign exchange business after providing valid commercial documents and can also buy and sell foreign currencies at Foreign Currencies Adjusting Center. Capital investments by foreign-invested enterprises outside of the PRC are also subject to limitations, which include approvals by the MOFCOM, the SAFE and the National Development and Reform Commission.

Laws and Regulations Related to Agency Payment Services in the PRC

While we do not, and currently have no plans to, engage in the provision of agency payment services in the PRC, a summary of the material laws and regulations relevant to conducting such business in the PRC is set out below. We have been advised by our PRC legal advisors that we are not subject to the relevant PRC laws and regulations concerning such activities.

The Measures for the Administration of Payment Services of Non-Financial Institutions (the "**Payment Services Measures**") were promulgated on June 14, 2010 and took effect on September 1, 2010.

The Payment Services Measures and the implementing rules provide that a non-financial institution which intends to provide payment services, such as agency payment services, is required to obtain a permit in accordance with the Payment Services Measures and become a registered payment institution. Payment institutions are subject to the supervision and administration of the People's Bank of China (the "**PBOC**"). Without the approval of the PBOC, no non-financial institution or individual is permitted to engage, whether directly or in a disguised form, in the provision of any payment services. Under the Payment Services Measures, an applicant is also required to have certain minimum amounts of registered capital depending on the regions served by the proposed payment services business.

The Payment Services Measures also provide that the business scope of foreign invested non-financial institutions and the shareholding percentage and qualification of foreign investors are subject to any further regulations that the PBOC may promulgate with the State Council's approval. So far as our Directors are aware based on the advice of our PRC legal advisors, as of Latest Practicable Date, no such further regulations were promulgated by the PBOC with State Council's approval.

Digital Garage was established in 1995 and its shares are listed on the JASDAQ. Prior to the Reorganization, Digital Garage was principally engaged in the internet business in Japan with three business segments: (i) incubation, which focuses on the promotion of investment opportunities in information technology related venture businesses, (ii) marketing, which focuses on the provision of online marketing tools for advertising and sales promotions targeted at consumers, and (iii) payment, which focuses on the provision of online payment and e-commerce solutions. As part of the Reorganization, all of the businesses of Digital Garage's payment segment, which are principally operated by VeriTrans and ECONTEXT, were transferred to our Company.

For details of the Reorganization, please refer to the section headed "History, Reorganization and Corporate Structure—Reorganization" in this document.

INDEPENDENCE FROM DIGITAL GARAGE

Our Board is satisfied that we are able to operate independently of the Digital Garage Group after the [●] on the following basis:

Operational Independence

Clear delineation of business activities between our Group and the Digital Garage Group

As disclosed above, as part of the Reorganization, all of the businesses of Digital Garage payment segment operated by VeriTrans and ECONTEXT were transferred to our Company. The payment business, namely, the provision of online payment services and e-commerce solutions, carried out by our Group differs significantly from the incubation business and marketing business carried out by the Digital Garage Group.

The incubation business carried out by the Digital Garage Group focuses on the promotion of investment opportunities in information technology related venture businesses and startup companies engaging primarily in social networking service, internet media and software products. The main objective of its incubation business is the capital gain from its investment activities in the venture businesses. Digital Garage's incubation business does not involve investment in any companies that engage in the same business as the Group. As such, there is no competition between the incubation business carried out by the Digital Garage Group and the business carried out by our Group.

One of our subsidiaries, NaviPlus, also carries out marketing and advertising related business, but the nature and scope of such business differ from that carried out by the Digital Garage Group. The principal business of NaviPlus is the provision of a recommendation engine to online retailers, which filters the information on the website and makes recommendations to the users of the products that may be of interest to them based on the individual user's browsing history or behavior. NaviPlus is also an application service provider and provides marketing software and applications for internet businesses. In addition, NaviPlus provides advertising agency services for internet-based e-commerce businesses.

The businesses of the Digital Garage Group does not involve the provision of any recommendation engine or application service. The Digital Garage Group's marketing business focuses on the provision of total advertising and marketing solutions as a full service advertising agency and their customers are primarily non-internet based large corporations, such as financial institutions. As such, there is no overlap in the operational focus of our Group and the Digital Garage Group, nor is there any competition between our Group and the Digital Garage Group.

Furthermore, although we have entered into a number of agreements with the Digital Garage Group as set out in the section headed "Connected Transactions" in this document, for the reasons described below we do not believe that these agreements impact our ability to operate our business independently from the Digital Garage Group. As the Administrative Service Agreement, the Sub-lease Agreements and the Office Equipment and Facilities Agreements were not effective until after June 30, 2013, there were no historical transaction amounts for the financial years ended June 30, 2011 and 2012. The Secondment Agreements and the IP License Agreements came into effect during the year ended June 30, 2013 and the aggregate fees paid by our Group to the Digital Garage Group under these agreements during that year amounted to HK$21.3 million (comprising salaries and other benefits paid for secondment arrangement of HK$765,665 and intellectual property license fees of HK$20.5 million), which is equivalent to approximately 11.0% of the total operating expenses of HK$193.8 million (comprising selling, general and administrative expenses of HK$182.3 million and other operating expenses of HK$11.6 million) of the Group for the same period.

Intellectual property license

Digital Garage has granted us the non-exclusive right to use its trade name and certain trademarks and registered domains, the details of which are set out in the sections headed "Connected Transactions—Non-exempt continuing connected transactions—Continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements—Intellectual property license agreements" and "Appendix V—Statutory and General Information—B. Further Information about our Business—Intellectual Property Rights" in this document.

Digital Garage has been engaged in the internet business since the 1990s both in Japan and overseas. The right to use Digital Garage's trade name, trademarks and registered domains allows us to leverage the brand image and credibility associated with the brand, which our Directors believe will be beneficial to our Group. As we seek to increase our revenue stream derived from the provision of value-added services such as our trAd service, our Directors believe there are strategic benefits from using the Digital Garage brand, which has a higher recognition in both the domestic and overseas information technology markets, to promote the market positioning of our Group. In addition, our Directors believe that we can also take advantage of the brand recognition of Digital Garage among potential [●] and business partners to assist our overseas expansion and potential future business alliances and [●], and obtain business opportunities that may not otherwise be available to us.

We do not, however, rely on the intellectual property rights of Digital Garage for our principal operations. The trademarks that are associated with the majority of our products and services, as well as the domain names related to our Group companies, are owned by us independently. We have also applied for ten additional trademarks and one additional patent. [●] the section headed "Appendix V—Statutory and General Information—B. Further Information about our Business—Intellectual Property Rights" in this document.

Sub-lease of office space, office equipment and facilities

We currently sub-lease certain premises from Digital Garage for use as office space as well as certain office equipment and facilities situated at those premises, details of which are set out in the section headed "Connected Transactions—Non-exempt continuing connected transactions—Continuing connected transactions subject to the reporting and announcement requirements—1. Sub-lease agreements and office equipment and facilities agreements" in this document. Digital Garage leased the premises directly from the owner of the premises, as well as the office equipment and facilities from an Independent Third Party and then sub-leased part of the premises and the office equipment and facilities to certain of its subsidiaries situated at the same premises, including our Group. Our Directors believe that this would save us the time and administrative costs for negotiating directly and entering into a separate lease with the owner of the premises and the office equipment and facilities.

The sub-lease agreements and the office equipment and facilities agreements were entered into following arm's length negotiations and on normal commercial terms. We believe that in the event Digital Garage ceases to sub-lease the premises and the office equipment and facilities to us, we would be able to find suitable alternative premises from Independent Third Parties in the same region without substantial undue delay, inconvenience or costs or material interruption to our business operations. In addition, we have the right to terminate the sub-lease agreements and the office equipment and facilities agreements by giving not less than one month's notice to Digital Garage prior to expiry of their terms, and the agreements do not contain any provisions that would restrict our ability to lease similar properties from Independent Third Parties. As such, our Directors are of the view that we do not need to rely on Digital Garage to secure office premises.

Secondment of employees

Our Company has entered into secondment agreements with Digital Garage pursuant to which Digital Garage has agreed to second certain of its employees to us. These seconded employees include recent university graduates and provide non-skill based services to our Group. Upon completion of the term of the secondment, we may retain and employ the seconded employees upon agreement by the parties.

We believe that this secondment arrangement will save us the time and administrative costs involved in recruiting suitable candidates and provides us the flexibility on whether or not to retain the seconded employees based on the need of our Company. We believe this arrangement does not amount to reliance on the Digital Garage Group, as we will otherwise be able to recruit suitable candidates by our Group or through third party recruitment service providers on similar terms without difficulties. [●] the section headed "Connected Transactions—Non-exemption connected transactions—2. Secondment agreement" in this document.

Administrative services

Our Company has entered into an agreement with Digital Garage pursuant to which Digital Garage has agreed to provide administrative services to us with respect to the information technology network, certain office equipment and facilities as well as payroll and other general administrative services. Digital Garage is entitled to a fee of ¥2,950,000 (approximately HK$223,699) per month for such services, which was determined on a cost basis.

We believe that this arrangement for administrative services is more cost-efficient for us than to provide such services ourselves or engage a third party service provider for such services on similar terms without difficulties. Given that we can undertake these services ourselves or through third parties, we do not believe that this arrangement renders us reliant on the Digital Garage Group. We believe this arrangement does not amount to reliance on the Digital Garage Group, as we will otherwise be able to undertake these services ourselves or through third party service providers. [●] the section headed "Connected Transactions—Exempt continuing connected transactions—Administrative services agreement" in this document.

Management Independence

Our Company and Digital Garage have boards of directors and senior management teams that function independently of each other.

The following table sets forth details of the directorships and senior management of our Group and Digital Garage immediately upon completion of the [●]:

	Our Group	Digital Garage
Kaoru Hayashi	Executive Director and chairman* Director and chairman# Director and chairman^	Representative director, president and group CEO
Takashi Okita	Executive Director and CEO* Representative director and CEO# Director^	None
Tomohiro Yamaguchi	Executive Director and CFO* Executive Director and CFO#	None
Keizo Odori	Executive Director* Director# Representative director and president^	Director and head of payment segment
Joi Okada	Non-executive Director*	Director
Adam David Lindemann	Non-executive Director*	None
Mamoru Ozaki	Independent non-executive Director*	None
Toshio Kinoshita	Independent non-executive Director*	None
Takao Nakamura	Independent non-executive Director*	None
Katsuo Miyagi	Executive director and COO^	None
Yoshitaka Sakai	Executive director and general manager (corporate administration division)^ Statutory auditor#	None
Kiyotaka Harada	Executive director and general manager (sales division)^	None
Haruto Oshima	Executive officer#^	None
Kohei Akao	Executive director, CTO, COO and general manager (technical division)#	None
Hiroshi Shino	Executive director and general manager (business development division)#	None
Lei Wang (also known as Rai Ou)	Senior executive officer and general manager (global strategy division)#	None
Hiroyuki Nakamura	Senior executive officer#	None

	Our Group	Digital Garage
Ryuji Yamanaka	General manager (marketing division)# Deputy general manager (partner relations division) and general manager (solution planning division)^	None
Ai Matsushita	General manager (operations division)#	None
Takatomi Ban	General manager (legal division)# Statutory auditor^	None
Otoya Fujiwara	General manager (partner relations division)^	None
Hideaki Harigai	General manager (systems division)^	None
Eiichi Abe	General manager (operations division)^	None
Ken Yamaya	General manager (internal audit office)^	None
Yasuyuki Rokuyata	None	Director
Naohiko Iwai	None	Director
Makoto Soda	None	Director
Masashi Tanaka	None	Director
Joichi Ito	None	Director
Kenji Fujiwara	None	Outside Director
Susumu Okamoto	None	Outside Director

Notes:

* *Position held in our Company.*

\# *Position held in VeriTrans.*

^ *Position held in ECONTEXT.*

Our Board has nine members, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. Certain of our Directors also hold positions in Digital Garage, details of which are set out below:

- Our executive Director and Chairman, as well as director and chairman of VeriTrans and director and chairman of ECONTEXT, Mr. Kaoru Hayashi, is also the representative director, president and group CEO of Digital Garage. Mr. Hayashi is primarily responsible for the overall strategic planning and management of our Group and is not involved in the day-to-day management or operation of our Group.

- Our executive Director, as well as director of VeriTrans and representative director and president of ECONTEXT. Mr. Keizo Odori, is also a director and head of the payment segment of Digital Garage.

- Our non-executive Director, Mr. Joi Okada, is also a director of Digital Garage. As a non-executive Director, Mr. Okada will assume a strategic role in formulating the development plans of our Group. Mr. Okada is not involved in the day-to-day management or operation of our Group.

Save as disclosed above, none of our Directors or senior management hold any position in members of the Digital Garage Group.

It is recognized that because Mr. Kaoru Hayashi, Mr. Keizo Odori and Mr. Joi Okada are directors of both Digital Garage and our Company, they may have conflicts of interest in transactions between members of our Group and members of the Digital Garage Group. However, these three Directors are mindful of their fiduciary duties to act in the best interests of our Company and Digital Garage, respectively. In cases where there are actual or potential conflict of interests, these three Directors will, in accordance with the requirements of the [●] and the Articles of Association, abstain from voting on the relevant resolutions in board meetings of our Company. As such, we believe there is sufficient safeguard to minimize the effects of any conflict of interest.

Mr. Kaoru Hayashi is the Chairman of our Company as well as the Chairman of Digital Garage. However, the day-to-day management of our Company is given to officers of our Company (who are appointed by the Board of Directors) and the Directors of our Company are responsible for the supervision of such officers and for making significant decisions regarding our Company. If an issue relating to the day-to-day operations of our Company were to arise, it would be decided by the officers of our Company. If such issue does not relate to the day-to-day operations or is otherwise a significant issue, it would be decided by our Board, in which case, all Directors that do not have conflict of interests may participate and vote. In the case of a Directors' meeting at which our Company needs to decide on a transaction between a member of our Group and a member of the Digital Garage Group, the three Directors mentioned above will need to abstain from voting at such meeting. As such, it is not possible for these three Directors to influence the decision of our Board with respect to any such transaction. We currently have nine Directors on the Board of our Company and in the event the three overlapping Directors are required to abstain from voting, the remaining six Directors (including all of the independent non-executive Directors) will be able to decide the relevant matter for the Board. Two of these six Directors possess extensive experience relating to our operations, as they also hold the positions of CEO and CFO of our Company.

Our Company has been operating under the supervision of an experienced senior management team, all members of which have been appointed as our Directors or listed as members of our senior management team. It is expected that after the [●], our Company will continue to be centrally managed by the senior management team. Our Company has sound reporting mechanisms in place to ensure that important decisions are made independently and only with the proper authorizations from the senior management team. In view of the above, our Directors believe that we operate independently of the Digital Garage Group and in the interests of our Shareholders.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. We also have our own treasury function that is operated independently from Digital Garage. We are capable of obtaining financing from third parties, if necessary, without reliance on Digital Garage. All the amounts due and owing to Digital Garage will be settled on or prior to [●]. Therefore, our Directors are of the view that we are financially independent from Digital Garage.

Non-disposal undertaking

Digital Garage has provided an irrevocable undertaking to our Company that for a period of three years from the [●], it will not dispose any of the Shares it holds in our Company. The undertaking was provided by Digital Garage with respect to the joint transaction costs, as set out in the section headed "Financial Information—Critical Accounting Policies—Determination of incremental costs and allocation basis for joint transaction costs" in this document.

Financial Reporting and Disclosures by Digital Garage

Digital Garage publishes its financial results in accordance with JGAAP pursuant to the requirements under the FIEA, including financial information about its payment segment, which is operated our Group. Digital Garage also publishes forward-looking financial estimates and management targets relating to its payment segment from time to time, including certain forward-looking financial estimates up to the year ending June 30, 2014 contained Digital Garage's financial report issued in August 2013 ("**DG's 2013 Disclosure**") and certain management target figures for net sales and operating income up to the year ending June 30, 2015 contained in Digital Garage's financial report issued in August 2012 ("**DG's 2012 Disclosure**", and collectively, "**DG's Disclosures**"). Digital Garage's financial reports are available in the public domain.

Although companies listed on the JASDAQ are not subject to a mandatory requirement to publish forecasts or estimates, the practice of issuing forecasts or estimates on both an annual and quarterly basis is positively encouraged by the JASDAQ. According to information publicly available on the website of the JASDAQ, as of March 2012 approximately 97% of companies listed on the JASDAQ routinely disclose forecasts of the following information: revenues; operating profits; ordinary profit; net income; net income per share; and dividend per share.

DG's Disclosures contain forward-looking information. Digital Garage has full and independent discretion as to the determination of such forward-looking information by considering factors which Digital Garage considers appropriate and relevant for its reporting and disclosure purposes. Forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, our results may differ from those expressed in any forward-looking statements made by Digital Garage, including DG's Disclosures.

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

EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

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

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

2. Administrative services agreement

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

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

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

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

(a) Description of the transaction

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

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

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

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

(b) Pricing

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

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

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

(c) Historical transaction amounts

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

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

(d) Annual caps on future transaction amounts

Based on the terms of the Sub-lease Agreements and the Office Equipment and Facilities Agreements, the expected amounts payable for each of the financial years ending June 30, 2014 and 2015 are ¥173,080,884 and ¥57,693,628 (approximately HK$13,124,723 and HK$4,374,908), respectively. However, as there has been a relatively large fluctuation in the exchange rate between the Japanese yen and the Hong Kong dollar in recent years, the proposed caps in Hong Kong dollars are HK$17,250,000 and HK$5,750,000, respectively to provide for an approximate 30% buffer in the event of appreciation in the value of Japanese yen relative to Hong Kong dollar which is based on the approximate fluctuation in the exchange rate during the [●]. The annual caps are significantly greater than the historical transaction amounts because the historical transaction amounts represent lease payments which were mainly attributable to office space used by ECONTEXT only. The historical transaction amounts only represent the amount paid by VeriTrans since February 1, 2013 as this was when VeriTrans began to sub-lease the office space and office equipment and facilities from Digital Garage. The annual cap for the year ending June 30, 2015 is significantly lower than for the year ending June 30, 2014 because the terms of the Sub-lease Agreements expire on, and the period for which the waiver is sought is until, October 31, 2014.

2. Secondment agreements with Digital Garage

(a) Description of the transaction

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

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

(b) Pricing

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

(c) Historical transaction amounts

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

(d) Annual caps on future transaction amounts

We may retain and employ some of the Seconded Employees upon expiry of the term of their secondment with us. We therefore anticipate that the number of Seconded Employees will be gradually reduced. The expected amount payable for the financial years ending June 30, 2014, 2015 and 2016 are ¥50,000,000, ¥35,000,000 and ¥20,000,000 (approximately HK$3,791,500, HK$2,654,050 and HK$1,516,600), respectively, which have been determined based on the terms of the Secondment Agreements and the estimated reduction in the number of Seconded Employees. However, as there has been a relatively large fluctuation in the exchange rate between the Japanese yen and the Hong Kong dollar in recent years, the proposed caps in Hong Kong dollars are HK$5,000,000, HK$3,500,000 and HK$2,000,000, respectively, to provide for an approximate 30% buffer in the event of appreciation in the value of Japanese yen relative to Hong Kong dollar which is based on the approximate fluctuation in the exchange rate during the [●]. The annual caps are significantly greater than the historical transaction amounts because the historical transaction amounts represent payments to Digital Garage for Seconded Employees to ECONTEXT only and do not include the amount our Group anticipates being payable to Digital Garage for Seconded Employees to VeriTrans and NaviPlus. The annual cap decreases significantly year on year because our Group anticipates that it will retain and employ some of the Seconded Employees upon the expiry of the term of the secondment. Therefore, it is anticipated that the number of Seconded Employees will be gradually reduced and thus the amount payable to Digital Garage for the Seconded Employees is expected to be lower.

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

Intellectual property license agreements

(a) Description of the transaction

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

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

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

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

(ii) Digital Garage's direct or indirect shareholding in VeriTrans or ECONTEXT (as the case may be) falls below 20%, in which case the relevant IP License Agreement is terminated automatically; or

(iii) there is a material breach of, or non-compliance with the terms of, the relevant IP License Agreement by VeriTrans or ECONTEXT.

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

(b) Pricing

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

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

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

(c) Historical transaction amounts

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

(d) Annual caps on future transaction amounts

As the intellectual property license fee is calculated as a percentage of the monthly revenue of ECONTEXT, any proposed monetary cap for the intellectual property license fee could be interpreted as a forecast of the revenue of ECONTEXT or our Company. As such, our Directors, including our independent non-executive Directors, and the [●] are of the view that the IP License Agreements should not be subject to an annual cap amount expressed in monetary terms.

Waiver application for non-exempt continuing connected transactions

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

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

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

Confirmation from Directors

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

BOARD OF DIRECTORS

Our Board of Directors is the primary decision making body of our Company and consists of nine Directors, of whom four are executive Directors, two are non-executive Directors and the remaining three are independent non-executive Directors. Pursuant to the Company's Articles, the Directors are elected by our Shareholders at the annual Shareholders' meeting. Each Director is appointed for a term of one year. Directors may serve any number of consecutive terms.

The following table provides a summary of the members of our Board:

Members of our Board

Name	Age	Position	Date of Appointment
Kaoru Hayashi	53	Executive Director and Chairman of the Board	September 10, 2012
Takashi Okita	36	Executive Director and Chief Executive Officer	September 10, 2012
Tomohiro Yamaguchi	43	Executive Director and Chief Financial Officer	September 10, 2012
Keizo Odori	43	Executive Director	September 10, 2012
Joi Okada	43	Non-executive Director	September 10, 2012
Adam David Lindemann	40	Non-executive Director	April 1, 2013
Mamoru Ozaki	78	Independent non-executive Director	November 29, 2013*
Toshio Kinoshita	64	Independent non-executive Director	November 29, 2013*
Takao Nakamura	48	Independent non-executive Director	November 29, 2013*

Note:

* *effective from the [●] Date.*

EXECUTIVE DIRECTORS

Kaoru Hayashi, aged 53, is an executive Director of our Company and Chairman of the Board. He has been an executive Director and Chairman of the Board since the incorporation of our Company in 2012. Mr. Hayashi is primarily responsible for the strategic planning and management of our Group's overall business operations. Mr. Hayashi has also served as the representative director, chairman and president of ECONTEXT since its incorporation in 2012 and resigned as representative director and president of ECONTEXT in October 2013. He was appointed as the representative director and chairman of VeriTrans upon its acquisition by Digital Garage, our Controlling Shareholder, in 2012 and was appointed as director in October 2013. He has also served as the representative director, president and group CEO of Digital Garage since 1995.

Mr. Hayashi also serves as a director of several companies outside the Group. He has been an external director of Monex Group, Inc., a company listed on the TSE that provides online securities brokerage services to retail investors primarily in Japan, since 2012. He was the representative director and chairman of Kakaku.com, Inc., a company listed on the TSE that provides price comparison services for consumers, from 2002 to 2003, and has served as the non-executive director and chairman since 2003. He served as the representative director, chairman and president of Open Network Lab, Inc., a seed stage investment company based in Tokyo, from 2012 to 2013, and has served as the representative director and chairman since April 2013. He also serves as an officer and/or director of several subsidiaries of Digital Garage.

Mr. Hayashi received his Bachelor of Sociology degree from Toyo University, Japan, in 1982.

Takashi Okita, aged 36, is an executive Director and Chief Executive Officer ("**CEO**") of our Company. Mr. Okita has been an executive Director and CEO of our Company since incorporation in 2012. Mr. Okita is primarily responsible for overseeing and managing our Group's financial services business. He has more than 10 years of experience in the electronic money settlement business and has extensive knowledge of the e-commerce business.

Mr. Okita has been an officer and/or executive director of several of our Group companies. Mr. Okita has served as the representative director and chief operating officer of VeriTrans since 2005 and was reappointed as the representative director and CEO in 2011. He was appointed as a director of ECONTEXT in October 2013. He has served as a commissioner for PT. Midtrans, a company with strategic alliance based in Indonesia that provides e-commerce solutions and online payment processing services to online merchants in Indonesia since 2011. He has served as a non-executive director of PT. Tokopedia, an affiliated company based in Indonesia that owns and operates an online e-commerce platform, since 2012. He currently serves as an executive director of NaviPlus, a representative director and CEO of iResearch Japan, eCURE and JJ-Street.

Mr. Okita was a non-executive director of SBI Holdings, Inc., a company listed on the TSE and the Stock Exchange, from 2012 to June 2013, and was a director and executive officer from 2008 to 2012. Mr. Okita started his career at Softbank Finance Corporation. (which has been merged into Softbank Telecom Corp.) in 1999.

Mr. Okita received his Bachelor of Arts degree in management from Hitotsubashi University, Japan, in 1999.

Tomohiro Yamaguchi, aged 43, is an executive Director and Chief Financial Officer ("**CFO**") of our Company. Mr. Yamaguchi has been an executive Director and CFO of our Company since incorporation in 2012. Mr. Yamaguchi is primarily responsible for the overall financial operations of our Company, including accounting, tax and cash management issues. As a key member of our Company, he also directs and leads establishment of overseas business alliances through acquisitions or affiliations for our Group.

Mr. Yamaguchi has served as an officer and/or executive director of several of our Group companies. He served as an executive director and the CFO of Kotohako since 2012 until it merged into NaviPlus in September 2013. He has also served as an executive director and CFO of NaviPlus, an executive director and the CFO of iResearch Japan and an executive director and the CFO of eCURE. He has also been a director and CFO of VeriTrans since 2006. He was primarily responsible for managing investor relations during the time VeriTrans was a publicly listed company between 2004 and 2011. He played a major role in managing corporate strategic functions, including mergers and acquisitions activities, establishing joint ventures and corporate branding. Before joining the Group, Mr. Yamaguchi was a finance manager of Softbank Finance Corporation.

Mr. Yamaguchi has been a Certified Public Tax Accountant since June 2000 and a Tokyo Certified Public Tax Accountant since June 2000. Mr. Yamaguchi received his Bachelor's degree from

Meiji University, Japan, in 1994 and his Master of Business Administration from Waseda University, Japan, in 2010.

Keizo Odori, aged 43, is an executive Director of our Company who is primarily responsible for the development of business and capital alliances. Mr. Odori has been an executive Director of our Company since incorporation in 2012. He was an executive director of Kotohako since acquisition by our Group in 2012 until it merged into NaviPlus in September 2013. Mr. Odori has also served as an executive director of ECONTEXT since its incorporation in 2012. He has served as non-executive director of VeriTrans, and executive director of eCURE, iResearch Japan and NaviPlus since 2012. Mr. Odori was re-appointed as representative director and president of ECONTEXT in October 2013.

Mr. Odori has served as a director of Digital Garage since 2010. Before joining our Group, he was an executive director of Faith Inc., a Japanese company listed on the TSE mainly engaged in the provision of digital content distribution services and electronic money business, from 2005 to 2010. As an executive director of Faith Inc., Mr. Odori directed and led the development of the global content distribution business and mergers and acquisitions transactions. He also served as the president and CEO of GIGA Networks Inc., a subsidiary of Faith Inc., and was responsible for the overall operations of the company from 2006 to 2009.

Mr. Odori was a director of the Association of Musical Electronics Industry, a Japanese organization where companies work together to set the standards for compatibility among electronic musical instruments, from 2006 to 2010. He has also been a director of Mobile Content Forum, a Japanese corporate association which provides support to strengthen a healthy mobile content industry since 2009, and has served as its managing director since 2011.

Mr. Odori graduated from Komae Senior High School in 1989.

NON-EXECUTIVE DIRECTORS

Joi Okada, aged 43, is a non-executive Director of our Company. Mr. Okada has been a non-executive Director of our Company since 2012. He was also appointed as a director of Digital Garage US, a San Francisco based US subsidiary of Digital Garage and as a director of Digital Garage. He served as the deputy head of the Group CEO's Office from 2012 to 2013.

Mr. Okada worked as a broker for different companies within GFI Group Inc., a company which provides brokerage and execution services for institutional wholesale customers, from 2003 to 2012. He was a senior broker and the branch representative of the distressed debt section of GFI Securities Limited from 2008 to 2012, and acted as the head of brokerage desk for the Japanese credit derivatives section from 2007 to 2008. He was a senior broker at GFI Group LLC from 2003 to 2005, and was seconded to GFI Securities Limited from 2005 to 2007. Mr. Okada was a senior broker of the equity derivatives section of Nittan Brokers Inc. in 2000. He started his career working as a broker specializing in government bond options and United States treasury options at the New York office of GFI Group Inc. in 1993. Mr. Okada has not held a directorship in any listed company in the last three years.

Mr. Okada was awarded JSDA 1 and 2 by the Japanese Securities Dealers Association in June 2005. Mr. Okada received his Bachelor of Arts degree in philosophy and economics from Boston College in 1992.

Adam David Lindemann, aged 40, is a non-executive Director of our Company. He was appointed as a non-executive Director of our Company in April 2013. Mr. Lindemann has been a director and managing partner of Mind Fund Ltd. since 2010 and the managing director and CEO of Source of Inspiration Ltd. since 1994. Mr. Lindemann is the managing partner of Imaginal Capital Ltd which was established in April 2013. He has not held a directorship in any listed company in the last three years.

Mr. Lindemann received his Bachelor of Arts degree in Japanese and law from the University of London in 1996.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mamoru Ozaki, aged 78, is an independent non-executive Director of our Company. Mr. Ozaki was appointed as an independent non-executive Director of our Company on November 29, 2013, effective from the [●] Date.

Mr. Ozaki has been a non-executive director of several listed companies in Japan. He has served as a non-executive director of Kikkoman Corporation, a Japanese company listed on the TSE that produces and markets soy sauce, alcoholic beverages, and other food products, since 2005. He has been a non-executive director of Wacoal Holdings Corp., a Japanese company listed on the TSE that designs, manufactures and markets primarily women's intimate apparel, since 2005. He has also been a non-executive director of Fuji Kyuko Co., Ltd., a Japanese company listed on the TSE that provides passenger railway, bus transportation and taxi services in Japan, since 2005. Mr. Ozaki was a member of the advisory board of Nippon Yusen Kabushiki Kaisha, a Japanese company listed on the TSE that provides ocean, land, and air transportation services from 2006 to 2008. Mr. Ozaki has been an adviser to the Yazaki Corporation, a Japanese company which develops and manufactures automotive components for automotive use globally, since 2003. Mr. Ozaki began his career working for the Ministry of Finance Japan in 1958.

He was the Director-General of the Tax Bureau from 1988 to 1991, the commissioner of the National Tax Agency from 1991 to 1992 and the Administrative Vice Minister of the Ministry of Finance from 1992 to 1993. He was the governor of the Japan Finance Corporation, a public corporation wholly-owned by the Japanese government that offers business funds for small and medium enterprises and various management consulting services, from 1994 to 1999. He was a member of the Japanese National Tax Council and the governor of the National Life Finance Corporation, a Japanese governmental institution which provides various kinds of business loans to small enterprises, from 1999 to 2003. He was an extraordinary member of the Tax Commission of the Ministry of Finance Japan from 2003 to 2006.

He was a visiting professor at the Graduate School of Commerce at Waseda University in Japan from 2003 to 2006. He was also an adviser to The National Tax College Japan from 1996 to 2009.

Mr. Ozaki received his Bachelor of Laws degree from Tokyo University, Japan, in 1958.

Toshio Kinoshita, aged 64, is an independent non-executive Director of our Company. Mr. Kinoshita was appointed as an independent non-executive Director of our Company on November 29, 2013, effective from the [●] Date.

Mr. Kinoshita was the chief executive officer of the Japanese Institute of Certified Public Accountants from 2007 to July 2013. He taught at the Graduate School of Professional Accountancy of Aoyama Gakuin University from 2005 to 2011. He also taught at the Graduate School of Professional Accountancy of Meiji University from 2005 to 2008. He was a member of the management board and firm council of Misuzu PricewaterhouseCoopers from 2005 to 2007. He was a senior managing partner of the North America-Japanese Business Network of PricewaterhouseCoopers L.L.P. from 1998 to 2005. He was the managing partner of the US-Japanese Business Network of Coopers & Lybrand L.L.P. from 1995 to 1998, the managing partner of the US West Coast-Japanese Business Group of Coopers & Lybrand L.L.P. from 1992 to 1995 and the managing partner of the US Midwest-Japanese Business Group of Coopers & Lybrand L.L.P. from 1985 to 1991. He started his career working at Coopers & Lybrand L.L.P. in 1980. Mr. Kinoshita has not held a directorship in any listed company in the last three years.

Mr. Kinoshita has been a Certified Public Accountant in Japan since 1983. He has also been a Certified Public Accountant in California since 1995 (California Board of Accountancy) and New York since 1997 (New York Board of Accountancy).

Takao Nakamura, aged 48, is an independent non-executive Director of our Company. Mr. Nakamura was appointed as an independent non-executive Director of our Company on November 29, 2013, effective from the [●] Date.

Mr. Nakamura has been a non-executive director of several listed companies in Japan. He currently serves as a non-executive director of PA Co., Ltd., a Japanese company listed on the TSE that provides information services, and previously served as a non-executive director from 2004 to 2007. He served as a non-executive director of United, Inc., a Japanese company listed on the TSE that provides internet-based media solutions in Japan, in 2007. He has been acting as a non-executive director of Paraca Inc., a Japanese company listed on the TSE that engages in the operation and management of parking lots in Japan, since 2009.

Mr. Nakamura has been an attorney-at-law at the Torikai Law Office since 2009. He has been an outside corporate auditor of Tonchidot Corporation, a Japanese company which develops and provides social applications and services for mobile devices, since 2012. He has also been an auditor of Japan Sailing Federation since 2011. He was the representative director and president of Infoseek Japan K.K., a Japanese company that provided data processing and preparation services, from 1999 to 2003. He was a director of Digital Garage from 1996 to 1999. Mr. Nakamura started his career working for the Bank of Japan in 1989.

Mr. Nakamura became a member of The Japan Federation of Bar Association in 2008. He received his Bachelor of Laws degree from Tokyo University, Japan, in 1989. He received his Master of Business Administration from University of California, Los Angeles, in 1994 and his Juris Doctor degree from Tokyo University, Japan, in 2007.

SENIOR MANAGEMENT

The following table provides a summary of the senior management personnel of our Group (other than our Directors):

Name	Age	Position/Title in our Group
Katsuo Miyagi	47	Executive director and chief operating officer, ECONTEXT
Yoshitaka Sakai	40	Executive director, ECONTEXT Statutory auditor, VeriTrans
Kiyotaka Harada	40	Executive director, ECONTEXT
Haruto Oshima	53	Executive officer, ECONTEXT Executive officer, VeriTrans
Kohei Akao	40	Executive director, chief technology officer and chief operating officer, VeriTrans
Hiroshi Shino	37	Executive director, VeriTrans Director and chief executive officer, NaviPlus Director, iResearch Japan
Lei Wang (also known as Rai Ou)	38	Senior executive officer, VeriTrans Director, iResearch Japan
Hiroyuki Nakamura	53	Senior executive officer, VeriTrans

Katsuo Miyagi, aged 47, is an executive director and chief operating officer ("**COO**") of ECONTEXT and he has held these roles since its incorporation in 2012. Mr. Miyagi was a non-executive director of NEXDG GO., Ltd., a company engaged in the e-commerce logistics services, from 2012 to 2013. He was also COO of ECONTEXT from 2010 to 2012, before it was demerged from Digital Garage and incorporated as a separate stock company in Japan in 2012. He was a manager of Japan Post Holdings Co., Ltd., a Japanese state-owned corporation which, through its subsidiaries, provides postal services throughout Japan, from 2007 to 2010. He headed the information technology department of ECONTEXT from 2002 to 2007. Mr. Miyagi has not held a directorship in any listed company in the last three years.

Mr. Miyagi received his Bachelor's degree from the Department of Technology of Osaka Electro-Communication University, Japan, in 1989.

Yoshitaka Sakai, aged 40, is an executive director of ECONTEXT. Mr. Sakai has been an executive director of ECONTEXT since incorporation in 2012. Before ECONTEXT was demerged from Digital Garage, Mr. Sakai was a senior operating officer of Digital Garage from 2008 to 2011 and deputy general manager of its corporate strategy division in 2012. He was the head of the business development group of ECONTEXT from 2002 to 2009. Mr. Sakai left Digital Garage on January 1, 2013 to independently assume his role at ECONTEXT. Mr. Sakai was appointed as a statutory auditor of VeriTrans in October 2013. Mr. Sakai began his career in 1996 working at the sales and marketing division of Iwatani Corporation, a Japanese company listed on the TSE that operates as an energy service provider in Japan. He has not held a directorship in any listed company in the last three years.

Mr. Sakai received his Bachelor of Management degree from Dokkyo University, Japan, in 1996.

Kiyotaka Harada, aged 40, is an executive director of ECONTEXT and he has held this role since incorporation in 2012. He was a director of VeriTrans from 2012 to March 2013. Mr. Harada joined ECONTEXT in 2005 and took charge of the new business development department, and subsequently held several management positions across different departments after ECONTEXT was merged into Digital Garage. Mr. Harada was the executive producer of the business management office of ECONTEXT. He was the general manager of the business development office that is responsible for new business development from 2009 to 2010. He was the general manager of the marketing division from 2008 to 2009 and was appointed as the general manager of the sales division in October 2013. Mr. Harada began his career in 1996 at Mitsubishi Corporation, a major Japanese trading company listed on the TSE that operates businesses across industrial finance, energy, metals, machinery, chemicals, foods, and environmental sectors. Mr. Harada had been seconded to ECONTEXT from Mitsubishi Corporation between 2000-2004. He has not held a directorship in any listed company in the last three years.

Mr. Harada received his Bachelor of Arts in law from Waseda University, Japan, in 1996.

Haruto Oshima, aged 53, is an executive officer of ECONTEXT and VeriTrans and he has held such roles since July 2013. He was the head of the new business promotion office of ECONTEXT from 2012 to 2013. Before ECONTEXT was demerged from Digital Garage, Mr. Oshima was the deputy director-general of the business management office from 2011 to 2012, and the deputy director-general of the merchant sales department from 2010 to 2011. Mr. Oshima was the director-general of plan headquarters of Willer Travel, Inc., a Japanese company engaged in website creation and maintenance for travel and tourism services, from 2008 to 2010. He was the president of Brooklands Asia (Thailand) Co., Ltd, a company engaged in export and import business, from 2001 to 2004. He was the president of Be Net Japan, Co., Ltd, a company engaged in advertising and trading related business, from 1999 to 2004. He was the president of Office Devi, Inc., a company engaged in export and import business, from 1994 to 2004. Mr. Oshima has not held a directorship in any listed company in the last three years.

Mr. Oshima received his Bachelor's degree in economics from Aoyama Gakuin University, Japan, in 1986.

Kohei Akao, aged 40, is an executive director, chief technology officer ("**CTO**") and COO of VeriTrans. He was appointed as CTO of VeriTrans in 2008, and was appointed as COO in April 2013. He is also the general manager of technical division of VeriTrans. Mr. Akao was an executive director of VeriTrans from 2008 to March 2013. He worked for Fujitsu Business Systems Ltd. from April 1998 to October 2001.

Mr. Akao received his Bachelor of Science degree and Master of Science degree from Ibaraki University in 1996 and 1998, respectively.

Hiroshi Shino, aged 37, is an executive director of VeriTrans and he has held this role since April 2013. He is also the general manager of the business development division of VeriTrans. He has been an executive director and CEO of NaviPlus since April 2013 and was an executive director of Kotohako from April 2013 until it merged into NaviPlus in September 2013. Mr. Shino has also served as an executive director of iResearch Japan since 2011. He was an executive director of VeriTrans from 2011 to 2013.

Mr. Shino received his Bachelor of Business Administration degree from the Science University of Tokyo, Japan, in 1999.

Lei Wang (also know as Rai Ou), aged 38, has been a senior executive officer of VeriTrans since 2011. He is also the general manager of the global strategy division of VeriTrans. Mr. Wang is responsible for the global strategy and Asia payment development of VeriTrans. Mr. Wang has also been an executive director of iResearch Japan since 2009. Mr. Wang has not held a directorship in any listed company in the last three years.

Mr. Wang received his Bachelor of Engineering degree from the Northeast Dianli University, China, in 1996.

Hiroyuki Nakamura, aged 53, is a senior executive officer of VeriTrans since August 2013. In this position, Mr. Nakamura is responsible for the management of global operations of the credit card business and for the development and management of all international business alliances. He is involved with developing the marketing strategy and overseeing its execution, managing legal issues with our global partners and managing relationships with financial institutions. Prior to joining VeriTrans, Mr. Nakamura was the president, chief operating officer and an executive director of SBI Card Co., Ltd., Japan from January 2012 to June 2013. He joined JCB International Co., Ltd. as a manager in April 1990 and has served as an executive director and executive vice president from June 2006 to November 2011. Mr. Nakamura was the assistant manager of the lighting division and relationship manager at Philips Corporation Japan from October 1987 to March 1990.

Mr. Nakamura received his Associates in Arts degree majoring in Business Administration from Taft College, United States in 1980.

COMPANY SECRETARY

Sau Mei Wong, aged 40, is our company secretary. She is responsible for corporate secretarial duties and corporate governance matters in relation to the Company. She is a senior manager of the corporate services division of Tricor Services Limited and has over 16 years of experience in corporate secretarial work. Ms. Wong is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Wong is also the joint company secretary of MIE Holdings Corporation, a company listed on the Main Board of the Stock Exchange, which is engaged in oil and gas exploration, development and production.

DIRECTORS' REMUNERATION

The aggregate amounts of remuneration (including salaries, stock-based benefits and other allowances and benefits in kind and discretionary bonuses) paid by our Group to the Directors for each of the financial years ended June 30, 2011, 2012 and 2013 were approximately HK$1.4 million, HK$1.9 million and HK$8.1 million, respectively.

No remuneration was paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as a compensation for loss of office in respect of the three financial years ended June 30, 2011, 2012 and 2013. Further, none of our Directors had waived any remuneration during the same period.

Under our arrangements currently in force, the aggregate remuneration of our Directors, excluding any discretionary bonuses, for the financial year ended June 30, 2014 is estimated to be no more than approximately HK$9.5 million.

The Directors anticipate that they will periodically review the compensation levels of key executives of the Group. Based on the Group's performance and the executives' respective contributions to the Group, the Directors may, with the approval of the Company's remuneration committee, grant salary increases or pay bonuses to executives. These increases or bonuses could result in the incurrence of compensation expense at levels that are significantly higher than those incurred by the Group in prior periods.

The non-executive Directors and the independent non-executive Directors are entitled to receive directors' fees, which are recommended by our remuneration committee and determined by the Board. All Directors receive reimbursements from the Company for expenses which are necessarily and reasonably incurred for providing services to the Company or executing matters in relation to the operations of the Company.

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with the combined financial statements and the related notes included in the section headed "Appendix I—Accountants' Report" in this document. Our combined financial information as of and for the years ended June 30, 2011, 2012 and 2013 has been prepared in accordance with HKFRS. The selected financial information of our subsidiary, ECONTEXT, for the years ended June 30, 2011, 2012 and 2013, which has been prepared in accordance with the basis set forth in Note 2.2 to the Accountants' Report included in the section headed "Appendix I—Accountants' Report" to this document, was prepared in accordance with HKFRS. Certain statements in the following discussion are forward-looking statements. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the sections headed "Risk Factors" and "Forward-Looking Statements" in this document.

OVERVIEW

We are a leading provider of online payment services and e-commerce solutions in Japan. We were one of the leading online payment and e-commerce providers in Japan based on the aggregate revenue from online transactions processed for the 2011 and 2012 fiscal years according to MIC Research Institute, a Japanese market research company. Since 1997, we have designed and marketed system solutions that facilitate online payment transactions and e-commerce solutions for online merchants in Japan.

We act as an intermediary between online merchants and financial institutions or convenience store chains to facilitate processing of transaction data and the transfer of funds to online merchants for settlement of online transactions. Our online payment system network builds on technology linking the internet with the existing financial infrastructure of bank accounts, credit card, debit and ATM networks and convenience store networks in Japan to create an online payment system that serves merchants and financial institutions. Our online payment services comprise settlement data processing services and agency payment services. These services allow online merchants to accept payments via credit card, debit card, ATM or internet banking transfers, eMoney, domestic or international payment intermediaries (such as PayPal or Alipay), payments made at convenience stores throughout Japan and payments made through mobile phone carriers such as au, Softbank and docomo for settling online transactions.

We provide our online payment services through our subsidiaries ECONTEXT and VeriTrans, which had a combined share of 10.9% of the online payment services market in Japan for the 12 months ended June 30, 2013, according to MIC Research Institute. VeriTrans has traditionally been recognized in the industry as an innovative online payment solutions provider and has contributed to the overall development of the online payment service industry in Japan by, among other things, developing online payment systems that allow for transactions to be settled by various payment methods, such as eMoney, and introducing value-added services such as trAd and IVR. VeriTrans also has strong relationships with credit card merchant acquirers and we have recently reinforced these relationships through the entry into of strategic partnership agreements between our Company and the three [●], each of which is a major credit card merchant acquirer in Japan, pursuant to which we have agreed to work together to explore future areas of cooperation. ECONTEXT has been recognized in the industry as one of the first online payment service providers in Japan with the capability of processing payments made at convenience stores throughout Japan and with the capability of acting as a convenience store interface serving four of Japan's top 10 convenience store chains, a service which is currently only provided by a few other online payment service providers. We have been ranked among other technology, media and telecommunications companies in Asia Pacific in the Deloitte Technology Fast 500 in 2005 and 2007, as well as receiving an ASP SaaS/ICT Outsourcing Award in 2010.

We also provide e-commerce solutions such as online security measures and marketing solutions for merchants and financial institutions. Our marketing solutions include services such as trAd, a settlement transaction-linked advertisement platform, and NaviPlus Recommend, a recommendation engine that optimizes a website's contents based on an analysis of data collected from users of a given website.

Basis of Preparation

Pursuant to the Reorganization, as more fully described in the sections headed "History, Reorganization and Corporate Structure" and "Appendix V—Statutory and General Information" in this document, our Company was incorporated on September 10, 2012 and became the holding company of the companies now comprising our Group on December 1, 2012. The companies and businesses now comprising the Group were under the common control of the Controlling Shareholder immediately before and after the Reorganization. The financial information in this document 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 [●], 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 Controlling Shareholder acquired the entire issued share capital of VeriTrans on April 26, 2012. The acquisition of VeriTrans and its subsidiaries on April 26, 2012 is reflected in our combined financial statements as a business combination accounted for using the acquisition method. Accordingly, our combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the [●] include the results and cash flows of VeriTrans and its subsidiaries since April 26, 2012, the date they first came under the common control of the Controlling Shareholder. The combined statements of financial position of our Group as of June 30, 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 were made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization. [●] the sections headed "History, Reorganization and Corporate Structure" and "Appendix V—Statutory and General Information" in this document for further information. For the results of operations of VeriTrans for the year ended June 30, 2011 and the period from July 1, 2011 to April 25, 2012, [●] Note 30 of the section headed "Appendix I—Accountants' Report" in this document.

Key Factors Affecting Financial Condition and Results of Operations of Our Group

Our Group's financial condition and results of operations as well as the comparability of results of operations between periods have been, and will continue to be, affected by a number of factors, including those set out below.

Acquisition of VeriTrans

The Controlling Shareholder completed the acquisition of the entire issued share capital of VeriTrans on April 26, 2012. [●] the sections headed "History, Reorganization and Corporate

Structure" and "Appendix V—Statutory and General Information" in this document. The acquisition of VeriTrans and its subsidiaries on April 26, 2012 is reflected in our financial information in this document as a business combination accounted for using the acquisition method. Accordingly, our financial results and cash flows for the [●] as set out in this document only include the results and cash flows of VeriTrans and its subsidiaries since April 26, 2012, the date they first came under the common control of the Controlling Shareholder. As a result, our financial results and cash flows during the [●] may not be comparable for the corresponding periods before and after the acquisition of VeriTrans and its subsidiaries.

A substantial portion of our revenues are derived from VeriTrans and ECONTEXT, our principal operating subsidiaries that provide agency payment services and settlement data processing services. VeriTrans has a stronger focus on providing online payment services for transactions settled by credit card, whereas ECONTEXT has a stronger focus on providing agency payment services for transactions settled by payment at convenience stores in Japan. Following the acquisition of VeriTrans in April 2012, we have begun to focus on providing online payment services to new online merchant customers solely through VeriTrans. While ECONTEXT continues to provide online payment services to its existing customers, we have begun to shift the focus of ECONTEXT towards providing agency payment services as an interface to online payment service providers, including VeriTrans, for transactions settled at convenience store chains in Japan.

Given VeriTrans' focus on credit card settled transactions, we expect the cost of sales of VeriTrans to continue to increase as its customer base and the number of transactions settled by credit card increases. Credit card settled transactions typically have a higher cost of sales (and therefore comparatively a lower gross profit margin) than online payment services for convenience store payment settled transactions. While we expect the cost of sales of ECONTEXT to also increase as a result of an increased aggregate number of transactions processed by ECONTEXT, we expect the rate at which the cost of sales of ECONTEXT grows over the next few years to decrease (and therefore gross profit margin to gradually increase) as existing online merchant customers are migrated over to VeriTrans and the number of credit card settled transactions processed by ECONTEXT decreases.

Market Demand for Our Services

Our results of operations are directly affected by revenue, which is a function of customer demand for our online payment and e-commerce solutions. Demand for our services is in turn driven primarily by the demand for products and services of the types offered to consumers by our customers who are online merchants. During the [●], our revenue from the online payment services segment was significantly influenced by large increases in our customer base due to the increased demand for merchants to provide online shopping capabilities and the consolidation of VeriTrans into our Group.

The demand for our online payment and e-commerce solutions is generally dependent upon, among other factors, the penetration of the Internet as a platform for retail and business activities and the success and popularity of the merchants that use our services. Our results are particularly influenced by market demand and conditions generally prevailing in Japan, and to a lesser extent, Indonesia. Economic downturns and declines in consumption in our major markets may affect market demand and, in turn, our revenue. Based on the MIC Report, the Japanese online payment market is estimated to expand at a CAGR of 13.0% from 2012 to 2017, reaching a total market size of ¥120 billion in 2012 and to ¥222 billion by 2017. As a result of these industry trends, we believe that we are well-positioned to capitalize on the increasing market demand for online payment and e-commerce solutions.

Our operating results are also affected by the level of business activity of our online merchant customers, which in turn is affected by the level of economic activity in the industries and markets that they serve. The demand for the products of our end customers is largely related to, among other factors, the global economic situation, which affects the spending power of individuals on consumer goods and services, and the popularity of merchants using our services and the products and services that they sell.

Any fluctuation in the global economy, in particular the economies of Japan and Indonesia with strong demand for the products and services offered by our customers, may result in a decline in the level of business activity of our customers, which in turn could adversely affect our results of operations.

Transaction Volume, Number of Active Merchant Websites and Average Selling Prices

Our revenue is affected by the amount and number of transactions that we process in our online payment services business. Our agency payment services are built upon the technology used for our settlement data processing services, and include services where we act as an agent to transfer funds received from financial institutions or convenience stores to the online merchants. Revenue from our agency payment services include settlement data transaction fees and agency payment fees. Settlement data transaction fees relate to our settlement data processing services and agency payment fees relate to our services where we act as an agent to transfer funds to the online merchant. Settlement data transaction fees and agency payment fees are per transaction fees calculated either as a percentage of the transaction amount or as variable fees depending on the range of the transaction amount. In addition, we receive settlement data transaction fees from our standalone credit card settlement data processing services business. Settlement data transaction fees are affected by the number of transactions that we process, while agency payment fees are affected by the transaction amount.

The following table shows the number of transactions processed, the number of active merchant websites and the average transaction value during the [●].

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
Number of data transactions	6,689,870	26,032,799	123,031,259
Active merchant websites	6,704	10,213	12,284
Average fee margin	2.3%	2.3%	2.0%
Average selling price	HK$0.68	HK$0.71	HK$0.54

The following table shows a breakdown of our agency payment fees and settlement data transaction fees, including the agency payment amount, average fee margin, number of data transactions and average selling prices, for our online payment services during the [●]. The following table also includes amounts shown in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011		**Year ended June 30, 2012**		**Year ended June 30, 2013**	
	HK$	**¥ millions**	**HK$**	**¥ millions**	**HK$**	**¥ millions**
Agency payment fees = (a) * (b)	244,645,276	2,618	420,782,019	4,258	948,952,898	10,672
(a) Agency payment amount	10,753,336,285	115,061	18,382,783,214	186,034	48,328,764,976	546,216
(b) Average fee margin [%]	**2.3%**	**2.3%**	**2.3%**	**2.3%**	**2.0%**	**2.0%**
Settlement data transaction fees = (c) * (d)	4,564,117	49	18,462,217	187	66,903,322	745
(c) Number of data transactions	6,689,870	6,689,870	26,032,799	26,032,799	123,031,259	123,031,259
(d) Average selling price	**0.68**	**¥7.32**	**0.71**	**¥7.18**	**0.54**	**¥6.06**
All other revenue	29,446,448	315	53,193,179	538	150,653,199	1,698
Total revenue	**278,655,841**	**2,982**	**492,437,415**	**4,983**	**1,166,509,419**	**13,115**

The increase in the transaction amount and the number of transactions during the [●] was due to the increase in transactions conducted through existing Active Merchant Websites and the increase in number of Active Merchant Websites using our services. The number of Active Merchant Websites affects our revenue. Active Merchant Websites do not include websites that settle transactions through third party online payment service providers which use the convenience store interface services of ECONTEXT. We had 6,704, 10,213, and 12,284 Active Merchant Websites as of June 30, 2011, 2012 and 2013, respectively. With the growth of our customer base and the diversification of our customers, our customer concentration level has decreased over the years. Revenue from our top five customers accounted for 28.0%, 20.5% and 18.3% of our total net revenue in 2011, 2012 and 2013, respectively. We anticipate that our customer base will continue to grow and diversify.

Prices for our services are affected by a variety of factors, including supply and demand conditions and pricing pressures from our competitors. While our average selling price increased from HK$0.68 for the year ended June 30, 2011 to HK$0.71 for the year ended June 30, 2012, the increase resulted primarily from foreign exchange rate differences between Japanese yen, the functional currency of ECONTEXT and VeriTrans, and the Hong Kong dollar, the presentation currency of our combined financial statements, during the relevant periods. After the consolidation of VeriTrans in April 2012, we processed an increased number of data transactions settled by credit card. Due to the competitive nature of the online payment services industry, in particular with respect to agency payment services for transactions settled by credit card, the actual average selling prices for our settlement data transactions have decreased from ¥7.32 for the year ended June 30, 2011 to ¥7.18 for the year ended June 30, 2012 and further decreased to ¥6.06 for the year ended June 30, 2013. We typically grant price discounts to our customers with large contractual commitments. Furthermore, increased competition in the online payment services industry, especially with respect to agency payment services for transactions settled by credit card, has also caused price decreases. We expect that the average fee margins and average selling prices for our online payment services will continue to be under pricing pressure.

In order to offset the declining gross margins of our online payment services business, we intend to offer more value-added services, such as our trAd services.

The following sensitivity analysis illustrates the impact of hypothetical changes in the average selling prices and average fee margins of our online payment services for the year ended June 30, 2013. Based on combined income statements for the year ended June 30, 2013, assuming a decrease in the average fee margin and average selling price of 5%, 10% and 15%, our profit for the year will decrease by approximately 41.8%, 83.6% and 125.4%, respectively.

Combined Income Statements Year ended June 30, 2013 (HK$)	**Original**	**Discount 5%**	**Discount 10%**	**Discount 15%**
Revenue	1,166,509,419	1,115,716,608	1,064,923,797	1,014,130,986
Settlement data transaction fees	66,903,322	63,558,156	60,212,990	56,867,824
Agency payment fees	948,952,898	901,505,253	854,057,608	806,609,963
Others	150,653,199	150,653,199	150,653,199	150,653,199
Cost of Sales	(853,279,507)	(853,279,507)	(853,279,507)	(853,279,507)
Agency payment services	(745,137,715)	(745,137,715)	(745,137,715)	(745,137,715)
Fixed	(108,141,792)	(108,141,792)	(108,141,792)	(108,141,792)
Gross profit	**313,229,912**	**262,437,101**	**211,644,290**	**160,851,479**
Profit/(loss) for the year	**63,389,089**	**36,897,655**	**10,406,221**	**(16,085,213)**

Cost of sales

A significant portion of our cost of sales comprises the amount of fees we pay to financial institutions and convenience store chains. Our ability to achieve and increase profitability depends on our ability to effectively manage our cost of sales. During the [●], our cost of sales as a percentage of our total revenue was 70.3% for the year ended June 30, 2011, 71.7% for the year ended June 30, 2012 and 73.1% for the year ended June 30, 2013. The increase was primarily attributable to the acquisition of VeriTrans in April 2012. During the [●], VeriTrans' online payment services business focused primarily on credit card settled transactions, which generally has a higher cost of sales than online payment services for convenience store payment settled transactions. In contrast, the revenue of ECONTEXT was mainly derived from online payment services for transactions settled by convenience store payment. As a result of the consolidation, we recorded an increase in the amount of fees we paid to credit card merchant acquirers. While the increase in cost of sales resulted in a decrease in gross profit margin during the [●], we believe that our continued expansion and the economies of scale will contribute to our growth and sustainability. If we fail to effectively reduce our cost of sales, our profitability and competitiveness will be adversely affected.

Other components of our cost of sales include wages and salaries, social security costs, amortization of our software and depreciation of our property, plant and equipment. The amortization of our software and depreciation of our property, plant and equipment increased in the year ended June 30, 2012 as a result of our acquisition of VeriTrans in April 2012. As we intend to expand our overseas business by making selective acquisitions, we may in the process acquire intangible assets that may subsequently result in amortization and impairment costs, which may result in an increase in cost of sales. We make our investment decisions based upon an evaluation of a number of factors, such as the amount of bandwidth and storage that our customers may demand, the cost of the physical network and database equipment required to meet such requirements and the forecasted capacity utilization of our servers. If we over-estimate or under-estimate future demand for our services, our results of operations may suffer.

Expansion of our business through selective acquisitions

As part of our overseas expansion strategy, we intend to make selective acquisitions or investments, or enter into licensing arrangements or partnerships. In 2011, we entered into a joint venture with subsidiaries of Midplaza Holdings, an Indonesian real estate and information capital technology company, and Netprice.com, a Japan based e-commerce business incubator listed on TSE Mothers, to establish PT. Midtrans, in which we own a 23% interest. As part of the joint venture, we have provided our online payment business model to PT. Midtrans, which operates as VeriTrans Indonesia. VeriTrans Indonesia's primary business is to provide online payment processing services to online merchants in Indonesia. In November 2013, we became a registered owner of VeriTrans Shanghai, a joint venture owned 50% by Shanghai CardInfoLink and 50% by our Company. We do not consolidate the results of VeriTrans Shanghai as we do not have control over its board of directors. The primary business of VeriTrans Shanghai is to offer data processing services and software to Chinese online merchants and to online merchants outside China seeking to sell products and services in China. In November 2013, we acquired a 15.59% interest in Citrus Singapore, the holding company of Citrus India. The primary business of Citrus India is to offer online payment solutions, including without limitation, processing of online transactions settled via payment by credit or debit cards, or bill payment service as well as providing outsourcing services to other online payment related companies that are principally located in India. In order to manage our growth overseas, we must continue to implement and improve our operating systems. If we are unable to effectively manage our expanding and geographically dispersed operations, our results of operations may suffer.

Market competition

We face intense competition in our business of providing online payment and e-commerce solutions. In order to attract and retain customers, we have invested significant resources in product development to enhance our security technology used in our online payment and e-commerce solutions, to improve our products and services and to enhance user experience for consumers visiting our customer's websites. We expect our product development expenses will continue to increase as we endeavor to develop products and services that provide our customers with secure and efficient online payment and e-commerce solutions. Our results of operations could be affected depending on our ability to maintain or improve the quality of our products and services and our competitiveness.

Fees under the IP License Agreement

Digital Garage has granted us the non-exclusive right to use its trade name and certain trademarks and registered domains, the details of which are set out in the sections headed "Connected Transactions—Non-exempt continuing connected transactions—Continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements—Intellectual property license agreements" and "Appendix V—Statutory and General Information—B. Further Information about our Business—Intellectual Property Rights" in this document. Pursuant to the IP License Agreements, the monthly license fee payable to Digital Garage by ECONTEXT and VeriTrans is 2.5% of their respective monthly revenue. However, Digital Garage and VeriTrans have agreed to amend the IP License Agreement to remove the obligation of VeriTrans to pay a monthly license fee conditional upon [●]. There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the IP License Agreements were not entered into by VeriTrans and ECONTEXT until September 28, 2012 and October 1, 2012, respectively. The aggregate amount of the intellectual property license fees paid to Digital Garage for the year ended June 30, 2013 was HK$20,533,112, which is equivalent to approximately 17.0% and 32.4% of the operating profit and profit for the period of the Group of HK$120,937,580 and HK$63,389,089, respectively, for the same period. Going forward, we will be required to continue paying intellectual property license fees to Digital Garage for the use of the relevant intellectual property and such fees could have a material adverse effect on the profitability of our business, results of operations and financial condition.

The following is an unaudited [●] statement of intellectual property license fees under the IP License Agreement for ECONTEXT and is provided only for the purpose of illustrating the effect of such intellectual property license fees on our financial results for the three years ended June 30, 2011, 2012 and 2013 as if the IP License Agreement for ECONTEXT had been in place throughout the [●].

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Intellectual property license fee	6,966,396	9,047,901	10,331,367
Operating profit	42,233,002	73,980,081	120,937,580
% of operating profit	16.5%	12.2%	8.5%
Net profit	24,455,634	42,503,641	63,389,089
% of net profit	28.5%	21.3%	16.3%

Had the IP License Agreement for ECONTEXT been in place throughout the [●], ECONTEXT would have paid to Digital Garage during the [●] HK$7.0 million, HK$9.0 million and HK$10.3 million, representing 16.5%, 12.2% and 8.5% of our operating profit and 28.5%, 21.3% and 16.3% of our net profit for the years ended June 30, 2011, 2012 and 2013, respectively.

Critical Accounting Policies

Our principal accounting policies are set forth in Note 2.3 of the section headed "Appendix I—Accountants' Report" in this document. HKFRS require that we adopt accounting policies and make estimates that our Directors believe are most appropriate under the circumstances for the purposes of giving a true and fair view of our results and financial position. Critical accounting policies are those that require management to exercise judgment and make estimates which yield materially different results if management were to apply different assumptions or make different estimates. We believe the most complex and sensitive judgments, because of their significance to our financial information, result primarily from the need to make estimates about the effects of matters that are inherently uncertain. Actual results in these areas may differ from our estimates. We have identified below the accounting policies that we believe are the most critical to our financial information and that involve the most significant estimates and judgments.

The following paragraphs discuss the critical accounting policies applied in preparing our Group's financial information:

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably. Revenue from the rendering of our online payment services is recognized at the time when services are rendered or on a time proportion basis over the terms of the respective arrangements. Revenue from our online payment services business is recognized as initial setup and monthly fees, which are fixed fees, and settlement transaction fees and agency payment fees, which are per transaction fees calculated as a percentage of the transaction amount processed. In making our judgment in applying this recognition method, we make reference to various factors, which include, among others, contracts signed with certain customers and the actual sales amount of similar historical transactions, as well as confirmations received from our customers.

Income Taxes and Deferred Tax Assets

The income generated from our operations is subject to income taxes based on tax laws and interpretations of Japanese tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. We recorded, based on our best estimates, current taxes and deferred taxes that we will be liable for in the future in our operating results as of the end of the applicable reporting periods. However, the final tax outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which the relevant determination is made. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. No deferred tax for unused tax losses was recognized for the years ended June 30, 2011, 2012 and 2013. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

Impairment of goodwill

We determine whether goodwill is impaired on an annual basis based on an estimation of the value in use of cash-generating units to which goodwill is allocated. Estimating the value in use requires us 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 set out in Note 13 of the section headed "Appendix I—Accountants' Report" in this document.

Impairment of non-financial assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets with indefinite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. 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 the cost to sell such asset or unit and its value in use. The calculation of the fair value less the cost to sell such asset or unit 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, we must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives of other intangible assets

The cost of other intangible assets with finite lives are amortised on a straight-line basis over the other intangible assets' estimated economic useful lives. We estimate the useful lives of our other intangible assets with finite lives to be within five to seventeen years. Changes in the expected level of usage could impact the economic useful lives and, therefore, future amortization charges could be revised. The carrying amount of our other intangible assets at the end of the respective reporting periods is set out in Note 13 of the section headed "Appendix I—Accountants' Report" in this document.

Determination of incremental costs and allocation basis for joint transaction costs

In accordance with HKAS 32 "Financial Instruments: Presentation", only incremental costs directly attributable to issuing new equity instruments or acquiring previously outstanding equity instruments are related to an equity transaction. However, we are required to exercise our judgment to determine which costs relate solely to other activities undertaken at the same time as issuing equity, including becoming a public company or acquiring an exchange [●], and which costs relate jointly to both transactions (the "**joint transaction costs**") that must be allocated using a basis of allocation that is rational and consistent with similar transactions in accordance with paragraph 38 of HKAS 32. Accordingly, we are required to exercise judgment in determining an appropriate basis for allocating the joint transaction costs, according to the underlying facts and circumstances, including the nature of those concurrent transactions and related costs, and, in particular, whether there are any special circumstances that might justify other possible bases of allocation.

In respect of the joint transaction costs in connection with the [●] and the [●], our Directors have considered various underlying facts and circumstances to arrive at a basis that is considered rational and consistent with similar transactions by the Directors of the Company, including the primary purpose of the [●] and the [●], the irrevocable non-disposal undertaking of Digital Garage in respect of all its equity interest in the Company for a period of at least three years from the date of [●], the strategic controlling interest of at least 50% in the equity interest in the Company that the Directors of the Company expect Digital Garage would retain in the future, the relative size and other attributes of such strategic interest as compared to other interests, possible rational allocation bases for similar costs and concurrent transactions, and the financial impact of each of such bases. The joint transaction costs would be allocated among shareholding interests in the Company other than the 50% strategic controlling interest to be retained by Digital Garage. Based on current assumptions and estimates, such basis would attribute approximately an aggregate of 50% of the total joint transaction costs to the issue of new Shares of the Company in connection with the [●] and the [●].

Description of Components of Results of Operations

Revenue. Revenue is recognized when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably. Revenue from our agency payment services, which represented a substantial part of our revenue during the [●], is recognized at the time services are rendered. We derive our revenue primarily from the provision of online payment services, which include agency payment services and settlement data processing services, and other e-commerce solutions, including our advertising services under the trAd and NaviPlus Recommend platforms and market research services.

The following table sets forth the breakdown of our revenue by category of service for the years indicated:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 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**

The following table sets forth our breakdown of revenue by category of services for the years ended June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥	¥	¥
Initial setup and monthly fees	60,011,004	143,737,376	523,215,777
Settlement data transaction fees	48,836,052	186,837,636	744,666,294
Agency payment fees	2,617,704,453	4,258,314,032	10,671,888,752
Advertising related services	—	125,599,188	664,746,342
Information security services	—	48,039,772	218,248,462
Others	255,065,992	220,938,637	292,598,549
	2,981,617,501	4,983,466,641	13,115,364,176

The following table sets forth the breakdown of our revenue from settlement data processing and agency payment services by financial institution and convenience store chains for the years indicated.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Settlement data transaction fees	4,564,117	18,462,217	66,903,322
Agency payment fees—credit card merchant acquirers	43,401,857	164,041,266	614,158,997
Agency payment fees—convenience store chains	172,344,136	217,506,720	291,756,559
Agency payment fees—others	28,899,283	39,234,033	43,037,342
	244,645,276	420,782,019	948,952,898
	249,209,393	439,244,236	1,015,856,220

The following table sets forth our breakdown of revenue from settlement data processing and agency payment services by financial institution and convenience store chains for the years ended June 30, 2011, 2012 and 2013 in Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥	¥	¥
Settlement data transaction fees	48,836,052	186,837,636	744,666,294
Agency payment fees—credit card merchant acquirer	464,399,875	1,660,097,614	6,897,968,299
Agency payment fees—convenience store chains	1,844,082,255	2,201,168,004	3,286,383,053
Agency payment fees—others	309,222,323	397,048,414	487,537,400
	2,617,704,453	4,258,314,032	10,671,888,752
	2,666,540,505	4,445,151,668	11,416,555,046

Initial setup and monthly fees, settlement data transaction fees and agency payment fees relate to our agency payment and settlement data processing businesses. Settlement data transaction fees include fees received from our standalone credit card settlement data processing services business and the settlement data processing component of our agency payment service. Revenue from advertising related services and information security are generated principally from our NaviPlus and eCURE businesses, respectively, both of which we acquired in April 2012 as part of the acquisition of VeriTrans. Other revenue include our logistics operations and an online software retail website that we operated with an Independent Third Party, which have ceased operations in 2011 and the iResearch Japan and JJ-Street businesses operated by VeriTrans.

Cost of sales. Our cost of sales consists primarily of transaction processing expenses, which include fees charged by credit card merchant acquirers in proportion to transaction volume and amounts, banks and convenience stores for using their networks and systems, and expenses associated with our operations, systems and technical divisions, including wages and salaries, social security costs, pension scheme contributions, depreciation of property, plant and equipment and amortization of intangibles. We typically capitalize our software development costs as a component of intangible assets and recognize the costs as amortization of intangibles.

During the [●], significant components of our cost of sales were wages and salaries, social security costs, amortization of our software and customer relationships and depreciation of our property, plant and equipment. The amortization of our software and customer relationships and depreciation of our property, plant and equipment increased in the year ended June 30, 2012 as a result of our acquisition of VeriTrans in April 2012. For the year ended June 30, 2011, we had capital expenditures of HK$9.4 million, as compared to HK$854.5 million for the year ended June 30, 2012 and HK$89.9 million for the year ended June 30, 2013. Our capital expenditures for the years ended June 30, 2011 and 2012 contributed to increases in depreciation and amortization expenses we had for the years ended June 30, 2012 and 2013. Our further expansion and improvement in our network and operations contributed to our capital expenditures in the year ended June 30, 2013.

Selling, general and administration expenses. Our selling, general and administration expenses consist mainly of expenses associated with our divisions other than operating, systems and technical divisions, including wages and salaries, social security costs, pension scheme contributions, operating lease expenses, intellectual property license fee expense, depreciation of property, plant and equipment and amortization of intangibles and impairment/(impairment losses reversed) of accounts receivable.

Other operating income. Other operating income consists of certain non-recurring items, including a reimbursement from CARDNET for development costs of software for connecting to the VeriTrans system in 2013.

Other operating expenses. Other operating expenses consists of loss on disposals/retirements of property, plant and equipment, loss on disposals/retirements of intangible assets and foreign exchange losses associated with foreign currency held by the Company.

Finance income. Finance income consists of interest on deposits placed with licensed banks and interest income received from the Digital Garage Group.

Finance costs. Finance costs consist of interest expenses in respect of utilized bank facilities and overdrafts.

Share of after-tax loss of an associate. Share of after-tax loss of an associate consists of the share of the results of the Company's associate during the year/period.

Income tax expense. The applicable income tax rate for our subsidiaries in Japan for the fiscal years ended June 30, 2011, 2012 and 2013 was 42.4%, 42.6% and 46.9%, respectively, of estimated assessable profits. The applicable statutory tax rate of the Company in Hong Kong for the years ended June 30, 2011, 2012 and 2013 was 16.5%. The tax rate applicable to corporations incorporated in Japan depends on the type of corporation. The corporate tax rate applicable to ECONTEXT and VeriTrans was 42.05% and 40.69%, respectively, for periods prior to the fiscal year ended March 31, 2012 and 39.43% and 38.01%, respectively, for periods from April 1, 2012 to March 31, 2015. Our Directors confirm that the Group's tax filings have been agreed with the relevant tax authorities and they are not aware of any possible challenges or disputes with the tax authorities with respect to the Group's tax positions during the [●] and up to the Latest Practicable Date.

Discussion of Results of Operations of the Group

Financial results for the year ended June 30, 2013 compared to financial results for the year ended June 30, 2012

Revenue

Total revenue increased by 136.9%, from HK$492.4 million for the year ended June 30, 2012 to HK$1,166.5 million for the year ended June 30, 2013. Our total revenue represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 163%, from ¥4,983.5 million for the year ended June 30, 2012 to ¥13,115.4 million for the year ended June 30, 2013. Our revenue increased primarily as a result of a growth in the volume and amount of merchant transactions in Japan from our agency payment business as a result of having combined the results of VeriTrans for a full year and as a result of an increase in the amount of transactions settled by credit card under ECONTEXT, which previously focused on transactions settled via convenience store payment. The number of Active Merchant Websites increased from 10,213 at June 30, 2012 to 12,284 at June 30, 2013.

Total revenue of VeriTrans increased by 483.9%, or HK$638.7 million, from HK$132.0 million for the year ended June 30, 2012 to HK$770.7 million for the year ended June 30, 2013. The increase was primarily due to the effect of a full year of results for VeriTrans for the year ended June 30, 2013 as compared to two months of results for the year ended June 30, 2012 following our acquisition of VeriTrans in April 2012 and a growth in the volume and amount of merchant transactions in Japan from VeriTrans' agency payment business. Total revenue of VeriTrans represented 26.8% and 66.1% of the Group's total revenue for the years ended June 30, 2012 and 2013, respectively, prior to eliminations of intra-group transactions.

The components of revenue are as follows:

Initial setup and monthly fees. Revenue from initial setup and monthly fees increased by 228.2%, or HK$32.4 million, from HK$14.2 million for the year ended June 30, 2012 to HK$46.6 million for the year ended June 30, 2013.

Settlement data transaction fees. Revenue from settlement data transaction fees increased by 261.6%, or HK$48.4 million, from HK$18.5 million for the year ended June 30, 2012 to HK$66.9 million for the year ended June 30, 2013.

Agency payment fees. Revenue from agency payment fees increased by 125.5%, or HK$528.2 million, from HK$420.8 million for the year ended June 30, 2012 to HK$949.0 million for the year ended June 30, 2013.

Advertising related services. Revenue from advertising related services increased by 370.2%, or HK$45.9 million, from HK$12.4 million for the year ended June 30, 2012 to HK$58.3 million for the year ended June 30, 2013 due to an increased number of customers subscribing to our NaviPlus services as a result of the consolidation of VeriTrans into our Group.

Information security services. Revenue from information security services increased by 317.0%, or HK$14.9 million, from HK$4.7 million for the year ended June 30, 2012 to HK$19.6 million for the year ended June 30, 2013 due to an increase in the number of SSL Certificate coupon packages sold by our eCURE business as a result of the consolidation of VeriTrans into our Group.

Others. Other revenue increased by 19.7%, or HK$4.3 million, from HK$21.8 million for the year ended June 30, 2012 to HK$26.1 million for the year ended June 30, 2013 as a result of the consolidation of VeriTrans into our Group.

Cost of Sales

Cost of sales increased by 141.8%, or HK$500.4 million, from HK$352.9 million for the year ended June 30, 2012 to HK$853.3 million for the year ended June 30, 2013. Our cost of sales represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 168.9%, from ¥3,571.6 million for the year ended June 30, 2012 to ¥9,602.3 million for the year ended June 30, 2013. Our cost of sales increased primarily as a result of an increase in the amount of fees paid to credit card merchant acquirers in connection with our agency payment services due to the increased volume and amount of transactions settled by credit card and an increase in the amount paid for wages and salaries to our operations, systems and technical divisions, and an increase in the amounts attributable to depreciation of property, plant and equipment and amortization of intangibles due to the effect of having combined the results of VeriTrans for a full year and as we continued to expand our business.

Gross Profit

Gross profit increased by 124.5%, or HK$173.7 million, from HK$139.5 million for the year ended June 30, 2012 to HK$313.2 million for the year ended June 30, 2013. Our gross profit represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 148.8%, from ¥1,411.9 million for the year ended June 30, 2012 to ¥3,513.0 million for the year ended June 30, 2013. Gross profit margin and gross profit margin calculated based on our gross profit and revenue represented in Japanese yen decreased from 28.3% for the year ended June 30, 2012 to 26.8% for the year ended June 30, 2013, primarily due to the increase in costs of agency payment services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 179.6%, or HK$117.1 million, from HK$65.2 million for the year ended June 30, 2012 to HK$182.3 million for the year ended June 30, 2013. Our selling, general and administrative expenses represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 213.0%, from ¥660.0 million for the year ended June 30, 2012 to ¥2,065.5 million for the year ended June 30, 2013. Our selling, general and administrative expenses increased primarily as a result of the license fee charged by Digital Garage under the IP License Agreement and an increase in the amount paid for wages and salaries to our employees other than those in the operations, systems and technical divisions, social security costs, operating lease expenses and amortization of intangibles as we continued to expand our business. Pursuant to the IP License Agreements, the monthly license fee payable to Digital Garage by ECONTEXT and VeriTrans is 2.5% of their respective monthly revenue. However, Digital Garage and VeriTrans have agreed to amend the IP License Agreement to remove the obligation of VeriTrans to pay a monthly license fee conditional upon [●]. There were no historical transaction amounts for the financial years ended June 30, 2011 and 2012 as the IP License Agreements were not entered into by VeriTrans and ECONTEXT until September 28, 2012 and October 1, 2012, respectively. The aggregate amount of the intellectual property license fees paid to Digital Garage for the year ended June 30, 2013 was HK$20.5 million, which is equivalent to approximately 17.0% and 32.4% of the operating profit and profit for the year of the Group of HK$120.9 million and HK$63.4 million, respectively, for the same period. [●] the sections headed "Connected Transactions—Non-exempt continuing connected transactions—Continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements—Intellectual property license agreements" and "Appendix V—Statutory and General Information—B. Further Information about our Business—Intellectual Property Rights" in this document.

Other Operating Income

Other operating income increased from HK$7,346 for the year ended June 30, 2012 to HK$1,544,696 for the year ended June 30, 2013, primarily as a result of a reimbursement from CARDNET for the development costs of software for connecting to the VeriTrans system.

Other Operating Expenses

Other operating expenses increased from HK$326,101 for the year ended June 30, 2012 to HK$11.6 million for the year ended June 30, 2013 primarily as a result of foreign exchange losses due to the depreciation of Japanese yen against Hong Kong dollars as the Company holds cash and cash equivalent denominated in Japanese yen, and a one-time donation made to the SBI Children's Hope Foundation.

Operating Profit

Operating profit increased by 63.4%, or HK$46.9 million, from HK$74.0 million for the year ended June 30, 2012 to HK$120.9 million for the year ended June 30, 2013.

Finance Income

Finance income increased by 181.4%, from HK$167,398 for the year ended June 30, 2012 to HK$471,041 for the year ended June 30, 2013 primarily as a result of an increase in bank interest receivable and an increase in interest income from commercial bonds.

Finance Costs

Finance costs increased by 850.6%, from HK$102,323 for the year ended June 30, 2012 to HK$972,699 for the year ended June 30, 2013, primarily as a result of the entering into an increased in the number of short-term loans for working capital purposes.

Share of After-Tax Loss of an Associate

Share of after-tax loss of an associate accounted for using equity method increased from HK$16,312 for the year ended June 30, 2012 to HK$1.0 million for the year ended June 30, 2013, primarily attributable to our proportional share of losses from PT. Midtrans.

Income Tax Expense

Income tax expense increased by 77.8%, from HK$31.5 million for the year ended June 30, 2012 to HK$56.0 million for the year ended June 30, 2013. This increase was primarily due to the increase in profit before tax.

Profit for the Year

As a result of the foregoing, profit for the year increased by 49.2%, from HK$42.5 million for the year ended June 30, 2012 to HK$63.4 million for the year ended June 30, 2013. Our profit for the year represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 59.0%, from ¥430.1 million for the year ended June 30, 2012 to ¥683.9 million for the year ended June 30, 2013. Our profit margin decreased from 8.6% for the year ended June 30, 2012 to 5.4% for the year ended June 30, 2013 and profit margin calculated based on our profit for the year and revenue represented in Japanese yen decreased from 8.6% for the year ended June 30, 2012 to 5.2% for the year ended June 30, 2013.

Profit for the year of VeriTrans, before eliminations of intra-group transactions, increased by 414.5%, or HK$51.4 million, from HK$12.4 million for the year ended June 30, 2012 to HK$63.8 million for the year ended June 30, 2013. The increase was primarily due to the effect of a full year of results for VeriTrans for the year ended June 30, 2013 as compared to two months of results for the year ended June 30, 2012 following our acquisition of VeriTrans in April 2012 and a growth in the volume and amount of merchant transactions in Japan from VeriTrans' agency payment business.

Profit for the year of VeriTrans, before elimination of intra-group transactions, represented 29.2% and 100.6% of the Group's profit for the year ended June 30, 2012 and 2013, respectively. The Group's profit for the year included general, administrative and other operating expenses of the Company.

Financial results for the year ended June 30, 2012 compared to financial results for the year ended June 30, 2011

Revenue

Total revenue increased by 76.7%, or HK$213.7 million, from HK$278.7 million for the year ended June 30, 2011 to HK$492.4 million for the year ended June 30, 2012. Our total revenue represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 67%, from ¥2,981.6 million for the year ended June 30, 2011 to ¥4,983.5 million for the year ended June 30, 2012. This increase was primarily due to our acquisition of VeriTrans on April 26, 2012 as part of the Reorganization. As a result of the consolidation of VeriTrans, we realized revenue of HK$132.0 million contributed from VeriTrans for the period of April 26, 2012 to June 30, 2012. Our revenue also increased as a result of a growth in the volume and amount of merchant transactions in Japan from our agency payment business, from 6.7 million transactions and HK$10,753.3 million for the year ended June 30, 2011 to 26.0 million transactions and HK$18,382.8 million for the year ended June 30, 2012. The number of Active Merchant Websites increased from 6,704 at June 30, 2011 to 10,213 at June 30, 2012.

The components of revenue are as follows:

Initial setup and monthly fees. Revenue from initial setup and monthly fees increased by HK$8.6 million, from HK$5.6 million for the year ended June 30, 2011 to HK$14.2 million for the year ended June 30, 2012. Of this increase, HK$1.3 million was attributable to an increase in revenue of ECONTEXT and HK$7.3 million was primarily attributable to the consolidation of revenue from VeriTrans for the period of April 26, 2012 to June 30, 2012. The increase was primarily due to the increase in number of Active Merchant Websites described in "—Revenue" above.

Settlement data transaction fees. Revenue from settlement data transaction fees are derived from credit card settled transactions. Revenue from settlement data transaction fees increased by HK$13.9 million, from HK$4.6 million for the year ended June 30, 2011 to HK$18.5 million for the year ended June 30, 2012. Of this increase, HK$1.5 million was attributable to an increase in revenue of ECONTEXT and HK$12.4 million was attributable to the consolidation of revenue from VeriTrans for the period of April 26, 2012 to June 30, 2012. During the [●], VeriTrans' online payment services business focused primarily on credit card settled transactions. The increase was primarily due to the increases in numbers of transactions and Active Merchant Websites described in "—Revenue" above.

Agency payment fees. Revenue from agency payment fees increased by 72.0%, or HK$176.2 million, from HK$244.6 million for the year ended June 30, 2011 to HK$420.8 million for the year ended June 30, 2012. Of this increase, HK$82.6 million was attributable to an increase in revenue of ECONTEXT and HK$93.4 million was primarily attributable to the consolidation of revenue from VeriTrans for the period of April 26, 2012 to June 30, 2012.

Advertising related services. We recorded HK$12.4 million of revenue from advertising related services for the year ended June 30, 2012 primarily attributable to the consolidation of revenue from the NaviPlus business operated by VeriTrans for the period of April 26, 2012 to June 30, 2012.

Information security services. We recorded HK$4.7 million revenue from information security services for the year ended June 30, 2012 primarily attributable to the consolidation of revenue from the eCURE business operated by VeriTrans for the period of April 26, 2012 to June 30, 2012.

Others. Other revenue decreased by 8.4%, or HK$2.0 million, from HK$23.8 million for the year ended June 30, 2011 to HK$21.8 million for the year ended June 30, 2012. This decrease was primarily attributable to a decrease of HK$3.7 million in other revenue of ECONTEXT due to the cessation of our logistics operations, offset by HK$1.7 million of revenue primarily attributable to the consolidation of revenue from VeriTrans for the period of April 26, 2012 to June 30, 2012, which was attributable to the iResearch Japan and JJ-Street businesses operated by VeriTrans.

Cost of Sales

Cost of sales increased by 80.2%, or HK$157.0 million, from HK$195.9 million for the year ended June 30, 2011 to HK$352.9 million for the year ended June 30, 2012. Our cost of sales represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 70.4%, from ¥2,095.8 million for the year ended June 30, 2011 to ¥3,571.6 million for the year ended June 30, 2012. Of this increase, HK$98.4 million was attributable to the consolidation of cost of sales from VeriTrans for the period of April 26, 2012 to June 30, 2012. Our cost of sales increased primarily as a result of an increase in the amount of fees paid to financial institutions and convenience stores in connection with our agency payment services due to the increased volume and amount of transactions. The fees primarily consisted of fees paid to credit card merchant acquirers due to a significant portion of the transactions that we processed were settled by credit card. The increase in cost of sales was also due to an increase in the amount paid for wages and salaries to our operations, systems and technical divisions, an increase in social security costs and an increase in the amounts attributable to depreciation of property, plant and equipment and amortization of intangibles (including software and customer relationships of VeriTrans) as a result of the consolidation of VeriTrans.

Gross Profit

Gross profit increased by 68.5%, or HK$56.7 million, from HK$82.8 million for the year ended June 30, 2011 to HK$139.5 million for the year ended June 30, 2012. Our gross profit represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 59%, from ¥885.8 million for the year ended June 30, 2012 to ¥1,411.9 million for the year ended June 30, 2013. Gross profit margin and gross profit margin calculated based on our gross profit and revenue represented in Japanese yen both decreased from 29.7% for the year ended June 30, 2011 to 28.3% for the year ended June 30, 2012, primarily due to the consolidation of VeriTrans. VeriTrans' online payment services business focused primarily on credit card settled transactions, which generally has a higher cost of sales than online payment services for convenience store payment settled transactions. As a result of the consolidation, we recorded an increase in the amount of fees we paid to credit card merchant acquirers. In contrast, the revenue of ECONTEXT was mainly derived from online payment services for transactions settled by convenience store payment.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 60.0%, or HK$24.4 million, from HK$40.8 million for the year ended June 30, 2011 to HK$65.2 million for the year ended June 30,

2012. Our selling, general and administrative expenses represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 51.3%, from ¥436.2 million for the year ended June 30, 2011 to ¥660.0 million for the year ended June 30, 2012. Of this increase, HK$12.9 million was attributable to the consolidation of selling, general and administrative expenses from VeriTrans for the period of April 26, 2012 to June 30, 2012. Our selling, general and administrative expenses increased primarily as a result of an increase in the amount paid for wages and salaries to our employees other than those in the operations, systems and technical divisions, social security costs, operating lease expenses and amortization of intangibles (including software and customer relationships of VeriTrans) as a result of the consolidation of VeriTrans.

Other Operating Income

Other operating income decreased by 98.8%, from HK$601,813 for the year ended June 30, 2011 to HK$7,346 for the year ended June 30, 2012 primarily as a result of a reversal of costs during the year ended June 30, 2011.

Other Operating Expenses

Other operating expenses decreased by 16.8% from HK$392,173 for the year ended June 30, 2011 to HK$326,101 for the year ended June 30, 2012. The decrease was primarily due to a loss on disposals/retirements of property, plant and equipment recorded for the year ended June 30, 2011 and there being no such loss for the year ended June 30, 2012. However, this was partially offset by a loss on the disposals/retirements of intangible assets recorded for the year ended June 30, 2012.

Operating Profit

Operating profit increased by 75.2%, or HK$31.8 million, from HK$42.2 million for the year ended June 30, 2011 to HK$74.0 million for the year ended June 30, 2012.

Finance Income

Finance income decreased by 48.3%, from HK$323,923 for the year ended June 30, 2011 to HK$167,398 for the year ended June 30, 2012 primarily as a result of a decrease in interest income from the Digital Garage Group.

Finance Costs

Finance costs decreased by 5.3%, from HK$108,014 for the year ended June 30, 2011 to HK$102,323 for the year ended June 30, 2012 primarily as a result of a decrease in bank overdrafts outstanding during the year.

Share of After-Tax Loss of an Associate

We recorded no Share of after-tax loss of an associate accounted for using equity method for the year ended June 30, 2011, and HK$16,312 from VeriTrans Indonesia, an associate accounted for by the equity method, for the year ended June 30, 2012. The loss was primarily attributable to initial ramp up costs associated with establishing VeriTrans Indonesia during the relevant period.

Income Tax Expense

Income tax expense increased by 75.0%, or HK$13.5 million, from HK$18.0 million for the year ended June 30, 2011 to HK$31.5 million for the year ended June 30, 2012. This increase was primarily attributable to the growth in profit before tax as a result of the consolidation of VeriTrans.

Profit for the Year

As a result of the foregoing, profit for the year increased by 73.5%, or HK$18.0 million, from HK$24.5 million for the year ended June 30, 2011 to HK$42.5 million for the year ended June 30, 2012. Our profit for the year represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements increased by 64.3%, from ¥261.7 million for the year ended June 30, 2011 to ¥430.1 million for the year ended June 30, 2012. Our profit margin and profit margin calculated based on our profit for the year and revenue represented in Japanese yen both decreased from 8.8% for the year ended June 30, 2011 to 8.6% for the year ended June 30, 2012.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION FOR ECONTEXT

The following is a summary of selected income statements of ECONTEXT for the years ended June 30, 2011, 2012 and 2013, which has been prepared in accordance with the basis set forth in Note 2.2 to the Accountants' Report. The selected income statements of ECONTEXT have not eliminated the intra-group transactions with VeriTrans, which are eliminated in full on consolidation of the Group and such eliminations are reflected in the combined financial information of the Group. Accordingly, such financial information may not be comparable with the amounts reflected in the Group's combined income statements.

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	¥ (Unaudited)	¥ (Unaudited)	¥ (Unaudited)
Revenue	2,981,617,501	3,662,590,297	4,587,491,894
Cost of sales	(2,095,785,246)	(2,585,325,828)	(3,334,973,630)
Gross profit	**885,832,255**	**1,077,264,469**	**1,252,518,264**
Selling, general and administrative expenses	(436,182,287)	(498,412,897)	(616,986,080)
Other operating income	6,439,397	4,579	12,232,591
Other operating expenses	(4,196,247)	(3,198,191)	(20,044,245)
Operating profit	**451,893,118**	**575,657,960**	**627,720,530**
Finance income	3,465,974	1,672,684	1,100,310
Finance costs	(1,155,748)	(283,862)	(3,689,379)
Profit before tax	**454,203,344**	**577,046,782**	**625,131,461**
Income tax expense	(192,528,057)	(249,867,008)	(254,357,729)
Profit for the year	**261,675,287**	**327,179,774**	**370,773,732**

Discussion of Results of Operations of ECONTEXT

Financial results for the year ended June 30, 2013 compared to financial results for the year ended June 30, 2012

Revenue

Total revenue of ECONTEXT increased by 25%, or ¥925 million, from ¥3,662.6 million for the year ended June 30, 2012 to ¥4,587.5 million for the year ended June 30, 2013. The increase resulted from a growth in the volume and amount of merchant transactions in Japan from ECONTEXT's agency payment business. Total revenue of ECONTEXT represented 73.5% and 35.0% of the Group's total revenue of ¥4,983.5 million and ¥13,115.4 million for the years ended June 30, 2012 and 2013, respectively.

Cost of Sales

Cost of sales of ECONTEXT increased by 29%, or ¥750 million, from ¥2,585.3 million for the year ended June 30, 2012 to ¥3,335 million for the year ended June 30, 2013 primarily as a result of an increase in the amount of fees paid to convenience store chains in connection with ECONTEXT's agency payment services due to the increased volume and amount of transactions settled by payment at convenience stores.

Gross Profit

Gross profit of ECONTEXT increased by 16%, or ¥175 million, from ¥1,077.3 million for the year ended June 30, 2012 to ¥1,252.5 million for the year ended June 30, 2013. Gross profit margin of ECONTEXT decreased from 29.4% for the year ended June 30, 2012 to 27.3% for the year ended June 30, 2013, primarily due to the increase in costs of agency payment services.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of ECONTEXT increased by 24%, or ¥119 million, from ¥498.4 million for the year ended June 30, 2012 to ¥617 million for the year ended June 30, 2013 primarily as a result of the license fee charged by Digital Garage under the IP License Agreement.

Other Operating Income

Other operating income of ECONTEXT increased from ¥4,579 for the year ended June 30, 2012 to ¥12,232,591 for the year ended June 30, 2013, primarily as a result of foreign exchange gains.

Other Operating Expenses

Other operating expenses of ECONTEXT increased by 525% from ¥3.2 million for the year ended June 30, 2012 to ¥20 million for the year ended June 30, 2013 primarily as a result of a loss on disposals/retirements of intangible assets and leasehold improvements.

Operating Profit

Operating profit of ECONTEXT increased by 9%, or ¥52 million, from ¥575.7 million for the year ended June 30, 2012 to ¥627.7 million for the year ended June 30, 2013. Operating profit of ECONTEXT did not increase in proportion to its revenue due to an increase in selling, general and administrative expenses of ECONTEXT, primarily as a result of the license fee charged by Digital Garage under the IP License Agreement.

Finance Income

Finance income of ECONTEXT decreased by 35.3%, from ¥1.7 million for the year ended June 30, 2012 to ¥1.1 million for the year ended June 30, 2013 primarily as a result of amounts due from our Controlling Shareholder being fully paid.

Finance Costs

Finance costs of ECONTEXT increased from ¥283,362 for the year ended June 30, 2012 to ¥3,689,329 for the year ended June 30, 2013, primarily as a result of entering into an increased number of short-term loans for working capital purposes.

Income Tax Expense

Income tax expenses of ECONTEXT increased by 1.8%, from ¥249.9 million for the year ended June 30, 2012 to ¥254.4 million for the year ended June 30, 2013.

Profit for the year

As a result of the foregoing, profit for the year of ECONTEXT increased by 13%, or ¥44 million, from ¥327.2 million for the year ended June 30, 2012 to ¥370.8 million for the year ended June 30, 2013.

Financial results for the year ended June 30, 2012 compared to financial results for the year ended June 30, 2011

Revenue

Total revenue of ECONTEXT increased by 22.8% or ¥681.0 million, from ¥2,981.6 million for the year ended June 30, 2011 to ¥3,662.6 million for the year ended June 30, 2012 primarily as a result of a growth in the volume and amount of merchant transactions in Japan from ECONTEXT's agency payment business.

Cost of Sales

Cost of sales of ECONTEXT increased by 23.4%, or ¥489.5 million, from ¥2,095.8 million for the year ended June 30, 2011 to ¥2,585.3 million for the year ended June 30, 2012 primarily as a result of an increase in the amount of fees paid to financial institutions and convenience stores in connection with ECONTEXT's agency payment services due to the increased volume and amount of transactions. The fees primarily consisted of fees paid to convenience store chains as a significant portion of the transactions that ECONTEXT processed were settled by payment at convenience stores.

Gross Profit

Gross profit of ECONTEXT increased by 21.6%, or ¥191.5 million, from ¥885.8 million for the year ended June 30, 2011 to ¥1,077.3 million for the year ended June 30, 2012. Gross profit margin of ECONTEXT remained relatively stable at 29.4% for the year ended June 30, 2012, as compared to 29.7% for the year ended June 30, 2011.

Selling, General and Administrative Expenses

Selling, general and administrative expenses of ECONTEXT increased by 14.3%, or ¥62.2 million, from ¥436.2 million for the year ended June 30, 2011 to ¥498.4 million for the year ended June 30, 2012 primarily as a result of an increase in the amount paid for wages and salaries to our administration department, social security costs and operating lease expenses.

Other Operating Income

Other operating income of ECONTEXT decreased by 99.9%, from ¥6.4 million for the year ended June 30, 2011 to ¥4,579 for the year ended June 30, 2012 primarily as a result of a reversal of costs associated with PayPal accrued during the year ended June 30, 2011.

Other Operating Expenses

Other operating expenses of ECONTEXT decreased by 23.8% from ¥4.2 million for the year ended June 30, 2011 to ¥3.2 million for the year ended June 30, 2012. The decrease was primarily due to a loss on retirement of property and equipment recorded for the year ended June 30, 2011 and there being no such loss for the year ended June 30, 2012. However, this was partially offset by a loss on the retirement of intangible assets recorded for the year ended June 30, 2012.

Operating Profit

Operating profit of ECONTEXT increased by 27.4%, or ¥123.8 million, from ¥451.9 million for the year ended June 30, 2011 to ¥575.7 million for the year ended June 30, 2012.

Finance Income

Finance income of ECONTEXT decreased by 51.4%, from ¥3.5 million for the year ended June 30, 2011 to ¥1.7 million for the year ended June 30, 2012 primarily as a result of a decrease in interest income from the Digital Garage Group.

Finance Costs

Finance costs of ECONTEXT decreased by 75.4%, from ¥1.2 million for the year ended June 30, 2011 to ¥283,362 for the year ended June 30, 2012 primarily as a result of a decrease in bank overdrafts outstanding during the year.

Income Tax Expense

Income tax expenses of ECONTEXT increased by 29.8%, or ¥57.4 million, from ¥192.5 million for the year ended June 30, 2011 to ¥249.9 million for the year ended June 30, 2012.

Profit for the year

As a result of the foregoing, profit for the year of ECONTEXT increased by 25.0%, or ¥65.5 million, from ¥261.7 million for the year ended June 30, 2011 to ¥327.2 million for the year ended June 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of liquidity are investing in product development, servicing our indebtedness and funding working capital and normal recurring expenses. Prior to June 30, 2013, we financed our cash requirements through a combination of internal resources and bank borrowings. Going forward, we expect to fund our working capital needs with a combination of cash generated from operating activities, the estimated [●] from the [●] and other debt and equity financing.

Summary of Combined Statements of Cash Flows

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Cash and cash equivalents at the beginning of the period	405,175,559	441,566,909	1,087,056,179
Net cashflow from operating activities	16,458,326	202,546,753	315,656,927
Net cashflow from/(used in) investing activities	(37,836,574)	461,936,368	15,462,385
Net cash flow 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
Effect of foreign exchange rate changes, net	39,078,009	20,349,237	(225,105,271)
Cash and cash equivalents at the end of the period	441,566,909	1,087,056,179	1,090,236,735

Net Cashflow from Operating Activities

Our cashflow from operating activities is generated primarily from revenue from our online payment services. The following table shows a breakdown of our net cashflow from operating activities during the [●]:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
	HK$	HK$	HK$
Profit for the period before tax	**42,448,911**	**74,028,844**	**119,398,447**
Cash generated from operations			
Depreciation of property, plant and equipment	1,853,960	2,942,363	8,218,099
Amortisation of intangible assets	7,663,489	14,971,458	46,542,409
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
Decrease/(increase) in accounts receivables	1,206,173	883,870	(604,565)
Increase/(decrease) in accounts payable, other payables and accruals	12,795,029	(6,567,318)	12,973,722
Others	7,952,556	9,305,532	(10,243,258)
	16,265,330	237,485,973	354,393,147
Net interest and tax cash flows	192,996	(34,939,220)	(38,736,220)
Net cash flows from operating activities	**16,458,326**	**202,546,753**	**315,656,927**

For the year ended June 30, 2013, our net cashflow from operating activities was HK$315.7 million. Our net cashflow from operating activities was principally derived from an increase in payment processing payables HK$319.4 million resulting from an increase in amounts received from financial institutions and convenience stores on behalf of online merchants in connection with our agency payment services, amortization of intangible assets of HK$46.5 million and an increase in accounts payable, other payables and accruals of HK$13.0 million partially offset by an increase in payment processing receivables of HK$141.3 million. This increase was attributable to the increased amount of cash in transit from convenience store chains as we continued to expand our ECONTEXT business in providing convenience store settled online payment services.

For the year ended June 30, 2012, our net cashflow from operating activities was HK$202.5 million. Our net cashflow from operating activities was principally derived from pretax profit for the period of HK$74.0 million, an increase in payment processing payables of HK$322.3 million resulting from an increase in amounts received from financial institutions and convenience stores on behalf of online merchants in connection with our agency payment services, amortization of intangible assets of HK$15.0 million, partially offset by an increase in payment processing receivables of HK$180.4 million, which consisted primarily of cash in transit from convenience stores in connection with our agency payment services and pre-payments made to online merchants, and income tax of HK$35.0 million.

For the year ended June 30, 2011, our net cashflow from operating activities was HK$16.5 million. Our net cashflow from operating activities was principally derived from pretax profit for the period of HK$42.4 million, an increase in payment processing payables of HK$13.6 million resulting from an increase in amounts received from financial institutions and convenience stores on behalf of online merchants in connection with our agency payment services, amortization of intangibles of HK$7.7 million and an increase in accounts and other payable and accruals of

HK$12.8 million, partially offset by an increase in payment processing receivables of HK$71.3 million.

Net Cashflow used in Investing Activities

Our cashflow used in investing activities reflects cash outflows for acquiring property, plant and equipment, acquiring our subsidiary, Kotohako Inc., and loans made to related parties. Our cashflow from investing activities reflects the cash acquired upon the acquisition of VeriTrans and repayment of loans from related parties.

For the year ended June 30, 2013, our net cashflow from investing activities was HK$15.5 million. Our net cashflow from investing activities was principally derived from a repayment of loans to the Digital Garage Group of HK$162.7 million, partially offset by the purchase of intangible assets of HK$61.3 million, purchase of property, plant and equipment of HK$34.5 million, loans to Digital Garage of HK$19.4 million and the acquisition of a subsidiary of HK$13.0 million and purchase of financial investments of HK$19.0 million in connection with our purchase of Kotohako in December 2012.

For the year ended June 30, 2012, our net cashflow from investing activities was HK$461.9 million. Our net cashflow from investing activities was principally derived from cash and cash equivalents of VeriTrans following the completion of the acquisition of HK$605.6 million, partially offset by loans to our Controlling Shareholder of HK$118.6 million, the purchase of intangible assets of HK$15.6 million, the purchase of available-for-sale investments of HK$5.9 million and the purchase of property, plant and equipment of HK$3.6 million primarily related to the acquisition of VeriTrans.

For the year ended June 30, 2011, our net cashflow used in investing activities was HK$37.8 million. Our net cashflow used in investing activities was principally a result of loans to our Controlling Shareholder of HK$28.0 million, the purchase of software for internal use of HK$6.7 million and the purchase of property, plant and equipment of HK$2.6 million.

Net Cashflow used in Financing Activities

Our cashflow from financing activities is primarily generated from proceeds from the issuance of shares. Our cashflow used in financing activities reflects repayment of bank borrowings and dividends and distributions paid to our equity holders and non-controlling interests.

For the year ended June 30, 2013, our net cashflow used in financing activities was HK$102.8 million. Our net cashflow used in financing activities was primarily due to a dividend paid to Digital Garage in the amount of HK$102.0 million, a distribution of HK$99.5 million to Digital Garage and the repayment of interest-bearing bank borrowings of HK$1.0 million, partially offset by HK$100.0 million representing the share capital obtained upon incorporation.

For the year ended June 30, 2012, our net cashflow used in financing activities was HK$39.3 million, which was principally a result of dividends paid to our Controlling Shareholder and the net changes in bank overdrafts not repayable on demand.

For the year ended June 30, 2011, there was net cashflow from financing activities of HK$18.7 million which was from the net changes in bank overdrafts not repayable on demand.

WORKING CAPITAL

Taking into account the financial resources available to us, including our available banking facilities, revenue generated from our operations and the estimated net [●] from the [●], and in the absence of unforeseen circumstances, our Directors are of the opinion that we have sufficient working capital to meet our working capital requirements for at least 12 months from the date of this document.

ANALYSIS OF VARIOUS ITEMS FROM THE STATEMENTS OF FINANCIAL POSITION

Intangible Assets

Our intangible assets primarily consist of (i) goodwill, (ii) software, (iii) software development in progress, (iv) trademarks and (v) customer relationships. The following table sets forth our intangible assets as of the dates indicated:

	June 30, 2011	June 30, 2012	June 30, 2013
	HK$	HK$	HK$
Goodwill	—	495,334,123	410,440,730
Software	19,479,911	84,683,446	74,400,761
Software development in progress	—	6,375,720	12,912,186
Trademarks	—	471,722,114	379,307,632
Customer relationships	—	301,806,338	228,263,217
Others	319,933	547,997	420,753
Total	**19,799,844**	**1,360,469,738**	**1,105,745,279**

As of June 30, 2011, 2012 and 2013, we had intangible assets of HK$19.8 million, HK$1,360.5 million and HK$1,105.7 million, respectively.

Our intangible assets decreased from HK$1,360.5 million as of June 30, 2012 to HK$1,105.7 as of June 30, 2013 primarily due to amortization of software and customer relationship and decrease in each balance of intangible assets as a result of the depreciation of Japanese yen against Hong Kong dollars, partially offset by the addition in software under development of HK$49.0 million during the period. The addition in software was primarily attributable to the software development to launch new services.

Our intangible assets increased from HK$19.8 million as of June 30, 2011 to HK$1,360.5 million as of June 30, 2012 primarily due to the acquisition of VeriTrans in April 2012. [●] the section headed "Risk Factors—Risks Relating to Our Business—A significant amount of intangible assets is recorded on our combined statement of financial position. Future impairment of our intangible assets could have a material adverse impact on our financial condition and results of operations" in this document.

The following table sets forth our accumulated amortization of intangible assets:

	June 30, 2011	June 30, 2012	June 30, 2013
	HK$	HK$	HK$
Goodwill	—	—	—
Software	36,015,416	46,143,057	60,168,382
Software development in progress	—	—	—
Trademarks	—	—	—
Customer relationships	—	2,988,182	16,819,395
Others	496,463	545,615	15,062
Total	**36,511,879**	**49,676,854**	**77,002,839**

Goodwill

Goodwill arises primarily in respect of our acquisition of VeriTrans and Kotohako. Impairment testing is performed by comparing the carrying value of goodwill with the present value of expected future cash flows. The life of goodwill is indefinite.

Software

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

Software development in progress

Software development in progress represents the costs primarily associated with software developed by third party contractors. Upon completion of development, the costs are transferred and recorded as computer software for amortization.

Trademarks

Trademarks have been assessed as having an indefinite useful life. Our management reviews the assessment of the useful life of trademarks on a regular basis. Trademarks are reviewed for impairment where appropriate.

Customer relationships

Customer relationships were acquired in the acquisition of VeriTrans in April 2012. Customer relationships refer to acquired customer portfolios and information. Customer relationships are amortized on a straight-line basis over their useful life of 17 years. The useful life was based on the estimated period of economic benefit to be derived from the portfolio.

During the [●], we assessed that there was no impairment or any changes to the estimated useful lives of our other intangible assets.

Financial investment

As of June 30, 2011, 2012 and 2013, we had financial investments of nil, HK$5.8 million and HK$21.4 million, respectively. Our financial investments are considered to be available-for-sale.

Our financial investments increased from HK$5.8 million as of June 30, 2012 to HK$21.4 million as of June 30, 2013 due to our investment in commercial bonds that we plan to hold for long-term investment.

Our financial investments increased from nil as of June 30, 2011 to HK$5.8 million as of June 30, 2012 due to the acquisition of shares of PT. Tokopedia, an Indonesian online marketplace website operating company. We plan to hold these shares for long-term investment.

Investment in an associate

As of June 30, 2011, 2012 and 2013, we had investment in an associate of nil, HK$4.6 million and HK$3.3 million, respectively. Our investment in an associate as of June 30, 2012 and 2013 reflects our acquisition of 23% interest in PT. Midtrans, a joint venture company operating the VeriTrans Indonesia business, adjusted for our share of losses and exchange differences for the relevant periods.

Other non-current financial assets

As of June 30, 2011, 2012 and 2013, we had other non-current financial assets, such as restricted cash and security deposits, of HK$1.0 million, HK$6.5 million and HK$6.3 million, respectively.

Our other non-current financial assets decreased from HK$6.5 million as of June 30, 2012 to HK$6.3 million as of June 30, 2013 primarily due to the depreciation of Japanese yen against Hong Kong dollars.

Our other non-current financial assets increased from HK$1.0 million as of June 30, 2011 to HK$6.5 million as of June 30, 2012 primarily due to an increase in fixed deposits associated with the acquisition of VeriTrans in April 2012.

PAYMENT PROCESSING RECEIVABLES AND PAYABLES ANALYSIS

Our payment processing receivables primarily relate to cash paid by consumers for purchase of goods and services and advance payments made to certain online merchants under service contracts providing for advance payment. Our payment processing payables primarily relate to fees to be paid to online merchants on behalf of financial institutions and convenience stores in connection with our agency payment services. Due to the difference in timing for triggering our contractual obligation to transfer funds to online merchants for transactions settled at financial institutions and convenience stores, the timing for recognizing payment processing receivables and payment processing payables also differs.

In the case of transactions settled through financial institutions, including credit card settled transactions, we are considered to have received funds at the time the financial institution transfer funds to our bank account and therefore, we do not recognize payment processing receivables. When a financial institution transfers funds representing the transaction amount net of fees charged by the financial institution to us, we record such amount as an increase to payment processing payables and an increase to cash and cash equivalents. When we subsequently transfer the transaction amount, net of fees charged by the financial institution and fees charged by us, to an online merchant, such amount is recorded as a decrease to cash and cash equivalents. At this time, we recognize an increase in revenue representing the difference between the transaction amount and the amount transferred to the online merchant, reduce payment processing payables by an amount representing the amount transferred to us from the financial institution and record the fees charged by the relevant financial institution under cost of sales.

In the case of convenience store transactions, we are deemed to have received funds for the purposes of triggering our contractual obligation to transfer funds to an online merchant at the time a consumer pays for its purchase at a convenience store. Upon a consumer making payment at a convenience store, we record the amount paid as an increase to payment processing payables. At this time, while we are deemed to have received funds for the purposes of triggering our contractual obligation to transfer funds to the online merchant, we have not yet received cash and therefore, a corresponding amount is recorded as an increase to payment processing receivables. When a convenience store chain transfers funds representing the transaction amount net of fees charged by the convenience store chain to us, we record such amount as an increase to cash and cash equivalents and a decrease to payment processing receivables. When we transfer the transaction amount, net of fees charged by the convenience store chain and fees charged by us, to an online merchant, we record a decrease to cash and cash equivalents. At this time, we recognize an increase in revenue representing the difference between the transaction amount and the amount transferred to the online merchant, reduce payment processing payables by an amount representing the entire transaction amount and record fees charged by the convenience store chain under cost of sales.

Payment processing receivables

Our payment processing receivables primarily relate to receivables from convenience stores for cash paid by consumers for purchases of goods and services and advance payments made to certain online merchants under service contracts providing for advance payment. For transactions settled through financial institutions where the service contract does not provide for advance payment to the online merchant, our obligation to make payment to the online merchant arises only after we receive funds from a financial institution and therefore, we do not recognize any payment processing receivables for such transactions. Our payment processing receivables were HK$347.0 million, HK$662.0 million and HK$628.8 million as of June 30, 2011, 2012 and 2013, respectively. The following table sets out a breakdown of our payment processing receivables as of the dates indicated:

	June 30, 2011	June 30, 2012	June 30, 2013
	HK$	HK$	HK$
Agency payment service—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 we receive cash from credit card companies.

As of June 30, 2011, 2012 and 2013, the amount of advance payments made to online merchants was HK$25.5 million, HK$124.4 million and HK$124.5 million, representing 7.3%, 18.8% and 19.8%, respectively, of our total payment processing receivables. The amount of advance payments fluctuates from time to time depending on the liquidity needs of our online merchant customers.

The following table sets out our average payment processing receivable turnover days for the years/period indicated:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
Average payment processing receivable turnover days(1)	12.2	14.3	12.2

Note:

(1) Average payment processing receivable turnover days equals payment processing receivables balance at the end of the relevant year divided by average monthly transaction amount multiplied by 30.5 days. The average monthly transaction amount is equal to the total amount of transactions for the year divided by 12 months for the years ended June 30, 2011, 2012 and 2013, respectively.

Our major customers are online merchants in Japan. Our trading terms with our customers are generally determined by our standard service contract, which provides for service fees to be paid on a monthly basis and per transaction fees to be paid on a semi-monthly basis. We receive cash from the convenience store for transactions settled by consumers at convenience stores and we remit these amounts to the merchants. However, the timing of receiving cash from the convenience store and remittance of payment to the merchants does not always match and therefore our related assets and liabilities may fluctuate on a daily basis. During the [●], no payment processing receivables as of June 30, 2011, 2012 and 2013 were individually determined to be impaired. [●] the section headed "Risk Factors—Risks Relating to Our Business—Any significant impairment of payment processing receivables may adversely affect our cash flow and working capital, financial condition and results of operations" in this document.

Payment processing payables

Our payment processing payables primarily relate to fees to be paid to online merchants on behalf of financial institutions and convenience stores in connection with our agency payment services, are non-interest bearing and have an average credit period of 30 days. For transactions settled through financial institutions, we recognize payment processing payables upon receipt of funds from financial institutions. For transactions settled by payment at convenience stores, we recognize payment processing payables upon a consumer making payment at a convenience store. Our payment processing payables were HK$523.1 million, HK$1,378.0 million and HK$1,363.0 million as of June 30, 2011, 2012 and 2013, respectively. Fees to be paid to online merchants on behalf of financial institutions and convenience stores are transferred to a separate bank account pending payment to online merchants. We maintain this account for internal control purposes and do not use the funds in this separate bank account for any other purposes. The following table sets out our payment processing payables as of the dates indicated:

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

The following table sets out our average payment processing payable turnover days for the years/period indicated:

	Year ended June 30, 2011	Year ended June 30, 2012	Year ended June 30, 2013
Average payment processing payable turnover days(1)	17.8	13.6	10.3

Note:

(1) Average payment processing payable turnover days equals payment processing payables balance at the end of the relevant year divided by average monthly transaction amount multiplied by 30.5 days. The average monthly transaction amount is equal to the total amount of transactions for the year divided by 12 months for the years ended June 30, 2011, 2012 and 2013, respectively.

While our service contracts with online merchants may provide for a time period of up to 45 days or 60 days in the case of settlement by financial institutions or settlement via payment at convenience stores, respectively, between when we receive funds from financial institutions or convenience store chains and the time when we transfer funds to an online merchant, the majority of our service contracts with online merchants provide for shorter payment processing payable turnover days. For example, for a service contract where we provide agency payment services to an online merchant for credit card settled transactions where we transfer funds to the online merchant twice a month, the maximum payment processing payable turnover days is 15 days. For a service contract where we provide agency payment services to an online merchant for convenience store settled transactions where we transfer funds to the online merchant six times a month, the maximum payment processing payable turnover days is 10 days.

FINANCIAL RATIOS

The following table sets forth certain financial ratios as of the respective dates:

	As of/years ended June 30,			As of/three months ended September 30,
	2011	2012	2013	2013
Return on equity ratio	8.5%	2.7%	5.0%	N/A
Gearing ratio	6.7%	0%	0%	6.0%
Current ratio	1.4	1.3	1.2	1.3
Interest coverage	394.0	724.5	123.7	59.9

The following table sets forth certain financial ratios as of and for the year or period ended June 30, 2011, 2012 and 2013 and September 30, 2013, calculated using the relevant amounts in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our combined financial statements. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

	As of/years ended June 30,			As of/three months ended September 30,
	2011	2012	2013	2013
Return on equity ratio	8.8%	2.6%	4.3%	N/A
Gearing ratio	6.7%	0%	0%	6.0%
Current ratio	1.4	1.3	1.2	1.3
Interest coverage	394.0	724.5	119.4	60.0

For the years ended June 30, 2011, 2012 and 2013 and the three months ended September 30, 2013, our return on equity ratio, which is calculated as net profit divided by shareholders' equity as of the end of the respective year/period, was 8.5%, 2.7% and 5.0%, respectively. The decrease in our return on equity ratio during the year ended June 30, 2012 was primarily due to an increase in shareholders' equity during the same period. The increase in our return on equity ratio during the year ended June 30, 2013 was primarily due to a decrease in shareholders' equity during the same period.

As of June 30, 2011, 2012 and 2013 and September 30, 2013, our gearing ratio, which is calculated as total borrowings divided by total equity as of the end of the respective year/period, was approximately 6.7%, 0%, 0% and 6.0%, respectively. The decrease in our gearing ratio during the year ended June 30, 2012 was primarily due to the decrease in our total borrowings as a result of repayment of loans of HK$19.3 million. While our total borrowings increased slightly during the year ended June 30, 2013, the increase did not have a material impact on our gearing ratio. The increase in our gearing ratio during the three months ended September 30, 2013 was primarily due to an increase of bank loans and overdrafts of HK$79.3 million.

As of June 30, 2011, 2012 and 2013 and September 30, 2013, our current ratio, which is calculated as current assets divided by current liabilities as of the end of the respective year/period, was 1.4, 1.3, 1.2 and 1.3, respectively. The decrease in our current ratio during the years ended June 30, 2012 and 2013 was primarily due to the increase in payment processing payables as a result of the acquisition and consolidation of VeriTrans and the settlement of short-term loans of HK$146.8 million. The increase in current ratio during the three months ended September 30, 2013 was primarily due to a decrease in payment processing payables of HK$243.7 million.

For the years ended June 30, 2011, 2012 and 2013 and the three months ended September 30, 2013, our interest coverage, which is calculated as profit before interest expenses and tax divided by interest expenses for the respective year or period, was 394.0, 724.5, 123.7 and 59.9, respectively. The increase in our interest coverage for the year ended June 30, 2012 was primarily due to the increase in our net profit before interest expenses and tax as a result of the acquisition of VeriTrans, while our interest expenses for the same period remained relatively stable. The decrease in our interest coverage for the year ended June 30, 2013 and three months ended September 30, 2013 was primarily due to an increase in interest on bank loans and overdrafts of HK$217,382 and HK$359,474, respectively.

RELATED PARTY TRANSACTIONS

During the [●], we engaged in certain transactions with our Controlling Shareholder, subsidiaries or Directors. The related party transactions during the [●] are also set out in Note 26 of the section headed "Appendix I—Accountants' Report" in this document. The amounts due to Digital Garage, our Controlling Shareholder, will be repaid or waived in full upon [●]. Payments made by the related parties on our behalf mainly represent shareholders' loans used to fund our operations, as set out in greater detail in the section headed "Relationship with our Controlling Shareholder—Independence from Digital Garage" in this document.

Our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms.

RECENT DEVELOPMENTS

The following represents our management's analysis on our results of operations for the three months ended September 30, 2013. Our Directors are responsible for the preparation and fair presentation of the unaudited consolidated management accounts of our Group for the three months ended September 30, 2013 in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our consolidated management accounts for the three months ended September 30, 2013 are unaudited but have been reviewed by our [●], in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Preformed by the Independent Auditor of the Entity" issued by the HKICPA. The following financial information for the three months ended September 30, 2013 (the "**Interim Financial Information**") is shown in Hong Kong dollars, our presentation currency, and Japanese yen, representing the relevant amounts prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information. [●] the sections headed "Financial Information—Qualitative and Quantitative Disclosure about Market Risk—Foreign Exchange Rate Risk" and "Risk Factors—Risks Relating to the [●]—Fluctuations in the exchange rates of the Hong Kong dollar may adversely affect your [●]" in this document.

Based on our unaudited consolidated management accounts of the Group, our total revenue decreased by approximately 10.7%, or HK$32.6 million, from approximately HK$303.8 million for the three months ended September 30, 2012 to approximately HK$271.2 million for the three months ended September 30, 2013, primarily due to the depreciation of the Japanese yen against the Hong Kong dollar, partially offset by an increase in revenue from the growth of our business.

Based on our unaudited consolidated management accounts, our total revenue represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our Interim Financial

Information increased by 12.5%, or ¥385.8 million, from ¥3,080.6 million for the three months ended September 30, 2012 to about ¥3,466.4 million for the three months ended September 30, 2013. The increase in revenue was primarily attributable to the growth of our business.

Based on our unaudited consolidated management accounts, our gross profit decreased by approximately 22.3% for the three months ended September 30, 2013 as compared to that of the corresponding period in 2012, primarily due to the depreciation of the Japanese yen against the Hong Kong dollar. Our overall gross profit margin decreased from 28.4% for the three months ended September 30, 2012 to 24.8% for the three months ended September 30, 2013 mainly due to the increase in number of credit card settled transactions, which have generally higher cost of sales than convenience store settled transactions.

Based on our unaudited consolidated management accounts, our gross profit represented in Japanese yen prior to conversion into Hong Kong dollars for the purposes of our Interim Financial Information decreased by approximately 2.0% for the three months ended September 30, 2013 as compared to that of the corresponding period in 2012. Our overall gross profit margin calculated using our gross profit and revenue represented in Japanese yen decreased from approximately 28.4% for the three months ended September 30, 2012 to approximately 24.8% for the corresponding period in 2013, primarily due to the increase in the number of credit card settled transactions with generally higher cost of sales than convenience store transactions.

As of June 30, 2013, we had incurred expenses in connection with the proposed [●] of HK$11.2 million, which were accounted for as our general and administrative expenses for the year ended June 30, 2013. By the completion of the [●], we expect to further incur an estimated amount of HK$19.0 million of expenses which is subject to adjustment to be further agreed by the Company, the [●] and other parties.

CONTRACTUAL OBLIGATIONS, CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Operating Lease Arrangements

We lease certain buildings under operating leases. The leases typically run for an average period of one to five years. The Group has entered into commercial leases on certain properties and equipment. These leases have an average life of between one and five years. Certain property leases have renewal options, whereby leases can be extended at a market rental rate. The following table sets forth our commitments for operating lease payments under non-cancellable operating leases as of the dates indicated:

	June 30, 2011	June 30, 2012	June 30, 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

Capital Commitments

During the [●], the Group had no material capital commitments.

Contingent Liabilities

Except as disclosed in the indebtedness statement as set out below and the normal trade payables, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of October 31, 2013, being the latest practicable date for the purpose of the indebtedness statement, we had no material contingent liabilities and was not involved in any material legal proceedings. The Directors are not aware of any pending or potential material legal proceedings involving our Group.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of purchase of software, purchase of property, plant and equipment. Our capital expenditures for the years ended June 30, 2011, 2012 and 2013 were HK$9.4 million, HK$854.5 million and HK$89.9 million, respectively. Our capital expenditures during the [●] were primarily related to the acquisition of VeriTrans in April 2012.

The following table sets forth our capital expenditures for the years ended June 30, 2011, 2012 and 2013:

	June 30, 2011	June 30, 2012	June 30, 2013
	HK$	HK$	HK$
Software development in progress—internal development	411,818	807,823	5,076,939
Software development in progress—acquired separately	6,217,594	14,761,161	43,952,691
Purchase of fixtures, fittings and equipment	2,645,967	3,120,274	37,602,078
Leasehold improvements	—	466,338	2,842,910
Acquisition of a subsidiary—Other intangible assets	—	823,136,816	130,771
Acquisition of a subsidiary—Property, plant and equipment	—	12,169,115	249,117
Others	90,546	15,079	58,028
Total	**9,365,925**	**854,476,606**	**89,912,534**

INDEBTEDNESS

The following table sets forth our borrowings as of the dates indicated:

	June 30, 2011	June 30, 2012	June 30, 2013	October 31, 2013
	HK$	HK$	HK$	HK$ (unaudited)
Bank loans and overdrafts repayable:				
Within one year	19,286,403	—	217,703	78,678,206
Finance lease payables:				
Within one year	—	—	228,953	230,513
In the second to fifth years, inclusive	—	—	901,398	824,037
	—	—	1,130,351	1,054,550

VeriTrans entered into credit facility agreements with Sumitomo Mitsui Bank for an amount of ¥5,000 million (HK$397 million)* and Sumitomo Trust Bank for an amount of ¥2,000 million (HK$159 million)*. These credit facilities bear an interest rate of 1.475% per annum.

ECONTEXT entered into credit facility agreements with Sumitomo Mitsui Bank for an amount of ¥3,000 million (HK$238 million)* with an interest rate of 1.475% per annum, which is secured by our equity interest in VeriTrans.

Note:

* The credit facility amounts as of October 31, 2013 are converted into Hong Kong dollars at an exchange rate of JPY1,000 to HK$79.4.

The amounts utilised under these lines of credit were HK$19,286,403, HK$Nil, HK$Nil and HK$78,678,206 at June 30, 2011, 2012 and 2013, and October 31, 2013, respectively.

The finance lease payables of the Group bear an interest rate of 2.15% per annum and are secured by related property, plant and equipment of the Group.

Except as disclosed in this document and apart from intra-group liabilities and normal trade payables, we did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities as of the close of business on October 31, 2013, being the latest practicable date for the purpose of this indebtedness statement.

Our Directors confirm that, as of the Latest Practicable Date, there is no material adverse change in the Group's indebtedness since October 31, 2013, and there are no plans for any member of the Group to undertake any material external financing.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any material off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or product development services with us.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to various types of market risks in the ordinary course of our business, including fluctuations in interest rates on our fixed and variable rate indebtedness. We manage our exposure to these and other market risks through regular operating and financial activities. Currently, we do not utilize interest rate swaps, forward or option contracts on foreign currencies or commodities or other types of derivative financial instruments.

Credit risk

The Company is exposed to credit risk primarily from deposits with banks, amounts advanced to online merchants pending payment by credit card merchant acquirers and the amount of payment processing receivables. The Company manages its credit risk exposure from its deposits with banks by only using well-established and regulated banks. There is no significant credit risk from amounts advanced to online merchants pending payment by credit card merchant acquirers and from payment processing receivables as the counterparties are credit card merchant acquirers, which are generally well-established and regulated banks, and major convenience store chains in Japan, most of which are listed companies in Japan, and such amounts are usually settled within 45 days of the transaction date in the case of credit card merchant acquirers and 60 days of the transaction date in the case of convenience stores. During the [●], there were no incidents of default on the part of credit card merchant acquirers or convenience store chains in connection with the settlement of any advance payments made by the Group.

Foreign Exchange Rate Risk

Our online payment service businesses in Japan handle transactions denominated in Japanese yen only, and therefore, we are not subject to transaction foreign exchange risk. Likewise, our revenues derived from businesses outside of Japan, such as our share of profits through VeriTrans Indonesia, are denominated in the respective local currency and are also not subject to transaction foreign exchange risk. Our exposure to foreign exchange risk primarily arises as a result of the difference in the currencies in which the monetary assets and liabilities of the Company and its subsidiaries and associates are denominated and the functional currency of those entities for the purposes of our combined financial statements. Our combined financial statements are presented in Hong Kong dollars, which is also the Company's functional currency. The functional currency of our foreign subsidiaries, ECONTEXT and VeriTrans, is Japanese yen. Due to fluctuations in the exchange rate of Japanese yen to/from Hong Kong dollars, any trends associated with the performance of our operations attributable to our subsidiaries in Japan with Japanese yen as their functional currency may not be accurately presented in our combined financial statements that are presented in Hong Kong dollars. During the [●], the Japanese yen appreciated against the Hong Kong dollar by 9.6% and 1.5% during the periods from June 30, 2010 to June 30, 2011 and from June 30, 2011 to June 30, 2012, respectively, which resulted in exchange gains on translation of foreign operations recognized in other comprehensive income of HK$21.4 million and HK$34.8 million for the years ended June 30, 2011 and 2012, respectively, and depreciated against the Hong Kong dollar by 19.6% during the period from June 30, 2012 to June 30, 2013, which resulted in exchange loss on translation of foreign operations recognized in other comprehensive loss of HK$287.0 million for the year ended June 30, 2013. If such depreciation did not occur and the exchange rate as of June 30, 2013 remained roughly the same as that existing as of June 30, 2012, our financial results for the year ended June 30, 2013 would see significant improvements. Any fluctuations in the Japanese yen to Hong Kong dollar exchange rate in future reporting periods may also affect the comparability of our results of operations with prior periods.

The Company held bank deposits denominated in Japanese yen, being monetary items denominated in a currency other than the Company's functional currency, in an aggregate amount equivalent to HK$24.9 million as of June 30, 2013. The Company recognized foreign exchange losses in accordance with Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" when the relevant monetary items denominated in a currency other than the Company's functional currency were translated to Hong Kong dollars (the Company's functional currency) for the purposes of the Company's combined financial statements. The exchange rates between the Japanese yen and the Hong Kong dollar and other foreign currencies are affected by, among other things, changes in political and economic conditions. Following the completion of the [●], the Company may continue to hold a portion of its cash and cash equivalents in currencies other than the Hong Kong dollar. The Company may also exchange its cash and cash equivalents denominated in Hong Kong dollars into foreign currencies on an as needed basis. As the Company's functional currency is the Hong Kong dollar, such foreign currency-denominated cash and cash equivalents are exposed to fluctuations in the value of the Hong Kong dollar against the currencies in which these cash and cash equivalents are denominated. Any significant depreciation of these foreign currencies against the Hong Kong dollar may result in significant exchange losses.

We manage our foreign currency risk by holding cash and bank deposits denominated in Japanese yen by our subsidiaries in Japan and in Hong Kong dollar by the Company. We have not entered into any foreign currency hedging transactions.

Furthermore, the bank borrowings of our subsidiaries in Japan are primarily denominated in Japanese yen (the functional currency of those subsidiaries). However, we are exposed to foreign currency risks when making investments denominated in foreign currencies, in particular our investments in Indonesia through our joint venture and elsewhere in the world. The value of the Japanese yen is subject to changes in Japan's political and economic conditions, as well as world economic and market conditions, all of which are beyond our control.

Interest rate risk

Our exposure to interest rate risk arises from bank deposits, bank loans and amounts due from and to related companies. These deposits and borrowings bear interest at fixed rates. Higher interest rates may adversely affect our revenue, profit from operations and net profit. We have not historically been exposed nor do we anticipate being exposed to material risks due to changes in interest rates on debt denominated in Japanese yen, although our future interest income and interest disbursements may fluctuate in line with changes in interest rates on debt denominated in Japanese yen.

Liquidity risk

Our liquidity is primarily dependent on our ability to maintain sufficient cash inflows from our operations to meet any debt obligations as they become due, and our ability to obtain external financing to meet our committed future capital expenditures. In addition, the ongoing liquidity crisis could affect our ability to obtain new financing at rates that are favorable to us. We believe we are taking all necessary measures to maintain sufficient liquidity reserves to support the sustainability and growth of our business in the current circumstances and to repay any outstanding borrowings when they fall due.

Deflation

In recent years, Japan has not experienced significant inflation or deflation, and thus inflation and deflation have not had a significant effect on our business during the past three years. According to the Statistics Bureau in the Japan Ministry of Internal Affairs and Communications, Japan's overall national deflation rate, as represented by the annual change in the general consumer price index, was 0.4%, 0.2% and an inflation rate of 0.2% as of June 30, 2011, 2012 and 2013, respectively. If deflation increases or if Japan experiences inflation, our business, financial condition and results of operations could suffer.

DISTRIBUTABLE RESERVES

The Company was only incorporated on September 10, 2012. The Company did not have any distributable reserves as at the Latest Practicable Date.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2013 (the date to which our latest audited combined financial statements were prepared as set out in the section headed "Appendix I—Accountants' Report" in this document, except as otherwise disclosed in this document).

[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	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	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	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	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	Year ended 30 June 2012	Year ended 30 June 2013
	HK$	HK$	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)

<u>Group</u> **(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 HK$	30 June 2012 HK$	30 June 2013 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 HK$	30 June 2012 HK$	30 June 2013 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:

			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$
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

This Appendix contains a summary of the Articles of Association of our Company. The principal objective is to provide potential [●] with an overview of the Articles of Association. As the information set out below is in summary form, it does not contain all of the information that may be important to potential [●]. As stated in the section headed "Appendix VI—Documents Delivered to the [●] of Companies and Available for Inspection" in this document, a copy of the Memorandum and Articles of Association is available for inspection.

The Articles of Association were adopted on November 29, 2013. The following is a summary of certain provisions of the Articles of Association. The powers conferred or permitted by the Articles of Association are subject to the provisions of the Companies Ordinance, other Ordinances, subsidiary legislation and the [●].

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Companies Ordinance or any other ordinance and from time to time purchase or otherwise acquire its own shares and warrants (including any redeemable shares) or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company, and should the Company purchase or otherwise acquire its own shares or warrants, neither the Company nor the Board shall be required to select the shares or warrants to be purchased or otherwise acquired rateably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares, provided that in the case of purchases of redeemable shares, (a) purchases not made through the market or by tender shall be limited to a maximum price and (b) if purchases are by tender, tenders shall be available to all shareholders alike and provided further that any such purchase or other acquisition or financial assistance shall only be made or given in accordance with any relevant rules or regulations issued by the [●] or the [●] from time to time.

The Company may, from time to time, by ordinary resolution increase its authorized share capital by such sum divided into shares of such amounts as the resolution shall prescribe.

The Company may, from time to time, by ordinary resolution:

(a) by sub-division of its existing shares or any of them, divide its share capital or any part thereof into shares of smaller amount than is fixed by its memorandum of association, so however that in the sub-division the proportion between the amount paid up and the amount (if any) not paid up on each such share of smaller amount shall be the same as it was in the case of the share from which it was derived. Any resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have such preferred or other special rights, or may have such qualified or deferred rights or be subject to such restrictions, as compared with the other or others, as the Company has power to attach to new shares;

(b) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled;

(c) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(d) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, or conditions or such restrictions which in the absence of any such determination by the Company in general meeting; and

(e) make provision for the issue and allotment of shares which do not carry rights, the word "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favorable voting rights, must include the words "restricted voting" or "limited voting".

Save as provided by the Companies Ordinance, the Articles of Association or any resolution of the Company to the contrary, all unissued shares shall be at the disposal of the Directors who may offer, allot, grant options over or otherwise deal with or dispose of the same to such persons and upon such terms as they shall consider fit, provided that no shares of any class shall be issued at a discount to their nominal value except in accordance with the provisions of the Companies Ordinance, the Articles of Association and any resolution of the Company.

The Company may by special resolution reduce its share capital and any capital redemption reserve fund, any share premium account or any undistributable reserve in any manner allowed by law.

VARIATION OF RIGHTS

If, at any time, the Company's share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied, either while the Company is a going concern or during or in contemplation of a winding-up either with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class. All the provisions contained in the Articles of Association relating to general meetings shall mutatis mutandis apply to every such meeting except that the quorum thereof shall be not less than two persons holding or representing by proxy one-third in normal value of the issued shares of the class, and that any holder of shares of that class present in person or by proxy may demand a poll.

TRANSFERS OF SHARES

All transfers of shares must be effected by an instrument of transfer in writing and in any usual form or in a form prescribed by the [●] or in any other form which the Directors may approve and shall be executed under hand or, if the transferor or transferee is a clearing house or its nominee(s), the instrument of transfer shall be executed by hand or by machine imprinted signature or in writing in the usual common form or in such other form as the Board may approve by such manner of execution as the Board may approve from time to time. The instrument of transfer must be executed by or on behalf of the transferor and by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares concerned until the name of the transferee is entered in the Company's [●] in respect thereof. Nothing in the Memorandum and Articles of Association shall preclude the Directors from recognizing a renunciation of the allotment or provisional allotment of any share by the allottee in favor of some other person.

The Board may, at any time in their absolute discretion and without assigning any reason therefor, decline to register any transfer of any share (not being a fully paid up share).

The Board may also decline to register any transfer unless:

(a) the instrument of transfer is duly stamped and lodged at the Company's registered office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates, and such other evidence (if any) as the Board may reasonably require to prove the title of the intending transferor or his right to transfer the shares (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);

(b) the instrument of transfer is in respect of only one class of shares;

(c) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(d) the instrument of transfer is accompanied by payment of such fee, not exceeding the maximum amount prescribed by the [●] from time to time, as the Board may from time to time require;

(e) the shares concerned are free of any lien in favor of the Company;

(f) such other conditions as the Directors may from time to time impose for the purpose of guarding against losses arising from forgery are satisfied;

(g) a fee not exceeding the maximum fee prescribed or permitted from time to time by the [●] is paid to the Company in respect thereof; and

(h) the shares concerned are not shares issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists.

If the Board refuses to register a transfer they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

No transfer may be made to an infant or to a person of unsound mind or under other legal disability.

NOTICE OF GENERAL MEETINGS

Subject to section 116C of the Companies Ordinance, at least 21 clear days' notice of every annual general meeting and of every extraordinary general meeting at which it is proposed to pass a special resolution, and at least 14 clear days' notice of every other extraordinary general meeting shall be given in writing. The accidental omission to give such notice of a general meeting or (in cases where instruments of proxy are sent out with the notice) the accidental omission to send an instrument of proxy to, or the non-receipt of either or both by, any person entitled to receive such notice shall not invalidate any resolution passed or proceeding had at that meeting.

The notice shall specify the place, the day and the time of the meeting and, in the case of special business, the general nature of such business. In the case of a meeting convened for passing a special resolution, the notice shall also specify the intention to propose the resolution as a special resolution. Every notice of meeting shall also state with reasonable prominence that a member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a member.

Notwithstanding that a meeting of the Company is convened by shorter notice than that specified in the Articles of Association, it shall be deemed to have been duly convened if it is so agreed: (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

VOTING AT GENERAL MEETINGS

Subject to the Articles of Association and to any special rights or restrictions as to voting for the time being attached to any shares of the Company, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorized representative at any general meeting shall have one vote for every fully paid-up share of which he is the holder.

At any general meeting, a resolution put to the vote of a meeting shall be decided by poll.

Where a member is a recognized clearing house (within the meaning of the SFO) or its nominee, it may authorize any number of person or persons as it thinks fit to act as its proxy (or proxies) or representative (or representatives) at any general meeting of the Company or any separate meeting of any class of members of the Company provided that, if more than one person so authorized, the instrument of proxy or authorization must specify the number and class of shares in respect of which each such person is so authorized. Notwithstanding anything contained in these Articles, each person so authorized, and any instrument of proxy or authorization signed by any officer of the recognized clearing house, shall be deemed to have been duly authorized without further evidence of the facts. The person so authorized will be entitled to exercise the same rights and powers on behalf of the recognized clearing house (or its nominee) as if such person was the registered holder of the shares of the Company held by that recognized clearing house (or its nominee), including the right to vote on a poll.

Where any member is, under the [●], required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any vote cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

QUALIFICATIONS OF DIRECTORS

A Director is not required to hold any shares in the Company by way of qualification. No person is required to vacate office or be ineligible for re-election or re-appointment as a Director, and no person is ineligible for appointment as a Director, by reason only of his having attained any particular age.

BORROWING POWERS

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of its undertaking, property, assets and uncalled capital. The Board may issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' APPOINTMENT, REMOVAL AND RETIREMENT

At each annual general meeting, one third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number of Directors nearest to but not greater than one third of the total number of Directors, shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who become Directors on the same day, the Directors to retire shall be (unless otherwise agreed amongst themselves) in order by which such Directors were appointed on the day of their last election. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Company may, from time to time, by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. The Board shall have power, exercisable at any time and from time to time, to appoint any other person as a Director, either to fill a casual vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time (if any) by the shareholders in any general meeting and any Directors so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at each annual general meeting.

The Company may by ordinary resolution remove any Director notwithstanding anything in the Articles of Association or in any agreement between him and the Company (but without prejudice to any right of damages for termination), and may, if thought fit, by ordinary resolution appoint another person in his stead. Unless and until otherwise determined by the shareholders in any general meeting, the number of Directors shall not be fewer than two in number, and there shall be no maximum number of Directors.

The office of a Director shall be vacated if:

(a) he becomes prohibited by law or court order from being a Director;

(b) a receiving order is made against him or he makes any arrangement or composition with his creditors;

(c) he becomes of unsound mind;

(d) he absents himself from the meetings of the Board (unless his alternate Director attends in his stead) for a continuous period of six months, without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(e) he shall be removed from office by notice in writing served upon him signed by all his co-directors;

(f) he resigns his office;

(g) he is removed by an ordinary resolution of the Company; or

(h) he is convicted of an indictable offence.

DIRECTORS' REMUNERATION AND EXPENSES

The Directors are entitled to receive by way of remuneration for their services such sum as the remuneration committee established by the Board with a majority of the members being independent non-executive Directors makes recommendations to the Board, which (unless otherwise directed by the resolution by which it is voted) is to be divided amongst the Directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

The Directors are also entitled to be repaid their reasonable travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors.

The Board, may award special remuneration (by way of bonus, commission, participation in profits or otherwise as the Directors may determine) to any Director who performs services which, in the opinion of the Board, goes beyond the scope of the ordinary duties of a Director.

DIRECTORS' INTERESTS

No Director or intended Director is disqualified by his office from contracting with the Company, nor is any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor is any Director so contracting or being so interested be liable to account to the Company for any benefit realized by any such contract or arrangement by reason of such Director holding that office or of any fiduciary relationship thereby established, provided that such Director shall disclose the nature of his interest in any contract or arrangement in which he is interested as required by and subject to the provisions of the Companies Ordinance.

A Director may not vote nor be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or matter in which he or any of his associate(s) has, directly or indirectly, a material interest, but this prohibition does not apply to any of the following matters:

(a) any contract or arrangement for the giving of any guarantee, security or indemnity to the Director or his associate(s) in respect of money lent to, or obligations incurred by him or any of them at the request of or for the benefit of, the Company or any of its subsidiaries;

(b) any contract or arrangement for the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his associate(s) is/are intending to become interested as a participant in the [●] or sub-[●] of the offer;

(d) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in those shares or debentures or other securities;

(e) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, other than a company in which the Director together with any of his associates are in aggregate the holders of or beneficially interested in 5% or more of the issued shares of any class of such company (or of any other company through which his interest or that of his associates is derived) or of the voting rights attaching to such issued shares;

(f) any proposal or arrangement concerning the benefit of the employees of the Company or any of its subsidiaries, including the adoption, modification or operation of a pension fund or retirement, death or disability benefit scheme, which relates to the Directors, his associates and employees of the Company or any of its subsidiaries and does not accord to any Director or his associate(s) as such any privilege or advantage not generally accorded to the employees to whom such arrangement relates; and

(g) any proposal or arrangement concerning the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme for the benefit of the employees of the Company or any of its subsidiaries under which the Director or his associate(s) may benefit.

Any Director may continue to be or become a member or director of, or hold any other office or place of profit under, any other company in which the Company may be interested, and no such Director shall be accountable for any dividend, remuneration, superannuating payment or other benefits received by him as a member or director of, or holder of any other office or place of profit under, any such other company. The Board may also cause any voting power conferred by the shares in any other company held or owned by the Company or any power of appointment to be exercised in such manner in all respects as it thinks fit (including the exercise of the voting power or power of appointment in favor of the appointment of the Directors or any of them as directors or officers of the other company or in favor of the payment of any benefit to the directors or officers of the other company).

DIVIDENDS

Subject to the Companies Ordinance, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board. The Company in general meeting may also make a distribution to its members out of profits available for this purpose (as ascertained in accordance with the Companies Ordinance). No dividend shall be paid or distribution made out of the profits available for the purpose if to do so would render the Company unable to pay its liabilities as they become due or cause the amount of its net assets to become less than the aggregate of its called up share capital and undistributable reserve.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to a member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of allotment of shares credited as fully paid up without [●] any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or partly by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years shall be forfeited and shall revert to the Company.

INDEMNITY

Each of the Directors or other officer or auditors of the Company may be indemnified out of the assets of the Company against all liabilities incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favor or in which he is acquitted or in connection with any application in which relief from liability is granted to him by the court.

Subject to the provisions of the Companies Ordinance, the Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is a director, alternate director, manager, secretary or officer of the Company or the auditors of the Company for the purpose of indemnifying such persons and keeping them indemnified against liability for negligence, default, breach of duty or breach of trust (save for fraud) or other liability which may lawfully be insured against by the Company and any liability which may be incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

WINDING UP

If the Company is wound up, the liquidator may, with the sanction of a special resolution and any other sanction required by law, divide among the Shareholders in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the Shareholders or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he may with the like sanction determine, but no member shall be compelled to accept any assets upon which there is a liability.

A. FURTHER INFORMATION ABOUT OUR GROUP

Incorporation

Our Company was incorporated in Hong Kong under the Companies Ordinance as a private company limited by shares on September 10, 2012. Our Company's registered office is at Unit 607 a, Level 6, Cyberport 3, 100 Cyberport Road, Hong Kong. A summary of provisions of the Articles of Association of our Company is set out in the section headed "Appendix IV—Summary of the Articles of Association" in this document.

Changes in the share capital of our Company

As of the date of its incorporation, the authorized share capital of our Company was HK$100,000,000 divided into 10,000,000 ordinary shares of HK$10.00 each. The following sets out the changes in our Company's issued share capital since the date of its incorporation:

(a) on September 10, 2012, 10,000,000 ordinary shares of HK$10.00 were allotted and issued credited as fully paid to Digital Garage as the initial subscriber;

(b) pursuant to a written resolution of the sole shareholder of our Company passed on December 1, 2012, the authorized share capital of our Company was increased from HK$100,000,000 to HK$6,492,939,640 by the creation of an additional 639,293,964 ordinary shares of HK$10.00 each. On the same date, our Company allotted and issued 152,323,491 ordinary shares of HK$10.00 each to Digital Garage credited as fully paid, in exchange for 99.8% ownership in VeriTrans, valued at ¥12,977,060,000, and 100% ownership in ECONTEXT valued at ¥3,169,230,000, equivalent to a total value of HK$1,523,234,910;

(c) pursuant to a written resolution of the Shareholders passed on August 9, 2013:

   (i) 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, and 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 October 22, 2013;

   (ii) the authorized share capital of the Company was reduced from HK$6,492,939,640 divided into 649,293,964 shares of par value HK$10.00 each to HK$6,492,939.64 divided into 649,293,964 shares of par value HK$0.01 each; and

(d) pursuant to written resolutions of our Shareholders passed on November 15, 2013, (i) the authorized share capital of our Company was increased from HK$6,492,939.64 divided into 649,293,964 shares of par value HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 ordinary shares of par value HK$0.01 each, and conditional upon [●]

Save as disclosed in this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

Changes in the share capital of our subsidiaries

The list of our subsidiaries is set out in the Accountants' Report in the section headed "Appendix I—Accountants' Report" in this document. For our subsidiaries incorporated in Japan, the concept of shares with a par value was abolished at the time of amendments to the Commercial Code of Japan made in 2001. Following this amendment, the shares of our subsidiaries which were issued prior to the date of this document were changed to nil par value.

Under the Companies Act of Japan, a Japanese company is allowed to carry cash paid by shareholders for new shares either as part of its capital reserve account or as part of the paid-in capital account, on the condition that at least one half of such amount must be accounted for as paid-in capital.

The following alterations in the share capital of our subsidiaries have taken place within two years immediately preceding the date of this document:

ECONTEXT

(a) ECONTEXT was incorporated as a stock company in Japan on October 1, 2012. As of the date of incorporation, the issued share capital of ECONTEXT was ¥100,000,000 divided into 2,000 shares of nil par value each. As of the date of incorporation, the entire issued share capital was owned by Digital Garage.

VeriTrans

(a) VeriTrans (formerly known as CyberCash K.K.) was incorporated as a stock company in Japan on April 24, 1997. As of the date of incorporation, the issued share capital of VeriTrans was ¥10,000,000 divided into 200 share of nil par value each and the entire issued share capital was owned by CyberCash Japan, BV.

(b) On March 31, 2010, the issued share capital of VeriTrans was increased to ¥1,066,972,274 divided into 170,790 shares of nil par value each pursuant to the exercise of warrants for a consideration of ¥1,791,192.

(c) On March 31, 2011, the issued share capital of VeriTrans was increased to ¥1,067,489,054 divided into 170,970 shares of nil par value each pursuant to the exercise of warrants for a consideration of ¥1,033,380.

(d) On May 31, 2011, the issued share capital of VeriTrans was increased to ¥1,067,764,670 divided into 171,066 shares of nil par value each pursuant to the exercise of warrants for a consideration of ¥551,136.

(e) On June 30, 2011, the issued share capital of VeriTrans was increased to ¥1,068,453,710 divided into 171,306 shares of nil par value each pursuant to the exercise of warrants for a consideration of ¥1,377,840.

(f) On July 29, 2012, VeriTrans reduced the number of issued shares to 161,741 while its issued share capital remained unchanged.

NaviPlus

(a) NaviPlus was incorporated as a stock company in Japan on January 21, 2010. As of the date of incorporation, the issued share capital of NaviPlus was ¥50,000,000 divided into 1,000 shares of nil par value each and the issued share capital was owned by VeriTrans as to 90% and Appirits Inc. (formerly known as KBMJ) as to 10%.

(b) On November 26, 2010, the issued share capital of NaviPlus was increased to ¥100,000,000 divided into 2,000 shares of nil par value each and an additional 1,000 shares was issued to VeriTrans.

(c) On March 30, 2012, the issued share capital of NaviPlus was increased to ¥145,000,000 divided into 2,750 shares of nil par value each and an additional 713 and 37 shares was issued to VeriTrans and Appirits Inc., respectively, and the issued share capital was owned by VeriTrans as to 95% and Appirits Inc. as to 5%.

eCURE

(a) eCURE was incorporated as a stock company in Japan on November 1, 2006. As of the date of incorporation, the issued share capital of eCURE was ¥75,000,000 divided into 1,500 shares of nil par value each and the entire issued share capital was owned by VeriTrans as to 73.4% Sanwa Comtech K.K. as to 13.3% and C4 Technology, Inc as to 13.3%.

(b) On July 24, 2007, Sanwa Comtech K.K. and C4 Technology, Inc transferred all their shares in eCURE to VeriTrans.

iResearch Japan

iResearch Japan was incorporated as a stock company in Japan on November 5, 2009. As of the date of incorporation, the issued share capital of iResearch Japan was ¥30,000,000 divided into 600 shares of nil par value each and the issued share capital was owned by VeriTrans as to 66.7% and Topstart Holdings Ltd. as to 33.3%.

JJ-Street

(a) JJ-Street was incorporated as a stock company in Japan on January 14, 2011. As of the date of incorporation, the issued share capital of JJ-Street was ¥5,000,000 divided into 300 shares of nil par value each and the issued share capital was owned by VeriTrans as to 50%, e-machitown Co., Ltd. as to 16.7% and SBI Holdings and its affiliates as to 33.3%.

(b) On February 4, 2011, the issued share capital of JJ-Street was increased to ¥100,000,000 divided into 600 shares of nil par value each pursuant to issuance of new shares at ¥500,000 per share.

Coolpat

(a) Coolpat was incorporated as a stock company in Japan on June 27, 2006. As of the date of incorporation, the issued share capital of Coolpat was 25,500,000 divided into 510 shares of nil par value each and the entire issued share capital was owned by five third party individuals.

(b) On February 18, 2011, the entire issued share capital of Coolpat was transferred to VeriTrans.

(c) On March 25, 2011, the issued share capital of Coolpat was decreased to ¥1,000,000 divided into 4,566 shares of nil par value each.

Save as aforesaid, there have been no other alterations in the share capital of the subsidiaries of our Company within two years immediately preceding the date of this document.

Resolutions of our Shareholders

Written resolutions of our Shareholders were passed on November 15, 2013 approving, among other things, the following:

(a) conditional upon [●]; and

(b) the Articles of Association were adopted as our articles of association with effect from November 29, 2013.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years immediately preceding the date of this document and are or may be material:

(a) an intellectual property license agreement dated September 28, 2012 as amended by addenda dated August 1, 2013, October 17, 2013 and November 29, 2013 between VeriTrans and Digital Garage, whereby Digital Garage granted VeriTrans non-exclusive rights to use the trade name, trademarks and registered domains set out in sections B.2(a)(*iii*) and (c)(*ii*) below;

(b) an intellectual property license agreement dated October 1, 2012 as amended by addenda dated August 1, 2013 and October 17, 2013 between ECONTEXT and Digital Garage, whereby Digital Garage granted ECONTEXT non-exclusive rights to use the trade name, trademarks and registered domains set out in sections B.2(a)(*iii*) and (c)(*ii*) below;

(c) [●];

(d) [●]; and

(e) [●].

Intellectual Property Rights

Trademarks

(i) *As of the Latest Practicable Date, our Group had registered the following trademarks which are material in relation to our Group's business:*

Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (dd/mm/yyyy)
カード・ウェーブ Card Wave	Japan	iResearch Japan Co., Ltd.	16	5361160	15/10/2020
VeriTrans3G	Japan	VeriTrans Inc.	36	5334938	02/07/2020
	Japan	VeriTrans Inc.	9, 35, 36, 42	5556613	08/02/2023
ベリトランス VeriTrans	Japan	VeriTrans Inc.	9, 35, 36, 38, 39, 41, 42	4652771	14/03/2023
杰街同步	China	VeriTrans Inc.	35	7134943	27/08/2020
JJ-Street	China	VeriTrans Inc.	35	7134942	06/11/2020
BuySmart	Japan	VeriTrans Inc.	35, 36	4536355	18/01/2022
CASH POST	Japan	ECONTEXT, INC.	36, 42	5458150	16/12/2021
ECONTEXT イーコンテキスト イーコンテクスト	Japan	ECONTEXT, INC.	35, 36, 37, 38, 39, 40, 41, 42	4492905	19/07/2021
e econtext	Japan	ECONTEXT, INC.	35, 36, 39	4492915	19/07/2021
e econtext	Japan	ECONTEXT, INC.	41, 42	5578763	26/04/2023
Cloud Pay	Japan	ECONTEXT, INC.	9, 35, 36, 38, 42	5363199	22/10/2020

(ii) *As of the Latest Practicable Date, our Group has applied for registration of the following trademarks which are material in relation to our Group's business:*

Trademark	Name of applicant	Place of Registration	Application Number	Application Date (dd/mm/yyyy)
ECONTEXT ASIA	econtext Asia Limited	China	To be assigned	15/11/2013
e	econtext Asia Limited	China	To be assigned	15/11/2013
环亚智富	econtext Asia Limited	China	To be assigned	15/11/2013
ECONTEXT ASIA econtext Asia	econtext Asia Limited	Hong Kong	302607976	15/05/2013
e e	econtext Asia Limited	Hong Kong	302607651	15/05/2013
環亞智富 环亚智富	econtext Asia Limited	Hong Kong	302790937	05/11/2013
VeriTrans	VeriTrans Inc.	Indonesia	J-00-2011-043069	26/10/2011
VeriTrans	VeriTrans Inc.	Indonesia	J-00-2011-043070	26/10/2011
VeriTrans	VeriTrans Inc.	Indonesia	J-00-2011-043071	26/10/2011
VeriTrans	VeriTrans Inc.	Indonesia	D-00-2011-043073	26/10/2011
	VeriTrans Inc.	Indonesia	J-00-2012-037188	31/07/2012
	VeriTrans Inc.	Indonesia	D-00-2012-037189	31/07/2012
	VeriTrans Inc.	Indonesia	J-00-2012-037190	31/07/2012
	VeriTrans Inc.	Indonesia	J-00-2012-037193	31/07/2012

(iii) *As of the Latest Practicable Date, our Group had been licensed by Digital Garage with the rights to use the following trademarks which are material in relation to our Group's business:*

Trademark	Place of Registration	Registered Owner	Class	Registration Number	Expiry Date (dd/mm/yyyy)
Digital Garage デジタルガレージ	Japan	Digital Garage, Inc.	35, 41, 42	4517335	26/10/2021
	Japan	Digital Garage, Inc.	35, 41, 42	4709547	12/09/2023

Patents

(i) *As of the Latest Practicable Date, our Group had registered and maintain the following patents:*

Title of Patent	Place of Registration	Patent Number	Application Date (dd/mm/yy)	Expiry Date (dd/mm/yy)	Registered Owner
Network Settlement Processing System, Network Settlement Processing Equipment, Network Settlement Processing Method and Network Settlement Processing Program	Japan	3632051	20/06/2001	20/06/2021	VeriTrans Inc.
Settlement Agency System and Settlement-Linked Measures for Distribution of Advertisements	Japan	5323419	11/08/2008	25/07/2033	VeriTrans Inc.

(ii) *As at the Latest Practicable Date, our Group had applied for registration of the following patents:*

Title of Patent	Name of Applicant	Place of Registration	Application Number	Application Date
Credit Card Settlement Authorization System through Contact Center	VeriTrans Inc.	Japan	2012-111934	15/05/2012

Domain Names

(i) *As of the Latest Practicable Date, our Group had registered the following domain names:*

Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
econtext.asia	econtext Asia Limited	13/08/2014
ECON.NE.JP	ECONTEXT, Inc.	28/02/2014
COOLPAT.CO.JP	Coolpat Corporation	30/04/2014
ECONTEXT.CO.JP	ECONTEXT, Inc.	31/10/2014
ECONTEXT.JP	ECONTEXT, Inc.	31/10/2014
Cashpost.jp	ECONTEXT, Inc.	30/11/2015
CARDWAVE.JP	iResearch Japan Co., Ltd.	28/02/2014
KOTOHA.CO.JP	eCure Co. Ltd.	30/10/2014
NAVIPLUS.CO.JP	NaviPlus Co., Ltd.	30/04/2014
SBI-RESEARCH.JP	iResearch Japan Co., Ltd.	31/12/2013
IRESEARCH.CO.JP	iResearch Japan Co., Ltd.	31/08/2014
SBIR.JP	iResearch Japan Co., Ltd.	30/04/2014
ECURE.JP	VeriTrans Inc.	30/09/2014
buy-j.cn	VeriTrans Inc.	19/12/2013
VERITRANS.JP	VeriTrans Inc.	31/03/2014
ベリトランス.jp	VeriTrans Inc.	31/03/2014
COOLPAT.JP	VeriTrans Inc.	30/06/2014
VERITRANS.CO.JP	VeriTrans Inc.	30/06/2014
BUYSMARTJAPAN.COM	VeriTrans Inc.	12/08/2014
E-ID.JP	ECONTEXT, Inc.	30/04/2014

Note: Information contained on the websites above does not form part of this document.

(ii) *As of the Latest Practicable Date, our Group had been licensed with the right to use the following domain names by Digital Garage:*

Domain Name	Registered Owner	Expiry Date (dd/mm/yyyy)
garage.co.jp	Digital Garage, Inc.	30/09/2014
garage.jp	Digital Garage, Inc.	31/03/2014

Note: Information contained on the websites above do not form part of this document.

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights that were material in relation to our Group's business.

C. [●]

Service Contracts

None of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

Remuneration of Directors

The aggregate remuneration our Directors have received (including fees, salaries, stock-based benefits, discretionary bonus, contributions to pension schemes, housing and other allowances, and other benefits in kind) for each of the financial years ended June 30, 2011, 2012 and 2013 were approximately HK$1.4 million, HK$1.9 million and HK$8.1 million, respectively.

Under our arrangements currently in force, the aggregate remuneration of our Directors, including benefits and contributions, but excluding any discretionary bonuses, for the financial year ending June 30, 2014 is estimated to be no more than approximately HK$9.5 million.