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econtext Asia Limited

環亞智富有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 1390

**INSIDE INFORMATION
RESULTS OF THE CONTROLLING SHAREHOLDER,
DIGITAL GARAGE, INC.
FOR THE FISCAL SECOND QUARTER
ENDED 31 DECEMBER 2013**

This announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Listing Rules.

On or about 13 February 2014 (2:30 p.m. Hong Kong time), the controlling shareholder, Digital Garage will announce its financial results for its fiscal second quarter ended 31 December 2013.

This announcement is issued by econtext Asia Limited (the “**Company**”) pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The Company’s controlling shareholder, Digital Garage, Inc. (“**Digital Garage**”), is a company listed on the Japan Association of Securities Dealers Automated Quotation (the “**JASDAQ**”) in Japan. As at the date of this announcement, Digital Garage beneficially owns approximately 58.2% of the Company’s issued share capital.

Digital Garage publishes quarterly and annual announcements (hereinafter collectively referred to as the “**DG’s Disclosures**”) with information about its payment segment which is operated by the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”), including periodic financial results released by Digital Garage pursuant to the requirements under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended). 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. Most of companies listed on the JASDAQ routinely disclose forecasts of the following information: net sales, operating income, ordinary income, net income, net income per share and dividend per share.

Digital Garage will announce and file its financial results for its fiscal second quarter ended 31 December 2013 (the “**DG’s Quarterly Financial Results**”) on or about 13 February 2014 (2:30 p.m. Hong Kong time). On the same day (4:00–5:00 p.m. Hong Kong time), Digital Garage will hold Q2 of FY2014 Financial Results Briefing for Analysts/Institutional Investors and post the presentation material for the results briefing (the “**DG’s Results Briefing**”) on its website. In addition, Digital Garage will file the quarterly securities report for its fiscal second quarter ended 31 December 2013 (the “**DG’s Quarterly Securities Report**”) on 14 February 2014. If you wish to review the DG’s Quarterly Financial Results prepared by Digital Garage, which are filed with the JASDAQ, DG’s Results Briefing and DG’s Quarterly Securities Report, please visit the followings:

DG’s Quarterly Financial Results (in Japanese):

http://www.garage.co.jp/ja/ir/library/pdf/140213_dg_tanshin.pdf

DG’s Results Briefing (in Japanese):

http://www.garage.co.jp/ja/ir/library/pdf/140213_dg_ppt.pdf

DG’s Results Briefing (in English)*:

http://www.garage.co.jp/en/ir/library/pdf/2qoffyeJune30-2014_e.pdf

DG’s Quarterly Securities Report (in Japanese):

http://www.garage.co.jp/ja/ir/library/pdf/140214_houkoku.pdf

* *English translation of DG’s Results Briefing will be released on 14 February 2014.*

The financial results of Digital Garage and its consolidated subsidiaries, including those contained in the DG’s Quarterly Financial Results, the DG’s Results Briefing and the DG’s Quarterly Securities Report have been prepared in accordance with the generally accepted accounting principles of Japan (“**JGAAP**”), which are different from the Hong Kong Financial Reporting Standards (“**HKFRS**”) that the Group is subject to the preparation and presentation of its consolidated financial results and related financial information. As such, the financial results and related information set forth in the DG’s Quarterly Financial Results, DG’s Results Briefing and DG’s Quarterly Securities Report are not directly comparable to the financial results and related financial information that the Company discloses as a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. In particular, goodwill is amortised within 20 years using a straight-line method under JGAAP; on the other hand, goodwill is not amortised but tested for impairment under HKFRS; revenue for a service is recognised when the service is rendered under JGAAP; on the other hand, revenue for a service is recognised when it is probable that the economic benefits will flow to the Group and when revenue can be measured reliably under HKFRS; a certain intangible assets, including a customer list, are not separately recognised upon a business combination; however, such intangible assets may be separately recognised and

amortised under HKFRS; and the gain on change in equity ownership recorded to extraordinary income under JGAAP while such gain is not recognised as extraordinary income but is charged to equity under HKFRS.

In addition to the differences between JGAAP and HKFRS, the difference in entities comprising Digital Garage's consolidation and the Group's consolidation makes the financial results and related information set forth in the DG's Quarterly Financial Results, DG's Results Briefing and DG's Quarterly Securities Report not directly comparable to the financial results and related financial information that the Company discloses. For example, Digital Garage's intellectual property license fees paid by ECONTEXT, Inc. ("ECONTEXT") and VeriTrans Inc. ("VeriTrans") to Digital Garage are eliminated for the DG's Quarterly Financial Results but recorded as selling, general and administration expenses for the Group's financial results.

Moreover, the financial results and related information for the six months ended 31 December 2012 set forth in the DG's Quarterly Financial Results, DG's Results Briefing and DG's Quarterly Securities Report are not directly comparable to the financial results and related financial information that the Company discloses due to an irregular fiscal year that Digital Garage used for the consolidation of VeriTrans. When Digital Garage acquired VeriTrans in April 2012 and changed VeriTrans' fiscal year end from March to June, Digital Garage decided to consolidate VeriTrans' financial results from April 2012 through June 2013 (i.e., 15 months of results) in compliance with the Japanese Company Law, which allows the entity to use an irregular fiscal year beyond 12 months but not exceeding 18 months when an entity changes its fiscal year end. Accordingly, Digital Garage's consolidated results for the first quarter of the fiscal year ended June 2013 included VeriTrans' results from April through June 2012; also, Digital Garage's consolidated results for the second quarter of the fiscal year ended June 2013 included VeriTrans' results from July through December 2012.

Extract of DG's Quarterly Financial Results

— Released by Digital Garage and prepared under JGAAP —

The fiscal year ending 30 June 2014, the second quarter financial results (Consolidated)

Qualitative information for the quarter

“Payment segment provides online payment services for e-commerce. VeriTrans Inc. and ECONTEXT, Inc., providers of online payment services in Japan, have expanded their operational scales along with the growth in the number of data transactions and agency payment amount; however, the net sales and operating income for the payment segment decreased compared to the same period last year, primarily due to the initial public offering costs for the listing of econtext Asia Limited and also due to the irregular fiscal year used for the consolidation of VeriTrans Inc. for the prior period (9 months results from April through December 2012 were included in the same period last year due to the fiscal year end change from 31 March to 30 June).

As a result, the net sales were approximately JP¥6,603 million for the six months ended 31 December 2013 (decrease by JP¥1,381 million or 17.3% compared to the same period last year). Operating income was JP¥463 million for the six months ended 31 December 2013 (decrease by JP¥326 million or 41.4% compared to the same period last year).”

Extract of DG's Results Briefing

— Released by Digital Garage and prepared under JGAAP —

1. Payment segment's quarterly financial results

	1Q	2Q	FY2013.6		FY2014.6	
			JP¥ in Million		JP¥ in Million	
			3Q	4Q	1Q	2Q
Payment segment						
Net sales	2,810	5,174	3,158	3,269	3,277	3,326
Operating income	308	480	253	260	203	260

2. Payment segment's semiannual financial results

- “Achieved net sales and operating income growth of approximately 10% year-on-year in real terms*, following the expansion of domestic e-commerce market. econtext Asia became listed on the Stock Exchange of Hong Kong. Started full-fledged Payment strategy in Asia”

	FY2013.6		FY2014.6
	JP¥ in Million		JP¥ in Million
	1H	2H	1H
Payment segment			
Net sales	7,984	6,428	6,603
Adjustment for irregular fiscal year for VeriTrans**	(1,980)	—	—
Adjusted net sales	6,004	6,428	6,603
Operating income***	789	514	463
Adjustment for irregular fiscal year for VeriTrans**	(223)	—	—
Add back intellectual property license fees	29	157	146
Add back initial public offering expenses	31	26	82
Adjusted operating income	626	697	691

* Year-on-year comparison of the net sales excluding the impact of the consolidation of VeriTrans using irregular fiscal year; year-on-year comparison of the operating income excluding the impact of the consolidation of VeriTrans using irregular fiscal year and adding back intellectual property license fees and the initial public offering expenses. Intellectual property license fees relate to the use of the relevant intellectual property of Digital Garage, including business name, trademark and domain name.

** The financial results for the payment segment for the 1H of FY2013.6 includes the financial results of VeriTrans for April through June 2012 due to the irregular fiscal year that Digital Garage used for the consolidation of VeriTrans.

*** Segment operating income is before the allocation of corporate expense and elimination.

3. Balance sheet (Consolidated) for the second quarter of the fiscal year ending 30 June 2014

<i>(JP¥ in Million)</i>	As at 30 June 2013	As at 31 December 2013	Change in JP¥	Major reason for change
Cash and deposits	15,329	22,836	+7,507	Initial public offering of econext Asia
Receivables	9,037	11,416	+2,379	Payment-business-related items
Money held in trust	3,768	3,152	-616	Payment-business-related items
Goodwill	9,968	7,785	-2,183	Decreased due to the decrease in Digital Garage's equity in econext Asia Limited upon the listing
Deposits	18,229	21,882	+3,653	Payment-business-related items

4. Business review and outlook — Payment segment

(JP¥ in Million)

		Net sales	Operating income
FY2013.6	1H (7–12) Actual results	7,984	789
FY2014.6	1H (7–12) Actual results	6,603	463
FY2014.6	Annual earnings forecast	15,000	1,150

5. Payment segment highlights

- “Service expansion to four countries” (Japan, Indonesia, China and India)
- “Number of online payment transactions*: 83,565 thousand (+13.3% year-on-year, 1H)”
- “Online payment transaction amount**: 396.2 billion Japanese yen (+14.9% year-on-year, 1H)”

Quarterly online payment transaction amount

	FY2013.6				FY2014.6		Year-on year change
	<i>JP¥ in billion</i>				<i>JP¥ in billion</i>		
	1Q	2Q	3Q	4Q	1Q	2Q	
VeriTrans Inc.	110.7	122.6	129.1	140.1	131.7	138.0	+12.5%
ECONTEXT, Inc.	<u>53.9</u>	<u>57.5</u>	<u>60.9</u>	<u>60.7</u>	<u>63.2</u>	<u>63.3</u>	+10.1%
Total	<u><u>164.7</u></u>	<u><u>180.1</u></u>	<u><u>189.9</u></u>	<u><u>200.8</u></u>	<u><u>194.9</u></u>	<u><u>201.3</u></u>	

* Number of payment transaction is on a gross basis

** Payment transaction amount includes agency payment amount and data transaction amount

6. NaviPlus highlights

- “Expanded its customer base further as a leading recommendation service provider in Japan”
- “Expansion of NaviPlus overall marketing tool introduction”
 - “Introduction results: more than 600 website”
 - “Number of server request became more than 1.5 billion per month”

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, the Company’s results may differ from those expressed in any forward-looking statements made by Digital Garage, including DG’s Disclosures. In light of the risks and uncertainties, the inclusion of forward-looking information in this announcement should not be regarded as representations by the board of directors of the Company (the “Board”) or the Company that the plans and objectives will be achieved. The Company’s shareholders, potential investors and readers are advised not to place undue reliance on the contents of DG’s Quarterly Financial Results, DG’s Results Briefing and DG’s Quarterly Securities Report and to exercise caution in dealing in the securities of the Company.

By order of the Board
econtext Asia Limited
Kaoru Hayashi
Chairman

Hong Kong, 13 February 2014

As at the date of this announcement, the Board comprises Kaoru Hayashi (Chairman), Takashi Okita, Tomohiro Yamaguchi and Keizo Odori as executive directors; Joi Okada and Adam David Lindemann as non-executive directors; and Mamoru Ozaki, Toshio Kinoshita and Takao Nakamura as independent non-executive directors.