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Digital Garage

Digital Garage, Inc.

(incorporated under the laws of Japan)



econtext Asia Limited

環亞智富有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1390)

JOINT ANNOUNCEMENT

PROPOSAL TO PRIVATISE ECONTEXT ASIA LIMITED

BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 673 OF THE COMPANIES ORDINANCE

IRREVOCABLE UNDERTAKINGS RECEIVED BY THE OFFEROR

This announcement is made further to the joint announcement dated 26 February 2015 (the “**Joint Announcement**”) in relation to the proposed privatisation of econtext Asia Limited (the “**Company**”) by Digital Garage, Inc. (the “**Offeror**”) by way of a scheme of arrangement under Section 673 of the Companies Ordinance. Unless otherwise defined in this announcement, terms defined in the Joint Announcement shall have the same meanings when used herein.

IRREVOCABLE UNDERTAKINGS RECEIVED BY THE OFFEROR FROM EACH OF SMCC, CREDIT SAISON, TIS, JCB AND DENTSU PARTNERSHIP

On 24 March 2015, each of Sumitomo Mitsui Card Company, Limited (“SMCC”), Credit Saison Co., Ltd. (“**Credit Saison**”), TIS Inc. (“**TIS**”), JCB Co., Ltd. (“**JCB**”) and Dentsu Digital Investment Limited Partnership (“**Dentsu Partnership**”) gave an irrevocable undertaking to the Offeror (the “**24 March Irrevocable Undertakings**”) pursuant to which each of SMCC, Credit Saison, TIS, JCB and Dentsu Partnership has irrevocably and unconditionally undertaken to the Offeror in respect of all the Shares owned respectively by each of them to vote, or to procure to vote, in favour of the implementation of the Scheme of Arrangement at the Court Meeting and, to the extent permitted by applicable law and regulations, to vote in favour of the special resolution to be proposed at the GM to approve and give effect to the reduction of capital and the implementation of the Scheme of Arrangement and in the manner directed by the Offeror in respect of any resolutions proposed at a general or class meeting of the Company which would assist the implementation of the Scheme of Arrangement or are necessary for the Scheme of Arrangement to become effective.

The 24 March Irrevocable Undertakings also provide that each of SMCC, Credit Saison, TIS, JCB and Dentsu Partnership shall not: (i) sell, transfer, charge, encumber, create or grant any option over or otherwise dispose of any interest in any of the Shares owned by it; (ii) accept or give any undertaking to accept any other offer in respect of all or any of such Shares; (iii) purchase or acquire any other Shares other than with the consent of the Offeror; or (iv) enter into any arrangement which would or might restrict or impede giving effect to the Scheme of Arrangement.

The 24 March Irrevocable Undertaking from SMCC (the “**SMCC Irrevocable Undertaking**”) provides that it shall lapse and terminate and cease to have further force or effect without prejudice to any liability for antecedent breach if: (i) the Offeror announces, with the consent of the Executive and before the Scheme Document is posted, that it does not intend to proceed with the Scheme of Arrangement; (ii) the Scheme of Arrangement lapses or is withdrawn in accordance with its terms or otherwise; (iii) the Scheme of Arrangement does not become unconditional or effective by 18 August 2015 (or such later date as the Offeror and SMCC may agree in writing); (iv) any of the terms of the Scheme of Arrangement is modified or amended in a manner which is economically unfavorable to SMCC without the prior written consent of SMCC; (v) the entry into the SMCC Irrevocable Undertaking by SMCC constitutes a material breach of the Takeovers Code, the Listing Rules, any other applicable law or order or ruling from a relevant authority; (vi) the effectiveness of the Scheme of Arrangement or the SMCC Irrevocable Undertaking becomes illegal, unlawful or otherwise unfeasible (whether legally or practically) pursuant to applicable law or order or ruling from a relevant authority or (vii) (A) a third party other than the Offeror or a party acting in concert (as such expression is defined in the Takeovers Code) with the Offeror makes an offer to acquire the Shares, whether such offer is implemented by means of a voluntary general offer, scheme of arrangement or otherwise, which will be offered to all the shareholders of the Company, on terms which are more favourable to SMCC as a whole than the terms of the Scheme of Arrangement as set out in the Joint Announcement and which has a reasonable prospect of becoming wholly unconditional, and (B) SMCC provides written notice to the Offeror of its desire to terminate the SMCC Irrevocable Undertaking.

The 24 March Irrevocable Undertakings from Credit Saison, TIS, JCB and Dentsu Partnership will lapse if the Offeror announces, with the consent of the Executive and before the Scheme Document is despatched, that it does not intend to proceed with the Scheme of Arrangement or if the Scheme of Arrangement lapses, is withdrawn in accordance with its terms or does not become effective by 18 August 2015 (or such later date as the Offeror and the Company may agree or (to the extent applicable) as the High Court may direct and as may be permitted under the Takeovers Code).

SHAREHOLDINGS OF SMCC, CREDIT SAISON, TIS, JCB AND DENTSU PARTNERSHIP IN THE COMPANY

As at the date of this announcement:

- (i) SMCC is interested in 37,500,002 Shares, representing approximately 7.2% of the issued Shares;
- (ii) Credit Saison is interested in 28,125,000 Shares, representing approximately 5.4% of the issued Shares;
- (iii) TIS is interested in 10,414,000 Shares, representing approximately 2.0% of the issued Shares;
- (iv) JCB is interested in 7,500,000 Shares, representing approximately 1.5% of the issued Shares;
and
- (v) Dentsu Partnership is interested in 1,949,000 Shares, representing approximately 0.4% of the issued Shares.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme of Arrangement becoming effective and assuming no other new Shares will be issued prior thereto:

Shareholders	As at the date of this announcement		Upon the Scheme of Arrangement becoming effective	
	<i>Number of Shares</i>	<i>Approximate % of the issued share capital</i>	<i>Number of Shares</i>	<i>Approximate % of the issued share capital</i>
The Offeror	303,474,998	58.5	518,750,000	100
Parties acting in concert with the Offeror:				
Mr. Kaoru Hayashi	1,000,000	0.2	0	0
Aggregate number of Shares held by parties acting in concert with the Offeror:	<u>1,000,000</u>	<u>0.2</u>	<u>0</u>	<u>0</u>
Aggregate number of Shares held by the Offeror and parties acting in concert with it	304,474,998	58.7	518,750,000	100
Independent Shareholders:				
SMCC (See Note)	37,500,002	7.2	0	0
Credit Saison (See Note)	28,125,000	5.4	0	0
TIS (See Note)	10,414,000	2.0	0	0
JCB (See Note)	7,500,000	1.5	0	0
Dentsu Partnership (See Note)	1,949,000	0.4	0	0
Other Independent Shareholders	128,787,000	24.8	0	0
Aggregate number of Shares held by Independent Shareholders	<u>214,275,002</u>	<u>41.3</u>	<u>0</u>	<u>0</u>
Total issued share capital	<u><u>518,750,000</u></u>	<u><u>100</u></u>	<u><u>518,750,000</u></u>	<u><u>100</u></u>

Note:

The Offeror has received an irrevocable undertaking from each of SMCC, Credit Saison, TIS, JCB and Dentsu Partnership. Please refer to the section of this announcement headed “Irrevocable Undertakings Received by the Offeror from each of SMCC, Credit Saison, TIS, JCB and Dentsu Partnership” for further details.

The Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the conditions set out in the Joint Announcement being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. Accordingly, they are advised to exercise caution when dealing in the Shares.

By Order of the board of directors of

By order of the Board

Digital Garage, Inc.

Mr. Yasuyuki Rokuyata

Director and Chief Operations Officer

econtext Asia Limited

Mr. Takashi Okita

Executive Director and Chief Executive Officer

Hong Kong, 24 March 2015

As at the date of this announcement, the board of directors of the Offeror comprises Mr. Kaoru Hayashi, as representative director; Mr. Yasuyuki Rokuyata, Mr. Naohiko Iwai, Mr. Makoto Soda, Mr. Keizo Odori, Mr. Masashi Tanaka and Mr. Joi Okada as directors; and Mr. Joichi Ito, Mr. Kenji Fujiwara and Mr. Emi Omura as outside directors.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than that relating to the Company, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those expressed by the Company, have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Company, and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement by the Company, have been arrived at after due and careful consideration and there are no facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.