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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)

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF SUB-LEASE AGREEMENTS AND
OFFICE EQUIPMENT AND FACILITIES AGREEMENTS**

Each of VeriTrans and ECONTEXT has previously entered into with Digital Garage, the Sub-lease Agreements and the Office Equipment and Facilities Agreements on 1 February 2013 (as amended by addenda dated 28 June 2013) and 28 June 2013, respectively, as disclosed in the Prospectus. The Sub-lease Agreements and the Office Equipment and Facilities Agreements will expire on 31 October 2014.

The Board announces that on 27 October 2014, each of VeriTrans and ECONTEXT entered into with Digital Garage, the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements for a term of three years commencing from 1 November 2014.

Digital Garage is a controlling shareholder of the Company holding approximately 58.50% of the existing issued shares in the capital of the Company, therefore, Digital Garage is a connected person of the Company under the Listing Rules. As both VeriTrans and ECONTEXT are subsidiaries of the Company, the transactions under the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements constitute continuing connected transactions of the Company under the Listing Rules.

As the Office Equipment and Facilities Agreements are incidental and related to the Sub-lease Agreements, the transactions under these agreements are aggregated in accordance with Rule 14A.25 of the Listing Rules.

As all of the relevant percentage ratios set out in the Listing Rules in respect of the transactions under each of the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements are expected to be less than 5% on an annual basis, the transactions contemplated fall within Rules 14A.45 to 14A.47 of the Listing Rules and are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

BACKGROUND

On 1 February 2013, each of VeriTrans and ECONTEXT entered into the Sub-lease Agreements (as amended by addenda dated 28 June 2013) with Digital Garage to sub-lease the Digital Garage Premises for use as office space. The term of the Sub-lease Agreements is from 1 February 2013 to 31 October 2014.

On 28 June 2013, each of VeriTrans and ECONTEXT also entered into the Office Equipment and Facilities Agreements with Digital Garage in connection with the Sub-lease Agreements, pursuant to which Digital Garage has agreed to sub-lease the Office Equipment and Facilities situated at the Digital Garage Premises to VeriTrans and ECONTEXT. The term of the Office Equipment and Facilities Agreements is from 1 March 2013 to 31 October 2014.

As the Office Equipment and Facilities Agreements are incidental and related to the Sub-lease Agreements, the transactions under these agreements are aggregated in accordance with Rule 14A.25 of the Listing Rules.

2014 SUB-LEASE AGREEMENTS AND 2014 OFFICE EQUIPMENT AND FACILITIES AGREEMENTS

(A) 2014 Sub-lease Agreements

On 27 October 2014, each of VeriTrans and ECONTEXT entered into the 2014 Sub-lease Agreements with Digital Garage to sub-lease the Digital Garage Premises from Digital Garage.

The principal terms of the 2014 Sub-lease Agreements are set out below:

- | | |
|-------------------|---|
| (1) Date: | 27 October 2014 |
| Sub-lessor: | Digital Garage |
| Sub-lessee: | VeriTrans |
| Premises: | Digital Garage Premises |
| Gross floor area: | approximately 880 square meters |
| Usage: | office premises |
| Term: | three years from 1 November 2014 to 31 October 2017 |

Monthly rent:	JPY8,155,670
Rental deposit:	JPY33,050,280
(2) Date:	27 October 2014
Sub-lessor:	Digital Garage
Sub-lessee:	ECONTEXT
Premises:	Digital Garage Premises
Gross floor area:	approximately 594 square meters
Usage:	office premises
Term:	three years from 1 November 2014 to 31 October 2017
Monthly rent:	JPY5,513,825
Rental deposit:	JPY22,344,360

The 2014 Sub-lease Agreements stipulate that the 2014 Sub-lease Agreements supersede all of the prior Sub-lease Agreements, including all of its successive amendments, as applicable. The monthly rent and the rental deposits payable by VeriTrans and ECONTEXT to Digital Garage were determined on the basis of the actual floor area occupied by VeriTrans and ECONTEXT, respectively, in proportion to the rent payable and the deposits paid by Digital Garage to the landlord of the Digital Garage Premises. The landlord of the Digital Garage Premises is an Independent Third Party.

VeriTrans and ECONTEXT have also agreed to pay Digital Garage the respective proportions of the utilities and maintenance fees payable by Digital Garage to the property management company of the Digital Garage Premises, an Independent Third Party, in proportion to the respective use of the floor area under the 2014 Sub-lease Agreements.

(B) 2014 Office Equipment and Facilities Agreements

On 27 October 2014, each of VeriTrans and ECONTEXT entered into the 2014 Office Equipment and Facilities Agreements with Digital Garage, pursuant to which Digital Garage has agreed to sub-lease the Office Equipment and Facilities situated at the Digital Garage Premises to VeriTrans and ECONTEXT.

The term of the 2014 Office Equipment and Facilities Agreements is from 1 November 2014 to 31 October 2017. The 2014 Office Equipment and Facilities Agreements stipulate that the 2014 Office Equipment and Facilities Agreements supersede all of the prior Office Equipment and Facilities Agreements, including all of its successive amendments, as applicable. The aggregate monthly rent payable by VeriTrans and ECONTEXT to Digital Garage under the 2014 Office Equipment and Facilities

Agreements is JPY314,714, which 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 of the Digital Garage Premises.

ANNUAL CAPS

The proposed annual caps under the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements for the relevant periods in 2015, 2016, 2017 and 2018 are as follows:

	Proposed annual caps for the financial year ending			
	2015 (from 1 November 2014 to 30 June 2015) HK\$	2016 (from 1 July 2015 to 30 June 2016) HK\$	2017 (from 1 July 2016 to 30 June 2017) HK\$	2018 (from 1 July 2017 to 31 October 2017) HK\$
2014 Sub-lease Agreements and 2014 Office Equipment and Facilities Agreements	10,532,000	15,797,000	15,797,000	5,266,000

Based on the terms of the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements, the expected amounts payable for the relevant periods in 2015, 2016, 2017 and 2018 are HK\$8,100,918, HK\$12,151,377, HK\$12,151,377 and HK\$4,050,459 respectively. However, as there has been relatively large fluctuation in the exchange rate between the Japanese yen and the Hong Kong dollar in the recent years, the proposed caps in Hong Kong dollars for the relevant periods in 2015, 2016, 2017 and 2018 are HK\$10,532,000, HK\$15,797,000, HK\$15,797,000 and HK\$5,266,000 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 three years ended 30 September 2014.

REASON AND BENEFIT FOR THE RENEWAL OF THE SUB-LEASE AGREEMENTS AND THE OFFICE EQUIPMENT AND FACILITIES AGREEMENTS

The Sub-lease Agreements and the Office Equipment and Facilities Agreements will expire on 31 October 2014. As the Digital Garage Premises will continue to be used as office space for VeriTrans and ECONTEXT, the Sub-lease Agreements and the Office Equipment and Facilities Agreements will have to be renewed upon expiry. Furthermore, the lease agreements between Digital Garage and the landlord of the Digital Garage Premises have recently been renewed and rent payable by Digital Garage to the landlord of the Digital Garage Premises has been reduced. The monthly rent payable by VeriTrans and ECONTEXT to Digital Garage under the Sub-lease Agreements and the Office Equipment and Facilities Agreements will also be reduced to reflect a reduction in rent payable by Digital Garage to the landlord of the Digital Garage Premises.

The Directors, including independent non-executive Directors, are of the view that the transactions under the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements set out above have been negotiated at arm's length, entered into in ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of these agreements and the annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Kaoru Hayashi, Mr. Keizo Odori and Mr. Joi Okada are also directors of Digital Garage, which may be regarded as having material interests pertaining to the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements and therefore, they have abstained from voting at the meeting of the Board convened for the purpose of approving the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements.

INFORMATION OF THE PARTIES

The Group is principally engaged in online payment services, advertising related services and other e-commerce services.

Digital Garage is principally engaged in internet business including technology incubation, online marketing and online payment. The shares of Digital Garage are listed and traded on the Japan Association of Securities Dealers Automated Quotation.

VeriTrans is principally engaged in online payment services focusing on credit card transactions.

ECONTEXT is principally engaged in online payment services focusing on convenience store transactions.

LISTING RULES IMPLICATIONS

Digital Garage is a controlling shareholder of the Company holding approximately 58.50% of the existing issued shares in the capital of the Company, therefore, Digital Garage is a connected person of the Company under the Listing Rules. As both VeriTrans and ECONTEXT are subsidiaries of the Company, the transactions under the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements constitute continuing connected transactions of the Company under the Listing Rules.

As all of the relevant percentage ratios set out in the Listing Rules in respect of the transactions under each of the 2014 Sub-lease Agreements and the 2014 Office Equipment and Facilities Agreements are expected to be less than 5% on an annual basis, the transactions contemplated fall within Rules 14A.45 to 14A.47 of the Listing Rules and are subject to the reporting, annual review and announcement requirements but exempt from independent shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“2014 Office Equipment and Facilities Agreements”	the agreements dated 27 October 2014 entered into between each of VeriTrans and ECONTEXT and Digital Garage, pursuant to which Digital Garage agreed to sub-lease the Office Equipment and Facilities to VeriTrans and ECONTEXT;
“2014 Sub-lease Agreements”	the agreements dated 27 October 2014 entered into between each of VeriTrans and ECONTEXT and Digital Garage, pursuant to which VeriTrans and ECONTEXT shall sub-lease the Digital Garage Premises from Digital Garage for use as office space;
“Board”	the board of Directors;
“Company”	econtext Asia Limited, a company incorporated under the laws of Hong Kong, the shares of which are listed and traded on the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Digital Garage”	Digital Garage, Inc., a company incorporated under the laws of Japan and the controlling shareholder of the Company;
“Digital Garage Premises”	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 which is and will be sub-leased from Digital Garage to VeriTrans and ECONTEXT under the Sub-lease Agreements and 2014 Sub-lease Agreements;
“Director(s)”	the director(s) of the Company;
“ECONTEXT”	ECONTEXT, Inc., a company incorporated under the laws of Japan and a subsidiary of the Company;
“Group”	the Company and/or its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong dollar(s)” or “HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;

“Independent Third Party(ies)”	a person(s) or a company(ies) who or which is/are not connected (within the meaning under the Listing Rules) with any directors, chief executives or substantial shareholders (within the meaning under the Listing Rules) of the Company or any of its subsidiaries or any of their respective associate(s) (within the meaning under the Listing Rules);
“Japanese yen” or “JPY”	Japanese yen, the lawful currency of Japan;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Office Equipment and Facilities”	certain office equipment and facilities situated at the Digital Garage Premises which are leased and to be leased from Digital Garage to VeriTrans and ECONTEXT under the Office Equipment and Facilities Agreements and the 2014 Office Equipment and Facilities Agreements, respectively;
“Office Equipment and Facilities Agreements”	the agreements dated 28 June 2013 entered into between each of VeriTrans and ECONTEXT and Digital Garage, pursuant to which Digital Garage agreed to sub-lease the Office Equipment and Facilities to VeriTrans and ECONTEXT, including all of its successive amendments, as applicable;
“Prospectus”	the prospectus of the Company dated 6 December 2013;
“Shareholders”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-lease Agreements”	the agreements dated 1 February 2013 entered into between each of VeriTrans and ECONTEXT and Digital Garage, pursuant to which VeriTrans and ECONTEXT shall sub-lease the Digital Garage Premises from Digital Garage for use of office space, including all of its successive amendments, as applicable;
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;

“VeriTrans”

VeriTrans Inc., a company incorporated under the laws of Japan and a subsidiary of the Company; and

“%”

per cent.

By order of the Board
econtext Asia Limited
Kaoru Hayashi
Chairman

Hong Kong, 27 October 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, Takao Nakamura and Toshiyuki Fushimi as independent non-executive Directors.