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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 THIRD QUARTER
ENDED 31 MARCH 2014

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 14 May 2014 (2:30 p.m. Hong Kong time), the Company's controlling shareholder, Digital Garage will announce its financial results for its fiscal third quarter ended 31 March 2014.

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 58.19% of the Company's issued share capital.

Digital Garage publishes quarterly and annual results 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 on 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 third quarter ended 31 March 2014 (the “**DG's Quarterly Financial Results**”) on or about 14 May 2014 (2:30 p.m. Hong Kong time). On the same day, Digital Garage will post the explanatory materials for the DG's Quarterly Financial Results (the “**DG's Explanatory Materials for Quarterly Financial Results**”) on its website. In addition, Digital Garage will file the quarterly securities report for its fiscal third quarter ended 31 March 2014 (the “**DG's Quarterly Securities Report**”) on 15 May 2014. If you wish to review the DG's Quarterly Financial Results prepared by Digital Garage, which are filed with the JASDAQ, DG's Explanatory Materials for Quarterly Financial Results 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/140514_dg_tanshin.pdf

DG's Explanatory Materials for Quarterly Financial Results (in Japanese):

http://www.garage.co.jp/ja/ir/library/pdf/140514_dg.pdf

DG's Explanatory Materials for Quarterly Financial Results (in English):

http://www.garage.co.jp/en/ir/library/pdf/140514_dg_en.pdf

DG's Quarterly Securities Report (in Japanese):

http://www.garage.co.jp/ja/ir/library/pdf/140515_dg_houkoku.pdf

* *Digital Garage will post DG's Quarterly Financial Results on its website by 3:00 p.m. Hong Kong time.*

The financial results of Digital Garage and its consolidated subsidiaries, including those contained in the DG's Quarterly Financial Results, the DG's Explanatory Materials for Quarterly Financial Results 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 Explanatory Materials for Quarterly Financial Results 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 under JGAAP, 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 Explanatory Materials for Quarterly Financial Results 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, if any, 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 nine months ended 31 March 2013 set forth in the DG's Quarterly Financial Results, DG's Explanatory Materials for Quarterly Financial Results 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 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, and 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 third quarter financial results (Consolidated)

Qualitative information for the quarter

"Payment segment provides online payment solutions for e-commerce. VeriTrans Inc. and ECONTEXT, Inc., providers of online payment services in Japan, achieved the steadily growth in the number of data transactions and agency payment amount along with the expansion of domestic e-commerce market and the growth in net sales and operating income in real terms, excluding the impact of change in VeriTrans Inc.'s fiscal year end in the prior period (12 months results for the same period last year).

The Digital Garage Group's payment solutions have been employed mainly by businesses that operate major e-commerce websites; however, the Digital Garage Group started providing VeriTrans Air-Direct, a simple payment service that can be installed by just writing a couple of program codes so that start-up companies and sole proprietorships can

also easily enter the e-commerce market recently. The Digital Garage Group endeavors to engage in development activities for services that satisfy a broad range and a variety of the users and enterprises needs as the range of e-commerce market has expanded.

The net sales were approximately JP¥10,107 million for the nine months ended 31 March 2014 (decrease by JP¥1,036 million or 9.3% compared to the same period last year). Operating income was JP¥878 million for the nine months ended 31 March 2014 (decrease by JP¥164 million or 15.8% compared to the same period last year).”

Extract of DG’s Explanatory Materials for Quarterly Financial Results

— Released by Digital Garage and prepared under JGAAP —

1. Investment Highlights

Payment segment: the decline in operating income due to the Hong Kong IPO cost burden had bottomed out, and the significant growth in operating income.

- Achieved net sales and operating income growth on year-to-year basis of approximately 11% and 64%, respectively, for the third quarter of the fiscal year ending June 2014
- Continued strong in Japan due to the expansion of e-commerce market and the last-minute demand in advance of the consumption tax hike in Japan
- Accelerated the expansion of payment services and e-commerce related businesses in Asia

2. Payment segment’s quarterly financial results

“Achieved net sales and operating income growth due to the expansion of e-commerce market and the last-minute demand in advance of the consumption tax hike in Japan

— Decline in operating income due to the Hong Kong IPO cost burden had bottomed out, and full- fledged Asian strategy has started —”

	Fiscal year ended June 2013				Fiscal year ending June 2014		
	JP¥ in Million				JP¥ in Million		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Payment segment							
Net sales	2,810	5,174*	3,158	3,269	3,277	3,326	3,503
Operating income	308	480**	253	260	203	260	415

* Includes an adjustments for irregular fiscal year for VeriTrans of JP¥1,980 million

** Includes an adjustments for irregular fiscal year for VeriTrans of JP¥223 million

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

<i>(JP¥ in Million)</i>	As at 30 June 2013	As at 31 March 2014	Change	Major reason for change
Cash and deposits	15,329	24,436	+9,107	Fund-raising from initial public offering of econtext Asia
Receivables	9,037	10,606	+1,569	Payment-business-related items
Money held in trust	3,768	2,754	-1,014	Payment-business-related items
Goodwill	9,968	7,474	-2,494	Shareholding diluted due to initial public offering of econtext Asia
Deposits	18,229	20,039	+1,810	Payment-business-related items
Non-controlling interests	1,468	5,824	+4,356	Increased due to initial public offering of econtext Asia

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 Explanatory Materials for Quarterly Financial Results 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, 14 May 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.