



June 2, 2015  
Digital Garage, Inc.

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## **NEWS RELEASE**

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# **Digital Garage Completes 100% Acquisition of econtext ASIA, a Consolidated Subsidiary - Aiming for accelerating global business and improving ROE -**

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Tokyo, June 2, 2015 - Digital Garage, Inc. (TSE JASDAQ: 4819, DG) would like to announce that the procedures associated with making econtext ASIA Limited (econtext ASIA) a wholly-owned subsidiary of DG are complete with approval from Hong Kong court today. The acquisition becomes effective on 3<sup>rd</sup> June and econtext ASIA will become 100% subsidiary of DG.

econtext ASIA became listed on the Hong Kong Stock Exchange in December 2013, aiming to expand the settlement business in Asia. Econtext ASIA has since increased recognition in Asian countries and delivered constant results through strategic investments or joint ventures in Indonesia, China, India, and Vietnam.

However, the ecommerce market in the Asia region has achieved more rapid growth than DG had anticipated at the time of the econtext ASIA's public listing. As a result, econtext ASIA will require more funding than it previously expected in order to facilitate its ongoing acquisition strategy. Large competitors could enter into the market, and DG believes that it is necessary to rebuild and work on investment and acquisition strategy with the DG group companies, rather than having econtext ASIA take independent action. To that end, DG has made the decision to make econtext ASIA a wholly-owned subsidiary by delisting it from the Hong Kong Stock Exchange.

Also, while econtext ASIA's core online payment services business have grown substantially in Japan (from which more than 90% of econtext ASIA's revenue comes), the rapid depreciation of the Yen has the effect of poorly representing the real business performance of econtext ASIA when its financials are reported in HK dollars. This is also a reason for making econtext ASIA a wholly-owned subsidiary.

Regarding the financial impact of making econtext ASIA a wholly owned subsidiary, DG expects that net income for the year will increase with no outflow of profit to outside the company. In addition, what is originally supposed to be recorded as goodwill due to changes in ownership interests will be eliminated from the capital surplus, and as a result the owned capital will be squeezed, and it is expected that return on equity (ROE) will rise.

DG and econtext ASIA will continue to strive to contribute to the growth of ecommerce market in Asian countries, accelerate the DG group's business globally, and enhance the corporate value of DG group.

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