
CONNECTED TRANSACTIONS

We have entered into a number of agreements with Digital Garage and certain subsidiaries of SBI Holdings that will continue after the Listing. Digital Garage as our Controlling Shareholder will be a connected person of our Company under the Listing Rules upon the Listing. 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 Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, 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 the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules: (i) under Rule 14A.33(4) of the Listing Rules in respect of the transactions set out in section 1 below because the relevant percentage ratio calculations for each of the three most recent financial years are less than 10% and (ii) under Rule 14A.33(2) of the Listing Rules in respect of the transactions set out in section 2 below because the Administration Services Agreement (as defined below) relates to the sharing of administrative services on a cost basis and the cost of the services is identifiable and will be allocated to the parties on a fair and equitable basis.

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

CONNECTED TRANSACTIONS

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

Continuing connected transactions subject to the reporting and announcement requirements

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from the independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

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.

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.

(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

CONNECTED TRANSACTIONS

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 prospectus 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 prospectus, the lease payments were allocated to us when the financial results of our Company were segregated from those of the Digital Garage Group. See the sections headed “Appendix I—Accountants’ Report—Notes to financial information—26. Related party transactions” and “History, Reorganization and Corporate Structure—Reorganization” in this prospectus.

(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),

CONNECTED TRANSACTIONS

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 Track Record Period. 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. The Company will comply with Chapter 14A of the Listing Rules upon the expiry of the duration of the waiver from the Stock Exchange.

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).

CONNECTED TRANSACTIONS

(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 Track Record Period. 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.

Continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements

Following the Listing, the following transactions will be regarded as continuing connected transactions subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 prospectus (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

CONNECTED TRANSACTIONS

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 Listing. 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 Listing Rules.

CONNECTED TRANSACTIONS

(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 Sole Sponsor 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.

In respect of the Sub-lease Agreements and the Office Equipment and Facilities Agreements, as well as the Secondment Agreements, as the highest applicable ratio as set out in Rule 14.07 of the Listing Rules, where applicable, is in each case expected to be more than 0.1% but less than 5%, such transactions would, upon Listing, be exempt from the independent shareholders' approval requirement but are subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules.

In respect of the IP License Agreements, as the highest applicable ratio as set out in Rule 14.07 of the Listing Rules, where applicable, is expected to be more than 5%, such transactions would, upon Listing, be subject to the reporting, announcement and independent shareholders' approval requirements as set out in Rules 14A.45 to 14A.47 and 14A.48 of the Listing Rules.

As the non-exempt continuing connected transactions described above are expected to continue on a recurring basis after Listing, have been entered into prior to the Listing Date, have been fully disclosed in the prospectus and potential investors will participate in the Global Offering on the basis of such disclosure, our Directors consider that compliance with the announcement and/or the independent shareholders' approval requirements would be impractical and unduly burdensome, and

CONNECTED TRANSACTIONS

would impose unnecessary administrative costs upon us. Accordingly, we have applied for, and the Stock Exchange has agreed to grant us, a waiver from strict compliance with the announcement and independent Shareholders' approval requirements (where applicable) otherwise applicable to these non-exempt continuing connected transactions under the Listing Rules until October 31, 2014 with respect to the transactions under the Sub-lease Agreements and Office Equipment and Facilities Agreements and until June 30, 2016 with respect to the transactions under the Secondment Agreements and the IP License Agreements. Such transactions will, however, remain subject to the reporting and annual review requirements as set out in Rules 14A.45 and 14A.47 of the Listing Rules.

We have also applied for, and the Stock Exchange has agreed to grant us, a waiver from the requirement in Rule 14A.35(2) to express the annual cap in monetary terms in respect of the IP License Agreements on the conditions that (i) we separately disclose in our future interim and annual financial statements the royalty fee calculation and related amounts and (ii) any change to the basis of calculating the royalty fee and the fee payable would be subject to the approval of independent Shareholders. As the intellectual property license fees are calculated as a percentage of the monthly revenue of ECONTEXT, it would be impracticable and inappropriate to express the annual cap in monetary terms in respect of the IP License Agreements because (i) it would be unduly burdensome for our Company to seek approval from the Shareholders each time the revenue of ECONTEXT increase to an extent that causes the fees payable to Digital Garage to go beyond the monetary cap set, (ii) any monetary cap could be interpreted as a profit forecast for each of the financial years through to June 30, 2016, and (iii) setting any monetary cap would necessarily involve making a wide range of subjective assumptions regarding the performance of ECONTEXT and matters beyond the reasonable control of our Company and our Directors.

In respect of the above non-exempt continuing connected transactions, we will also comply with the applicable provisions under Rules 14A.35(1), 14A.35(2) (save with respect to the IP License Agreements), 14A.36, 14A.37, 14A.38, 14A.39 and 14A.40 of the Listing Rules.

Under the terms of the Secondment Agreements and the IP License Agreements, each of these agreements is automatically renewable for successive periods of one year upon expiry unless either party thereto notifies the other party of its intention to terminate the agreement before the expiry date. The Directors undertake that any renewal of the Secondment Agreement and the IP License Agreements for the financial year beginning July 1, 2016 will be subject to compliance with the applicable provisions of the Listing Rules.

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.

Confirmation from the Sole Sponsor

The Sole Sponsor has reviewed the relevant information and historical figures prepared and provided by us relating to the non-exempt continuing connected transactions described above and has also conducted due diligence by discussing these transactions with us and has obtained various

CONNECTED TRANSACTIONS

representations and confirmation from us and members of the Group. Based on the Sole Sponsor's due diligence, the Sole Sponsor is of the view that (i) such continuing connected transactions described above have been and shall be negotiated at arms' length, entered into in the ordinary and usual course of the Group's 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 and (ii) the terms of the IP License Agreements are consistent with the normal business practice for agreements of this nature.