
IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Guru Online (Holdings) Limited 超凡網絡(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 448,000,000 Shares (comprising 400,000,000 new Shares to be offered by our Company and 48,000,000 Sale Shares to be offered by our Selling Shareholders and subject to the Offer Size Adjustment Option)

Placing Price : Not more than HK\$0.25 per Placing Share and not less than HK\$0.21 per Placing Share (payable in full on application in Hong Kong dollars plus brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, and subject to refund)

Nominal value : HK\$0.01 per Share

Stock code : 8121

Sole Sponsor



Sole Bookrunner and Sole Lead Manager



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Prior to making investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" of this prospectus.

The Placing Price is currently expected to be fixed by agreement among the Sole Lead Manager (also in its capacity as the Underwriter) and our Company (for itself and on behalf of our Selling Shareholders) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, 26 May 2015. The Placing Price will be not more than HK\$0.25 and is currently expected to be not less than HK\$0.21 unless otherwise announced. If our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) are unable to reach an agreement on the Placing Price on the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) may with the consent of our Company (for itself and on behalf of our Selling Shareholders) reduce the indicative Placing Price range below such indicative Placing Price range as stated in this prospectus at any time prior to the Price Determination Date. If this occurs, a notice of reduction of the indicative Placing Price range will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.guruonline.hk.

Prospective investors of the Placing Shares should note that the Sole Lead Manager (also in its capacity as the Underwriter) is entitled to terminate the Underwriting Agreement by giving a notice in writing to our Company if certain circumstances arise prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such circumstances are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Grounds for termination" in this prospectus. It is important that you carefully read that section for further details.

22 May 2015

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

EXPECTED TIMETABLE⁽¹⁾

2015 (Note 1)

Price Determination Date (Note 2) Tuesday, 26 May

Announcement of the determination of the Placing Price and
the level of indication of interest in the Placing to be published
(a) on the Stock Exchange's website at www.hkexnews.hk; and
(b) on our Company's website at www.guruonline.hk
on or before. Thursday, 28 May

Allotment of the Placing Shares to placees on or about Thursday, 28 May

Deposit of share certificates for the Placing Shares
into CCASS on or about (Note 3) Thursday, 28 May

Dealings in the Shares on GEM to commence
at 9:00 a.m. on (Note 4) Friday, 29 May (Note 5)

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated.
2. The Price Determination Date is expected to be on or around Tuesday, 26 May 2015. If our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) are unable to reach an agreement on the Placing Price on the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter), the Placing will not become unconditional and will lapse immediately.
3. The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on or about Thursday, 28 May 2015 for credit to the relevant CCASS Participants' or the CCASS Investor Participants' stock accounts designated by the Sole Lead Manager, the placees or their respective agents (as the case may be). No temporary documents or evidence of title will be issued.
4. For details of the structure of the Placing, including the conditions thereof, please refer to the section headed "Structure and Conditions of the Placing" of this prospectus.
5. If there is any change of the above expected timetable, a separate announcement will be made by our Company on the Stock Exchange's website at www.hkexnews.hk and on our Company's website at www.guruonline.hk.
6. Share certificates for the Placing Shares will only become valid certificates of title provided that (a) the Placing has become unconditional in all respects; and (b) the Underwriting Agreement has not been terminated in accordance with its terms prior to 8:00 a.m. on the Listing Date. If the Placing does not become unconditional or the Underwriting Agreement is terminated in accordance with its terms, our Company will make an announcement as soon as possible.

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You should rely only on the information contained in this prospectus to make your investment decision.

Our Company, our Selling Shareholders, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, our Selling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, any of our/their respective directors, officers, employees, agents or representatives or any other party involved in the Placing.

The contents on the official website of our Company at www.guruonline.hk do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all of the information which may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Placing Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Placing Shares are summarised in the section headed “Risk Factors” in this prospectus. You should read such section carefully before you decide to invest in the Placing Shares.

Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of Technical Terms” in this prospectus.

OVERVIEW

We are an integrated digital marketing service provider, ranking second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014 according to the Ipsos Report. Established in 2007, we have developed into an integrated digital marketing service provider with business operations in Hong Kong and the PRC. We mainly utilise digital media such as websites, apps, mobile sites and social media platforms to plan and implement marketing strategies and launch marketing campaigns for advertisers which include local and international brands across various business sectors, NGOs and public bodies. Our digital marketing services are provided to advertisers directly or through advertising agencies.

In recognition of our service quality, we received a number of awards from the Marketing Magazine’s Agency of the Year Awards (Hong Kong), a leading barometer of agency performance in Hong Kong, in particular, we were the winner of the “Local Hero of the Digital Agency of the Year Award” for three consecutive years from 2012 to 2014.

OUR PRINCIPAL BUSINESS

Our business comprises the provision of integrated digital marketing services covering (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services:

- **digital advertisement placement services** – our digital advertisement placement services mainly comprise (a) display advertisement placements on websites, apps and mobile sites through our Ad-Network or by Single-Buy, monitoring the effectiveness of display advertisement placements and reporting to our clients throughout and after completion of our engagements; (b) social advertisement placements through advising our clients on advertising strategies with reference to suitable social advertising formats, target audience, advertisements design and clients’ budgets, and arranging for placements of advertisement on social media platforms; and (c) search engine marketing through advising our clients on purchasing specific search keywords and terms on search engine so as to optimise the clients’

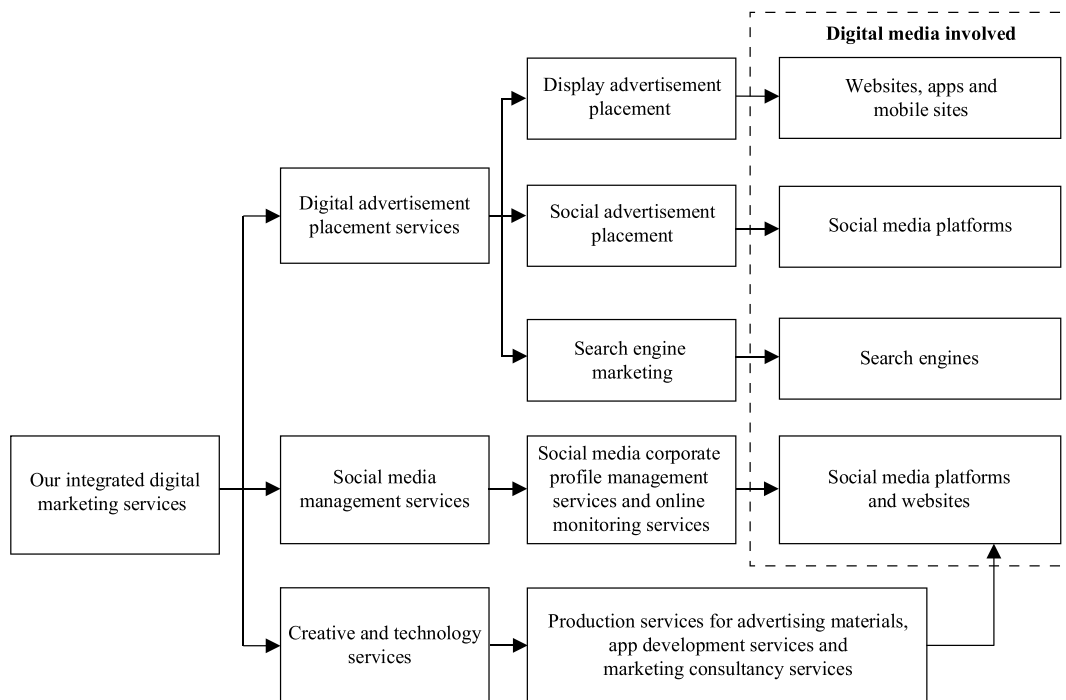
SUMMARY

exposure on search engines. Our revenue is derived from advertising space procurement and advertisement placement on digital media, including websites, apps, mobile sites, social media platforms and search engines;

- **social media management services** – our social media management services mainly comprise (a) social media corporate profile management services through assisting our clients in setting up corporate profile pages or customising corporate profile pages pertaining to the characteristics and marketing objectives of our clients; and (b) online monitoring services through assisting our clients in monitoring the flow of information related to such clients on the Internet (including social media platforms and websites). Our revenue is derived from the development, customisation and maintenance of corporate profile pages of the advertisers and the monitoring of the advertisers’ corporate profile pages and activities relating to the advertisers across the Internet; and

- **creative and technology services** – our creative and technology services mainly comprise (a) production services for the design of advertising materials, websites and mobile sites, and corporate profile page; (b) app development services; and (c) marketing consultancy services through formulating and implementing digital marketing strategies for our clients. Our revenue is derived from the design and production of advertising materials (such as display advertisements and social advertisements), websites, mobile sites and corporate profile pages. Our revenue is also derived from app development and provision of marketing consultancy services.

The following diagram illustrates the three categories of digital marketing services provided by us and the digital media involved:



SUMMARY

The following table sets forth our revenue from, and our gross profit and gross profit margin of, each category of digital marketing services during the Track Record Period:

	For the year ended 31 March						For the eight months ended		
	2013			2014			30 November 2014		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%	
Digital advertisement placement services	31,191	10,820	34.69	39,974	14,751	36.90	35,610	12,376	34.75
Social media management services	34,591	14,939	43.19	47,196	20,807	44.09	37,227	14,608	39.24
Creative and technology services	23,266	13,582	58.38	25,424	12,756	50.17	22,255	14,263	64.09
Total:	89,048	39,341	44.18	112,594	48,314	42.91	95,092	41,247	43.38

Our growth is supported by the rapid development of the digital marketing service industry, in particular (i) the rapid proliferation of Internet and mobile connected devices; (ii) the ongoing permeation of the Internet into people's daily lives; and (iii) the availability of an additional marketing media offering greater flexibility than traditional marketing media, leading to an increasing demand for digital marketing services and the growth of the entire industry. For the years ended 31 March 2013 and 31 March 2014, our total revenue amounted to approximately HK\$89.05 million and HK\$112.59 million, respectively, representing a year-on-year growth of approximately 26.43%. For the eight months ended 30 November 2013 and the eight months ended 30 November 2014, our total revenue amounted to approximately HK\$75.76 million and HK\$95.09 million, respectively, representing a period-on-period growth of approximately 25.53%. During the Track Record Period, we maintained an overall gross profit margin of over 42.91%.

As an integrated digital marketing service provider, we utilise different types of digital media such as websites, apps, mobile sites, social media platforms and search engines so as to provide customised integrated digital marketing strategies to our clients and deliver comprehensive information relating to a brand or product to our client's target audience. With (i) the synergies generated from the three business segments under our integrated digital marketing service business model, which enable us to provide our clients with value-added and innovative digital marketing strategies; (ii) our leading market position and strong brand recognition in the industry as supported by the Ipsos Report and by the awards we won; and (iii) the benefits attributable to economies of scale as our employees were specialised in each of their respective areas of services through division of labour and the establishment of standardised workflow, we achieved high gross profit margins during the Track Record Period.

Although our gross profit margin for digital advertisement placement services during the Track Record Period was lower than that of social media management services and creative and technology services, it was relatively higher than that of some digital marketing service providers in the market. The higher gross profit margin for our digital advertisement placement services was mainly attributable to the

SUMMARY

provision of display advertisement services through our Ad-Network and our provision of social advertisement placement services. Our Ad-Network offers automated optimisation and targeting functions to meet the needs of the advertisers for display advertisements and places display advertisements automatically and directly on advertising spaces available in multiple designated partner websites, apps and mobile sites within our Ad-Network. The provision of display advertisement services through our Ad-Network enables us to generate a higher gross profit margin under the sub-category of display advertisement placement services because the automated function of our Ad-Network (i) simplifies the sales, administrative, operational and after-sales procedures in relation to advertisement placement for our partner websites, apps and mobile sites within our Ad-Network, thereby encouraging them to offer more competitive advertising space procurement prices to our Group; (ii) reduces the time and resources required by us to place display advertisements for the advertisers; and (iii) provides a more effective digital advertisement placement services to the advertisers by managing the advertisement placement in real-time and delivering marketing messages more evenly at a planned level to strengthen the advertisement performance. In addition, our profit generated under our social advertisement placement services is enhanced as we are able to analyse the target audience demographics and, accordingly, effectively place competitive bids for advertising spaces which are less expensive through the bidding system for the procurement of advertising space on social media platforms.

The high gross profit margin for social media management services was mainly attributable to our social media corporate profile management services. Our social media corporate profile management services are mostly provided on the publicly and freely available social media platforms with minimal cost incurred. In addition to the reasons and factors as set out above, with staff costs as our primary operating expenses for social media corporate profile management services, we were able to maintain a relatively higher gross profit margin.

In addition to the reasons and factors as set out above, we had been able to achieve high gross profit margin for our creative and technology services during the Track Record Period due to the reasons as set out below. After the initial costs for developing certain basic programmes and apps, we were able to improve our cost efficiency in providing app development services. The average time and resources required for each engagement were optimised as we were required to carry out minimal specification and fine-tuning work based on the previous programmes and apps we developed. In addition, with minimal involvement of and hence, costs paid to, our suppliers, our costs in the provision of creative and technology services were mainly staff cost which facilitated the attainment of a relatively higher gross profit margin.

COMPETITIVE STRENGTHS

We believe our success is attributable to, among other things, the following competitive strengths:

- proven track record in providing integrated digital marketing services to reputable clients;
- solid client base in Hong Kong with an expanding business in the PRC;
- leading market position and strong brand recognition in the digital marketing service industry; and
- experienced management team and responsive and creative employees.

For details, please refer to the section headed “Business – Competitive Strengths” on page 108 to page 111 of this prospectus.

SUMMARY

BUSINESS STRATEGIES

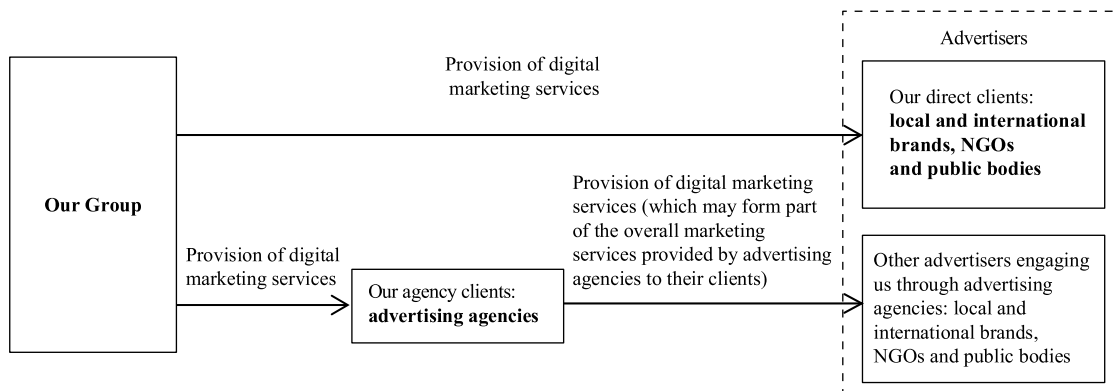
To maintain our market share, enhance our service quality and attract more clients to engage our services, we intend to implement the following business strategies:

- continue to expand our client base and business operations;
- strengthen and broaden our existing range of digital marketing services; and
- pursue growth through selective mergers and acquisitions.

For details, please refer to the section headed “Business – Business Strategies” on page 112 to page 113 of this prospectus.

CLIENTS

During the Track Record Period and as at the Latest Practicable Date, we had a wide and diversified client base. The following diagram sets forth our relationships with our clients which include local and international brands, NGOs, public bodies and advertising agencies:



For details, please refer to the section headed “Business – Clients” on page 129 to page 132 of this prospectus.

SUPPLIERS

During the Track Record Period, our suppliers mainly included operators of websites, apps, mobile sites, social media platforms and search engines, reputable commentators and our major supplier for online monitoring services. For details, please refer to the section headed “Business – Suppliers” on page 132 to page 144 of this prospectus.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables set forth the combined financial information of our Group for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2013 and 30 November 2014, and should be read in conjunction with the financial information included in the Accountants’ Report set out in Appendix I to this prospectus.

SUMMARY

Summary of combined statements of profit or loss and other comprehensive income and combined statements of financial position

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Revenue	89,048	112,594	75,755	95,092
Profit before tax	16,699	7,114	11,046	10,762
Total comprehensive income for the year/period	<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>
				As at
		As at 31 March		30 November
		2013	2014	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets		5,211	6,011	9,103
Current assets		66,906	60,368	69,721
Current liabilities		11,148	14,825	17,958
Non-current liabilities		766	608	1,180
Net assets		60,203	50,946	59,686

Our revenue increased by approximately 26.43% from approximately HK\$89.05 million for the year ended 31 March 2013 to approximately HK\$112.59 million for the year ended 31 March 2014 and increased by approximately 25.53% from approximately HK\$75.76 million for the eight months ended 30 November 2013 to approximately HK\$95.09 million for the eight months ended 30 November 2014.

Our gross profit margin had remained stable in the range of approximately 42.91% to 44.18% throughout the Track Record Period. For the year ended 31 March 2014, we recorded a significant decrease of approximately 66.86% in our net profit as a result of an increase of approximately 127.19% in our administrative expenses during the year which was mainly due to (i) the recognition of listing expenses of approximately HK\$5.15 million; (ii) the payment of Directors' emoluments of approximately HK\$3.40 million (the amount was nil for the year ended 31 March 2013); (iii) the increase of approximately HK\$1.25 million in travelling expenses incurred by our Hong Kong staff to manage our business expansion in the PRC; (iv) the increase of approximately HK\$3.84 million in staff costs due to the increase in number of our administrative personnel to support the expansion of our business operation; and (v) the increase of approximately HK\$1.16 million in rental cost due to leasing of office premises for AdBeyond BJ.

Our Group maintained a net asset position of approximately HK\$60.20 million, HK\$50.95 million and HK\$59.69 million as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively.

For details, please refer to the section headed "Financial Information – Review of Historical Results of Operations" on page 206 to page 213 of this prospectus.

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Operating cash flow

The following table sets forth a summary of our combined statements of cash flows during the Track Record Period:

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/from operating activities	(310)	(7,086)	3,748
Net cash (used in)/from investing activities	(11,606)	726	976
Net cash from/(used in) financing activities	<u>33,552</u>	<u>(13,822)</u>	<u>(15)</u>
Net increase/(decrease) in cash and cash equivalents	<u>21,636</u>	<u>(20,182)</u>	<u>4,709</u>

For details, please refer to the section headed “Financial Information – Liquidity and Capital Resources – Cash flows” on page 227 to page 229 of this prospectus.

For the year ended 31 March 2014, because of delayed settlement from our clients and our revenue growth, our trade and bills receivables increased by approximately HK\$10.69 million, which resulted in net cash used in operating activities of approximately HK\$7.09 million. Net cash from investing activities for the year ended 31 March 2014 was primarily attributable to the repayment from the Shareholders of approximately HK\$6.82 million. Net cash used in financing activities of approximately HK\$13.82 million for the year ended 31 March 2014 mainly represented the dividends paid during the year.

Trade and bills receivables

Our trade and bills receivables represented primarily the balances due from our clients. Our trade and bills receivables increased to approximately HK\$39.74 million as at 31 March 2014 from approximately HK\$27.54 million as at 31 March 2013 and further increased to approximately HK\$49.66 million as at 30 November 2014. The increase in trade receivables was mainly due to delayed settlement from our clients.

Our trade receivables turnover days increased from approximately 83 days for the year ended 31 March 2013 to approximately 109 days for the year ended 31 March 2014, and further increased to approximately 115 days for the eight months ended 30 November 2014. The increase in our trade receivable turnover days was mainly due to the increasing delayed settlement from our existing and/or new clients. For details, please refer to the section headed “Financial Information – Net Current Assets and Selected Items of Combined Statements of Financial Position – Trade and bill receivables” on page 215 to page 222 of this prospectus.

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With respect to the increase in trade receivable turnover days during the Track Record Period, we have implemented during the Track Record Period and will continue to implement the following measures to mitigate the potential adverse impact of such in the future and enhance the effectiveness of our credit policy:

- designate more finance personnel to follow-up with and collect trade receivables and enhance communications with clients with large trade receivables by regular phone calls to ensure payment settlement in accordance with the payment schedules and granted credit periods;
- issue overdue payment warnings to clients with large trade receivables; and
- periodic review of our credit policy.

As at 30 April 2015, approximately HK\$25.90 million, HK\$34.42 million and HK\$37.40 million, representing approximately 94.05%, 86.62% and 77.13% of the total trade receivables as at 31 March 2013, 31 March 2014 and 30 November 2014 had been settled, respectively. For the year ended 31 March 2015, our trade receivables turnover days decreased to approximately 104 days. For the period from 1 May 2014 to 30 April 2015 (based on our management accounts), our trade receivables turnover days further improved to approximately 101 days.

Summary of financial ratios

The following table sets forth some key financial ratios of our Group for the years/period indicated:

	As at/For the year ended		As at/For the
	31 March		eight months ended
	2013	2014	30 November 2014
Current ratio	6.00 times	4.07 times	3.88 times
Net profit margin	15.39%	4.09%	9.11%

For details, please refer to the section headed “Financial Information – Summary of Key Financial Ratios” on page 232 to page 234 of this prospectus.

DIVIDENDS AND DIVIDEND POLICY

For the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2014, our Group declared dividends of approximately HK\$10.69 million, HK\$13.80 million and nil, respectively. Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment, subject to the applicable laws and regulations and the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, among other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors. We currently do not have any predetermined payout ratio.

SUMMARY

OUR LATEST DEVELOPMENT

Our business model has remained unchanged and our growth in revenue and cost structure has remained stable since 30 November 2014. Since 30 November 2014 and up to the Latest Practicable Date, we had entered into 989 new engagements with a total contract sum of approximately HK\$68.31 million. For the four months ended 31 March 2015, our revenue amounted to approximately HK\$45.15 million, with an average monthly revenue of approximately HK\$11.29 million which is comparable to the average monthly revenue of approximately HK\$11.89 million for the eight months ended 30 November 2014. However, our estimated combined profit attributable to owners of the Company for the four months ended 31 March 2015 was materially and adversely affected by the listing expenses of approximately HK\$2.4 million incurred during the period.

The amount of revenue disclosed above is extracted from the unaudited combined financial statements for the four months ended 31 March 2015, which have been reviewed by our reporting accountants in accordance with the Hong Kong Standards on Review Engagements 2410 “Review on Interim Financial Information performed by the Independent Auditor of the Entity”.

As at the Latest Practicable Date, save for the listing expenses as discussed below, we did not have any significant non-recurrent items in our combined statements of profit or loss and other comprehensive income.

LISTING EXPENSES

Assuming the Offer Size Adjustment Option is not exercised and assuming the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative range of the Placing Price stated in this prospectus, the listing expenses, which are non-recurrent in nature, are estimated to be approximately HK\$25.3 million. Our Selling Shareholders will bear the listing expenses of approximately HK\$0.3 million and the listing expenses to be borne by us are expected to be approximately HK\$25.0 million.

Of such amount to be borne by us, approximately HK\$8.3 million of our estimated listing expenses is directly attributable to the issue of the Placing Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$16.7 million has been or is to be charged to the combined statements of profit or loss and other comprehensive income, of which (i) approximately HK\$5.1 million and HK\$1.7 million were recognised for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively (according to our audited financial statements as set out in Appendix I to this prospectus); (ii) approximately HK\$2.4 million was recognised for the four months ended 31 March 2015 (according to our management accounts); and (iii) approximately HK\$7.5 million is expected to be charged upon the Listing (according to our current estimation).

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year(s) ended/ending 31 March 2015 and/or 2016 would be materially and adversely affected by the listing expenses mentioned above.

SUMMARY

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2015

Estimated combined profit attributable to owners of our Company (<i>Note 1</i>)	Not less than HK\$9.0 million
Unaudited pro forma estimated earnings per Share (<i>Note 2</i>)	Not less than HK\$0.56 cents

Notes:

- (1) The bases on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated combined profit attributable to owners of our Company for the year ended 31 March 2015 is based on the audited combined results of our Group for the eight months ended 30 November 2014 and the unaudited combined results of our Group based on our management accounts for the four months ended 31 March 2015.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to owners of our Company for the year ended 31 March 2015, assuming a total of 1,600,000,000 Shares in issue during the entire year and the Placing had been completed on 1 April 2014 without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds from the Placing are estimated to be approximately HK\$67.0 million, after deducting the underwriting commission and other estimated expenses in the amount of approximately HK\$25.0 million, payable by our Company in relation to the Placing, not taking into account any exercise of the Offer Size Adjustment Option, and based on the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the Placing Price range stated in this prospectus. We intend to apply approximately 91.0% of the aforesaid net proceeds in the following manner from the Latest Practicable Date to 31 March 2018:

- approximately HK\$17.5 million, representing approximately 26.1% of the net proceeds, will be used for expanding our client base and business operations;
- approximately HK\$18.5 million, representing approximately 27.6% of the net proceeds, will be used for strengthening and broadening our existing range of digital marketing services; and
- approximately HK\$25.0 million, representing approximately 37.3% of the net proceeds, will be used for pursuing growth through selective mergers and acquisitions.

The remaining balance of approximately HK\$6.0 million, representing approximately 9.0% of the net proceeds, will be used for the funding of our working capital and general corporate purposes.

For details, please refer to the section headed “Business Objectives and Future Plans” on page 159 to page 168 of this prospectus.

Based on the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.21 to HK\$0.25 per Placing Share, the net proceeds to be received by HGI Finaves and HGI Growth from selling the Sale Shares are estimated to be approximately HK\$8.2 million and HK\$2.5 million, respectively, after deducting the listing expenses to be borne by them.

SUMMARY

NO MATERIAL ADVERSE CHANGE

Save as disclosed in “Our Latest Development” and “Listing Expenses” in this section, our Directors confirm that, since 30 November 2014 and up to the date of this prospectus, (i) there had been no material adverse change in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position; (ii) there was no material adverse change in the trading and financial position or prospects of our Group; and (iii) no event had occurred that would materially and adversely affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

PLACING STATISTICS

	Based on the Placing Price of HK\$0.21 per Placing Share	Based on the Placing Price of HK\$0.25 per Placing Share
Market capitalisation of the Shares (<i>Note 1</i>)	HK\$336,000,000	HK\$400,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share (<i>Note 2</i>)	HK\$0.08	HK\$0.09

Notes:

1. The calculation of the market capitalisation of the Shares is based on 1,600,000,000 Shares in issue immediately after completion of the Placing and the Capitalisation Issue.
2. The unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is calculated based on 1,600,000,000 Shares in issue immediately following completion of the Placing and the Capitalisation Issue.

RISK FACTORS

Our business is subject to a number of risks and uncertainties, including the following highlighted risks: (i) if we fail to attract, recruit or retain our key personnel including our executive Directors, senior management and key employees, our ongoing operations and growth could be affected; (ii) we rely on VDS as our sole supplier in the provision of online monitoring services, and any disruption in the provision of services from VDS or our inability to identify alternative service providers may affect our business operations and financial results; (iii) our clients may delay in settlement of our bills, which may result in a material adverse impact on our business, financial conditions and results of operations; (iv) our reputation, brand name and business could be adversely affected by instances of misconduct by third parties; (v) if we are unable to secure engagements from clients through the tendering process, our business and financial performance may be adversely affected and the sustainability of our business may also be adversely affected; and (vi) we had negative cash flow for each of the years ended 31 March 2013 and 31 March 2014.

As different investors may have different interpretations and standards for determining the materiality of a risk, you should read the entire section headed “Risk Factors” in this prospectus carefully before you decide to invest in the Placing Shares. You should not place any reliance on any information contained in press articles, research analysts’ reports or other media regarding us and the Placing, which may not be consistent with the information contained in this prospectus.

DEFINITIONS

In this prospectus, the following terms shall have the meanings set forth below unless the context otherwise requires.

“Acting in Concert Confirmation and Undertaking”	a confirmation and undertaking entered into among Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang dated 2 January 2014. For details, please refer to the sections headed “History, Development and Reorganisation – Acting in Concert Confirmation and Undertaking” and “Relationship with our Controlling Shareholders” in this prospectus
“AdBeyond BJ”	北京超凡高睿科技有限公司 (Beijing AdBeyond Gao Rui Technology Company Limited), a limited liability company established under the laws of the PRC on 10 July 2013 and a wholly-owned subsidiary of our Company
“AdBeyond BVI”	AdBeyond Holdings Limited (超凡控股有限公司), a company incorporated under the laws of the BVI on 23 August 2012 with limited liability and a wholly-owned subsidiary of our Company
“AdBeyond BVI Preferred Share(s)”	the preference share(s) of a par value of HK\$1.00 each in the share capital of AdBeyond BVI
“AdBeyond GZ”	廣州超帆信息科技有限公司 (Adbeyond (Group) Limited), a limited liability company established under the laws of the PRC on 22 November 2012 and a wholly-owned subsidiary of our Company
“AdBeyond HK”	AdBeyond (Group) Limited (超凡(集團)有限公司), a company incorporated under the laws of Hong Kong on 29 March 2007 with limited liability and a wholly-owned subsidiary of our Company
“Amended Anti-Dilution Right of Huayi Brothers”	the anti-dilution right of Huayi Brothers under the Subscription and Shareholders Agreement as amended by the Supplemental Deed. Please refer to the section headed “History, Development and Reorganisation – Our Pre-IPO Investors – Special rights of our Pre-IPO Investors” in this prospectus for further details
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company adopted on 20 May 2015, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“bMedia”	bMEDIA LIMITED (網誌媒體有限公司), a company incorporated under the laws of Hong Kong with limited liability on 5 January 2009, which is owned as to 20.0016%, 20.0016%, 20.0016%, 20.0016% and 19.9936% by Mr. Cheung Yu Hin, Mr. Lee Ho Ming, Mr. Cheung Kwan King, Edward, Mr. Kong Tin Lok and AdBeyond HK, respectively. Each of Mr. Cheung Yu Hin, Mr. Lee Ho Ming, Mr. Cheung Kwan King, Edward and Mr. Kong Tin Lok is an Independent Third Party. Our executive Director, Mr. Alan Yip, is one of the directors of bMedia. bMedia is the operator of unwire.hk (as defined in the section headed “Glossary of Technical Terms” in this prospectus)
“Board”	the board of Directors
“business day”	a day on which banks in Hong Kong are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
“BVI”	British Virgin Islands
“Capitalisation Issue”	the issue of 1,199,990,000 Shares to be made upon capitalisation of part of the amount standing to the credit of the share premium account of our Company referred to in the section headed “History, Development and Reorganisation — Capitalisation Issue” in this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant, who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

DEFINITIONS

“Circular No. 10”	關於外國投資者併購境內企業的規定 (The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors), jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, the State Administration of Taxation of the PRC, the SAIC, the CSRC and the State Administration of Foreign Exchange of the PRC on 8 August 2006, and became effective from 8 September 2006 and as amended on 22 June 2009
“Circular No. 37”	關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知 (The Circular on the Management of Offshore Investment and Financing and Round-Trip Investment by Domestic Residents through Special Purpose Vehicles), issued by the State Administration of Foreign Exchange of the PRC on 4 July 2014, which became effective from 4 July 2014 and superseded Circular No. 75 with effect from 4 July 2014
“Circular No. 75”	關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知 (The Notice of the State Administration of Foreign Exchange of the PRC on Relevant Issues concerning Foreign Exchange Administration on Financing and Round-trip Investment Conducted by PRC Residents via Overseas Special Purpose Vehicles), issued by the State Administration of Foreign Exchange of the PRC on 21 October 2005, which was effective from 1 November 2005 but was superseded by Circular No. 37 with effect from 4 July 2014
“CLC International” or “Sole Sponsor”	CLC International Limited, a corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO), acting as the sole sponsor in relation to the Placing
“close associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemented from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on 3 March 2014 as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company”	Guru Online (Holdings) Limited (超凡網絡(控股)有限公司) (formerly known as AdBeyond International (Holdings) Limited (超凡國際(控股)有限公司)), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 10 January 2014
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the GEM Listing Rules and unless the context requires otherwise, means Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global
“Cooper Global”	Cooper Global Capital Limited, a company incorporated under the laws of the BVI with limited liability on 14 January 2014, which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan, respectively, who are our executive Directors and our Controlling Shareholders. Mr. Alan Yip and Ms. Karin Wan are the only directors of Cooper Global. Cooper Global is one of our Controlling Shareholders
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“CSRC”	China Securities Regulatory Commission
“Deed of Indemnity”	the deed of indemnity dated 20 May 2015 entered into by our Controlling Shareholders in favour of our Company (for ourselves and for each of our subsidiaries)
“Deed of Non-Competition”	the deed of non-competition dated 20 May 2015 entered into by our Controlling Shareholders in favour of our Company
“Director(s)”	the director(s) of our Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Group”, “our Group”, “we” or “us”	our Company and its subsidiaries or, where the context requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time

DEFINITIONS

“HGI Finanves”	HGI Finanves Capital Limited, a company incorporated under the laws of the BVI with limited liability on 30 August 2011, which is wholly owned by Mr. Patrick Cheung, our non-executive Director and one of the significant shareholders of our Company. Mr. Patrick Cheung is the sole director of HGI Finanves. HGI Finanves is one of our Selling Shareholders and upon completion of the Listing, it will cease to be our Shareholder
“HGI Growth”	HGI GROWTH CAPITAL LIMITED (formerly known as MAX RESULT HOLDINGS LIMITED), a company incorporated under the laws of the BVI with limited liability on 31 March 2010, which is wholly-owned by Mr. Patrick Cheung, our non-executive Director and one of the significant shareholders of our Company. Mr. Patrick Cheung is the sole director of HGI Growth. HGI Growth is one of the significant shareholders of our Company and one of our Selling Shareholders
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Government”	the government of Hong Kong
“Hong Kong Trade Marks Registry”	Trade Marks Registry of the Intellectual Property Department of the Hong Kong Government
“Huayi Brothers”	Huayi Brothers International Investment Ltd., a company incorporated under the laws of the BVI with limited liability on 2 August 2012 and a wholly-owned subsidiary of Huayi Brothers International. Huayi Brothers is one of the substantial shareholders of our Company

DEFINITIONS

“Huayi Brothers International”	HUAYI BROTHERS INTERNATIONAL LIMITED (華誼兄弟國際有限公司) (formerly known as HUAYI BROTHERS INTERNATIONAL DISTRIBUTION LIMITED (華誼兄弟國際發行有限公司)), a company incorporated under the laws of Hong Kong on 18 April 2008 and a wholly-owned subsidiary of Huayi Brothers Media. Huayi Brothers International is one of the substantial shareholders of our Company
“Huayi Brothers Media”	華誼兄弟傳媒股份有限公司 (Huayi Brothers Media Corporation), a joint stock limited liability company established under the laws of the PRC on 19 November 2004, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300027). Ms. Hu Ming, our non-executive Director, is one of the directors of Huayi Brothers Media. Huayi Brothers Media is one of the substantial shareholders of our Company
“iMinds BVI”	iMinds Interactive Holdings Limited, a company incorporated under the laws of the BVI on 6 January 2014 with limited liability and a wholly-owned subsidiary of our Company
“iMinds HK”	iMinds Interactive Limited (網絡思維互動有限公司) (formerly known as ROSARY CONSULTANTS LIMITED (華寶顧問有限公司)), a company incorporated under the laws of Hong Kong on 7 January 2008 with limited liability and a wholly-owned subsidiary of our Company
“Independent Third Party(ies)”	person(s) or company(ies) which is or are independent of and not connected with any of the connected persons (including directors, chief executives or substantial shareholders) (as defined under the GEM Listing Rules) of our Company or any of our subsidiaries or any of their respective associates
“Ipsos”	Ipsos Hong Kong Limited, an independent market research company
“Ipsos Report”	a report in respect of the digital marketing service industry in Hong Kong and China issued by Ipsos dated 22 May 2015 and commissioned by our Company
“Labour Contract Law”	中華人民共和國勞動合同法 (Labour Contract Law of the PRC), promulgated by the Standing Committee of the National People’s Congress of the PRC, and became effective on 1 January 2008 and as amended on 28 December 2012

DEFINITIONS

“Latest Practicable Date”	15 May 2015, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which dealings in the Shares on GEM first commence
“Listing Division”	the listing division of the Stock Exchange
“Memorandum”	the amended and restated memorandum of association of our Company
“MOFCOM”	Ministry of Commerce of the PRC
“Mr. Alan Yip”	Yip Shek Lun (葉碩麟), the chief executive officer of our Company, the chairman of the Board, an executive Director, one of the founders of our Group and our Controlling Shareholders, and the spouse of Ms. Karin Wan
“Mr. Alfred Wong”	Wong Yuet Fu, Alfred (黃越富), the chief financial officer of our Company, a member of the senior management of our Company and the brother of Mr. Harry Wong
“Mr. C.H. Chan”	Chan Chun Hong (陳振康), a Shareholder who will hold approximately 2.43% of the issued share capital of our Company immediately following the Listing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Share which may be allotted and issued pursuant to the exercise of any option granted under the Share Option Scheme). Other than his shareholding interest in our Company, Mr. C.H. Chan is an Independent Third Party
“Mr. Frankie Yu”	Yu Wai Kei (姚偉基), an Independent Third Party who had held 5.00% of the then issued share capital of AdBeyond HK for Mr. C.H. Chan on trust from 14 January 2012 to 5 September 2012 pursuant to a declaration of trust dated 14 January 2012 and 5.00% of the then issued share capital of AdBeyond BVI for Mr. C.H. Chan on trust from 23 August 2012 to 16 May 2015 as confirmed by a confirmation of trust arrangement dated 14 March 2014
“Mr. Harry Wong”	Wong Yuet Yeung, Harry (黃越洋), one of the significant shareholders of our Company, the project director of AdBeyond HK and the brother of Mr. Alfred Wong

DEFINITIONS

“Mr. Jeff Ng”	Ng Chi Fung (伍致豐), an executive Director and one of the founders of our Group and our Controlling Shareholders
“Mr. Patrick Cheung”	Cheung Wing Hon (張永漢), a non-executive Director and the sole beneficial shareholder of HGI Finanves and HGI Growth. Mr. Patrick Cheung is one of the significant shareholders of our Company
“Ms. Karin Wan”	Wan Wai Ting (尹瑋婷), an executive Director, one of the founders of our Group and our Controlling Shareholders, and the spouse of Mr. Alan Yip
“Ms. Liza Wang”	Wang Lai Man, Liza (王麗文), a non-executive Director, and one of the founders of our Group and our Controlling Shareholders
“Offer Size Adjustment Option”	the option granted by our Company to the Sole Lead Manager under the Underwriting Agreement, pursuant to which our Company may be required by the Sole Lead Manager to allot and issue up to 67,200,000 additional Shares solely to cover any over-allocation in the Placing on or before 26 May 2015
“Placing”	the conditional placing of 400,000,000 new Shares and 48,000,000 Sale Shares by the Sole Lead Manager (also in its capacity as the Underwriter) on behalf of our Company and our Selling Shareholders for cash at the Placing Price, as further described in the section headed “Structure and Conditions of the Placing” in this prospectus
“Placing Price”	the final price per Placing Share, which will be no more than HK\$0.25 per Placing Share and not less than HK\$0.21 per Placing Share (exclusive of brokerage of 1.00%, the Stock Exchange trading fee of 0.005% and the SFC transaction levy of 0.0027%), such price to be agreed upon by our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) on or before the Price Determination Date, at which the Placing Shares are to be subscribed pursuant to the Placing
“Placing Shares”	the 448,000,000 Shares (comprising 400,000,000 new Shares to be offered by our Company and 48,000,000 Sale Shares to be offered by our Selling Shareholders) being initially offered at the Placing Price pursuant to the Placing
“PRC” or “China”	People’s Republic of China which, for the purposes of this prospectus only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“PRC Government”	the central government of the PRC including all government departments (including provincial, municipal and other regional or local government entities) and organisations thereof or, as the context requires, any of them
“PRC Trademark Office”	Trademark Office of the SAIC
“Predecessor Companies Ordinance”	the predecessor Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force from time to time before 3 March 2014
“Pre-IPO Investors”	HGI Finanves, HGI Growth and Huayi Brothers
“Price Determination Date”	the date, which is expected to be on or around Tuesday, 26 May 2015 on which the Placing Price is to be fixed by our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) for the purpose of the Placing
“Pure Force”	PURE FORCE INVESTMENTS LIMITED, a company incorporated under the laws of the BVI with limited liability on 15 January 2014, which is wholly-owned by Mr. Harry Wong, one of the significant shareholders of our Company, the project director of AdBeyond HK and the brother of Mr. Alfred Wong. Mr. Harry Wong is the sole director of Pure Force. Pure Force is one of the significant shareholders of our Company
“Qooza Interactive”	QOOZA INTERACTIVE LIMITED (酷客互動有限公司), a company incorporated under the laws of Hong Kong with limited liability on 4 June 2008, which is owned as to 85.00% by Mr. Lam Wai Lung, an Independent Third Party, as to 2.00% by Mr. Lam Wai Fung, an Independent Third Party, and as to 13.00% by AdBeyond HK. Mr. Alan Yip, our executive Director, is one of the directors of Qooza Interactive. Qooza Interactive is the operator of qooza.hk (as defined in the section headed “Glossary of Technical Terms” in this prospectus)
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed “History, Development and Reorganisation – Reorganisation” in this prospectus
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAIC”	State Administration for Industry and Commerce of the PRC

DEFINITIONS

“Sale Shares”	36,720,000 Shares to be offered by HGI Finanves and 11,280,000 Shares to be offered by HGI Growth for purchases at the Placing Price under the Placing
“Selling Shareholders”	HGI Finanves and HGI Growth
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.01 each in the share capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 20 May 2015, a summary of the principal terms and conditions of which is set forth in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“significant shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Sole Bookrunner” or “Sole Lead Manager”	Celestial Capital Limited, a corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO), acting as the sole bookrunner and the sole lead manager in relation to the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription and Shareholders Agreement”	the subscription and shareholders agreement dated 6 September 2012 and entered into among AdBeyond BVI, AdBeyond HK, HGI Finanves, HGI Growth, Huayi Brothers, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong and Mr. Frankie Yu, pursuant to which HGI Finanves, HGI Growth and Huayi Brothers subscribed for an aggregate of 11,307 AdBeyond BVI Preferred Shares for an aggregate consideration of HK\$44,637,457. Further details of which are set out in the section headed “History, Development and Reorganisation – Our Pre-IPO Investors” in this prospectus
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Deed”	the supplemental deed in respect of the Subscription and Shareholders Agreement dated 21 March 2014 and entered into among AdBeyond BVI, AdBeyond HK, HGI Finanves, HGI Growth, Huayi Brothers, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. Frankie Yu and Mr. C.H. Chan, further details of which are set out in the section headed “History, Development and Reorganisation – Our Pre-IPO Investors – Special rights of our Pre-IPO Investors” in this prospectus
“Supplemental VDS Service Agreement”	the supplemental agreement to the VDS Service Agreement dated 28 January 2015 entered into between AdBeyond HK and VDS, pursuant to which certain terms of the VDS Service Agreement were amended
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the two years ended 31 March 2014 and the eight months ended 30 November 2014
“Travellife Co”	TRAVELLIFE LIMITED (旅遊人生有限公司), a company incorporated under the laws of Hong Kong with limited liability on 4 March 2009, which is owned as to 80.00% by Mr. Ko Tze Kai, Billy, an Independent Third Party, and 20.00% by AdBeyond HK. Ms. Karin Wan, our executive Director, is one of the directors of Travellife Co. Travellife Co is the operator of travellife.org (as defined in the section headed “Glossary of Technical Terms” in this prospectus)
“Underwriter”	the underwriter of the Placing, whose name is set out in the section headed “Underwriting – Underwriter” in this prospectus
“Underwriting Agreement”	the conditional underwriting agreement dated 22 May 2015 and entered into between, among others, our Company, our executive Directors, our Controlling Shareholders, our Selling Shareholders, the Sole Sponsor and the Sole Lead Manager in relation to the underwriting of the Placing Shares, further details of which are set out in the section headed “Underwriting – Underwriting Arrangements” in this prospectus

DEFINITIONS

“Unwire”	Unwire Limited, a company incorporated under the laws of Hong Kong with limited liability on 12 December 2012, which is owned as to 20.002%, 20.002%, 20.002%, 20.002% and 19.992% by Mr. Cheung Yu Hin, Mr. Lee Ho Ming, Mr. Cheung Kwan King, Edward, Mr. Kong Tin Lok and AdBeyond HK, respectively. Each of Mr. Cheung Yu Hin, Mr. Lee Ho Ming, Mr. Cheung Kwan King, Edward and Mr. Kong Tin Lok is an Independent Third Party. Mr. Alan Yip, our executive Director, is one of the directors of Unwire. Unwire is the registered owner of the domain name, unwire.hk
“US” or “United States”	United States of America
“US\$”, “USD” or “US dollars”	United States dollars, the lawful currency of the United States
“VDS”	Viral Digital Studio Limited, a company incorporated under the laws of Hong Kong with limited liability on 25 July 2011, which is wholly-owned by Mr. Wong Chi Shing, a cousin of Mr. Harry Wong and Mr. Alfred Wong and an Independent Third Party
“VDS Service Agreement”	the agreement dated 7 March 2014 entered into between AdBeyond HK and VDS in relation to the provision of online monitoring services and related video production services by VDS to AdBeyond HK, or as the context may require, the VDS Service Agreement as amended by the Supplemental VDS Service Agreement, further details of which are set out in the section headed “Business – Suppliers – Long-term agreements – Online monitoring service provider” in this prospectus
“1997 Red-chip Guidance”	關於進一步加強在境外發行股票和上市管理的通知 (Circular of the State Council Concerning Further Strengthening of the Administration of Share Issuance and Overseas Listing), issued by the State Council of the PRC on 20 June 1997
“%”	per cent.

The English names of the PRC entities and the English titles of the PRC laws, rules and regulations mentioned in this prospectus are translations from their Chinese names and titles, except the English name of AdBeyond GZ stated in this section, which is included in the articles of association of AdBeyond GZ. If there is any inconsistency, the Chinese names shall prevail.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at the Latest Practicable Date.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown in totals in certain tables may not be the arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to the standard industry meanings or usages of those terms.

“Ad-Network”	Maximizer Ad-Network, MobMax HK Ad-Network and MobMax PRC Ad-Network
“advertisement design”	the creation and organisation of visual artwork used in advertisements for the promotion of brands and products
“advertiser(s)”	a person(s), company(ies) or organisation(s) which places advertisements or deploys marketing strategies to promote its brand, product or service which, for the purposes of this prospectus only, refers to the brand(s) or organisation(s) we serve directly or through advertising agencies, unless the context otherwise requires
“advertising format(s)”	the size, dimension and display of advertisement designed by different media platforms to optimise the use of their environment for the best advertising performance. Examples include standard banners which consist of the advertising information that is confined to a fixed banner size and loads together with a webpage; expandable banners which can expand beyond the confines of the standard banners and video advertisements which allow viewers to play with the size and shape of the video advertisements in real time
“app(s)”	abbreviation for application(s), a small, specialised programme software which can be run on mobile connected devices or social media platforms
“CAGR”	compound annual growth rate
“customer relationship marketing”	a business process in which client relationships, customer loyalty and brand value are built through marketing strategies and activities
“digital media”	any media that are encoded in a machine-readable format, which can be created, viewed, distributed, modified and preserved on computers. Examples include websites, apps, mobile sites, social media platforms and search engines
“display advertisement(s)”	a form of digital advertisement(s) involving the direct display of promotional messages at designated digital media
“GDP”	gross domestic product (all references to GDP growth rates are to real as opposed to nominal rates of GDP growth)

GLOSSARY OF TECHNICAL TERMS

“Guru Tracker”	a system developed by our Group, which is capable of tracking activities on a well-known and commonly-used global social media platform and providing target audience growth analysis, wall feed analysis and target audience behaviour analysis for trend monitoring and engagement study for the advertisers
“ICP licence”	Internet content provider licence, a permit issued by the Ministry of Industry and Information Technology of the PRC to permit PRC-based websites to operate for profits in the PRC
“Internet”	an interconnected system of networks that connects computers around the world and is publicly accessible. The Internet allows multimedia documents to be shared among computer users. Popular features of the Internet include, among other things, e-mails, blogs, discussion groups (such as online discussion sites), on-line conversations, websites, mobile sites, portals and social media platforms
“Maximizer Ad-Network”	our automated advertising network of over 250 websites supported by licensed software as at the Latest Practicable Date, which forms part of our Ad-Network
“MobMax HK Ad-Network”	our automated mobile advertising network of over 100 Hong Kong-focused apps and mobile sites supported by licensed software as at the Latest Practicable Date, which forms part of our Ad-Network
“MobMax PRC Ad-Network”	an automated mobile advertising network licensed to us of over 40,000 PRC-focused apps as at the Latest Practicable Date, which forms part of our Ad-Network
“NGO(s)”	acronym for non-governmental organisation(s), which operate(s) independently from any form of government and are not for profit-making
“online-to-offline”	the mobilisation of Internet users through the use of digital media in generating or driving sales in physical shops. Examples include electronic coupons, online restaurant reservation services and social network events
“qooza.hk”	www.qooza.hk, a Hong Kong-focused online sharing platform which delivers fashion-related and beauty-related news and information to its viewers, operated by Qooza Interactive, and one of our partner websites within our Maximizer Ad-Network
“search engine”	a remotely accessible programme that allows its users to search for information using specific words through the Internet

GLOSSARY OF TECHNICAL TERMS

“Single-Buy”	the placement of display advertisement(s) on specific website(s), app(s) or mobile sites(s) for specific time slot(s) without involving the operation of any automated advertising network
“social advertisement(s)”	a form of digital advertisement(s), the format(s) of which is designed by the relevant social media platform(s) to best use its social environment
“social media marketing”	a form of advertising that utilises the unique features of social media platform to deliver interactive and customised information to specific target customers
“social media platform(s)”	online service platform(s) or site(s) that focuses on building of social networks or social relations among people, especially those who share common interests and/or activities (such as Facebook, Weibo and Twitter)
“traditional marketing”	a form of advertising that reaches target customers directly through conventional forms of advertising media such as television, print, direct mail and outdoor
“travellife.org”	www.travellife.org, a Hong Kong-focused online sharing platform which delivers travel-related news and information to its viewers, operated by Travellife Co, and one of our partner websites within our Maximizer Ad-Network
“unwire.hk”	www.unwire.hk, a Hong Kong-focused online sharing platform which delivers gadget-related and entertainment and lifestyle-related news and information to its viewers, operated by bMedia, and one of our partner websites within our Maximizer Ad-Network
“website(s)”	a collection or collections of world wide web files which are linked together by a website operator which, for the purposes of this prospectus only, includes portal. Portal is a website that functions as an entry point to other websites, often by being or providing access to a search engine, news, information, etc. A portal presents information from diverse sources in a unified way
“3G/4G”	the third or fourth generation of mobile phones and mobile telecommunications services fulfilling specifications by the International Telecommunication Union

GLOSSARY OF TECHNICAL TERMS

“4A”

the Association of Accredited Advertising Agencies of Hong Kong, a local advertising agency trade association. Each member of 4A is, or is part of, a multi-national advertising agency network and a significant contributor to the advertising industry in terms of size, revenue, years of service and reputation and is known as a 4A agency. 4A agencies can generally be extended to include large and comprehensive advertising agencies that are not members of 4A

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements including, without limitation, words and expressions such as “anticipate”, “believe”, “could”, “expect”, “going forward”, “intend”, “may”, “plan”, “seek”, “will”, “would” or similar words or statements, in particular, in the sections headed “Business”, “Business Objectives and Future Plans” and “Financial Information” in this prospectus in relation to future events, our future financial, business or other performance and development, the future development of our industry and the future development of the general economy of our key markets.

These statements are based on various assumptions regarding our present and future business strategy and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions including the risk factors described in this prospectus and the following:

- our business and operating strategies and the various measures to implement such strategies;
- our dividend policy;
- our operations and business prospects, including development plans for its existing and new businesses;
- the future competitive environment for the industries in which we operate;
- the regulatory environment as well as the general industry outlook for the industries in which we operate;
- future developments in the industries in which we operate;
- the effects of the global financial markets and economic crisis; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations and the GEM Listing Rules, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section as well as the risks and uncertainties discussed in the section headed “Risk Factors” in this prospectus. In this prospectus, unless otherwise stated, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Placing. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and prospects of our Group.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Placing Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR GROUP

If we fail to attract, recruit or retain our key personnel including our executive Directors, senior management and key employees, our ongoing operations and growth could be affected

Our success depends to a large extent on the efforts of our key personnel including our executive Directors, senior management and key employees. There is no assurance that these key personnel will not voluntarily terminate their employment with our Group. The loss of any of our key personnel could be detrimental to our ongoing operations. Our success will also depend on our ability to attract and retain qualified personnel in order to manage our existing operations as well as our future growth. We may not be able to successfully attract, recruit or retain key personnel and this could adversely impact our growth.

We rely on VDS as our sole supplier in the provision of online monitoring services, and disruption in the provision of services from VDS and our inability to identify alternative service providers may affect our business operations and financial results

The cost of services attributable to our five largest suppliers accounted for approximately 54.77%, 52.98% and 49.68% of our total cost of services excluding staff costs and amortisation expenses for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. VDS was our largest supplier accounted for approximately 31.84%, 26.30% and 19.69% of our total cost of services excluding staff costs and amortisation expenses for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. During the Track Record Period, we relied on VDS for the provision of online monitoring services. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our Group's revenue generated from the online monitoring services which involved the engagement of VDS amounted to approximately HK\$14.66 million, HK\$16.91 million and HK\$10.81 million, respectively, and our Group's revenue generated from the video production services related to our online monitoring services which involved the engagement of VDS amounted to approximately HK\$1.19 million, HK\$0.31 million and HK\$0.24 million, respectively.

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We have been engaging VDS since December 2011 in the provision of online monitoring services and related video production services. Such engagement provides a flexible means of meeting our clients' needs and requirements, and it is our current strategy to continue to engage VDS to provide online monitoring services and related video production services to our clients following the Listing and in the near future. For further details of our engagement of VDS, please refer to the section headed "Business – Suppliers – Long-term agreements – Online monitoring service provider" in this prospectus.

Should there be any disruption in the provision of services from VDS, there is no assurance that we may be able to identify alternative service providers with the capacity to meet our demands and our required quality standards in a timely manner. Our business operations may accordingly be subject to a temporary adverse impact due to any delay or inability of our alternative suppliers in delivering quality services or services that meet our requirement. If we are unable to identify alternative service providers offering satisfactory quality of the same or similar services at comparable service fee levels or at all when our engagement of VDS ceases, our operations, profitability and performance may be materially and adversely affected since we may need to set up and develop our own expertise and capacity in providing online monitoring services which would be time-consuming and economically unbeneficial to our Group due to the need for immense manpower and resources. We would need time to set up a data monitoring system and train our employees and may need to suspend our provision of online monitoring services and be subject to potential liability for the delay, disruption or discontinuance in providing such services to our clients.

Our clients may delay in settlement of our bills, which may result in a material adverse impact on our business, financial conditions and results of operations

As at 31 March 2013, 31 March 2014 and 30 November 2014, our trade and bills receivables amounted to approximately HK\$27.54 million, HK\$39.74 million and HK\$49.66 million, respectively, representing approximately 41.16%, 65.83% and 71.23% of our current assets, respectively. As at 31 March 2013, 31 March 2014 and 30 November 2014, our overdue trade receivables amounted to approximately HK\$19.48 million, HK\$24.92 million and HK\$33.46 million, respectively, representing approximately 70.76%, 62.70% and 69.01% of our trade receivables, respectively, and our trade receivables turnover days increased from approximately 83 days for the year ended 31 March 2013 to approximately 115 days for the eight months ended 30 November 2014 which was mainly due to the increasing delayed settlement from our existing and/or new clients. For details, please refer to the section headed "Financial Information – Net Current Assets and Selected Items of Combined Statements of Financial Position – Trade and bill receivables" in this prospectus.

As a result, our business operations are subject to the risk of payment deferral by our clients. Our efforts in strengthening our trade receivables collection and management may be in vain and, we cannot assure you that we will be able to fully recover the outstanding amounts due from our clients, if at all, or that our clients will settle the amounts in a timely manner. If settlements by our clients are not made in full or in a timely manner, our business, financial conditions and results of operations will be adversely affected.

We had negative operating cash flow for each of the years ended 31 March 2013 and 31 March 2014

We had negative cash flow from operating activities of approximately HK\$0.31 million and HK\$7.09 million for the years ended 31 March 2013 and 31 March 2014, respectively. For details of the reasons attributable to the negative cash flow from operating activities, please refer to the section headed "Financial

RISK FACTORS

Information – Liquidity and Capital Resources – Cash flows – Net cash (used in)/ from operating activities” in this prospectus. While our Directors believe that we have sufficient funds to finance our current working capital requirements, our operating cash flows may be adversely affected by factors that are beyond our control. We cannot assure you that we will not experience negative net operating cash flows in the future due to delays in payment by our clients or otherwise. Our future liquidity, the payment of trade and other payables and accruals, as well as the repayment of any potential debt obligations as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from operating activities and possibly proceeds from external financings. If we are unable to maintain adequate cash inflows, we may default on our payment obligations and may not be able to meet our capital expenditure requirements. As a result, our business, financial position, results of operations and prospects may be materially and adversely affected.

We may not be able to register our existing brand name which could affect our results of operations

We have been providing digital marketing services to our clients under the brand name of “GURU ONLINE” since 2007. Our Directors believe that such brand name is critical to our Group’s marketing. As at the Latest Practicable Date, our Group had registered the trademark “AdBeyond” in Hong Kong and had applied for the registration of the trademark of “GURU ONLINE” in Hong Kong and the trademarks of “AdBeyond”, “GURU ONLINE” and “GURU” in the PRC. The applications of the aforesaid trademarks had been submitted to and were being processed by the Hong Kong Trade Marks Registry and the PRC Trademark Office, respectively. There is no assurance that our applications for trademark registration will eventually be approved. In particular, one of our trademarks being applied in Hong Kong may be regarded as similar to a name that is registered by another party by the Hong Kong Trade Marks Registry. Before the trademarks are successfully registered, we are unable to prevent other parties from using the same brand name to operate or promote digital marketing services. Any use by a third party of the brand names bearing the words “GURU ONLINE” may affect the public and our clients’ perception of our digital marketing services and our Group’s brand name may be negatively impacted if the service quality of such third party is poor.

If we are unable to register our brand name as trademarks, we may need to use another brand name to undertake our business operation. We may need to spend substantial amount of resources on marketing our new brand, as a result of which our operation, and therefore our Group’s revenue and profitability may be materially and adversely affected. Further details of our Group’s trademarks are set out in the sections headed “Business – Intellectual Property” in this prospectus and “Statutory and General Information – B. Further Information about the Business of our Group – 2. Intellectual property rights of our Group” in Appendix V to this prospectus.

Our reputation, brand name and business could be adversely affected by instances of misconduct by third parties

As at 30 November 2014, we had (i) entered into cooperation agreements with more than 250 partner websites and more than 100 partner apps and mobile sites; (ii) engaged service providers, including but not limited to VDS and reputable commentators, for the provision of our social media management services; and (iii) cooperated with advertising agencies to make joint tender applications in relation to engagements in the PRC.

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As most of our partner websites, apps, mobile sites, service providers and advertising agencies are independent entities, we do not have direct control on these third parties in relation to the contents shown on their websites, apps and mobile sites or activities conducted in the ordinary course of business or during the tendering process. Therefore, it is impossible for us to monitor their performance as thoroughly and effectively as our own operations. There is no assurance that our Group will be able to detect and prevent the misconduct or non-compliances of these third parties in a timely manner or at all. If we fail to identify and our partner websites, apps, mobile sites, service providers and advertising agencies fail to rectify such misconduct or non-compliances in a timely manner, we may be subject to regulatory investigations and/or claims, and our reputation, brand name, business and financial conditions may accordingly be materially and adversely affected.

If we are unable to secure engagements from clients, in particular well-established PRC-based brands and the public bodies, through the tendering process, our business and financial performance may be adversely affected and the sustainability of our business may also be adversely affected in the long run

For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, approximately HK\$8.87 million, HK\$17.79 million and HK\$13.47 million of our revenue were generated from engagements obtained through the tendering process, representing approximately 9.96%, 15.80% and 14.16% of our revenue for the relevant years and period. For the year ended 31 March 2013 and 31 March 2014 and the eight months 30 November 2014, revenue generated from our PRC-based clients which were obtained through tendering process amounted to approximately HK\$6.15 million, HK\$12.28 million and HK\$8.33 million, respectively, accounting for approximately 44.45%, 71.63% and 43.68% of our revenue attributable to our PRC-based clients, respectively. The success rate of our Group in tendering projects awarded by our PRC-based clients were approximately 66.67%, 37.50% and 42.86% for the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, respectively.

Our Directors believe that the competition in the tendering process among various digital marketing service providers had been intense. Our ability to secure engagements out of our tenders is one of the factors that is important to our success because most of our significant PRC engagements were obtained through tendering process during the Track Record Period and public bodies and well-established PRC-based brands generally engage us through tendering process. These engagements and clients form an integral part of our client base and project portfolio. Being able to retain and maintain our business relationships with these clients would promote and strengthen our brand image and reputation in the industry, thereby enabling us to capture more revenue and market share. There is no guarantee that we will be able to secure our engagements with our targeted clients such as public bodies and well-established PRC-based brands through tendering process following the Listing. In the event that we are unable to succeed in our competitive tenders or maintain business relationships with our existing clients, our competitive advantage may be weakened and our brand image and reputation may be adversely affected. Our ability to secure large-scale and/or high profile projects may therefore be materially and adversely impacted, thereby affecting our business, financial performance and the sustainability of our business in the long run.

RISK FACTORS

We generally do not enter into long-term agreements with our clients. If we fail to retain existing clients or attract new clients, our revenue and profitability could be significantly reduced

Our success requires us to maintain our relationships with existing clients and to develop new relationships with potential clients. Our contracts with our clients generally do not include long-term obligations requiring them to use our services, and our contracts with our clients are generally on project basis. As a result, we may have limited visibility as to our future marketing revenue streams. We cannot assure you that our clients will continue to use our services or that we will be able to replace, in a timely or effective manner, departing clients with potential clients that deliver comparable level of revenue. If we fail to retain our existing clients or increase advertisers' utilisation of our services, or to provide attractive digital marketing services and pricing structures to attract new clients, the demand for our services will not grow and may even decrease, which could materially and adversely affect our ability to maintain or increase our revenue and profitability.

If we fail to procure sufficient advertising space, our revenue could be adversely affected

Our Group's revenue attributable to our digital advertisement placement services accounted for approximately 35.03%, 35.50% and 37.45% of our Group's total revenue for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. Such services depend, to a large extent, on our ability to procure sufficient advertising space for display advertisements from websites, apps and mobile sites and for social advertisements from social media platforms. Further, we only enter into exclusive agreements for advertising space with some of our suppliers, and we are competing for advertising space with our competitors. If we fail to procure advertising space at a reasonable cost or fails to compete for advertising space successfully with our competitors, our revenue could be affected.

If our expansion plan in the PRC turns out to be unsuccessful, our business, growth, financial position and results of operations could be adversely affected

We plan to expand our operations in the PRC where we have relatively short operating history. The PRC market may have very different business environment, competitive conditions and clients' preferences from our existing market. Our brand name is not considered to be well known in the PRC and may not be well accepted by our potential clients in the PRC. As a result, our expansion plan in the PRC may not be as successful as in our existing market. We may need to invest a huge amount of time and resources to build our brand awareness in the PRC.

Revenue from the PRC market may take longer than expected to grow. Any inability to successfully replicate our business model to the PRC market or any inability to execute our expansion plan in the PRC market could adversely affect our business, growth, financial position and results of operations.

The financial results of our Group will be affected by our listing expenses

The financial results of our Group will be affected by certain non-recurring expenses including the expenses in relation to the Placing and the Listing. The total estimated expenses in relation to the Placing and the Listing (mainly comprising the sponsor's fee, legal and other professional fees, underwriting commission and printing fee) are approximately HK\$25.3 million, of which approximately HK\$25.0 million will be borne by us and approximately HK\$0.3 million will be borne by our Selling Shareholders. Of such

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amount to be borne by us, of which approximately HK\$8.3 million is directly attributable to the issue of the Placing Shares and is to be accounted for as a deduction from equity. The remaining amount of approximately HK\$16.7 million has been or is to be charged to the combined statements of profit or loss and other comprehensive income, of which (i) approximately HK\$5.1 million and HK\$1.7 million were recognised for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively, representing approximately 110.87% and 19.54% of our Group's profit for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively (according to our audited financial statement as set out in Appendix I to this prospectus); (ii) approximately HK\$2.4 million was recognised for the four months ended 31 March 2015 (according to our management accounts); and (iii) approximately HK\$7.5 million is expected to be charged upon the Listing (according to our current estimation). Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions.

Accordingly, our Shareholders and potential investors should be informed that the financial results of our Group for the year ending 31 March 2016 will be materially and adversely affected by the estimated expenses of approximately HK\$7.5 million to be recognised in our combined statements of profits or loss and other comprehensive income in relation to the Placing and the Listing, which represent approximately 163.04% of our Group's profits for the year ended 31 March 2014.

The state of economy in Hong Kong may adversely affect our performance and financial conditions

Hong Kong is our major market. Approximately 84.47%, 84.78% and 79.94% of our revenue were attributable to our Hong Kong-based clients during the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively (*Note*). If Hong Kong experiences any adverse economic conditions due to events beyond our control, such as a local economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected.

Note: Revenue attributable to our Hong Kong-based clients includes revenue from all of our clients based in Hong Kong and excludes revenue from all of our clients based in the PRC, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients). A number of our PRC-based clients entered into contracts with AdBeyond HK, our major Hong Kong subsidiary, for digital marketing services involving the use of global social media platforms as our PRC subsidiaries, like other companies established in the PRC, do not have access to certain global social media platforms under the policies of the PRC Government. During the Track Record Period, over 90% of our Group's revenue was attributable to contracts signed by our subsidiaries with offices located in Hong Kong. No geographic information for our Group's revenue from external clients has been presented in the Accountants' Report in Appendix I to this prospectus as based on the office location of our subsidiaries which signed the contracts with our clients, over 90% of the external revenue was generated from Hong Kong during the Track Record Period.

RISK FACTORS

RISKS RELATING TO OUR INDUSTRY

We are in the highly competitive digital marketing service industry and may not be able to compete successfully which could reduce our market share and adversely affect our financial performance

There are numerous companies that specialise in the provision of digital marketing services in both Hong Kong and the PRC. Our Group competes primarily with our competitors or potential competitors for quality advertising space, popular websites, apps and mobile sites, partners and clients. The digital marketing service industries in both Hong Kong and the PRC are rapidly evolving. Competition can be increasingly intensive and is expected to increase significantly in the future. Increased competition may result in price reductions for advertising space, reduced margins and loss of our market share.

Our Group competes with other competitors in Hong Kong and the PRC primarily on the following bases:

- brand recognition;
- quality of services;
- effectiveness of sales and marketing efforts;
- creativity in design and content;
- price;
- strategic relationships; and
- hiring and retention of talented staff.

Our Group's existing competitors may in the future achieve greater market acceptance and recognition and gain a greater market share. It is also possible that potential competitors may emerge and acquire a significant market share. If existing or potential competitors develop or offer services that provide significant performance, price, creative or other advantages over those offered by us, our business, results of operations and financial conditions would be negatively affected. Our Group also competes with traditional forms of media, such as newspapers, magazines, radio and television broadcast, for advertisers and advertising revenues.

Our existing and potential competitors may enjoy competitive advantages over us, such as longer operating history, greater name recognition, larger client base, greater access to advertising space on popular websites, apps and mobile sites, and significantly greater financial, technical and marketing resources. We may not be able to compete successfully. If we fail to compete successfully, we could lose clients. We also cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. Increasing competition could result in pricing pressure and loss of our market share, either of which could have a material adverse effect on our financial conditions and results of operations.

We heavily rely on digital marketing for our revenue, but the market is subject to uncertainties which could affect our results of operations

The growth of digital marketing in Hong Kong and the PRC is subject to many uncertainties. Not having traditionally invested or devoted a significant portion of their budget or expenditures or other available funds to digital marketing, some of our existing and potential clients may have limited understanding on digital media. They may not find digital media such as websites, apps, mobile sites, social

RISK FACTORS

media platforms and search engines to be effective for promoting or showcasing their products and services comparing to the traditional forms of media, such as, print and broadcast media. Our Group's ability to generate and maintain certain level of revenue will depend on a number of factors, many of which are beyond our control, including but not limited to:

- the maintenance and enhancement of our brand name in a cost-effective manner;
- intensified competition in digital marketing service industry and potential downward pressure on advertising prices;
- limited quality advertising space;
- a change in governmental policy that would restrict and regulate our digital marketing services;
- the acceptance and/or attractiveness of digital media and social media platforms as an effective way for advertisers to place advertisements;
- the effectiveness of our marketing strategy, delivery, tracking and reporting systems; and
- the development of software that blocks digital advertisements and the expansion of advertisement blocking on digital media and social media platforms, which might affect the delivery, display or tracking of digital advertisements.

Our revenue growth depends on the continuous growth of Internet usage and infrastructure. If use of the Internet does not continue to grow, or if the Internet infrastructure does not effectively support its growth, our revenue and growth could be adversely affected

Our business and financial results depend heavily on the continuous growth in the use of Internet, whether through computers or other mobile connected devices. Internet usage may be inhibited for a number of reasons, many of which are beyond our control, including but not limited to:

- security concerns;
- unavailability of inexpensive and high speed service;
- inconsistent quality of service; and
- inadequate network infrastructure.

If Internet infrastructure is unable to support the growing use of the Internet, the performance, usability and reliability of the Internet may be hindered and may decline. In addition, websites, apps and mobile sites may experience interruptions in their service as a result of sabotage and other delays occurring throughout the Internet network infrastructure. The Internet could lose its viability as a commercial medium due to delays in the development or adoption of new technology required to accommodate increased levels of Internet activity. If use of the Internet does not continue to grow, or if the Internet infrastructure does not effectively support its growth, our revenue and growth could be adversely affected.

If we fail to successfully develop and introduce new services, our competitive position and ability to generate revenues and growth could be affected

Internet is a fast changing and evolving platform. In order to adapt to this environment, our Group has to continuously develop new services for our business. The introduction of new services is subject to risks and uncertainties. Unexpected technical, operational, distribution or other problems could delay or prevent the introduction of our new services. Moreover, there can be no assurance that any of our new features and services will achieve widespread market acceptance.

RISK FACTORS

If we fail to achieve the marketing objectives of the advertisers, we could lose clients and our revenue could decline

We offer our services to clients depending on the individual needs and marketing objectives of the advertisers. In general, the marketing objectives of an advertiser will be set out in the relevant agreement with client for reference purpose before the commencement of a project and may be revised throughout the project, and our digital marketing services may be fine-tuned with reference to feedback from client. While the marketing objectives are usually set out solely for reference purpose and are not guaranteed by us, most of our clients assess our performance mainly based on our effectiveness in achieving the marketing objectives. As a result, we are expected to provide effective digital marketing services that can achieve the desired marketing objectives (such as reaching a specific number of visitors within a given time frame). If our digital marketing services are not able to achieve the desired marketing objectives, our relationships with clients, reputation and revenue will be adversely affected.

If we experience information and technological system failures, our business operations could be significantly disrupted

Our business operations and success depend on the stable performance of our information and technological system, which we utilise to, among other things, communicate with suppliers and clients, design, execute and place advertisements, monitor the performance of and update marketing campaigns, and monitor the sufficiency of advertising space. Any system failure that interrupts our ability to provide services to clients, could significantly reduce the attractiveness of our services to clients and reduce our revenue. Our systems are vulnerable to a variety of events, including telecommunications failures, power shortages, malicious human acts and natural disasters. In addition, any steps to increase the reliability and to avoid the redundancy of our information and technological system may not be effective and may not be successful in preventing system failures.

If we fail to keep up with the rapidly changing technologies, we could lose our clients and our revenues and growth could be adversely affected

Our success will depend on our ability to adapt to rapidly changing technologies, to enhance quality of existing services and to develop and introduce a variety of new services or products to address our clients' changing demands.

We may experience difficulties that could delay or prevent the successful design, development, introduction or marketing of our new services or products. Any new service, product or enhancement we develop will need to meet the requirements of our existing and potential clients and may not achieve significant market acceptance. If we fail to keep pace with changing technologies and to introduce successful and well-accepted products or services for our existing clients or potential clients, we could lose our clients and our revenues and growth could be adversely affected.

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RISKS RELATING TO THE PRC

Risks relating to the social, political and economic conditions in the PRC

We currently operate two subsidiaries in the PRC, namely AdBeyond GZ and AdBeyond BJ, and intend to further expand our client base and business in the PRC as stated in the section headed “Business Objectives and Future Plans – Implementation Plans” in this prospectus. In addition, our revenue attributable to our PRC-based clients, either through our Hong Kong or PRC subsidiary, increased by approximately 23.93% to approximately HK\$17.14 million for the year ended 31 March 2014 from approximately HK\$13.83 million for the year ended 31 March 2013, and further increased by approximately 57.13% to approximately HK\$19.07 million for the eight months ended 30 November 2014 from approximately HK\$12.14 million for the eight months ended 30 November 2013 (*Note*). Accordingly, our business, financial conditions and prospects are to a significant degree subject to the political, economic and social conditions of the PRC. Any changes in the political, economic and social conditions of the PRC and any change in the policy in relation to digital marketing services in the PRC may adversely affect our business and viability. The PRC Government has undergone various reforms of its economic systems. Such reforms have resulted in economic growth for the PRC in the past. However, many of the reforms may be unprecedented or experimental, and are expected to be refined and modified from time to time. In addition, the scope, application and interpretation of laws relating to such reforms may be uncertain. Other political, economic and social factors may also lead to further refinement or adjustment of the reform measures. This refinement and adjustment process may consequently have a material adverse impact on our business operations and financial performance in the PRC. Our results and financial conditions may be adversely affected by any changes in the political, economic and social conditions of the PRC and by changes in policies of the PRC Government with regard to digital marketing services or changes in laws, rules and regulations or the interpretation or implementation thereof.

Note: Revenue attributable to our PRC-based clients includes revenue from all of our clients based in the PRC and excludes revenue from all of our clients based in Hong Kong, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients). A number of our PRC-based clients entered into contracts with AdBeyond HK, our major Hong Kong subsidiary, for digital marketing services involving the use of global social media platforms as our PRC subsidiaries, like other companies established in the PRC, do not have access to certain global social media platforms under the policies of the PRC Government. During the Track Record Period, over 90% of our Group’s revenue was attributable to contracts signed by our subsidiaries with offices located in Hong Kong. No geographic information for our Group’s revenue from external clients has been presented in the Accountants’ Report in Appendix I to this prospectus as based on the office location of our subsidiaries which signed the contracts with our clients, over 90% of the external revenue was generated from Hong Kong during the Track Record Period.

We may be adversely affected by the complexity, uncertainties and changes in the regulation of Internet-related businesses and companies in the PRC

The PRC Government extensively regulates the Internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement

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involve significant uncertainty. As a result, in certain circumstances some actions or omissions may be deemed to be violations of applicable laws and regulations. Risks and uncertainties relating to PRC regulation of the Internet-related business include, but are not limited to, the following:

- (1) There are uncertainties relating to the regulation of the Internet-related business in China, including evolving licensing practices. This means that some of our permits, licences or operations in the PRC may be subject to challenge, or we may fail to obtain permits or licences that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licences. If we fail to maintain any of these required licences or permits, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations in the PRC. Any such disruption in our business operations in the PRC may have a material and adverse effect on our results of operations in the PRC.
- (2) New laws and regulations may be promulgated in China to regulate Internet activities, including digital marketing and Internet-related app design and production. If these new laws and regulations are promulgated, additional licences and/or cost of compliance may be required for our operations. If our operations are not in compliance with these new laws and regulations after they become effective, or if we fail to obtain any licences required under these new laws and regulations, we could be subject to penalties or restriction on our operations in the PRC.

As confirmed by our PRC legal advisers, Jun He Law Offices, the establishment and operation of AdBeyond GZ as a foreign-invested advertising enterprise were subject to the Provisions on the Administration of Foreign-invested Advertising Enterprises (外商投資廣告企業管理規定), and our PRC subsidiaries are not required to obtain any other industry-specific qualification, licence or permit, including an ICP licence, for carrying out our integrated digital marketing business in the PRC. Given that the interpretation and application of existing PRC laws, regulations and policies and possible new laws, regulations or policies relating to the Internet industry have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, Internet-related businesses in the PRC, including our business in the PRC, there is no assurance that we have obtained all the permits or licences required for conducting our business in the PRC or will be able to maintain our existing licences or obtain any new licences required under any new laws or regulations. There is also no assurance that the PRC Government will not classify our business as one requiring an ICP licence or other licences in the future. If new regulations in the PRC classify our business as one requiring an ICP licence or other licences, we may be prevented from operating in the PRC if we are unable to obtain the required licences. If the change in classification of our business were to be retroactively applied, we might be subject to sanctions, including payment of taxes and fines.

Given the uncertainty and complexity of the PRC laws and regulations on Internet-related business, our business may be re-classified as services requiring an ICP licence or other licences or we may be found to be in violation of the existing or future laws and regulations in the PRC. Any change in the PRC laws and regulations may therefore significantly disrupt our operations in the PRC and materially and adversely affect our business, results of operations and financial conditions in the PRC.

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Regulation and censorship of information disseminated through the Internet in the PRC may adversely affect our business in the PRC, and we may be liable for content that is disseminated by us through the Internet

The PRC Government has enacted laws and regulations governing Internet access and the distribution of products, services, news, information, audio-video programmes and other content through the Internet. The PRC Government has prohibited the dissemination of information through the Internet that it deems to be in violation of PRC laws and regulations. If any Internet content disseminated by us is deemed by the PRC Government to violate any content restrictions, we would not be able to continue to disseminate such content and could become subject to penalties, including confiscation of income, fines, suspension of business and revocation of licences, which could materially and adversely affect our business, financial conditions and results of operations in the PRC. We may also be subject to potential liability for any unlawful actions of our clients or for content we disseminate that is regarded as inappropriate. It may be difficult to determine the type of content that may result in liability to us, and if we are found to be liable, we may be prevented from operating our business in the PRC or our business operations in the PRC may be restricted.

The enforcement of the Labour Contract Law and other labour-related regulations in the PRC may adversely affect our business and our results of operations

On 29 June 2007, the Standing Committee of the National People's Congress of the PRC enacted the Labour Contract Law, which became effective on 1 January 2008, as amended subsequently on 28 December 2012. The Labour Contract Law introduces specific provisions relating to employment terms and labour dispatch. According to the Labour Contract Law, an employer is obliged to sign an open-ended labour contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee who has entered into two consecutive fixed-term labour contracts with the employer requests or agrees to renew a labour contract, except under exceptional circumstances, the employer should enter into an open-ended labour contract with such employee. Employment under labour contracts is the basic form of employment of staff by employers in the PRC. Employment under labour dispatch is a supplementary form and shall exclusively apply to provisional, auxiliary or substitutive positions only. An employer is also required to compensate its employees at least at the local minimum wage standards and make severance payments to employees when the labour contracts between the employer and employees are terminated, except for certain circumstances prescribed in the Labour Contract Law. Violations of the Labour Contract Law may result in the imposition of fines and other administrative liabilities. Criminal liability may also arise for serious violations. In addition, employers in the PRC are obliged to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. Failing to make such contributions relating to the welfare of employees may result in imposition of fines and overdue fee.

During the Track Record Period, our PRC subsidiaries engaged dispatched employees through a third party human resources agency in the PRC. As advised by our PRC legal advisers, Jun He Law Offices, we terminated such arrangements in late 2013 and have entered into labour contracts with all of our current employees in the PRC since then. As a result of the laws and regulations designed to enhance labour protection and increasing labour costs in China, our labour costs are expected to increase. In addition, as the interpretation and implementation of these laws and regulations are still evolving, there is no assurance that our employment practice will at all times be regarded as being in compliance with the new regulations by

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the relevant PRC authorities. If we are subject to severe penalties or incur significant liabilities in connection with labour dispatch or investigations, our business and results of operations in the PRC may be adversely affected.

Uncertainties regarding interpretation and enforcement of the PRC laws, rules and regulations may impose adverse impact on our business, operations and profitability

Our business and operations in the PRC are governed by the legal system of the PRC. Although many laws, rules and regulations have been promulgated in the PRC and amended since 1978, the PRC legal system is still not sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws, rules and regulations may be influenced by changes in monetary policy and changes in the domestic, political and social conditions. Accordingly, the outcome of dispute resolutions may not be consistent or predictable. In addition, it may also be difficult to enforce judgments and arbitration awards in the PRC, or to obtain enforcement of judgment by a court of another jurisdiction. Many laws and regulations in the PRC are promulgated in broad principles and the PRC Government has gradually laid down implementation rules and has continued to refine and modify such laws, rules and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. We cannot guarantee that (a) future changes in legislation or interpretation thereof will not have an adverse effect on our business, operations or profitability; and (b) the PRC Government will not issue further directives, regulations, clarifications or implementation rules requiring our Group to obtain further approvals in relation to our business and operations.

Foreign exchange considerations

Approximately 15.00%, 18.00% and 19.71% of our revenue are denominated in RMB for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. In addition, we intend to further expand our client base and business in the PRC as stated in the section headed “Business Objectives and Future Plans – Implementation Plans” in this prospectus. At present, RMB is not freely convertible to other currencies. Under the current foreign exchange regulations of the PRC, no approval from the national departments in charge of the administration of foreign exchange control is required for RMB conversion for the sole purpose of current account transactions, including trade and service related foreign exchange transactions and payment of dividends to foreign investors. Foreign exchange transactions in respect of capital account items including the foreign currency capital in any foreign investment enterprise in the PRC, the repayment of foreign currency loans and the payment pursuant to foreign currency guarantees continue to be subject to significant foreign exchange controls and require the prior approval of national departments in charge of the administration of foreign exchange control or its local counterparts. There is no assurance that the PRC Government will not impose more stringent restrictions on the convertibility of RMB especially relating to foreign exchange transactions.

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RISKS RELATING TO THE PLACING AND SHARE PERFORMANCE

There may be limited liquidity in the Shares and volatility in the price of the Shares on GEM

The Shares have not been traded in any open market before completion of the Placing. The Placing Price may not serve as an indicator of the price of the Shares traded on GEM in the future. There is no assurance that an active trading market of the Shares will develop upon the Listing or if it does develop, that it may be sustained for any period of time after the Listing. Upon the Listing, the transaction volume and market price of the Shares may be affected by various factors, including the general market conditions, development of GEM, our income, profitability, cash flow, announcement of new services and/or investment plans, technology advancements, change of senior management personnel, strategic alliance and/or acquisition, and other factors. All such factors may result in significant fluctuations in the market price and/or transaction volume of the Shares. There is no assurance that such changes will not occur.

Issue of new Shares under the Share Option Scheme or any future equity fund raising exercise will have a dilution effect and may affect our profitability

We have conditionally adopted the Share Option Scheme but no option has been or will be granted thereunder prior to the Listing Date. Any exercise of the options to be granted under the Share Option Scheme in the future will result in a dilution in the shareholding of our Shareholders in our Company and may result in a dilution in the earnings per Share and net asset value per Share. Under the HKFRSs, the costs of share options to be granted under the Share Option Scheme will be charged to our combined statement of comprehensive income over the vesting period by reference to the fair value as at the date of grant of the share options. As a result, our profitability may be adversely affected.

We may require additional funding for future growth

We may be presented with opportunities to expand our business operations through acquisitions in the future. Under such circumstances, secondary issue(s) of securities after the Listing may be necessary to raise the required capital to capture these growth opportunities. If additional funds are raised by means of issuing new equity securities in the future to new and/or existing Shareholders after the Listing, such new Shares may be priced at a discount to the then prevailing market price. Inevitably, existing Shareholders if not being offered with an opportunity to participate, their shareholding interest in our Company will be diluted. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of the Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

New business strategies formulated in the future could disrupt our Company's ongoing business and present risks not originally contemplated

We may in the future formulate new business strategies. Such endeavours may include mergers and acquisitions which involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset the liabilities assumed and expenses associated with the

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strategies, inadequate return of capital and unidentified issues not discovered in our due diligence. There is no assurance that such strategies will be implemented successfully and will not materially adversely affect our financial conditions and operating results.

There can be no assurance that we will declare or distribute any dividend in the future

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our Group declared dividends of approximately HK\$10.69 million, HK\$13.80 million and nil, respectively. However, our Group's historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. A decision to declare and pay any dividends would require the recommendations of our Board and approval of our Shareholders. Under the Articles, our Directors have the power to pay interim dividends but only if they are justified by the position of our Company. The decision to pay dividends will be reviewed in light of the factors such as the results of operations, financial conditions and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. There can be no assurance that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

We may not be able to pay any dividends on the Shares

Subject to the Companies Law and the Articles, our Company may declare dividends in any currency, but no dividend shall be declared in excess of the amount recommended by our Board. The Articles provide that dividends may be declared and paid out of the profits of our Company, realised or unrealised, or from any reserve set aside from profits which our Directors determine is no longer needed. Our Company can also pay dividends out of the share premium with the approval of our Shareholders and subject to a statutory solvency test. There can be no assurance that we will be able to declare or distribute any dividend or at all in the future. The dividend policy is subject to review by our Directors at any time and our Company may determine not to pay any dividends as a result of such review.

Future sale of the Shares or major divestment of the Shares by our Controlling Shareholders or substantial shareholders of our Company could adversely affect the Share price

The sale of a significant number of Shares in the public market after the Listing, or the perception that such sale may occur, could adversely affect the market price of the Shares. Except as otherwise described in the section headed "Underwriting" in this prospectus and the restrictions set out by the GEM Listing Rules, there is no restriction imposed on our Controlling Shareholders or substantial shareholders of our Company to dispose of their shareholdings. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders of our Company may cause the market price of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price that our Directors deem appropriate, thereby limiting our ability to raise capital.

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There has been no prior public market for the Shares and the liquidity and market price of the Shares may be volatile and could result in substantial loss for investors purchasing the Shares in the Placing

Prior to the Listing, there has been no public market for the Shares. The Placing Price is the result of negotiations between us and the Sole Lead Manager (also in its capacity as the Underwriter), and may be different from the market prices for the Shares after the Listing. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for the Shares. The pricing and trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among other things, some of which are beyond our control:

- variations in our results of operation;
- changes in securities analysts' analysis of our financial performance;
- our announcement of significant acquisitions, dispositions, strategic alliances or joint ventures;
- addition or departure of our key personnel;
- fluctuations in market prices and trading volume of the Shares;
- our involvement in litigation; and
- general economic and stock market conditions in Hong Kong.

Stock markets and the shares of some listed companies in Hong Kong have experienced increasing price and volume fluctuations in recent years, some of which may have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of the Shares.

Information contained in press articles or other media

We wish to emphasise to prospective investors that we do not accept any responsibility for the accuracy or completeness of the information contained in any press articles or other media coverage, and such information that was not sourced from or authorised by us. We make no representation as to appropriateness, accuracy, completeness or reliability of any information contained in any press articles or other media. Accordingly, in all cases, prospective investors should give consideration as to how much weight or importance they should attach to, or place on, such press articles or other media coverage.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “expect”, “may”, “ought to”, “should” or “will” or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations that our plans or objectives will be achieved and investors should not place undue reliance

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on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed “Forward-looking Statements” in this prospectus for further details.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

INVESTMENT OF HUAYI BROTHERS

According to Rule 12.11 of the GEM Listing Rules, there must be no dealing in the Shares by any of our core connected persons from the time of submission of the application for the Listing until the Listing is granted, unless otherwise permitted by the Stock Exchange.

Pursuant to the Supplemental Deed, subject to the compliance with the relevant laws and regulations and obtaining the written approval or consent from the Stock Exchange, Huayi Brothers has the right to, but may choose not to, subscribe, in connection with the Placing, at the Placing Price, for no more than 20% of the Placing Shares (including the additional Shares offered by our Company in connection with the exercise of the Offer Size Adjustment Option) subject to the conditions of the Supplemental Deed. Please refer to the section headed “History, Development and Reorganisation – Our Pre-IPO Investors – Special rights of our Pre-IPO Investors” in this prospectus for further information relating to the Amended Anti-Dilution Right of Huayi Brothers. As Huayi Brothers is a substantial shareholder of our Company, Huayi Brothers is therefore a core connected person of our Company.

An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules in relation to the exercise of the Amended Anti-Dilution Right of Huayi Brothers on the basis that (i) the allotment of the Placing Shares to Huayi Brothers in connection with the Amended Anti-Dilution Right of Huayi Brothers is necessary in order to give effect to the pre-existing contractual rights of Huayi Brothers under the Subscription and Shareholders Agreement as amended by the Supplemental Deed; (ii) the exercise of the Amended Anti-Dilution Right of Huayi Brothers will not result in the dilution of the shareholdings of the existing Shareholders, namely Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang, who are our Controlling Shareholders, as well as Mr. Harry Wong, Mr. C.H. Chan, HGI Finanves and HGI Growth; and (iii) notwithstanding the exercise of the Amended Anti-Dilution Right of Huayi Brothers, our Company will satisfy the public float requirement under Rule 11.23 of the GEM Listing Rules. Such waiver has been granted by the Stock Exchange on the conditions that:

- (i) Huayi Brothers’ proposed subscription is pursuant to the pre-existing contractual anti-dilution right set out in the Subscription and Shareholders Agreement as amended by the Supplemental Deed;
- (ii) Huayi Brothers’ subscription will be made at the Placing Price on the same terms and conditions as other investors under the Placing and will not result in the dilution of the shareholdings of the existing Shareholders; and
- (iii) full disclosure in respect of the pre-existing contractual anti-dilution right and the proposed subscription by Huayi Brothers and the allotment to Huayi Brothers will be made in this prospectus and the relevant allotment results announcement.

The above-mentioned waiver is applicable to Huayi Brothers’ potential full exercise of the Amended Anti-Dilution Right of Huayi Brothers as may be permitted under the applicable PRC laws and regulations at the time of exercise of the Amended Anti-Dilution Right of Huayi Brothers. As disclosed in the section headed “History, Development and Reorganisation – Compliance with the Relevant PRC Laws and Regulations – 1997 Red-chip Guidance” in this prospectus, since Huayi Brothers (our one and only

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

Shareholder which is controlled by a PRC entity) is not our controlling Shareholder or our single largest Shareholder, we are not a PRC-funded offshore company and accordingly 1997 Red-chip Guidance does not apply to us. Currently, Huayi Brothers is our second largest Shareholder. Huayi Brothers and Cooper Global (our single largest Shareholder which is held as to 50.00% by each of Mr. Alan Yip and Ms. Karin Wan) will be interested in 15.00% and 15.57%, respectively, of our entire issued share capital upon the completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme). In order to remain as our second largest Shareholder, Huayi Brothers will only be able to subscribe, in connection with the Placing, for Shares representing less than 0.57% of the issued share capital of our Company immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) in case it exercises the Amended Anti-Dilution Right of Huayi Brothers.

ACCOUNTS IN THIS PROSPECTUS

The Accountants' Report set out in Appendix I to this prospectus includes audited financial information for our Group for the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2014.

Rule 7.03(1) of the GEM Listing Rules requires a listing applicant to include in the prospectus the consolidated results of the listing group in respect of each of the two financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange.

Rule 11.10 of the GEM Listing Rules requires a listing applicant to have an accountants' report prepared in accordance with Chapter 7 of the GEM Listing Rules, covering at least the two financial years immediately preceding the issue of the prospectus.

Section 342(1) of the Companies (WUMP) Ordinance provides that, subject to section 342A of the Companies (WUMP) Ordinance, it shall not be lawful for any person to issue, circulate or distribute in Hong Kong any prospectus offering for subscription or purchase of shares in a company incorporated outside Hong Kong unless, among other things, the prospectus states the matters specified in Part I of the Third Schedule to the Companies (WUMP) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (WUMP) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (WUMP) Ordinance requires a company to include in its prospectus a statement as to, *inter alia*, its gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (WUMP) Ordinance requires a company to include in its prospectus a report by its auditors with respect to, *inter alia*, its profits and losses and assets and liabilities in respect of each of the three financial years immediately preceding the issue of the prospectus.

WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES AND THE COMPANIES (WUMP) ORDINANCE

Pursuant to section 5(3) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), all reference to “3 preceding years”, “3 financial years” and “3 years” in paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance are substituted by a reference to “2 preceding years”, “2 financial years” and “2 years”, respectively, for a prospectus issued in relation to an application for the listing of securities on GEM.

Pursuant to section 342A of the Companies (WUMP) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (WUMP) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules subject to the following conditions:

- (i) our Company must issue this prospectus by 22 May 2015 and list on the Stock Exchange by 31 May 2015;
- (ii) our Company must obtain a certificate of exemption from the SFC from similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (WUMP) Ordinance; and
- (iii) a profit estimate for the year ended 31 March 2015 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules, and a Directors’ statement that there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 30 November 2014 to the date of this prospectus will be included in this prospectus.

We have also applied for, and the SFC has granted us, a certificate of exemption from strict compliance with the Ordinance Requirements. Strict compliance with the Ordinance Requirements would be unduly burdensome for us as there would not be sufficient time for us to prepare the full year financial statements for the year ended 31 March 2015 and for our reporting accountants to complete the audit thereon prior to the issue of this prospectus.

Our Directors confirmed that all information necessary for the public to make an informed assessment of our activities, assets and liabilities, financial position, management and prospects has been included in this prospectus and that, as such, the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rules 7.03(1) and 11.10 of the GEM Listing Rules and the Ordinance Requirements, respectively, will not prejudice the interests of the investing public.

Our Directors and the Sole Sponsor confirmed that they have performed sufficient due diligence to ensure that, up to the date of this prospectus, there has been no material adverse change in our financial and trading positions or prospect since 30 November 2014 and there has not been any event since 30 November 2014 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this prospectus.

**WAIVERS FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES
AND THE COMPANIES (WUMP) ORDINANCE**

In accordance with Guidance Letter HKEx-GL25-11, a profit estimate of our Group for the year ended 31 March 2015 which complies with Rules 14.29 to 14.31 of the GEM Listing Rules has been set out in Appendix III to this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Printed copies of this prospectus are available, for information purposes only, at the respective offices of the Sole Sponsor and Sole Lead Manager from 4:30 p.m. on Friday, 22 May 2015 to Thursday, 28 May 2015 (both days inclusive and during normal office hours from 9:00 a.m. to 5:00 p.m. for business days only).

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus is published solely in connection with the Placing which is sponsored by the Sole Sponsor. The Placing Shares will be fully underwritten by the Sole Lead Manager as the Underwriter pursuant to the Underwriting Agreement subject to the Placing Price being fixed by agreement between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) on the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter). For further information about the underwriting arrangements, please refer to the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE PLACING SHARES

Each person acquiring the Placing Shares will be required to confirm or by his/her/its acquisition of the Placing Shares will be deemed to confirm that he/she/it is aware of the restrictions on the offer and sale of the Placing Shares described in this prospectus. Save as mentioned above, no action has been taken in any jurisdiction other than Hong Kong to permit a placing of the Shares or the general distribution of this prospectus. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in relation to the Placing in any jurisdiction or, in any circumstance in which such an offer or invitation is not authorised, or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offer and sale of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under any applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

Prospective investors for the Placing Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe the applicable laws, rules and regulations of any relevant jurisdictions.

The Placing Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Placing to give any information, or to make any representation, not contained in this prospectus. Any information or

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

representation not contained herein shall not be relied upon as having been authorised by our Company, our Selling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Placing.

STRUCTURE AND CONDITIONS OF THE PLACING

Further details of the structure and conditions of the Placing are set out in the section headed “Structure and Conditions of the Placing” in this prospectus.

APPLICATION FOR LISTING OF THE SHARES ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus.

Under section 44B(1) of the Companies (WUMP) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the Placing or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Listing Division, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

No part of the Shares or the loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

If investors are unsure about the taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or exercise of any rights in relation to the Placing Shares, they should consult an expert. It is emphasised that none of our Company, our Selling Shareholders, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, any of their respective directors, officers, employees, agents, representatives or any other person or party involved in the Placing accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to the Placing Shares.

HONG KONG BRANCH SHARE REGISTRAR AND STAMP DUTY

The principal register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd., and the branch register of members of our Company will be maintained in Hong Kong by the Hong Kong Branch Share Registrar, Tricor Investor Services Limited.

The Shares are freely transferable. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

All the Placing Shares will be registered on the branch register of members of our Company in Hong Kong. Dealings in the Shares registered on the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Friday, 29 May 2015. Shares will be traded in board lots of 10,000 Shares each. The stock code for the Shares is 8121. Our Company will not issue any temporary documents of title. Dealings in the Shares on GEM will be effected by participants of GEM whose bid and offer quotations will be available on the GEM's teletext page information system. Delivery and payment for Shares dealt on GEM will be effected on the second Business Day following the transaction date. Only certificates for Shares registered on the branch share register of our Company will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealings and settlement arrangement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed in any table are due to rounding.

INFORMATION ABOUT THIS PROSPECTUS AND THE PLACING

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Renminbi and US dollar have been translated, for illustration purposes only, into Hong Kong dollar in this prospectus at the following rates:

- RMB1.00 = HK\$1.26; and
- US\$1.00 = HK\$7.80.

No representation is made that any amount in Renminbi, US dollar or HK dollar can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
Mr. Yip Shek Lun (葉碩麟)	Flat 8A, 8/F Block 5, Enna Boulevard, Riva 1 Yin Ho Road Yuen Long, New Territories Hong Kong	Chinese
Mr. Ng Chi Fung (伍致豐)	Flat SD, 37th Floor, Tower 5 Festival City, Phase 3 1 Mei Tin Road Tai Wai, New Territories Hong Kong	Chinese
Ms. Wan Wai Ting (尹瑋婷)	Flat 8A, 8/F Block 5, Enna Boulevard, Riva 1 Yin Ho Road Yuen Long, New Territories Hong Kong	Chinese
<i>Non-executive Directors</i>		
Ms. Wang Lai Man, Liza (王麗文)	Flat A, 42nd Floor Block 2, Sham Wan Towers 3 Ap Lei Chau Drive Ap Lei Chau Hong Kong	Chinese
Mr. Cheung Wing Hon (張永漢)	Flat B, Ground Floor Pearl Villa 54 Chung Hom Kok Road Hong Kong	Chinese
Ms. Cheung Laam (張嵐)	Flat A, 26th Floor Oak Mansion Taikoo Shing Hong Kong	Chinese
Ms. Hu Ming (胡明)	No. 1508, 2nd Floor Xuezhuyuan Xiaoqu Xueqing Road Haidian District Beijing PRC	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Independent non-executive Directors

Mr. Tso Ping Cheong, Brian (曹炳昌)	Room 2806, Block D, Lei Yi House Lei On Court Kwun Tong, Kowloon Hong Kong	Chinese
Mr. David Tsoi (蔡大維)	2nd Floor 10 Mount Butler Road Jardine's Lookout Hong Kong	Chinese
Mr. Hong Ming Sang (項明生)	2nd Floor 62 Denon Terrace, Tseng Lan Shue Clear Water Bay Road Sai Kung, New Territories Hong Kong	Chinese
Mr. Lam Tung Leung (林棟樑)	Flat H, 8th Floor Block 2, Phase 10 Whampoa Garden Hung Hom, Kowloon Hong Kong	British

For further information on the profile and background of our Directors, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE PLACING

Sole Sponsor

CLC International Limited
A corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
4703A-04, Two Exchange Square
8 Connaught Place
Hong Kong

Sole Bookrunner

Celestial Capital Limited
A corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
21/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

Sole Lead Manager

Celestial Capital Limited
A corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)
21/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Legal advisers to our Company

As to Hong Kong law:

ONC Lawyers
Solicitors, Hong Kong
19th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC law:

Jun He Law Offices
PRC attorneys-at-law
20th Floor, China Resources Building
8 Jianguomenbei Avenue
Beijing
PRC

As to Cayman Islands law:

Appleby
Cayman Islands attorneys-at-law
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

**Legal advisers to the Sole Sponsor
and the Underwriter**

As to Hong Kong law:

Pang & Co. in association with Loeb & Loeb LLP
Solicitors, Hong Kong
21st Floor, CCB Tower
3 Connaught Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE PLACING

As to PRC law:

Han Kun Law Offices

PRC attorneys-at-law

Suite 4709

Excellence Times Plaza

4068 Yitian Road, Futian District

Shenzhen

PRC

Reporting accountants

SHINEWING (HK) CPA Limited

Certified Public Accountants

43rd Floor, The Lee Gardens

33 Hysan Avenue, Causeway Bay

Hong Kong

Compliance adviser

CLC International Limited

A corporation licensed under the SFO and permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) of the regulated activities (as defined in the SFO)

4703A-04, Two Exchange Square

8 Connaught Place

Hong Kong

CORPORATE INFORMATION

Registered office	Clifton House 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in Hong Kong	Level 22 AIA Tower 183 Electric Road, North Point Hong Kong
Company secretary	Mr. Tsui Siu Hung, Raymond (<i>FCCA, FCPA</i>) Flat B, 18th Floor Tower 9, Le Point 8 King Ling Road Tseung Kwan O New Territories Hong Kong
Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Yip Shek Lun Flat 8A, 8/F Block 5, Enna Boulevard, Riva 1 Yin Ho Road Yuen Long, New Territories Hong Kong Mr. Tsui Siu Hung, Raymond (<i>FCCA, FCPA</i>) Flat B, 18th Floor Tower 9, Le Point 8 King Ling Road Tseung Kwan O New Territories Hong Kong
Compliance officer	Mr. Ng Chi Fung
Audit committee	Mr. Tso Ping Cheong, Brian (<i>Chairman</i>) Mr. David Tsoi Mr. Hong Ming Sang
Remuneration committee	Mr. Hong Ming Sang (<i>Chairman</i>) Mr. Yip Shek Lun Mr. Lam Tung Leung
Nomination committee	Mr. Lam Tung Leung (<i>Chairman</i>) Mr. Yip Shek Lun Mr. Tso Ping Cheong, Brian

CORPORATE INFORMATION

Principal share registrar and transfer office in the Cayman Islands	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street, PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
Company's website address	www.guruonline.hk <i>(the information contained in this website does not form part of this prospectus)</i>

INDUSTRY OVERVIEW

The information in the section below has been partly derived from various publicly available government sources, market data providers and other Independent Third Party sources. In addition, this section and elsewhere in this prospectus contains information extracted from a commissioned report, or the Ipsos Report, prepared by Ipsos for the inclusion in this prospectus. See the paragraph headed "Sources of Information" in this section. We believe that the sources of information of this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by our Directors, our Selling Shareholders, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager or any party or affiliate involved in the Placing, other than Ipsos and no representation is given as to its fairness, correctness and accuracy. Accordingly, you should not place undue reliance on such information or statistics.

SOURCES OF INFORMATION

We commissioned Ipsos, an independent market research company, to conduct an analysis of, and to report on the digital marketing service industry in Hong Kong and the PRC for a fee of HK\$504,000. We considered that the payment of the commission fee does not affect the fairness of conclusions drawn in the Ipsos Report. Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the Ipsos Report and Ipsos is an independent professional market research company with extensive experience in their profession. Ipsos is an independent market research company and consulting company. It is part of Ipsos SA which was founded in Paris, France in 1975 and has been listed on the Paris Stock Exchange (NYSE Euronext Paris) since 1999. In 2011, Ipsos SA acquired Synovate Limited and has become the third largest research company in the world which employs approximately 16,000 personnel worldwide across 85 countries. Ipsos conducts research on market profiles, market size, share and segmentation analysis, distribution and value analyses, competitor tracking and corporate intelligence.

The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desk research; (ii) client consultation; and (iii) primary research by interviewing key stakeholders and industry experts, including media agencies, social media marketing service providers, marketing communication companies, industry experts and associations, etc., in Hong Kong and the PRC.

In the Ipsos Report, it is assumed that there is no external shock, such as financial crisis or natural disaster to affect the demand and supply of digital marketing service industry in Hong Kong and the PRC over the forecast period.

The following parameters are considered when analysing the market size and forecast model of the Ipsos Report:

- GDP growth rates in Hong Kong and the PRC;
- average disposal income per capita and average consumption expenditure per capita in Hong Kong and the PRC;

INDUSTRY OVERVIEW

- Internet and mobile penetration in Hong Kong and the PRC;
- revenue of advertising and related services in Hong Kong;
- inflation rate in Hong Kong from 2008 to 2013;
- historical data from 2008 to 2013 of that particular market size topics; and
- the information gathered from the interviews with digital marketing service providers in Hong Kong about future business plans, especially in the year of 2013 and 2014.

NO ADVERSE CHANGE IN MARKET INFORMATION

Our Directors confirm that, to the best of their knowledge, after taking reasonable care, there is no material adverse change in the market information since the date of the Ipsos Report or the date of the relevant data contained in the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

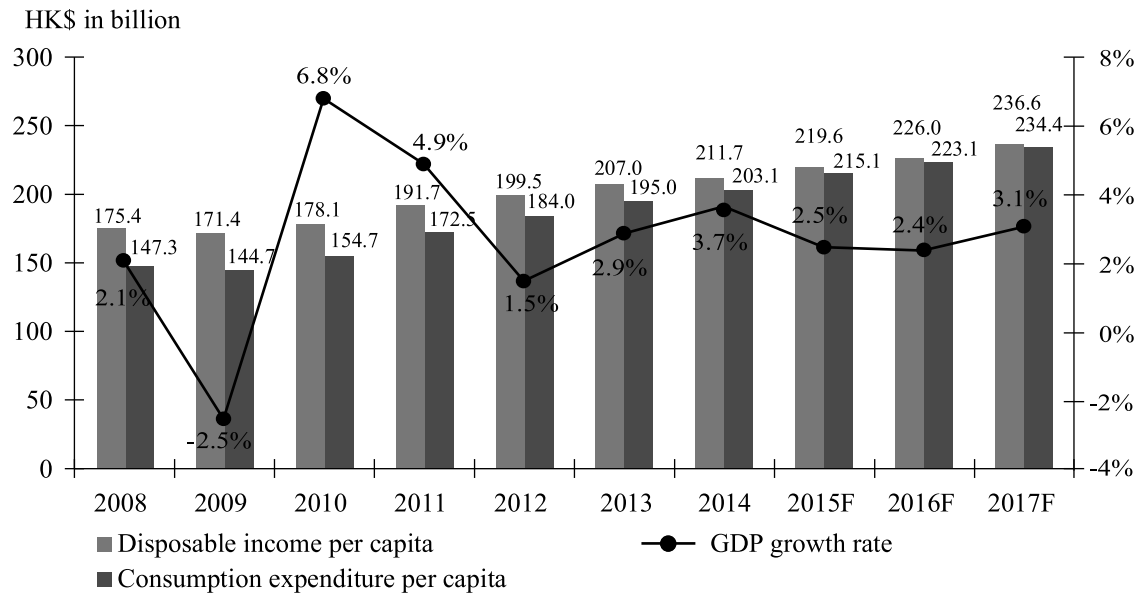
OVERVIEW OF THE HONG KONG ECONOMIC ENVIRONMENT

From 2008 to 2012, the economy of Hong Kong was relatively unstable. Following the global economic crisis in 2008 and 2009, the GDP growth rate in 2010 rebounded to approximately 6.8%. The GDP growth rate declined to approximately 4.9% and 1.5%, respectively, in 2011 and 2012 due to the European debt crisis and the economic slowdown in the PRC. The GDP growth rate recovered to 2.9% and 3.7% in 2013 and 2014, respectively, due to the gradual recovery of the economy.

Disposable income per capita and consumption expenditure per capita increased with a CAGR of approximately 3.2% and 5.5%, respectively, between 2008 and 2014. Both disposable income per capita and consumption expenditure per capita recorded a significant increase of approximately 16.2% and 26.1% from 2010 to 2013, respectively, which was mainly driven by the improvement in unemployment and under employment rate, the implementation of minimum wage in 2011 and the recovery of labour market.

INDUSTRY OVERVIEW

**Disposable Income per Capita and
Consumption Expenditure per Capita in Hong Kong from/
GDP Growth Rate in Hong Kong from 2008 to 2017**



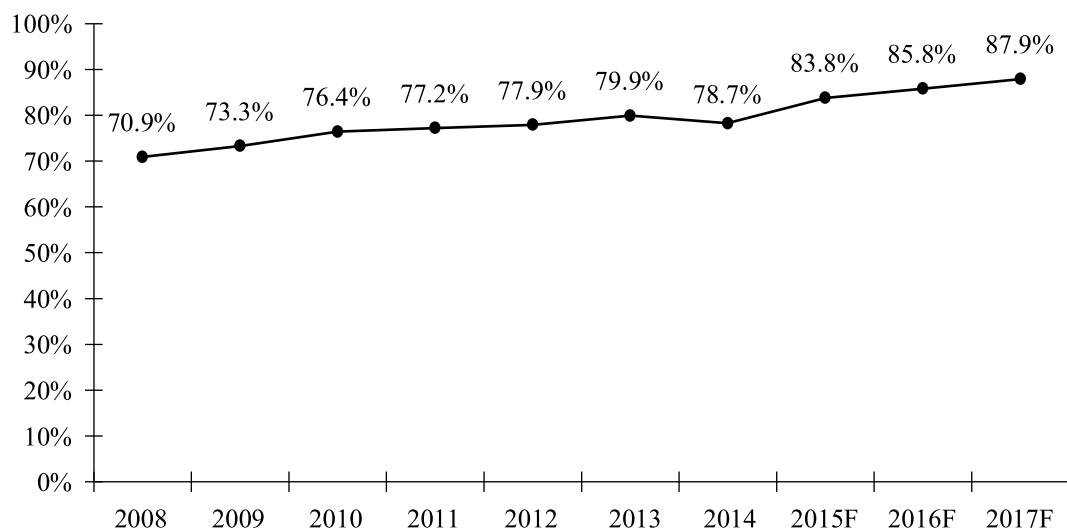
Source: *Economic Intelligence Unit*

It is expected that the economy of Hong Kong will be benefited from the restoration of consumers' confidence after the stabilisation of the global economy and the continued partnership between Hong Kong and the PRC. The GDP growth rate of Hong Kong is expected to be in the range of 2.4% to 3.1% and the disposable income per capita and consumption expenditure per capita is expected to grow at a CAGR of 3.8% and 4.4% from 2015 to 2017, respectively. The improvement in overall economic conditions and consumption power of people in Hong Kong will drive the corporate budget decisions on marketing services, and in particular digital marketing services, as the Internet and mobile connected devices gain rapid proliferation.

INDUSTRY OVERVIEW

INTRODUCTION OF THE DIGITAL MARKETING SERVICE INDUSTRY IN HONG KONG

Internet Penetration Rate in Hong Kong from 2008 to 2017



Sources: *Census and Statistics Department of Hong Kong Government*
Office of the Telecommunication Authority of Hong Kong Government
Office of the Communications Authority of Hong Kong Government

The Internet penetration rate increased by 7.8% from approximately 70.9% in 2008 to 78.7% in 2014, which was mainly attributable to (i) the rapid increase in mobile penetration rate and the increase in the number of people surfing the Internet via their Internet connected devices; (ii) the improvement in mobile data services through the offering of 3G/4G networks; and (iii) the promulgation of governmental policies in encouraging the use of Internet.

With the improvement in Internet infrastructure, technology advancement and the extension of Internet service scope initiated by the Hong Kong Government, people from all age groups are gaining easier access to the Internet. Therefore, it is expected that Internet penetration rate in Hong Kong will further increase by 4.1% from 83.8% in 2015 to 87.9% in 2017.

INDUSTRY OVERVIEW

Digital marketing services and media

Unlike traditional marketing media, digital marketing media provide advertisers with a marketing tool to target and interact with specific audience group so as to deliver marketing information in a more effective and customised fashion. The types of service offered by the digital marketing service providers and their relevant digital media are summarised in the table below:

Type of service	Description	Digital media
Display advertising	Place advertisements on websites, apps and mobile sites	Websites, apps and mobile sites
Social advertising	Place advertisements on social media platforms	Social media platforms (such as Facebook, Weibo, etc.)
Search engine marketing	Propose keyword purchase strategies and purchase keywords on search engines	Search engines (such as Google, Yahoo!, Baidu, etc.)
Social media management	Create corporate profile pages on social media platforms	Social media platforms (such as Facebook, Weibo, etc.)
Online monitoring	Monitor the flow of information on the Internet and conduct analysis on the perceptions of the target audience	Websites, apps, mobile sites and social media platforms
Corporate website and mobile site development	Design and create corporate websites and mobile sites for the promotion of key corporate information through the Internet	Websites and mobile sites
App development	Design app to display marketing-related information	Apps
Email and instant messaging marketing	Disseminate marketing-related information through emails and instant messages	Email and instant messaging (such as Whatsapp, Wechat, Line, etc.)
Video marketing	Design and produce videos for promotion purposes	Websites, apps, mobile sites and social media platforms (such as Facebook, Weibo, etc.)

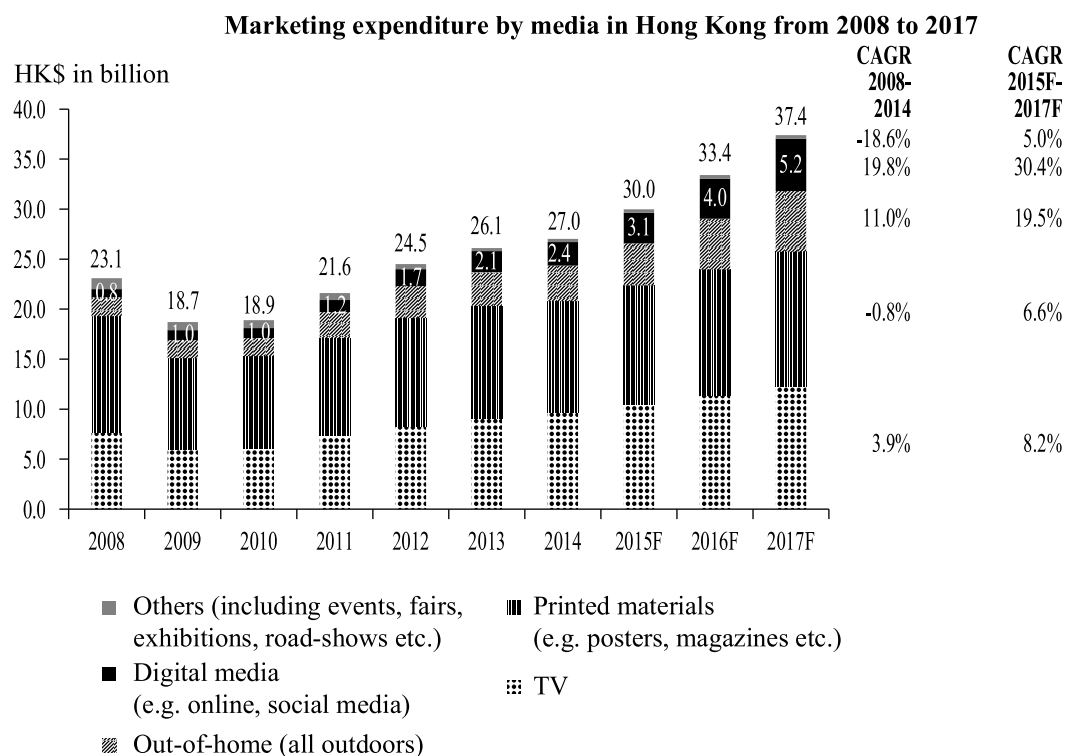
INDUSTRY OVERVIEW

MARKET ANALYSIS OF THE DIGITAL MARKETING SERVICE INDUSTRY IN HONG KONG

Increase in the total marketing expenditure and rapid growth in marketing expenditure for digital media and revenue generated by digital marketing service industry

The marketing expenditure in Hong Kong has been growing steadily over the years. As the economy recovered from the global financial crisis, the consumer's confidence gradually restored and the advertisers were more willing to spend more on marketing to promote their brands and products, leading to a CAGR of approximately 2.6% from approximately HK\$23.1 billion to approximately HK\$27.0 billion in the total marketing expenditure from 2008 to 2014.

The popularity of Facebook, Wechat, Youtube, etc., in recent years and the willingness of advertisers in spending more on branding and marketing to enhance brand awareness have encouraged advertisers to spend more on marketing through these media. The total marketing expenditure in Hong Kong is expected to grow at a CAGR of approximately 11.7% from 2015 to 2017.



Source: Census and Statistics Department of Hong Kong Government

While printed materials remain and is expected to be the most commonly used marketing media in terms its share of total marketing expenditure in Hong Kong, digital media has recorded the highest CAGR of approximately 19.8% from 2008 to 2014 among other marketing media.

Due to the financial crisis in late 2008 and the economic downturn in 2009, advertisers have become more conservative and started to cut down on their marketing expenditure on relatively costly traditional marketing media such as television and printed materials. Therefore, the share of the marketing expenditure

INDUSTRY OVERVIEW

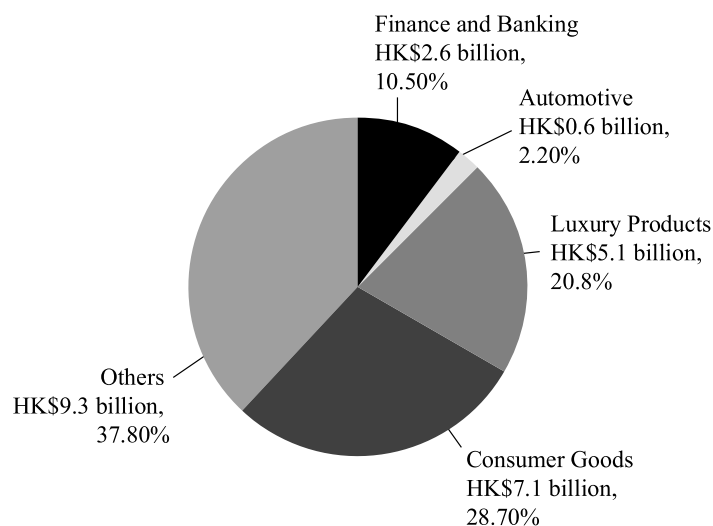
for television decreased from approximately 33.3% in 2008 to approximately 32.1% in 2009, and the share of the marketing expenditure for printed materials also decreased from approximately 50.2% in 2008 to approximately 48.7% in 2009. Advertisers had to explore other relatively inexpensive marketing media, such as out-of-home and digital media. Therefore, the marketing expenditure for digital media recorded an increase in the share of the total marketing expenditure, from approximately 3.5% in 2008 to approximately 5.3% in 2009 and a further increase to 8.7% in 2014. The marketing expenditure for digital media increased at a CAGR of approximately 19.8% from 2008 to 2014.

The share of marketing expenditure for television is expected to decrease from approximately 35.0% in 2015 to approximately 32.9% in 2017 and the share of marketing expenditure for printed materials is expected to further decrease from approximately 39.4% in 2015 to approximately 35.9% in 2017 since a rapid increment in the marketing expenditure of out-of-home and digital media at a CAGR of approximately 19.5% and 30.4% respectively is expected. Furthermore, the option of viewing the digital versions of newspaper and magazines in addition to the traditional printed versions of newspaper and magazines is now available to readers. Therefore, most newspaper and magazine publishers have started to publish digital versions of newspapers and magazines, such as websites, apps and mobile sites.

The marketing expenditure for digital media is expected to increase at a CAGR of approximately 30.4% from 2015 to 2017. The share of marketing expenditure for digital media is also expected to increase from approximately 10.3% in 2015 to approximately 14.0% in 2017. The main drivers for the significant increase are (i) the increase in the use of Internet and mobile connected devices by consumers; and (ii) the increasing trend of companies in using digital marketing media to promote their products and services which is supplementary to traditional marketing media.

Largest share of marketing expenditure being consumer goods industry

The consumer goods industry, together with the luxury product industry, have been the largest contributors to the total marketing expenditure in Hong Kong, amounting to 49.5% of the total marketing expenditure in 2014.



INDUSTRY OVERVIEW

The luxury product industry was not affected by the financial crisis and the economic downturn, whereas the marketing expenditure of the finance and banking industry, the automotive industry and the consumer goods industry had decreased in 2009. This was attributable to the fact that the target customers of the luxury products industry are generally high income consumers and tourists from the PRC whose purchasing powers were not affected by the economic downturn.

COMPETITIVE LANDSCAPE IN HONG KONG

Overview

The digital marketing service industry in Hong Kong is relatively fragmented with a large number of small to medium-sized digital marketing service providers providing different ranges of digital marketing services. The five main types of providers in the market and their scope of services are shown in the table below:

Types of digital marketing service providers	Scope of digital marketing services
Full-service digital marketing service providers	Integrated digital marketing service, which involves assisting clients to plan and implement marketing strategies and campaigns with the use of digital media
Specialised digital marketing service providers	Unilateral digital marketing service on one or a few digital marketing media, such as search engine marketing, social media marketing and apps
Media agencies	Advice on media planning and buying on digital marketing media
PR and marketing communication agencies	Marketing strategy planning, while outsourcing implementation to other service providers
Online monitoring service providers	Collecting and analysing data on the Internet with regards to an advertiser's services, products or any particular relevant incident through in-house service teams or outsourcing the services to other independent online monitoring service providers (<i>Note</i>)

Note: There are a variety of fee arrangements between an online monitoring service provider and its customers in the industry. The actual fee arrangement is generally determined based on commercial negotiations between the parties on a case-by-case basis and with reference to the scope of services provided.

Major digital marketing service providers offering digital marketing service

For the year ended 31 March 2014, the top five digital marketing service providers in aggregate contributed approximately 29.1% of the total revenue of the digital marketing service industry in Hong Kong.

INDUSTRY OVERVIEW

Our Group ranked second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014. Our Group enjoyed competitive advantage over our competitors mainly because of our extensive digital advertising network, Maximizer Ad-Network, and our wide and diversified client base which included local and international brands, NGOs, public bodies and advertising agencies.

In addition, there are a fair number of companies with years of experience in providing online monitoring services in Hong Kong. These companies are mostly Hong Kong based. Some international group companies also provide such services in Hong Kong.

The following table sets out the information on the top five digital marketing service providers (including our Group) in the digital marketing service industry in Hong Kong for the relevant year:

Rank	Name of company	Headquarter location	Revenue generated in the year ended 31 March 2014 <i>(Note)</i> <i>(million)</i>	Share of total industry segment revenue <i>(%)</i>	Type of digital marketing service provider
1	Company A	Hong Kong	HK\$132.3	7.6	Media agency
2	Our Group	Hong Kong	HK\$112.6	6.5	Full-service digital marketing service provider
3	Company B	Hong Kong	HK\$102.0	5.9	Media agency
4	Company C	Hong Kong	HK\$79.5	4.6	Full-service digital marketing service provider
5	Company D	Hong Kong	HK\$78.9	4.5	Full-service digital marketing service provider
Others			HK\$1,230.7	70.9	
Total			HK\$1,736.0	100.0	

Sources: Ipsos Report

Note: While the fiscal year-end date of our Group is 31 March, some of the digital marketing service providers have different fiscal year-end dates. The revenues as stated above are therefore based on the research and analysis of Ipsos.

INDUSTRY OVERVIEW

Opportunities and constraints

Key drivers of Hong Kong's digital marketing service industry

- **Increase in Internet penetration and mobile connected device users:** The continual increase in Internet penetration and mobile connected device users would facilitate the public's accessibility to various digital marketing media and expand the coverage of the digital marketing media, thus providing a vast consumer base for advertisers to reach out for new customers and allowing digital marketing service providers to formulate customised integrated digital marketing services to maximise the marketing performance of a campaign, thereby increasing the demand for digital marketing services.
- **Increase in spending for online shopping:** According to a global leader in online payments, the market size of Hong Kong online shopping reached approximately US\$1.9 billion in 2011 and is forecasted to reach approximately US\$2.5 billion by 2015. This implies business opportunities and growth potential for the development of e-commerce and thus the demand for digital marketing service.
- **Adoption of new digital marketing tools:** With the current digital marketing tools focusing on building brand awareness and relationships with target customers, the adoption of new digital marketing tools which focuses on the generation of direct sales through the digital media platforms, such as e-commerce and mobile-commerce, would facilitate the development of the digital marketing service industry.

Entry barriers to the Hong Kong's digital marketing service industry

- **Saturated market for digital advertising network:** It is difficult for a new entrant to develop its digital advertisement placement services and to establish an extensive digital advertising network to reach target audience since the current market is dominated by two major advertising networks, one of which is our Maximizer Ad-Network.
- **Strong client portfolio and proven track record:** One of the major factors in selecting a digital marketing service provider is its client portfolio and track record of projects. Potential new clients tend to look for service providers which had undertaken similar campaigns in their industry and existing clients prefer working with the same service provider if they are satisfied with the previous marketing performance and cooperation experience. Therefore, it is more difficult for new entrants to establish strong track records and build up their client portfolio.
- **Ability to recruit and retain information technology expertise:** Information technology personnel with relevant experience and knowledge of the digital marketing services are important for the operation and management of digital marketing media. Well established digital marketing service providers are generally more capable of offering attractive remuneration packages and welfare conditions to recruit and retain quality information technology personnel. On the other hand, due to the limited resources and capital, together

INDUSTRY OVERVIEW

with the shortage of information technology personnel in the industry, new entrants generally find it harder to recruit and retain quality information technology personnel necessary for their operation.

Constraints to the Hong Kong's digital marketing service industry

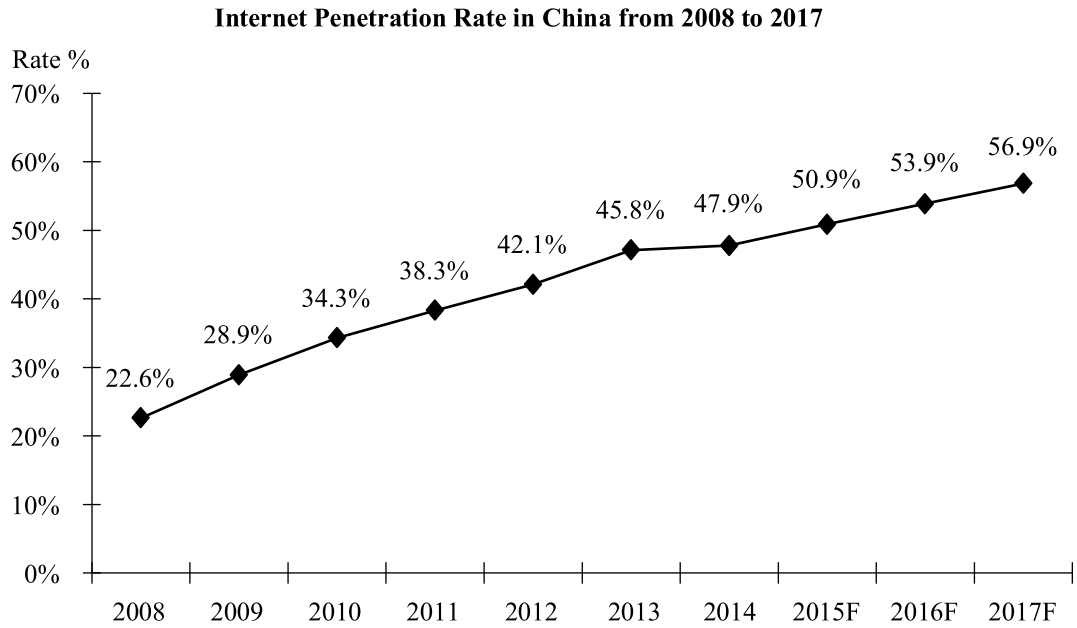
- **Lack of measurement on the effectiveness of digital marketing services:** Some advertisers remain reluctant to spend on digital marketing as it is difficult for advertisers to measure the effectiveness of digital marketing services when digital marketing may not be directly reflected on the sales generated.
- **Exploding data volume:** Vast information can be delivered via digital marketing media as compared to traditional marketing media. However, at the same time, the amount of information received by target audience increase accordingly. It may become difficult for target audience to understand and digest all the information, hindering the effectiveness and the marketing performance of digital marketing services.
- **Lack of information technology expertise:** The relative lack of resources and the relatively lower monetary return as compared to the financial service industry has limited the development of the information technology industry in Hong Kong. According to research conducted by a human resources consultancy company in Hong Kong in 2014, as a result of increasing prevalence of digital products in Hong Kong, the information technology industry has been facing labour shortage since 2009. The fact that only six out of eight tertiary education institutes in Hong Kong have computer science or information technology departments and business departments can be found in all tertiary education institutes also demonstrates a difference in attitude of the current education sector towards information technology and financial services in Hong Kong. The continuation of disproportionate demand and supply for information technology personnel may hinder the sustainable development of the digital marketing service industry.

OVERVIEW OF THE PRC ECONOMIC ENVIRONMENT

The GDP growth rate in the PRC is expected to slow down from approximately 7.2% in 2015 to approximately 6.4% in 2017, due to the uncertainty of the external macro-environment and the PRC Government's efforts in driving domestic demand and managing inflation and overall stability. The average disposable income per capita and the average consumption expenditure per capita are expected to grow at a CAGR of approximately 9.7% and 10.5%, respectively from 2015 to 2017, with the implementation of the "Income-Doubling Plan" to double the 2010 per capita income for both urban and rural residents by 2020.

INDUSTRY OVERVIEW

Rapid increase in Internet penetration



Source: *China Internet Network Information Center*

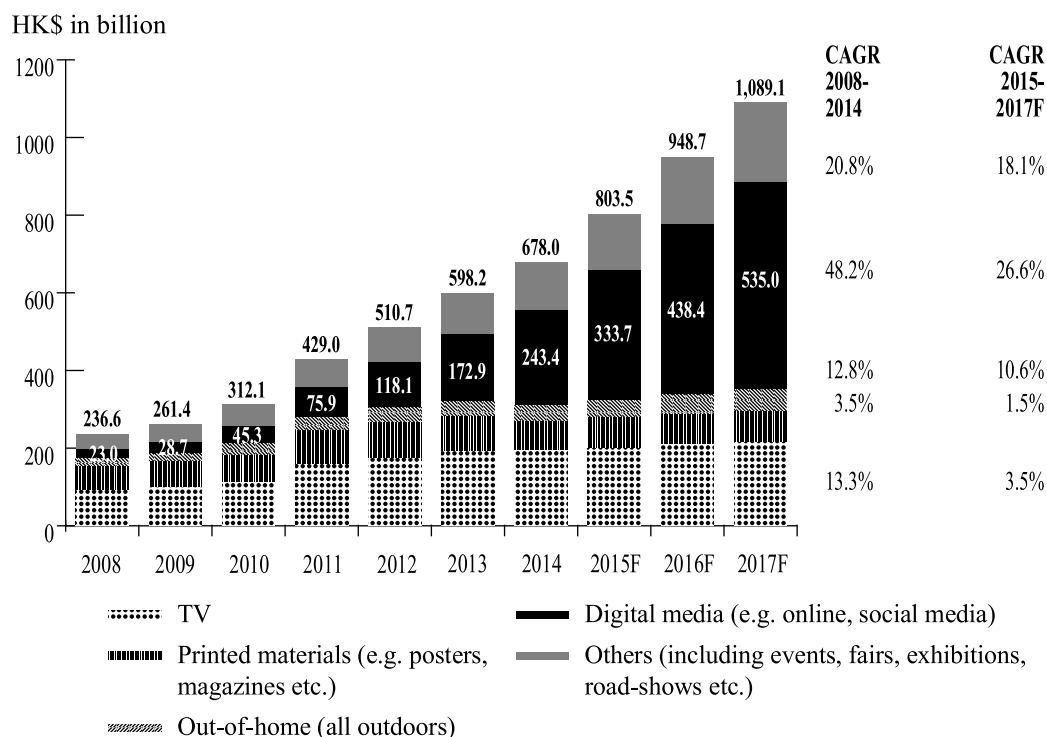
With a predicted Internet population of reaching 800 million in the PRC in 2017 by the Ministry of Industry and Information Technology of the PRC and the number of online buyers in the PRC expecting to increase from approximately 361 million to approximately 423.4 million from 2014 to 2016, the Internet penetration rate is expected to grow significantly by 6.0% from 2015 to 2017.

INDUSTRY OVERVIEW

MARKET ANALYSIS OF THE DIGITAL MARKETING SERVICE INDUSTRY IN THE PRC

Rapid increase in the total marketing expenditure and marketing expenditure for digital media

Marketing expenditure by media in China from 2008 to 2017



Source: *China Advertising Yearbook*

Driven by the increase in the disposable income per capita in the PRC, advertisers are expected to spend more on marketing and the total marketing expenditure is expected to increase with a CAGR of approximately 16.4% from 2015 to 2017.

With the proliferation of the Internet and mobile connected devices in the PRC, more advertisers are expected to utilise digital media to promote their products and brands. The marketing expenditure by digital media is expected to increase at a CAGR of approximately 26.6% from 2015 to 2017. The digital media has gradually replaced television as the most popular media for marketing in terms of its share of total marketing expenditure in 2014. The marketing expenditure for digital media and television is expected to represent approximately 37.8% and 28.1% of the total marketing expenditure in the PRC in 2015, respectively.

COMPETITIVE LANDSCAPE IN THE PRC

Overview

The competitive landscape of the digital marketing service industry in the PRC is different from Hong Kong and the rest of the world mainly due to the Internet censorship imposed in the PRC. The PRC market is dominated by PRC-focused digital media such as Baidu and Weibo, rather than Google and Facebook.

INDUSTRY OVERVIEW

Opportunities and constraints

Key drivers of the PRC's digital marketing service industry

- **Increase in disposal household income and Internet penetration:** The increase in disposal household income and improving lifestyle in the PRC stimulate demand for consumer goods. The continual increase in Internet penetration and proliferation of Internet connected devices also facilitate the public's accessibility to various digital marketing media. Accordingly, advertisers are more willing to spend more on digital marketing services to raise their brand awareness and promote sales among Internet and mobile connected device users.
- **Support from the PRC Government:** According to its "Twelfth Five-Year Plan", the PRC Government will promote the development of the digital marketing service industry through encouraging financial institutes, provincial and local governments to provide financial support to promote high quality marketing companies and the development of related culture industry. The PRC Government's initiatives in integrating the telecommunication network, the Internet and the broadcasting network would also facilitate the development of the digital marketing service industry.

Entry barriers to the PRC's digital marketing service industry

- **Technologies, market knowledge and operational expertise:** One of the factors taken into consideration by clients when selecting a digital marketing service provider is its marketing capabilities. Therefore, service providers are expected to possess extensive digital marketing experience in order to understand the needs of the clients and to provide effective marketing strategies. This may pose as an entry barrier for new entrants who do not possess such experience.
- **Language and culture difference:** Due to the difference in the political and social conditions in the PRC, it may be difficult for new entrants to enter the digital marketing service industry without having a sufficient understanding of the PRC market. New entrants may also face difficulties in building strong business relationships with the advertisers as business relationships have been developed between the advertisers and established service providers, which may have better access to the operational information of the advertisers.
- **Internet censorship in the PRC:** Internet censorship in the PRC is conducted through the implementation of laws and administrative regulations and censorship and surveillance projects, such as blocking certain social media platforms and censoring certain keywords on search engines. The Internet censorship may pose as an entry barrier for new entrants who wish to utilise certain digital marketing media in the PRC market.

INDUSTRY OVERVIEW

Threats to the PRC's digital marketing service industry

Similar to the digital marketing service industry in Hong Kong, the lack of measurement on the effectiveness of digital marketing services and the lack of skilled professional are two major hindrance to the development of digital marketing service industry in the PRC. According to the “China Internet Marketing Career Development White Paper” published by a human resource solutions provider in the PRC, the demand for digital marketing personnel and information technology personnel has been increasing with the demand for digital marketing personnel amounting to approximately 1.6 million in 2013 and the ratio of supply and demand being approximately 1:2.4. The education system in the PRC provides limited digital marketing and/or information technology-related training programmes which restricted the supply of digital marketing personnel and information technology personnel in digital marketing services.

Our Directors confirm we had not experienced any labour shortage for information technology personnel which had led to a material disruption of our operations during the Track Record Period. In the event of temporary shortage of labour due to increased demand for our services, we had outsourced certain less complicated work to other third party service providers during the Track Record Period.

REGULATORY OVERVIEW

During the Track Record Period, we conducted our integrated digital marketing business primarily in Hong Kong and our revenue was mainly generated from our operations in Hong Kong. Therefore, we are principally subject to the relevant laws and regulations in Hong Kong. In 2011, we expanded our integrated digital marketing business to the PRC. This section sets out a summary of certain aspects of Hong Kong and PRC laws and regulations, which are relevant to our business operations.

HONG KONG REGULATORY OVERVIEW

Save for a business registration certificate, we are not required to obtain any industry-specific qualification, licence or permit for carrying out our integrated digital marketing business in Hong Kong.

Regulation of advertising practice

Hong Kong does not have a comprehensive piece of legislation to regulate advertising practice. There are a number of ordinances and regulations regulating the advertising and promotion of products and services, the breach of some of which may result in criminal offences. A number of these criminal offences are not only applicable to those who publish the advertisements but are also applicable to persons who are in possession of those materials with an intention of publication, or those who cause the advertisement to be published.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (the "TDO")

The TDO prohibits false trade description, false, misleading or incomplete information, false statements, etc., respecting goods and services offered in the course of trade.

Section 7 of the TDO provides that no person shall in the course of trade or business apply a false trade description to any goods or sell or offer for sale any goods with false trade descriptions applied thereto.

Section 7A of the TDO provides that a trader who applies a false trade description to a service supplied or offered to be supplied to a consumer, or supplies or offers to supply to a consumer a service to which a false trade description is applied, commits an offence.

Sections 13E, 13F, 13G, 13H and 13I of the TDO provide that a trader who engages in relation to a consumer in a commercial practice that is a misleading omission or aggressive, or that constitutes bait advertising, a bait and switch or wrongly accepting payment for a product commits an offence.

A person who commits an offence under sections 7, 7A, 13E, 13F, 13G, 13H or 13I of the TDO shall be subject, on conviction on indictment, to a fine of HK\$500,000 and to imprisonment for 5 years, and on summary conviction, to a fine of HK\$100,000 and to imprisonment for 2 years.

By virtue of section 2(5) of the TDO, a reference to a trader includes any person acting in the name of, or on behalf of, a trader. Therefore, we, being an integrated digital marketing service provider of traders, may be held liable for the above offences.

REGULATORY OVERVIEW

Section 27 of the TDO provides that in proceedings for an offence committed by the publication of an advertisement, a person might be acquitted if sufficient evidence is adduced to raise an issue that he is a person whose business is to publish or arrange for the publication of advertisements and that he received the advertisement for publication in the ordinary course of business and did not know and had no reason to suspect that its publication would amount to an offence under the TDO.

Restricted product advertising

Section 3 of the Undesirable Medical Advertisements Ordinance (Chapter 231 of the Laws of Hong Kong) makes it an offence for any person to publish or cause the publication of any advertisements which are likely to lead to the use of any medicine or surgical appliance for the treatment of certain diseases or conditions or for certain purposes. Any person who contravenes such provision shall be guilty of an offence and shall be liable upon a first conviction to a fine of HK\$50,000 and to imprisonment for 6 months and upon a second or subsequent conviction for an offence under the same section to a fine of HK\$100,000 and to imprisonment for 1 year.

Section 13B of the Smoking (Public Health) Ordinance (Chapter 371 of the Laws of Hong Kong) prohibits any person from placing or causing to be placed a tobacco advertisement on the Internet. Any person who contravenes section 13B commits an offence and is liable on summary conviction to a fine of HK\$50,000 and, in the case of a continuing offence, to a further penalty of HK\$1,500 for each day during which the offence continues.

By virtue of section 21(1) of the Control of Obscene and Indecent Articles Ordinance (Chapter 390 of the Laws of Hong Kong), any person who publishes or possesses for the purpose of publication any obscene article, whether or not he knows that it is an obscene article, commits an offence and is liable to a fine of HK\$1,000,000 and to imprisonment for 3 years.

As the above offences apply to a person who causes the publication of or possesses for the purpose of publication of the relevant advertisements or articles, we, being a digital marketing service provider, may be held liable for the above offences.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the “PDPO”)

The PDPO covers any data relating directly or indirectly to a living individual (data subject), from which it is practicable to ascertain the identity of the individual and which are in a form in which access to or processing of the data is practicable. It applies to a data user, i.e. any person who, either alone or jointly or in common with other persons, controls the collection, holding, processing or use of personal data.

During the course of our business, we constantly collect and analyse the publicly available demographic information of target audience and competitors of brands from a well-known and commonly-used global social media platform. In doing so, we must comply with the Data Protection Principles of the PDPO, which are:

Principle 1 – Purpose and manner of collection. This provides for the lawful and fair collection of personal data and sets out the information a data user must give to a data subject when collecting personal data from that subject.

REGULATORY OVERVIEW

Principle 2 – Accuracy and duration of retention. This provides that personal data should be accurate, up-to-date and kept no longer than necessary.

Principle 3 – Use of personal data. This provides that unless the data subject gives consent otherwise personal data should be used for the purposes for which they were collected or a directly related purpose.

Principle 4 – Security of personal data. This requires appropriate security measures to be applied to personal data (including data in a form in which access to or processing of the data is not practicable).

Principle 5 – Information to be generally available. This provides for openness by data users about the kinds of personal data they hold and the main purposes for which personal data are used.

Principle 6 – Access to personal data. This provides for data subjects to have rights of access to and correction of their personal data.

Regulations relating to intellectual property rights

Copyright Ordinance (Chapter 528 of the Laws of Hong Kong) (the “Copyright Ordinance”)

The Copyright Ordinance provides comprehensive protection for recognised categories of literary, dramatic, musical and artistic works, as well as works made available to the public on the Internet. In the course of designing advertising materials, certain copyrights may subsist in the works we create including artistic works (such as drawings) or literary works (such as text) or videos that qualify for copyright protection without registration.

Under the Copyright Ordinance, a person may incur civil liability for “secondary infringement” if that person possesses, sells, distributes or deals with a copy of a work which is, and which he knows or has reason to believe to be, an infringing copy of the work for the purposes of or in the course of any trade or business without the consent of the copyright owner. However, the person will only be liable if, at the time he committed the act, he knew or had reason to believe that he was dealing with infringing copies of the work. Our Directors confirm that they do not have any actual knowledge nor have any reason to believe that any advertising material submitted by the customers to our Group for publication during the Track Record Period is an infringing copy of any work within the meaning of the Copyright Ordinance.

Regulatory Compliance

Our Group had complied with all applicable laws and regulations in relation to its business in all material respects and obtained all relevant licences and permits in Hong Kong during the Track Record Period and up to the Latest Practicable Date.

PRC REGULATORY OVERVIEW

We have established two subsidiaries in the PRC, namely, AdBeyond GZ and AdBeyond BJ. Our PRC subsidiaries are principally engaged in the business of setting up and management of advertisers’ corporate profile pages on social media platforms, advertising management, advertising design, publishing advertisement, and monitoring and reporting the effectiveness of advertisement in the PRC. The

REGULATORY OVERVIEW

abovementioned advertising business activities conducted in the PRC are subject to various and extensive PRC laws and regulations relating to the foreign-invested advertising industry, telecommunications industry and the Internet, and are regulated by various governmental authorities, including the Ministry of Industry and Information Technology of the PRC, the MOFCOM and the SAIC.

As the Internet industry is at its early stage of development in China, new laws and regulations may be promulgated from time to time to require additional licences and permits other than those our PRC subsidiaries currently have to address new issues that arise from time to time. As a result, substantial uncertainties exist regarding the interpretation and implementation of current and any future PRC laws and regulations applicable to the Internet industry. For details, please refer to the section headed “Risk Factors — Risks relating to the PRC — We may be adversely affected by the complexity, uncertainties and changes in the regulation of Internet-related businesses and companies in the PRC” in this prospectus. The laws and regulations governing the Internet industry and related businesses in the PRC are developing and subject to changes. If our PRC subsidiaries fail to obtain or maintain all required permits and approvals, our business and operations in the PRC would be materially and adversely affected.

Regulations relating to the Business of our PRC Subsidiaries

Regulation of advertising business

The National People’s Congress of the PRC promulgated the Law on Advertising of the PRC (中華人民共和國廣告法) (the “**Advertising Law**”) at the Tenth Meeting of the Standing Committee of the Eighth National People’s Congress of the PRC on 27 October 1994, which became effective on 1 February 1995. The Advertising Law provides that: (i) the term “Advertisers” (廣告主) refers to legal persons, economic organisations or individuals that, directly or through certain agencies, design, produce and release advertisements for the purpose of promoting products or providing services; (ii) the term “advertising agencies” (廣告經營者) refers to legal persons, economic organisations or individuals that are authorised to provide advertisement content design, production and agency services; and (iii) the term “advertisement releasers” (廣告發佈者) refers to legal persons or other economic organisations that release advertisements for the Advertisers or for those advertising agencies which are authorised by the Advertisers. To engage in advertising activities, one should possess the necessary professionals, equipment and facilities and should complete the necessary registration on its advertising activities in accordance with PRC laws, regulations and rules.

Under the Advertising Law, Advertisers shall, in designing, producing, and releasing advertisements on their own or by others on a commission basis, possess or furnish true, lawful and valid supporting documents, among other things, to confirm the truthfulness of the content of the advertisements. Advertising agencies and advertisement releasers should examine such supporting documents and verify the content of the advertisements according to laws and administrative regulations. In relation to advertisements with untrue content or incomplete supporting documents, advertising agencies should not provide design, production or agency services while the advertisement releasers should not release such advertisements. In the event that false propaganda for commodities or services is conducted by making use of advertisement, the advertising supervisory and administrative authorities shall order the Advertiser to stop releasing the advertisements and to use the same amount of its advertising expenses for making corrections in public within the corresponding areas, thus eliminating the effects, and shall impose on the Advertiser a fine of not less than the amount of its advertising expenses but not more than five times of that amount. The

REGULATORY OVERVIEW

Advertisers may be civilly liable for releasing false advertisements, deceiving and misleading consumers and causing the infringement of the legitimate rights of consumers. The advertising agencies and advertisement releasers who know or are assumed to know the content of the advertisements is false but nevertheless choose to design, produce and release such advertisements shall be jointly liable under the PRC laws. On 24 April 2015, the Standing Committee of the National People's Congress of the PRC promulgated the revision of the Advertising Law, which will become effective on 1 September 2015. Compared with the currently effective Advertising law, the Advertising Law (2015 Revision) specifically puts forward legal provisions on Internet advertising activities and imposes more onerous legal liabilities against any person failing to comply with it.

Pursuant to the Administrative Regulations on Advertising (廣告管理條例) issued by the State Council of the PRC which became effective on 1 December 1987 and the Implementing Rules of the Administrative Regulations on Advertising (廣告管理條例實施細則) promulgated and issued by the SAIC on 30 November 2004 which became effective on 1 January 2005, any enterprise featuring advertising activities should register with the competent local administration for industry and commerce and obtain a business licence with the advertising operation listed as an approved activity.

Pursuant to the Provisions on the Administration of Foreign-invested Advertising Enterprises (外商投資廣告企業管理規定) issued by the SAIC and the MOFCOM which became effective on 1 October 2008, the establishment of advertising enterprises by investors from Hong Kong, Macau Special Administrative Region of the PRC and Taiwan in the PRC should follow the relevant provisions accordingly. For a foreign investor to establish a foreign-invested advertising enterprise, the following procedures should be followed: (1) the foreign investor shall apply to the SAIC or its authorised administration for industry and commerce at the provincial level and obtain an opinion on the examination and approval of foreign-invested advertising enterprise project from the SAIC or its authorised administration for industry and commerce at the provincial level; (2) the foreign investor shall apply to the Administrative Department for Commerce at the provincial level at the locality in which it intends to establish the enterprise, and obtain a foreign-invested enterprise approval certificate from the Administrative Department for Commerce at the provincial level after examination and approval; and (3) the foreign investor shall follow the enterprise registration procedures of the SAIC or its authorised administration for industry and commerce competent at the local level for examining and approving the registration. In addition to compliance with the conditions required under relevant laws and regulations, the establishment of foreign-invested advertising enterprises is also required to satisfy the following conditions: (1) the investor should be an enterprise that is principally engaged in advertising business; and (2) the investor should have been set up and in operation for more than three years.

We are principally engaged in the provision of digital marketing services in the PRC which constitutes advertising activities under the laws of the PRC. As such, we may become liable if we fail to comply with the Advertising Law, and the regulations and provisions as stated above.

In order to ensure our Group's compliance with the laws and regulations on advertising business in the PRC, we had adopted internal control measures which provide that in case any one of our PRC subsidiaries intends to engage in the provision of any new category of digital marketing services or ancillary services, a written proposal is required to be submitted to our chief executive officer for consideration and preliminary approval. If the written proposal is preliminarily approved, we will seek the legal opinion of qualified PRC legal advisers to ensure that our proposed provision of such new category of digital marketing services or ancillary services will not constitute a breach of the business licences of our PRC subsidiaries or violation of any applicable PRC laws and regulations. Our Board will approve our proposed provision of any new category of digital marketing services or ancillary services if no legal risk will be involved in the provision of such new services. Our Board, with the assistance of qualified PRC legal advisers, will also review and evaluate the legal risk and compliance of our business operations in the PRC.

REGULATORY OVERVIEW

The SAIC issued the Several Opinions on Further Improving the Services provided for the Development of Foreign-invested Enterprises by Fully Carrying out the Functions of Administration of Industry and Commerce (關於充分發揮工商行政管理職能作用進一步做好服務外商投資企業發展工作的若干意見) on 7 May 2010, which took effect on the same day, and pursuant to which administration bureaus for industry and commerce at the provincial level are authorised to examine and approve projects on foreign-invested advertising enterprises. Further, the State Council of the PRC issued the Decision of the State Council on the Sixth Batch of Cancelled and Modified Administrative Examination and Approval Items (國務院關於第六批取消和調整行政審批項目的決定) on 23 September 2012, which took effect on the same day, pursuant to which, apart from administration bureaus for industry and commerce at the provincial level, qualified local administration bureaus for industry and commerce that have the power to approve the registration of foreign-invested enterprises are also authorised to examine and approve projects on foreign-invested advertising enterprises. The MOFCOM issued the Notice of the Ministry of Commerce on Decentralising the Examination and Approval Power for Foreign Investment (關於下放外商投資審批權限有關問題的通知) on 10 June 2010, which requires that in addition to those matters to be approved by the MOFCOM which has been set out under relevant laws and regulations, the establishment of foreign-invested enterprises related to the service sector and its changes (including exceeding the limit amount and the capital increase) should be approved and managed by the local approving authority. It also reaffirms and further clarifies the scope of approval applicable to the competent provincial commerce department for foreign-invested enterprises.

Regulation of Internet Information

On 16 December 1997, the Ministry of Public Security of the PRC promulgated the Administrative Measures for the Security Protection of International Connections and Computer Information Network (計算機信息網絡國際聯網安全保護管理辦法) (the “**Computer Information Network and International Connections Protection Measures**”) which were amended on 8 January 2011, prohibiting the use of the Internet in ways that, among other things, result in a leakage of state secrets or the distribution of socially destabilising content. Socially destabilising content includes any content that incites defiance or violations of PRC laws or regulations or subversion of the PRC Government or its political system, spreads socially disruptive rumours or involves cult activities, superstition, obscenities, pornography, gambling or violence. State secrets are defined broadly to include information concerning PRC’s national defence affairs, state affairs and other matters as determined by the PRC authorities.

Internet content in China is also regulated and restricted from a state security standpoint. The National People’s Congress of the PRC, enacted the Determination in relation to Protection of the Internet Security (關於維護互聯網安全的決定) on 28 December 2000, as amended on 27 August 2009, which may subject perpetrators to criminal punishment in China for any effort to:

- gain improper entry into a computer or system of strategic importance;
- disseminate politically disruptive information or obscenity;
- leak state secrets;
- spread false commercial information; and
- infringe intellectual property rights.

REGULATORY OVERVIEW

During the course of our business, we make use of the Internet in providing our service. In doing so, we are required to comply with the Computer Information Network and International Connections Protection Measures.

Regulations relating to Intellectual Property Rights

China has promulgated comprehensive legislation governing intellectual property rights, including trademarks, patents and copyrights. China has adhered to the main international conventions on intellectual property rights and has become a member of the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to World Trade Organization in December 2001. China amended its Copyright Law in 2001 to broaden the scope of works that are eligible for copyright protection. The amended Copyright Law extends copyright protection to cover Internet activities and products disseminated over the Internet.

On 18 May 2006, the State Council of the PRC promulgated the Regulations on Protection of the Right of Dissemination through Information Networks (信息網絡傳播權保護條例) (the “**Information Dissemination Regulations**”), which became effective on 1 July 2006 and were subsequently amended on 30 January 2013 and became effective on 1 March 2013. These regulations require that every organisation or individual who disseminates a third party’s work, performance, audio or visual recording products to the public through information networks shall obtain permission from, and pay compensation to, the legitimate copyright owner of such products, unless otherwise provided under relevant laws and regulations. The legitimate copyright owner may take technical measures to protect his or her right of dissemination through information networks and any organisation or individual shall not intentionally avoid, destroy or otherwise assist others in avoiding such protective measures unless permissible under law.

Our Directors confirm that in the course of conducting our business in the PRC, which involves the preparation and dissemination of advertising materials through the Internet, we have complied with the Information Dissemination Regulations.

Regulatory Compliance

Our PRC legal advisers, Jun He Law Offices, have confirmed that our PRC subsidiaries had complied with applicable laws and regulations in relation to their businesses in all material respects and obtained all necessary licences and permits to conduct their businesses in the PRC during the Track Record Period and up to the Latest Practicable Date.

REGULATORY OVERVIEW

REGULATORY AND SHAREHOLDERS' APPROVAL

We have obtained the relevant Shareholders' approvals for the Reorganisation and the Listing. For details, please refer to the section headed "Statutory and General Information – A. Further Information about our Company – 4. Written resolutions of our Shareholders passed on 20 May 2015" in Appendix V to this prospectus.

Save as disclosed in this prospectus, or as required under any new laws, rules or regulations to be promulgated in the PRC or as otherwise specifically required by the CSRC, we are not required to obtain any regulatory approval for the Reorganisation and the Listing in the PRC. For a discussion of the applicability of Circular No. 10, Circular No. 37 and 1997 Red-chip Guidance to the Listing, please refer to the section headed "History, Development and Reorganisation – Compliance with the Relevant PRC Laws and Regulations" in this prospectus.

HISTORY, DEVELOPMENT AND REORGANISATION

HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 January 2014. As part of the Reorganisation as more particularly described in the paragraph headed “Reorganisation” below in this section, our Company has become the holding company of our Group for the purpose of the Listing.

Business development

Our history can be traced back to 2007, when AdBeyond HK was founded by Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang with their personal savings as a marketing consultancy service provider. Shortly after establishing AdBeyond HK, our founders noticed the rapid development of digital media and the increasing demand for digital marketing services, and decided to focus our business on the development of digital marketing services.

Over the years, we have grown from a marketing consultancy service provider in Hong Kong to an integrated digital marketing service provider with business operations in Hong Kong and the PRC, serving local and international brands across various business sectors, NGOs and public bodies, directly or through advertising agencies.

The key milestones in our Group’s development to date are set out below:

Year

- | | |
|------|--|
| 2007 | <p>Our Group was founded through the establishment of AdBeyond HK in Hong Kong and initially focused its business on display advertisement placement, signifying the commencement of our digital advertisement placement services</p> <p>We commenced our creative and technology services by providing advertising production services</p> |
| 2008 | <p>We expanded the scope of our digital advertisement placement services to social advertisement placement at a global social media platform</p> <p>We invested in the operator of our partner website, Qooza Interactive</p> <p>We started to establish an advertising network by lining up partner websites, which later developed into our automated advertising network – Maximizer Ad-Network</p> |
| 2009 | <p>We commenced our social media management services by monitoring activities related to the advertisers at Hong Kong websites</p> <p>Our Maximizer Ad-Network was officially launched</p> <p>We invested in the operator of our partner website, Travellife Co</p> |

HISTORY, DEVELOPMENT AND REORGANISATION

- 2010
- We expanded the scope of our social media management services to the setting up of corporate profile pages for the advertisers at a global social media platform
- We expanded the scope of our creative and technology services to app development by developing the first app for our client
- 2011
- We expanded the scope of our social media management services by setting up and maintaining corporate profile pages for the advertisers at a PRC social media platform
- We further expanded our business to the PRC with the establishment of our representative office in Guangzhou
- 2012
- We established our first PRC subsidiary, AdBeyond GZ, to replace our representative office in Guangzhou
- We were engaged by the press bureau of the government of a provincial capital city in Southwest China in relation to promotion of tourism of such city and the agency of the tourism promotion centre of another provincial capital city in Eastern China in relation to promotion of tourism of such city
- Huayi Brothers, HGI Growth and HGI Finanves invested in our Group as Pre-IPO Investors
- We invested in the operator of our partner website, bMedia
- 2013
- We were engaged by the organising committee of an international sporting event for Asian countries in relation to the overseas social media marketing campaign of the international sporting event held in a provincial capital city in Eastern China, targeted at Internet users in Asian countries
- We established our second PRC subsidiary, AdBeyond BJ
- 2014
- We moved into our existing office premises in Hong Kong with a gross floor area of approximately 14,280 square feet to provide a better working environment for our employees and enhance our corporate image
- We were engaged by the organising committee of an international sporting event in relation to the overseas social media marketing campaign of the international sporting event held in a provincial capital city in Eastern China, targeted at Internet users around the world

HISTORY, DEVELOPMENT AND REORGANISATION

Corporate development

As at the Latest Practicable Date, our Group comprised our Company, AdBeyond BVI, AdBeyond HK, AdBeyond GZ, AdBeyond BJ, iMinds BVI and iMinds HK. The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

AdBeyond BVI

On 23 August 2012, AdBeyond BVI was incorporated in the BVI with limited liability. It is an investment holding company. It is authorised to issue a maximum of 500,000 shares of a par value of HK\$1.00 each, divided into two classes, 250,000 ordinary shares and 250,000 AdBeyond BVI Preferred Shares.

At the time of its incorporation, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong and Mr. Frankie Yu (*Note*) were allotted 4,400, 4,400, 4,400, 4,400, 2,295 and 1,047 ordinary shares, respectively, representing 21.01%, 21.01%, 21.01%, 21.01%, 10.96% and 5.00% of its issued share capital. The shares were fully paid-up. Pursuant to a letter of memorandum (the “**Letter of Memorandum**”) entered into among Mr. Harry Wong, AdBeyond HK, Mr. Alan Yip, Ms. Liza Wang, Ms. Karin Wan, Mr. Jeff Ng and Mr. Frankie Yu dated 15 August 2012, Mr. Harry Wong enjoyed certain anti-dilution rights in respect of his shareholding in AdBeyond BVI. For more information about Mr. Harry Wong, please refer to the paragraph headed “Further Information about Mr. Harry Wong” in this section below.

Pursuant to a sale and purchase agreement dated 11 May 2012 and a letter of memorandum dated 6 August 2012, in contemplation of the proposed restructuring of the share capital of AdBeyond HK whereby all the then existing shareholders of AdBeyond HK shall transfer all their shares in AdBeyond HK to AdBeyond BVI (as described below), Mr. Harry Wong and Mr. Jeff Ng have agreed to acquire 314 and 628 ordinary shares in AdBeyond BVI from Mr. Alan Yip at the considerations of approximately HK\$1.38 million and HK\$2.76 million, respectively; whereas Mr. Harry Wong and Ms. Liza Wang have agreed to acquire 314 and 628 ordinary shares in AdBeyond BVI from Ms. Karin Wan at the considerations of approximately HK\$1.38 million and HK\$2.76 million, respectively. The considerations were determined with reference to the estimated value of AdBeyond BVI, being the then proposed holding company of AdBeyond HK, of HK\$92.00 million as agreed among the parties. The above transfers were properly and legally completed and settled on 8 February 2013.

On 30 November 2012, our Pre-IPO Investors, namely HGI Finanves, HGI Growth and Huayi Brothers were allotted 987, 3,870 and 6,450 AdBeyond BVI Preferred Shares, respectively, at the subscription prices of approximately HK\$987, HK\$16.74 million and HK\$27.90 million. The consideration of HK\$987 paid by HGI Finanves was at par value to recognise the strategic benefits brought by HGI Finanves to our Group, which included the introduction and referral of other pre-IPO investors and business opportunities to our Group and the valuable business advice and consultation given to our Group by its sole

Note: On 14 March 2014, Mr. Frankie Yu and Mr. C.H. Chan signed a confirmation of trust arrangement, pursuant to which they confirmed that since the incorporation of AdBeyond BVI, Mr. Frankie Yu held 1,047 ordinary shares in AdBeyond BVI, representing 5.00% of its issued share capital at incorporation, on trust for Mr. C.H. Chan. Mr. Frankie Yu and Mr. C.H. Chan confirmed that the reason for the trust arrangement was because Mr. Frankie Yu acted as the nominee shareholder to handle the investments of Mr. C.H. Chan and was for the ease of administration since it was more convenient for Mr. Frankie Yu to sign the relevant documents in relation to the shareholding interest in AdBeyond BVI.

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shareholder and sole director Mr. Patrick Cheung, who has extensive experience in the advertising industry and venture capital and whose advice and consultation have been beneficial to our Group considering our business and history. The considerations of approximately HK\$16.74 million and HK\$27.90 million paid by HGI Growth and Huayi Brothers, respectively, were determined with reference to a fully-diluted pre-money estimated value of AdBeyond BVI in the amount of approximately HK\$94.85 million as agreed among the parties after taking into account our prospects and growth. For details, please refer to the paragraph headed “Our Pre-IPO Investors” in this section.

On 7 February 2013, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang each transferred 112 ordinary shares in AdBeyond BVI to Mr. Harry Wong, at the considerations of approximately HK\$0.15 million, HK\$0.15 million, HK\$0.15 million and HK\$0.15 million, respectively. Such transaction was properly and legally completed and settled on the same day. The above transfers were due to an exercise of the anti-dilution rights granted to Mr. Harry Wong under the Letter of Memorandum. The considerations for the above transfers were determined with reference to the anti-dilution right mechanism pursuant to the Letter of Memorandum.

Immediately prior to the Reorganisation, the shareholding of AdBeyond BVI was as follows:

Shareholder	Number and class of shares	Approximate percentage of the issued share capital
Mr. Alan Yip	3,346 ordinary shares	10.38%
Ms. Karin Wan	3,346 ordinary shares	10.38%
Mr. Jeff Ng	4,916 ordinary shares	15.24%
Ms. Liza Wang	4,916 ordinary shares	15.24%
Mr. Harry Wong	3,371 ordinary shares	10.45%
Mr. C.H. Chan (<i>Note 1</i>)	1,047 ordinary shares	3.25%
HGI Finanves	987 AdBeyond BVI Preferred Shares	3.06%
HGI Growth	3,870 AdBeyond BVI Preferred Shares	12.00%
Huayi Brothers	6,450 AdBeyond BVI Preferred Shares	20.00%
Total:	32,249 shares (<i>Note 2</i>)	100.00%

Notes:

- Pursuant to a confirmation of trust arrangement dated 14 March 2014, Mr. Frankie Yu and Mr. C.H. Chan confirmed that since the incorporation of AdBeyond BVI, Mr. Frankie Yu held 1,047 ordinary shares in AdBeyond BVI, representing 5.00% of its issued share capital at incorporation, on trust for Mr. C.H. Chan.
- Including 20,942 ordinary shares and 11,307 AdBeyond BVI Preferred Shares.

On 16 May 2015, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. Frankie Yu (at the direction of Mr. C.H. Chan), HGI Finanves, HGI Growth and Huayi Brothers transferred all their shares in AdBeyond BVI to our Company. Such transaction was properly and legally completed and settled on the same day.

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As at the date of this prospectus, the entire issued share capital of AdBeyond BVI was held by our Company.

AdBeyond HK

On 29 March 2007, AdBeyond HK was incorporated in Hong Kong with limited liability. It principally engages in the provision of digital marketing services in Hong Kong.

At the time of its incorporation, AdBeyond HK had an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Mr. Alan Yip each held 2,500 shares in AdBeyond HK, each representing 25.00% of its issued share capital.

On 19 March 2008, the authorised share capital of AdBeyond HK was increased from HK\$10,000 to HK\$20,000. On the same day, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang, Mr. Alan Yip and Mr. Yim Kai Ming were allotted 1,900, 1,900, 1,900, 1,900 and 2,400 shares in AdBeyond HK, respectively, at par value per share. Mr. Yim Kai Ming was one of the directors of AdBeyond HK from 19 March 2008 to 14 February 2012.

On 2 August 2010, the authorised share capital of AdBeyond HK was further increased from HK\$20,000 to HK\$20,942. On the same day, Mr. Harry Wong was allotted 942 shares in AdBeyond HK at the subscription price of HK\$2.00 million. The subscription price was determined with reference to the estimated value of AdBeyond HK of approximately HK\$44.44 million as agreed among the parties. For more information about Mr. Harry Wong, please refer to the paragraph headed “Further Information about Mr. Harry Wong” in this section below.

On 18 July 2011, GEONG International Limited (“**GEONG**”) executed a sale and purchase agreement with Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang, Mr. Alan Yip, Mr. Harry Wong and Mr. Yim Kai Ming, being all the then shareholders of AdBeyond HK, with a view to acquiring the entire issued share capital of AdBeyond HK for a consideration of up to HK\$120.00 million. The parties later agreed not to proceed with the transaction. Our Directors confirm that there is no outstanding or unresolved disputes or liabilities or unfulfilled duties or obligations between our Group and GEONG.

On 14 January 2012, Mr. Harry Wong and Mr. Frankie Yu (*Note*) acquired from Mr. Yim Kai Ming 1,353 and 1,047 shares in AdBeyond HK, respectively, totaling 2,400 shares at the considerations of HK\$2.00 million and HK\$4.50 million, respectively, totaling HK\$6.50 million. The total consideration of HK\$6.50 million was determined with reference to the estimated value of AdBeyond HK of approximately HK\$6.72 million as agreed among the parties after taking into account our prospects and growth. Mr. Harry Wong and Mr. Frankie Yu agreed with their respective proportions of the total consideration based on their commercial negotiation.

Note: On 14 January 2012, Mr. Frankie Yu and Mr. C.H. Chan signed a declaration of trust, pursuant to which they confirmed that Mr. Frankie Yu held 1,047 ordinary shares in AdBeyond HK, representing 5.00% of the then issued share capital of AdBeyond HK, on trust for Mr. C.H. Chan. Mr. Frankie Yu and Mr. C.H. Chan confirmed that the reason for the trust arrangement was because Mr. Frankie Yu acted as the nominee shareholder to handle the investments of Mr. C.H. Chan and was for the ease of administration since it was more convenient for Mr. Frankie Yu to sign the relevant documents in relation to the shareholding interest in AdBeyond HK. The said trust arrangement was brought to an end when the entire issued share capital of AdBeyond HK was acquired by AdBeyond BVI on 5 September 2012.

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On 5 September 2012, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang, Mr. Alan Yip, Mr. Harry Wong and Mr. Frankie Yu transferred all their shares in AdBeyond HK to AdBeyond BVI. Such transaction was properly and legally completed and settled on the same day.

As at the Latest Practicable Date, the entire issued share capital of AdBeyond HK was held by AdBeyond BVI.

On 7 December 2011, AdBeyond HK established a representative office in Guangzhou as the Guangzhou branch of AdBeyond HK to tap into the PRC market. On 2 April 2013, subsequent to the incorporation of AdBeyond GZ, AdBeyond HK applied to deregister the representative office in Guangzhou. On 8 April 2013, the deregistration was approved by the Guangzhou Industrial & Commercial Administration Bureau.

AdBeyond GZ

On 22 November 2012, AdBeyond GZ was established in the PRC as a limited liability company. It has a registered and paid-up capital of HK\$1.35 million. It principally acts as advertising agent and engages in the design, production and distribution of various types of advertisements domestically and abroad, Internet technology development and services and marketing planning services.

As at the Latest Practicable Date, the entire equity interest in AdBeyond GZ was held by AdBeyond HK.

AdBeyond BJ

On 10 July 2013, AdBeyond BJ was established in the PRC as a limited liability company with a registered and paid-up capital of RMB1.00 million. It principally engages in the provision of technology promotion services and corporate planning.

As at the Latest Practicable Date, the entire equity interest in AdBeyond BJ was held by AdBeyond GZ.

iMinds BVI

On 6 January 2014, iMinds BVI was incorporated in the BVI with limited liability. It is an investment holding company. It is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each of a single class.

As at the date of its incorporation, one subscriber share was allotted and issued to Mr. Jeff Ng at a subscription price of US\$1.00.

On 7 March 2014, Mr. Jeff Ng transferred his one subscriber share in iMinds BVI to our Company.

As at the Latest Practicable Date, the entire issued share capital of iMinds BVI was held by our Company.

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iMinds HK

On 7 January 2008, iMinds HK was incorporated in Hong Kong with limited liability. It principally engages in the provision of digital advertisement placement services in Hong Kong.

At the time of its incorporation, iMinds HK had an authorised share capital of HK\$10,000 divided into 10,000 ordinary shares of HK\$1.00 each. One subscriber share was allotted and issued to Wilpac Limited at a subscription price of HK\$1.00. The subscriber share was fully paid-up.

On 26 April 2010, Wilpac Limited transferred 1 share in iMinds HK to Mr. Jeff Ng at par value of HK\$1.00 when iMinds HK was acquired by Mr. Jeff Ng. Such transaction was properly and legally completed and settled on the same day.

On 7 May 2010, the authorised share capital of iMinds HK was increased from HK\$10,000 to HK\$30,000.

On 28 February 2014, Mr. Jeff Ng transferred his one share in iMinds HK to iMinds BVI at a par value of HK\$1.00. Such transaction was properly and legally completed and settled on 4 March 2014.

As at the Latest Practicable Date, the entire issued share capital of iMinds HK was held by iMinds BVI.

Investment of AdBeyond HK

As at the Latest Practicable Date, we, through AdBeyond HK, hold investment in four companies, namely Travellife Co, bMedia, Qooza Interactive and Unwire. Details of AdBeyond HK's investment in the four companies are set out below:

Name of company	Principal business	Number of shares held by AdBeyond HK	Approximate percentage of the issued share capital	AdBeyond HK's board representation	Whether AdBeyond HK has control over the board of directors	Relationship of other shareholder(s) with our Group
Travellife Co	The provision of Internet advertising services	2,000 ordinary shares	20.00%	Ms. Karin Wan is one of the two directors	No	Independent Third Party
bMedia	The provision of website production services	2,499 ordinary shares	19.9936%	Mr. Alan Yip is one of the five directors	No	Independent Third Party
Qooza Interactive	The provision of Internet advertising services	1,300 ordinary shares	13.00%	Mr. Alan Yip is one of the two directors	No	Independent Third Party
Unwire	Save for being the registered owner of the domain name, unwire.hk, Unwire is not engaged in other business activities	1,999 ordinary shares	19.992%	Mr. Alan Yip is one of the two directors	No	Independent Third Party

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Our investment in Travellife Co, bMedia, Qooza Interactive and Unwire are accounted for as “interests in associates” using the equity method of accounting in the Accountants’ Report in Appendix I to this prospectus.

Details of the carrying amounts of our investment in the above companies are set out in Note 18 to the Accountants’ Report in Appendix I to this prospectus.

FURTHER INFORMATION ABOUT MR. HARRY WONG

Mr. Harry Wong is an angel investor. After he came to know Ms. Liza Wang, our non-executive Director, he became interested in the digital marketing sector and decided to invest in our Group by subscribing for the shares in AdBeyond HK in August 2010. Subsequent to his investment, Mr. Harry Wong was appointed as a director of AdBeyond HK in April 2011. Given that Mr. Harry Wong would like to (i) focus on the operations of AdBeyond HK in Hong Kong instead of the management of our Group; (ii) travel less to the PRC from time to time to develop our Group’s business so as to focus on our businesses in Hong Kong; and (iii) spend more time on his other personal investment and interests, he resigned as a director of AdBeyond HK on 30 November 2012 and was then appointed as the project director of AdBeyond HK in April 2013, in which he only focuses on providing advices relating to selling strategies to the service team which specialises in the provision of social media management services in Hong Kong and the sales personnel under the sales and proposal team of AdBeyond HK, with no involvement in the management of the day-to-day operation of our social media management service team and our sales and proposal team, including our supplier selection process.

Mr. Harry Wong is the brother of Mr. Alfred Wong, who is the chief financial officer of our Group and a member of our senior management. For biographical details of Mr. Alfred Wong, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus. Mr. Harry Wong is also a cousin of Mr. Wong Chi Shing, who is the beneficial owner and director of VDS. VDS is the largest supplier of our Group which accounted for approximately 31.84%, 26.30% and 19.69% of our total cost of services excluding staff costs and amortisation expenses for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

Mr. Harry Wong had enjoyed certain special rights in our Group as follows:

- (i) in relation to AdBeyond HK, director nomination right, pre-emptive right, right of first refusal, first right to sell and veto right on increase in share capital; and
- (ii) in relation to AdBeyond BVI, director nomination right, anti-dilution rights, right of first refusal, first right to sell and the right to ensure adherence to the abovementioned special rights by subsequent transferee of shares of AdBeyond BVI.

The abovementioned special rights in relation to AdBeyond HK and AdBeyond BVI were terminated on 15 August 2012 and 21 March 2014, respectively. Our Directors confirm that, as of the Latest Practicable Date, Mr. Harry Wong did not have any special rights in our Group.

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Upon the completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme), Mr. Harry Wong will be interested in 7.84% of our entire issued share capital.

ACTING IN CONCERT CONFIRMATION AND UNDERTAKING

On 2 January 2014, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang entered into the Acting in Concert Confirmation and Undertaking, whereby they (i) confirmed that, since 1 April 2011, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves or together with their associates) in respect of all corporate matters relating to the operations of our Group at the shareholder and board levels of each member company within our Group, and have been given sufficient time and information to consider and discuss in order to reach consensus; and (ii) have undertaken that, upon the Listing and during the period they (by themselves or together with their associates) remain in control of our Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing, they will maintain the above acting-in-concert relationship.

By virtue of the Acting in Concert Confirmation and Undertaking, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang will together be entitled to exercise and control approximately 38.43% of our entire issued share capital upon the completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme).

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OUR PRE-IPO INVESTORS

Pursuant to the Subscription and Shareholders Agreement, our Pre-IPO Investors, HGI Finanves, HGI Growth and Huayi Brothers subscribed for 987, 3,870 and 6,450 AdBeyond BVI Preferred Shares, respectively. The proceeds from the pre-IPO investment have been mainly used on the expansion of our PRC business and as our general working capital. The following table sets out details of the investment of our Pre-IPO Investors.

Pre-IPO Investors:	HGI Finanves	HGI Growth	Huayi Brothers
Date of agreement:	6 September 2012	6 September 2012	6 September 2012
Number of shares subscribed for by the Pre-IPO Investors:	987 AdBeyond BVI Preferred Shares, representing approximately 3.06% of the issued share capital of AdBeyond BVI as enlarged by the issue of the AdBeyond BVI Preferred Shares (<i>Note 1</i>)	3,870 AdBeyond BVI Preferred Shares, representing approximately 12.00% of the issued share capital of AdBeyond BVI as enlarged by the issue of the AdBeyond BVI Preferred Shares (<i>Note 2</i>)	6,450 AdBeyond BVI Preferred Shares, representing approximately 20.00% of the issued share capital of AdBeyond BVI as enlarged by the issue of the AdBeyond BVI Preferred Shares
Consideration:	HK\$987	Approximately HK\$16.74 million	Approximately HK\$27.90 million
Payment date of the consideration:	30 November 2012	30 November 2012	30 November 2012 and 13 December 2012 as to approximately HK\$9.82 million and approximately HK\$18.08 million, respectively
Completion of the subscription:	30 November 2012	30 November 2012	30 November 2012
Price per AdBeyond BVI Preferred Share subscribed:	HK\$1.00	HK\$4,325.24	HK\$4,325.24
Discount to the Placing Price (based on the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the Placing Price range):	99.99% (<i>Note 3</i>) (Approximately)	49.46% (<i>Note 4</i>) (Approximately)	49.46% (Approximately)

Notes:

- HGI Finanves will offer 36,720,000 Sale Shares for purchases under the Placing.
- HGI Growth will offer 11,280,000 Sale Shares for purchases under the Placing.
- The calculation of the discount of HGI Finanves' investment to the Placing Price is based on a total of 36,720,000 Shares to be held by HGI Finanves immediately upon the completion of the Capitalisation Issue without taking into account the Sale Shares to be offered by HGI Finanves in the Placing.
- The calculation of the discount of HGI Growth's investment to the Placing Price is based on a total of 144,000,000 Shares to be held by HGI Growth immediately upon the completion of the Capitalisation Issue without taking into account the Sale Shares to be offered by HGI Growth in the Placing.

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Basis of determination of the consideration:	The consideration was determined with reference to the par value of the AdBeyond BVI Preferred Share to recognise the strategic benefits which would be brought by HGI Finanves to our Group, including Mr. Patrick Cheung's experience and knowledge in the advertising industry.	The consideration was determined with reference to a fully-diluted pre-money estimated value of AdBeyond BVI in the amount of approximately HK\$94.85 million as agreed among the parties after taking into account our prospects and growth.	The consideration was determined with reference to a fully-diluted pre-money estimated value of AdBeyond BVI in the amount of approximately HK\$94.85 million as agreed among the parties after taking into account our prospects and growth.
Strategic benefits the Pre-IPO Investors brought to our Company:	Our Directors are of the view that our business would be benefited from Mr. Patrick Cheung's experience and knowledge in the advertising industry.	Our Directors are of the view that our business would be benefited from Mr. Patrick Cheung's experience and knowledge in the advertising industry.	Our Directors are of the view that we can leverage the extensive business connection of Huayi Brothers in expanding our PRC business.
Shareholding of the Pre-IPO Investors in our Company immediately following the completion of the Placing:	0 Share	132,720,000 Shares, representing 8.30% of the issued share capital of our Company (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme)	240,000,000 Shares, representing 15.00% of the issued share capital of our Company (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) and assuming that the Amended Anti-Dilution Right of Huayi Brothers is not exercised

Information on the Pre-IPO Investors

HGI Finanves and HGI Growth are companies incorporated under the laws of the BVI with limited liability. The principal business activity of HGI Finanves and HGI Growth is investment holding. Both HGI Finanves and HGI Growth are wholly-owned by Mr. Patrick Cheung, our non-executive Director. Mr. Patrick Cheung is the sole director of HGI Finanves and HGI Growth. For details of Mr. Patrick Cheung's experience, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

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Huayi Brothers is an indirectly wholly-owned subsidiary of Huayi Brothers Media, which is a film production company and record label founded in China with its shares listed on the Shenzhen Stock Exchange (stock code: 300027). Ms. Hu Ming, our non-executive Director, is also one of the directors of Huayi Brothers Media. For details of Ms. Hu Ming's experience, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

Prior to the investment in our Group, the Pre-IPO Investors and their ultimate beneficial owners were independent from our Group and independent from the connected persons of our Company. As Huayi Brothers will be interested in more than 10.00% of the total issued share capital of our Company immediately following the completion of the Placing, Huayi Brothers will be a substantial shareholder of our Company upon the Listing and hence a core connected person of our Company. Accordingly, all Shares held by Huayi Brothers shall not be counted as part of the public float for the purposes of Rule 11.23 of the GEM Listing Rules.

AdBeyond BVI Preferred Shares

Prior to the conversion of the AdBeyond BVI Preferred Shares into ordinary shares as mentioned below, the AdBeyond BVI Preferred Shares represent approximately 35.06% of the issued share capital of AdBeyond BVI. The Pre-IPO Investors have the right to receive dividends at the same rate as the holders of ordinary shares of our Company. Each AdBeyond BVI Preferred Share shall carry the same number of votes as each ordinary share. The AdBeyond BVI Preferred Shares are convertible into ordinary shares of AdBeyond BVI on a one-for-one basis. As part of our Reorganisation, the AdBeyond BVI Preferred Shares had been converted into ordinary shares of our Company on a one-for-one basis on 16 May 2015.

Special rights of our Pre-IPO Investors

Pursuant to the Subscription and Shareholders Agreement, the Pre-IPO Investors enjoyed some preferential rights including (1) information right, (2) anti-dilution and price adjustment rights, (3) pre-emptive right, right of first refusal and co-sale right, (4) director nomination right and (5) veto right and such rights would be terminated when the Pre-IPO Investors cease to be shareholders of AdBeyond BVI.

Pursuant to the Subscription and Shareholders Agreement, in the event that AdBeyond BVI proposes to issue any additional shares, the Pre-IPO Investors shall be entitled to exercise anti-dilution and price adjustment rights as follows:

- (i) if the consideration per share for the issue of the additional shares is less than the subscription price per AdBeyond BVI Preferred Share paid by the Pre-IPO Investors, the subscription price of the relevant AdBeyond BVI Preferred Shares shall be further adjusted on a full ratchet basis. The full ratchet adjustment will be made through issuing additional AdBeyond BVI Preferred Shares to the Pre-IPO Investors at par value, so that the percentage ownership of the Pre-IPO Investors after the dilutive issue shall be set equal to the percentage ownership that the Pre-IPO Investors would have had if the subscription price paid by the Pre-IPO Investors had been the same as the price of the dilutive issue of the additional shares of AdBeyond BVI; and

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- (ii) if the consideration per share for the issue of the additional shares is not less than the subscription price per AdBeyond BVI Preferred Share paid by the Pre-IPO Investors, then each Pre-IPO Investor shall be entitled to purchase additional AdBeyond BVI Preferred Shares at the same subscription price per AdBeyond BVI Preferred Share paid by the Pre-IPO Investors pursuant to the Subscription and Shareholders Agreement so that the percentage ownership of the Pre-IPO Investors after the dilutive issue shall be set equal to the percentage ownership of the Pre-IPO Investors prior to the dilutive issue.

Given that the Pre-IPO Investors become our Shareholders and ceased to be shareholders of AdBeyond BVI upon the completion of the Reorganisation on 16 May 2015 these anti-dilution and price adjustment rights were terminated pursuant to the Subscription and Shareholders Agreement.

Mr. Patrick Cheung and Ms. Cheung Laam were appointed as representatives of HGI Finanves and HGI Growth whereas Ms. Hu Ming was appointed as representative of Huayi Brothers on our Board as our non-executive Directors, respectively, with effect from 6 February 2014. As such director nomination right was terminated pursuant to the Subscription and Shareholders Agreement on 16 May 2015, Mr. Patrick Cheung, Ms. Cheung Laam and Ms. Hu Ming will be subject to the retirement and re-appointment requirements under our Articles after the Listing.

Pursuant to the Supplemental Deed, subject to the compliance with the relevant laws and regulations and obtaining the written approval or consent from the Stock Exchange, Huayi Brothers has the right to, but may choose not to, subscribe, in connection with the Placing, at the Placing Price, for no more than 20.00% of the Placing Shares (including the additional shares offered by our Company in connection with the exercise of the Offer Size Adjustment Option) subject to the conditions of the Supplemental Deed.

According to Rule 12.11 of the GEM Listing Rules, there must be no dealing in the Shares by any of our core connected persons from the time of submission of the application for the Listing until the Listing is granted, unless otherwise permitted by the Stock Exchange. An application has been made to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules in relation to the exercise of the Amended Anti-Dilution Right of Huayi Brothers. For details, please refer to the section headed “Waivers from Strict Compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance” in this prospectus.

As disclosed in the section headed “History, Development and Reorganisation – Compliance with the relevant PRC Laws and Regulations – 1997 Red-chip Guidance” in this prospectus, since Huayi Brothers (our one and only Shareholder which is controlled by a PRC entity) is not our controlling Shareholder or our single largest Shareholder, we are not a PRC-funded offshore company and accordingly 1997 Red-chip Guidance does not apply to us. Currently, Huayi Brothers is our second largest Shareholder. Huayi Brothers and Cooper Global (our single largest Shareholder which is held as to 50.00% by each of Mr. Alan Yip and Ms. Karin Wan) will be interested in 15.00% and 15.57%, respectively, of our entire issued share capital upon the completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme). In order to remain as our second largest Shareholder so that 1997 Red-chip Guidance does not apply to us, Huayi Brothers will only be able to subscribe, in connection with the Placing, for Shares representing less than 0.57% (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and

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issued upon exercise of options to be granted under the Share Option Scheme) or 0.54% (assuming that the Offer Size Adjustment Option is exercised in full but without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) of the issued share capital of our Company immediately following the Capitalisation Issue and the Placing in case it exercises the Amended Anti-Dilution Right of Huayi Brothers.

Other than the Amended Anti-Dilution Right of Huayi Brothers, all special rights of the Pre-IPO Investors were terminated pursuant to the Subscription and Shareholders Agreement on 16 May 2015.

Upon the Listing, the Amended Anti-Dilution Right of Huayi Brothers in connection with the Placing will lapse and cease to have effect. The Amended Anti-Dilution Right of Huayi Brothers in connection with the Offer Size Adjustment Option will lapse and cease to have effect upon the full exercise or lapse of the Offer Size Adjustment Option in connection with the Placing on or before 26 May 2015.

Lock-up

The Shares held by Huayi Brothers shall be subject to a lock-up period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date. The Shares held by HGI Growth will not be subject to any lock-up after the Listing.

Confirmation from the Sole Sponsor

The Sole Sponsor has confirmed that the investment by the Pre-IPO Investors is in compliance with the Guidance Letter HKEx-GL29-12 issued in January 2012 by the Stock Exchange, the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 by the Stock Exchange and the Guidance Letter HKEx-GL44-12 issued in October 2012 by the Stock Exchange.

REORGANISATION

Our Group underwent the Reorganisation in preparation for the Listing, which involved the following steps:

Incorporation of our Company

On 10 January 2014, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. It has an authorised share capital of HK\$0.39 million divided into 39,000,000 shares with a par value of HK\$0.01 each. As at the date of its incorporation, one subscriber Share was allotted and issued at nil-paid to the initial subscriber. On the same date, the said one Share was transferred to Mr. Jeff Ng.

Incorporation of iMinds BVI

On 6 January 2014, iMinds BVI was incorporated in the BVI with limited liability. iMinds BVI is authorised to issue a maximum of 50,000 shares of US\$1.00 each. As at the date of incorporation, one share of US\$1.00 was allotted and issued to Mr. Jeff Ng at a subscription price of US\$1.00.

HISTORY, DEVELOPMENT AND REORGANISATION

Incorporation of Cooper Global

On 14 January 2014, Cooper Global was incorporated in the BVI with limited liability. Cooper Global is authorised to issue a maximum of 50,000 shares of US\$1.00 each. As at the date of incorporation, Mr. Alan Yip and Ms. Karin Wan were each allotted and issued with one share of US\$1.00, each representing 50.00% of the issued share capital of Cooper Global.

Incorporation of Pure Force

On 15 January 2014, Pure Force was incorporated in the BVI with limited liability. Pure Force is authorised to issue a maximum of 50,000 shares of US\$1.00 each. On 21 February 2014, Mr. Harry Wong was allotted and issued with one share of US\$1.00, representing 100.00% of the issued share capital of Pure Force.

Acquisition of iMinds HK by iMinds BVI

On 28 February 2014, iMinds BVI and Mr. Jeff Ng entered into a memorandum of agreement, pursuant to which iMinds BVI agreed to purchase, and Mr. Jeff Ng agreed to sell one ordinary share in iMinds HK, representing 100.00% of the issued share capital of iMinds HK. Such transaction was properly and legally completed and settled on 4 March 2014. Subsequent to the acquisition, iMinds BVI held the entire issued share capital of iMinds HK.

Acquisition of iMinds BVI by our Company

On 7 March 2014, our Company and Mr. Jeff Ng entered into a memorandum of agreement, pursuant to which our Company agreed to purchase, and Mr. Jeff Ng agreed to sell one ordinary share in iMinds BVI, representing 100.00% of the issued share capital of iMinds BVI. A nominal consideration of HK\$1.00 was paid by our Company to Mr. Jeff Ng on the basis that iMinds BVI and its wholly-owned subsidiary, iMinds HK, had as a whole recorded a net loss and net liabilities at the date of acquisition. For details, please refer to Note 32 to the Accountants' Report set out in Appendix I to this prospectus. Upon settlement and completion of such acquisition on the same day, iMinds BVI became a wholly-owned subsidiary of our Company.

Conversion of AdBeyond BVI Preferred Shares to ordinary shares

On 16 May 2015, HGI Finanves, HGI Growth and Huayi Brothers served conversion notices on AdBeyond BVI, pursuant to which HGI Finanves, HGI Growth and Huayi Brothers exercised their rights to convert the AdBeyond BVI Preferred Shares held by them into ordinary shares at the conversion ratio of one AdBeyond BVI Preferred Share for one ordinary share. Subsequent to the conversion, AdBeyond BVI had only ordinary shares in issue.

Acquisition of AdBeyond BVI by our Company

On 16 May 2015, our Company entered into a reorganisation agreement with Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. C.H. Chan, HGI Finanves, Huayi Brothers, HGI Growth, Mr. Frankie Yu and AdBeyond BVI. Pursuant to the reorganisation agreement, our Company

HISTORY, DEVELOPMENT AND REORGANISATION

acquired the entire issued share capital of AdBeyond BVI from Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. Frankie Yu (at the direction of Mr. C.H. Chan), HGI Finanves, Huayi Brothers and HGI Growth. In consideration, our Company allotted and issued the following numbers of Shares in our Company to them, respectively, credited as fully paid at par (including the first subscriber Share held by Mr. Jeff Ng):

Shareholder	Numbers of shares allotted and issued	Percentage shareholding
Cooper Global (as nominee of Mr. Alan Yip and Ms. Karin Wan)	2,076	20.76%
Mr. Jeff Ng	1,524 (<i>Note</i>)	15.24%
Ms. Liza Wang	1,524	15.24%
Pure Force (as nominee of Mr. Harry Wong)	1,045	10.45%
Mr. C.H. Chan	325	3.25%
HGI Finanves	306	3.06%
HGI Growth	1,200	12.00%
Huayi Brothers	<u>2,000</u>	<u>20.00%</u>
Total:	<u>10,000</u>	<u>100.00%</u>

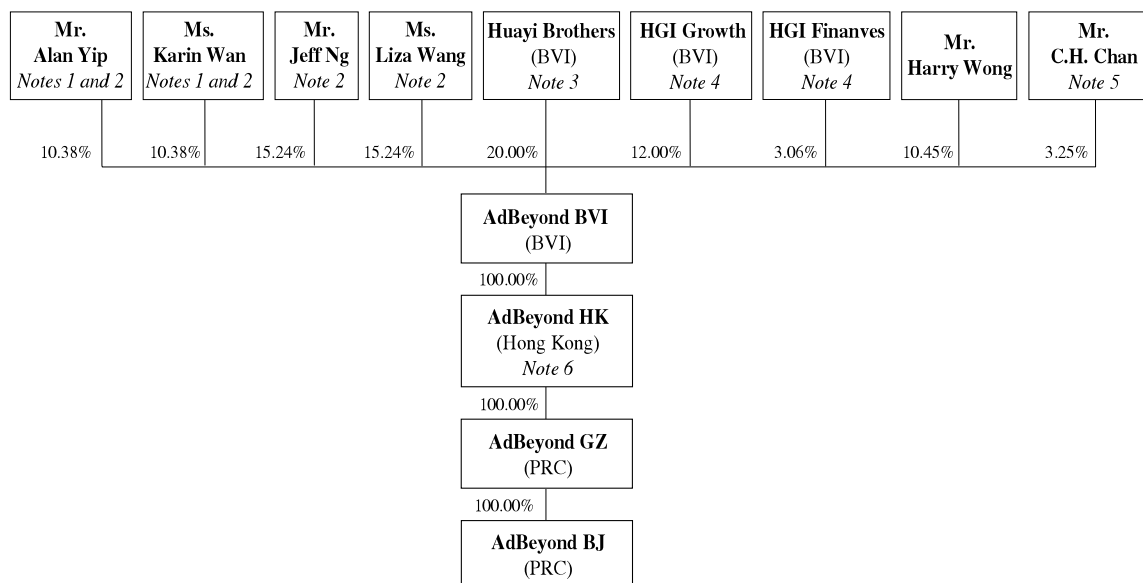
Note: This includes the one ordinary Share in our Company held by Mr. Jeff Ng since its incorporation.

Upon settlement and completion of such subscription and acquisition on the same day, AdBeyond BVI became a wholly-owned subsidiary of our Company.

Upon the completion of the Reorganisation, our Company became the holding company of our Group.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets forth our Group's corporate and shareholding structure immediately before the Reorganisation:

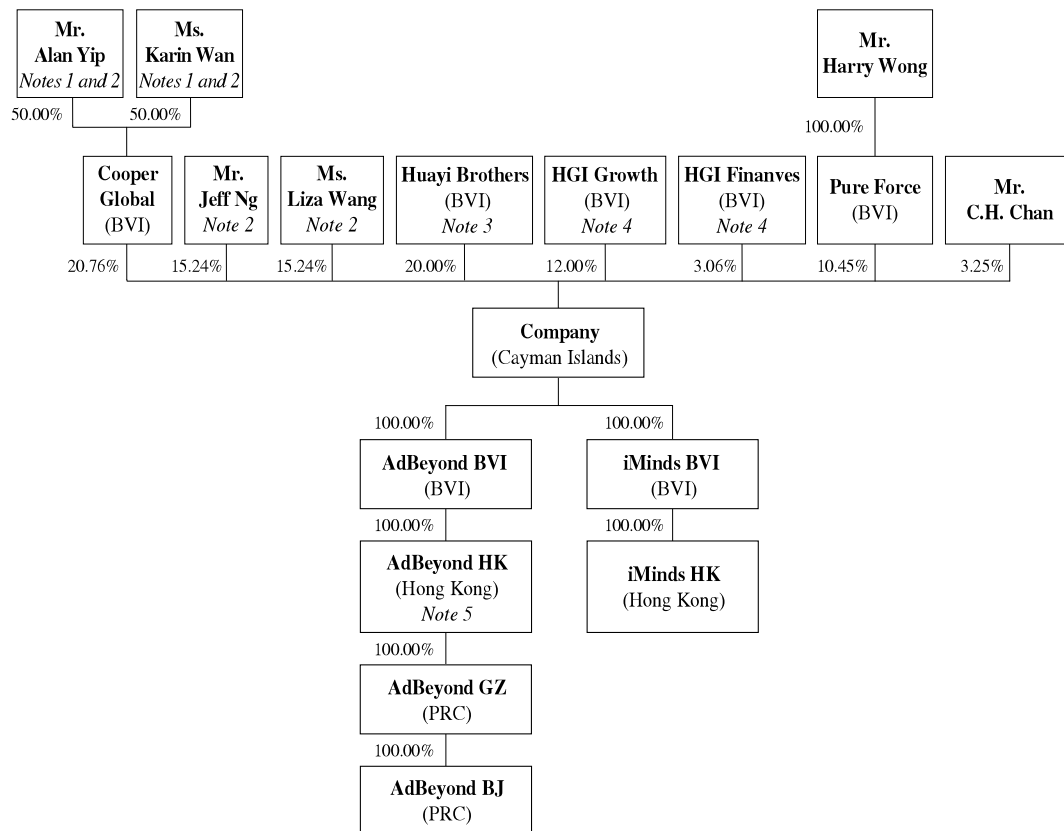


Notes:

1. Mr. Alan Yip and Ms. Karin Wan are spouses.
2. Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang are parties acting in concert pursuant to the Acting in Concert Confirmation and Undertaking which affirmed certain voting arrangements in relation to the management of our Group.
3. The entire issued share capital of Huayi Brothers is held by Huayi Brothers International, a wholly-owned subsidiary of Huayi Brothers Media.
4. The entire issued share capital of each of HGI Finanves and HGI Growth is held by Mr. Patrick Cheung.
5. Pursuant to a confirmation of trust arrangement dated 14 March 2014, Mr. Frankie Yu and Mr. C.H. Chan confirmed that since the incorporation of AdBeyond BVI, Mr. Frankie Yu held 1,047 ordinary shares in AdBeyond BVI, representing 5.00% of its issued share capital at incorporation, on trust for Mr. C.H. Chan.
6. AdBeyond HK holds investment in four companies incorporated under the laws of Hong Kong, namely Travellife Co (as to 20.00% of its issued share capital), bMedia (as to 19.9936% of its issued share capital), Qooza Interactive (as to 13.00% of its issued share capital) and Unwire (as to 19.992% of its issued share capital). The other shareholders of Travellife Co, bMedia, Qooza Interactive and Unwire are Independent Third Parties.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets forth our Group's corporate and shareholding structure immediately after the Reorganisation:



Notes:

1. Mr. Alan Yip and Ms. Karin Wan are spouses.
2. Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang are parties acting in concert pursuant to the Acting in Concert Confirmation and Undertaking which affirmed certain voting arrangements in relation to the management of our Group.
3. The entire issued share capital of Huayi Brothers is held by Huayi Brothers International, a wholly-owned subsidiary of Huayi Brothers Media.
4. The entire issued share capital of each of HGI Finanves and HGI Growth is held by Mr. Patrick Cheung.
5. AdBeyond HK holds investment in four companies incorporated under the laws of Hong Kong, namely Travellife Limited (as to 20.00% of its issued share capital), bMedia Limited (as to 19.9936% of its issued share capital), Qooza Interactive Limited (as to 13.00% of its issued share capital) and Unwire (as to 19.992% of its issued share capital). The other shareholders of Travellife Co, bMedia, Qooza Interactive and Unwire are Independent Third Parties.

HISTORY, DEVELOPMENT AND REORGANISATION

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Directors consider Hong Kong to be a suitable place for listing of the Shares as they believe that, through the Listing, the profile and public awareness of our Group and our industry will be significantly enhanced. Our Directors believe that the Listing could enhance our capital base and the net proceeds from the Placing will strengthen our financial position and enable us to implement our business objectives set out in the section headed “Business Objectives and Future Plans” in this prospectus. Furthermore, a public listing status on GEM will allow us to access to capital market for future corporate finance exercises, which will assist in our future business development and strengthen our competitiveness.

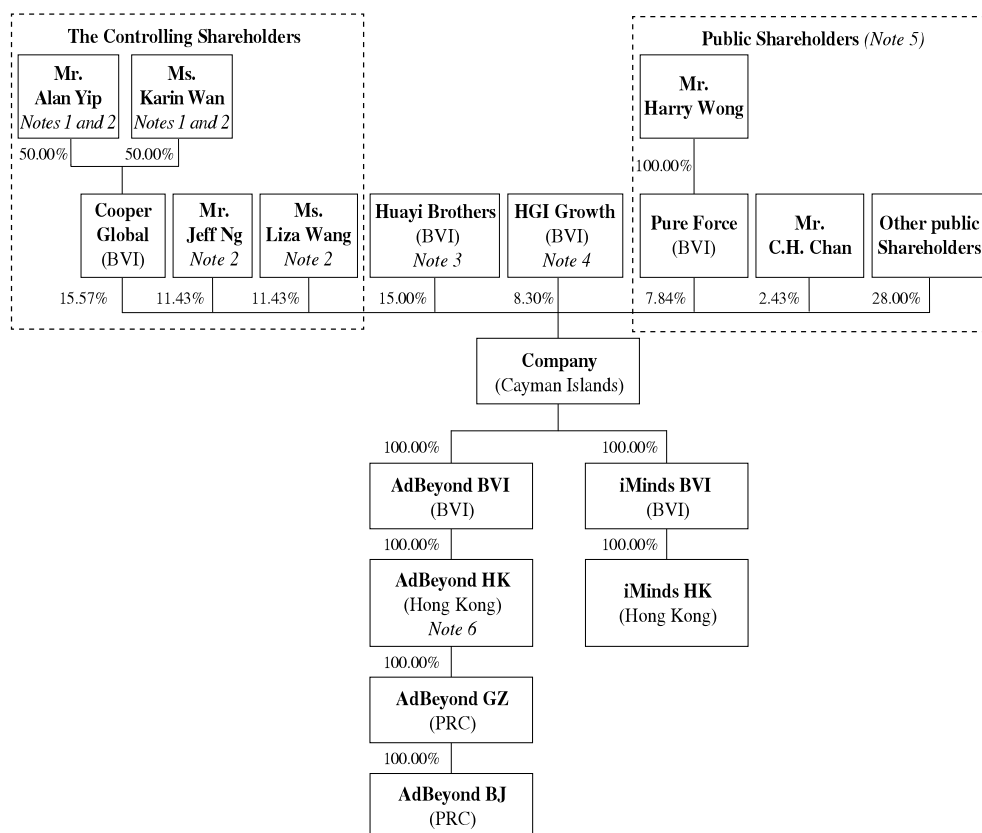
CAPITALISATION ISSUE

Conditional upon the crediting of our Company’s share premium account as a result of the issue of the Placing Shares pursuant to the Placing, our Directors are authorised to capitalise an amount of HK\$11,999,900 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,199,990,000 Shares for allotment and issue to our Shareholders as of 20 May 2015, on a pro-rata basis.

As part of the Placing, our Selling Shareholders will offer 48,000,000 Sale Shares for purchase pursuant to the Placing. For details of the Sales Shares offered by our Selling Shareholders, please see the section headed “Structure and Conditions of the Placing” in this prospectus.

HISTORY, DEVELOPMENT AND REORGANISATION

The following chart sets out our Group's corporate structure immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) and assuming that the Amended Anti-Dilution Right of Huayi Brothers is not exercised:



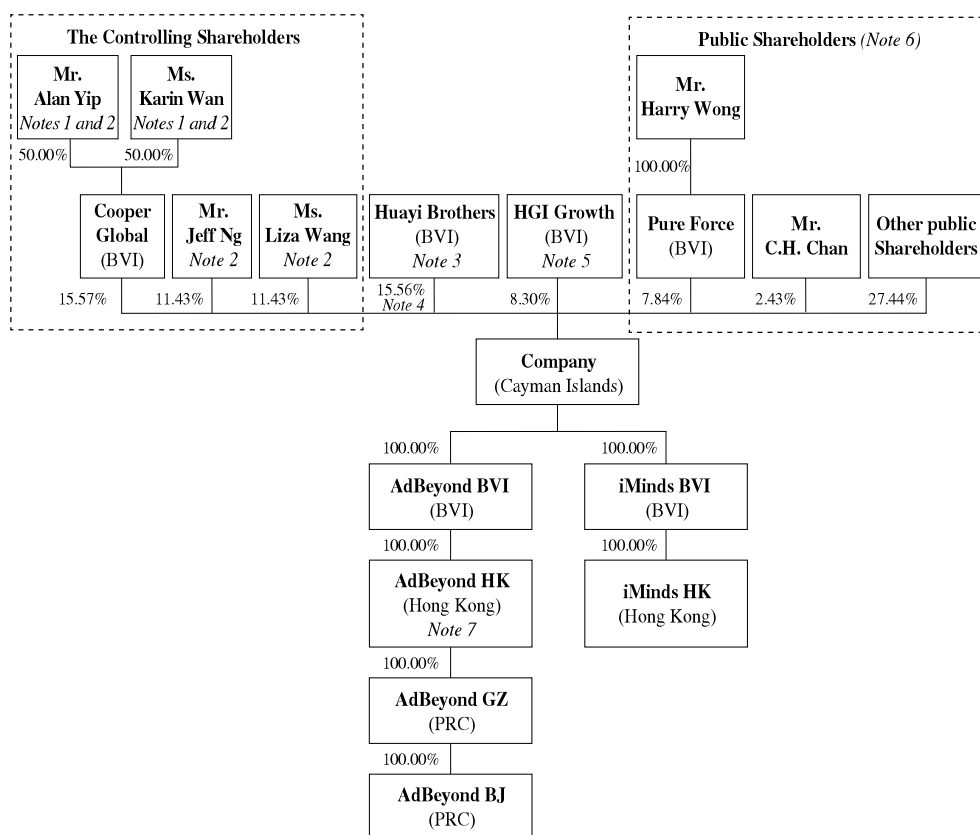
Notes:

1. Mr. Alan Yip and Ms. Karin Wan are spouses.
2. Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang are parties acting in concert pursuant to the Acting in Concert Confirmation and Undertaking which affirmed certain voting arrangements in relation to the management of our Group.
3. The entire issued share capital of Huayi Brothers is held by Huayi Brothers International, a wholly-owned subsidiary of Huayi Brothers Media.
4. The entire issued share capital of HGI Growth is held by Mr. Patrick Cheung.
5. Public shareholders include Pure Force and Mr. C.H. Chan. Immediately upon completion of the Placing, the public float of our Company will consist of Shares held by Pure Force, Mr. C.H. Chan and other public shareholders.

HISTORY, DEVELOPMENT AND REORGANISATION

6. AdBeyond HK holds investment in four companies incorporated under the laws of Hong Kong, namely Travellife Co (as to 20.00% of its issued share capital), bMedia (as to 19.9936% of its issued share capital), Qooza Interactive (as to 13.00% of its issued share capital) and Unwire (as to 19.992% of its issued share capital). The other shareholders of Travellife Co, bMedia, Qooza Interactive and Unwire are Independent Third Parties.

The following chart sets out our Group's corporate structure immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) and assuming partial exercise of the Amended Anti-Dilution Right of Huayi Brothers:



Notes:

- Mr. Alan Yip and Ms. Karin Wan are spouses.
- Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang are parties acting in concert pursuant to the Acting in Concert Confirmation and Undertaking which affirmed certain voting arrangements in relation to the management of our Group.
- The entire issued share capital of Huayi Brothers is held by Huayi Brothers International, a wholly-owned subsidiary of Huayi Brothers Media.
- Assuming that 8,970,000 Placing Shares, representing 0.56% of the issued share capital of our Company, or 2.00% of the Placing Shares, immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) will be placed to Huayi

HISTORY, DEVELOPMENT AND REORGANISATION

Brothers pursuant to its partial exercise of the Amended Anti-Dilution Right of Huayi Brothers. As disclosed in the section headed “History, Development and Reorganisation - Our Pre-IPO Investors - Special rights of our Pre-IPO Investors” in this prospectus, in order to remain as our second largest Shareholder so that 1997 Red-chip Guidance does not apply to us, Huayi Brothers will only be able to subscribe, in connection with the Placing, for Shares representing less than 0.57% (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme) of the issued share capital of our Company immediately following the Capitalisation Issue and the Placing in case it exercises the Amended Anti-Dilution Right of Huayi Brothers.

5. The entire issued share capital of HGI Growth is held by Mr. Patrick Cheung.
6. Public Shareholders include Pure Force and Mr. C.H. Chan. Immediately upon completion of the Placing, the public float of our Company will consist of Shares held by Pure Force, Mr. C.H. Chan and other public Shareholders.
7. AdBeyond HK holds investment in four companies incorporated under the laws of Hong Kong, namely Travellife Co (as to 20.00% of its issued share capital), bMedia (as to 19.9936% of its issued share capital), Qooza Interactive (as to 13.00% of its issued share capital) and Unwire (as to 19.992% of its issued share capital). The other shareholders of Travellife Co, bMedia, Qooza Interactive and Unwire are Independent Third Parties.

COMPLIANCE WITH THE RELEVANT PRC LAWS AND REGULATIONS

Circular No. 10

Circular No. 10 sets out certain rules on the merger and acquisition of PRC domestic enterprise or assets by foreign investor. As advised by our PRC legal advisers, Jun He Law Offices, since (i) AdBeyond GZ, our PRC subsidiary, was established as a wholly foreign-owned enterprise (as opposed to merger or acquisition of equity interest or assets in existing PRC enterprises) by AdBeyond HK, which was incorporated in Hong Kong; and (ii) AdBeyond BJ was established by AdBeyond GZ, which was established in the PRC, Circular No. 10 is not applicable to the establishment of our PRC subsidiaries and the Listing.

Circular No. 37

Circular No. 37 which superseded Circular No. 75 on 4 July 2014, sets out certain foreign exchange registration requirements in relation to the round-trip investment activities conducted in the PRC by PRC residents via overseas special purpose vehicles. As advised by our PRC legal advisers, Jun He Law Offices, as at the Latest Practicable Date, the foreign exchange registration and filing procedures as required by Circular No. 37 and the foreign exchange registration in relation to round-trip investment by AdBeyond GZ had been completed.

1997 Red-chip Guidance

1997 Red-chip Guidance governs, among other things, the overseas listing of PRC-funded offshore companies. According to 1997 Red-chip Guidance, laws and regulations of the relevant overseas listing venue will be applicable when a non-public PRC-funded offshore company or an offshore listed company controlled by PRC entities applies for the listing and issue of new shares with its overseas assets or domestic assets owned for more than three years through the investment of its overseas assets in the PRC. The PRC

HISTORY, DEVELOPMENT AND REORGANISATION

entity which controls the PRC-funded offshore company shall obtain the prior consent of the People's Government of the PRC at the provincial level or the competent authority of the State Council of the PRC for such application of listing and issue of new shares. A non-public PRC-funded offshore company or an offshore listed company controlled by PRC entities with domestic assets owned for less than three years through the investment of overseas asset in the PRC may not apply for overseas listing and issue of new shares except under special circumstances. To apply for overseas listing and issue of new shares under special circumstances, the relevant PRC entity which controls the PRC-funded offshore company shall submit the matter to the CSRC for examination and the State Council Securities Commission for further examination and approval. Upon completion of the listing and issue of new shares, a PRC entity which controls a PRC-funded offshore company shall report to the CSRC for recordation.

As at the Latest Practicable Date, save for Huayi Brothers (a wholly-owned subsidiary of Huayi Brothers Media), which held 20.00% of the issued share capital of our Company, none of our Shareholders was owned or controlled by a PRC entity. Huayi Brothers is not our controlling Shareholder or our single largest Shareholder. Our single largest Shareholder is Cooper Global, which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan and held 20.76% of the issued share capital of our Company as at the Latest Practicable Date. In addition, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang entered into the Acting in Concert Confirmation and Undertaking on 2 January 2014, whereby they have undertaken that during the agreed period, they shall actively cooperate with each other, and adopt a consensus building approach to reach decisions on a unanimous basis, and they shall vote as a group in respect of all corporate matters relating to the operations of our Group at the shareholder and board level of each member company within our Group. As advised by our PRC legal advisers, Jun He Law Offices, we do not fall within the definition of PRC-funded offshore company, such that 1997 Red-chip Guidance does not apply to us. Huayi Brothers is currently our second largest Shareholder. 1997 Red-chip Guidance remains not applicable to us if Huayi Brothers continues not to be our controlling Shareholder or single largest Shareholder.

View of our PRC Legal Advisers

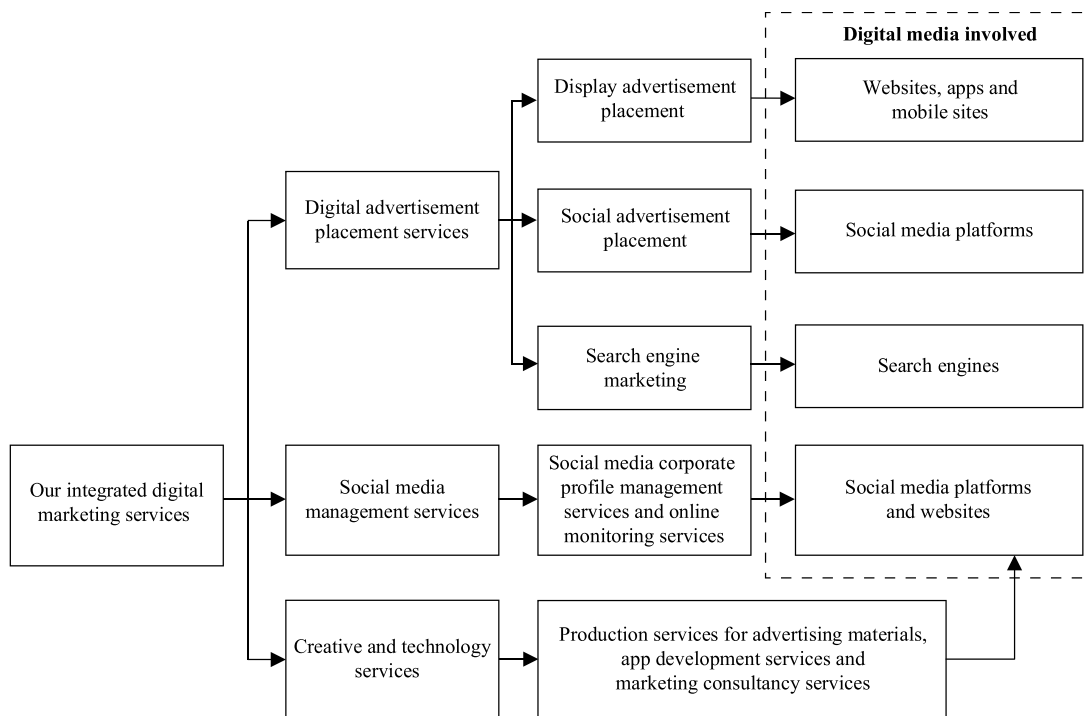
As advised by our PRC legal advisers, Jun He Law Offices, the establishment of all members of our Group in the PRC has obtained necessary approval and registration and has complied with the relevant PRC legal requirements.

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OVERVIEW

We are an integrated digital marketing service provider, ranking second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014 according to the Ipsos Report. We mainly utilise digital media such as websites, apps, mobile sites and social media platforms to plan and implement marketing strategies and launch marketing campaigns for the advertisers.

Our business comprises the provision of (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services, enabling us to provide integrated digital marketing services to our clients. During the Track Record Period, there had not been any change in the business focus of our Group. The following diagram illustrates the three categories of digital marketing services provided by us and the digital media involved:



For the years ended 31 March 2013 and 31 March 2014, our total revenue amounted to approximately HK\$89.05 million and HK\$112.59 million, respectively, representing a year-on-year growth of approximately 26.43%. For the eight months ended 30 November 2013 and the eight months ended 30 November 2014, our total revenue amounted to approximately HK\$75.76 million and HK\$95.09 million,

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respectively, representing a period-on-period growth of approximately 25.53%. The following table sets forth a breakdown of our revenue from each category of digital marketing services during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November	
	2013		2014		2014	
	Revenue HK\$'000	%	Revenue HK\$'000	%	Revenue HK\$'000	%
Digital advertisement placement services	31,191	35.03	39,974	35.50	35,610	37.45
Social media management services	34,591	38.84	47,196	41.92	37,227	39.15
Creative and technology services	<u>23,266</u>	<u>26.13</u>	<u>25,424</u>	<u>22.58</u>	<u>22,255</u>	<u>23.40</u>
Total:	<u>89,048</u>	<u>100.00</u>	<u>112,594</u>	<u>100.00</u>	<u>95,092</u>	<u>100.00</u>

For the years ended 31 March 2013 and 31 March 2014, our gross profit amounted to approximately HK\$39.34 million and HK\$48.31 million, respectively, representing a year-on-year growth of approximately 22.80%. For the eight months ended 30 November 2013 and 30 November 2014, our gross profit amounted to approximately HK\$33.23 million and HK\$41.25 million, respectively, representing a period-on-period growth of approximately 24.14%. During the Track Record Period, we maintained an overall gross profit margin of over 42.91%. The following table sets forth a breakdown of our gross profit and our gross profit margin from each category of digital marketing services during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November	
	2013		2014		2014	
	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %	Gross profit HK\$'000	Gross profit margin %
Digital advertisement placement services	10,820	34.69	14,751	36.90	12,376	34.75
Social media management services	14,939	43.19	20,807	44.09	14,608	39.24
Creative and technology services	<u>13,582</u>	<u>58.38</u>	<u>12,756</u>	<u>50.17</u>	<u>14,263</u>	<u>64.09</u>
Total:	<u>39,341</u>	<u>44.18</u>	<u>48,314</u>	<u>42.91</u>	<u>41,247</u>	<u>43.38</u>

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As at the Latest Practicable Date, we had a total of 314 contracts on hand awarded by 196 clients with an aggregated contract sum of approximately HK\$35.92 million remaining unrecognised as revenue. The following table sets forth a summary of contracts signed by our Group during the Track Record Period.

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
Number of clients	399	401	334
Number of contracts signed	1,547	1,860	1,468
	<i>(HK\$'000)</i>		
Total contract sum	94,966	111,654	106,755
Average contract sum per contract signed	61	60	73
Range of contract sum	1-9,248	1-13,438	1-14,806

COMPETITIVE STRENGTHS

We believe our success is attributed to, among other things, the following competitive strengths:

Proven track record in providing integrated digital marketing services to reputable clients

Our integrated digital marketing business model, operational network and scale of operations have enabled us to undertake a number of high profile marketing campaigns. We focus on addressing the overall digital marketing needs of the advertisers. We believe, through our integrated digital marketing services, the advertisers may achieve greater efficiency in the allocation of their marketing budgets and in the promotion of their brands, products or services. We are also able to capitalise the cross-selling and marketing opportunities derived from our integrated digital marketing business model, which allow us to have more efficient allocation of resources, deliver our services to the advertisers in a manner catering to the actual needs of the advertisers and accordingly promote our clients' confidence in us and maximise the economies of scale of our operations. Our Directors also believe our ability to provide one-stop integrated digital marketing services helps to ensure the smooth running of various parts of a digital marketing campaign by reducing the time and resources required of the advertisers and us in campaign coordination and implementation. For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, approximately 81.63%, 90.99% and 78.14% of our total revenue were generated from projects involving the provision of more than one type of our digital marketing services (namely, digital advertisement placement services, social media management services and creative and technology services), respectively.

During the Track Record Period, the advertisers we had served included brand owners across various business sectors, including, among others, the beauty and cosmetic industry, real estate industry, luxury and fashion industry, banking, finance and insurance industry and public utility and telecommunications industry. We also provided digital marketing services to 4A agencies, NGOs such as an organisation for

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professional accountants and a cancer support organisation in Hong Kong, and public bodies such as foreign tourism bodies and local Hong Kong statutory bodies. In addition, as our operations expanded to the PRC, we had been engaged by press bureau, tourism promotion centre or sporting event organising committee of several provincial capital cities in the PRC in relation to promotion of tourism or international sporting event.

Going forward, we will continue our efforts in improving the quality of our services and strengthening the portfolio of our services. Our Directors believe that our proven track record in serving reputable clients would help us to retain our existing clients.

For examples of representative projects undertaken by us, please refer to “Representative Projects Undertaken” in this section.

Solid client base in Hong Kong with an expanding business in the PRC

We have a wide and diversified client base, with no single client contributing more than 10.00% of our revenue during each of the two years ended 31 March 2014 and the eight months ended 30 November 2014. In recognition of our high quality service, our clients refer new clients to us from time to time.

During the Track Record Period, our revenue was mainly generated from our operations in Hong Kong. In 2011, we further expanded our integrated digital marketing business to the PRC. With the establishment of our two subsidiaries in Beijing and Guangzhou, we expanded our business in the PRC. Our revenue attributable to our PRC-based clients increased by approximately 23.93% to approximately HK\$17.14 million for the year ended 31 March 2014 from approximately HK\$13.83 million for the year ended 31 March 2013, and further increased by approximately 57.13% to approximately HK\$19.07 million for the eight months ended 30 November 2014 from approximately HK\$12.14 million for the eight months ended 30 November 2013. The following table sets forth our total revenue and revenue attributable to our PRC-based clients and our Hong Kong-based clients, respectively, during the Track Record Period:

	For the year ended 31 March				For the eight months	
	2013		2014		ended 30 November 2014	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue attributable to our PRC-based clients (<i>Note 1</i>)	13,831	15.53	17,139	15.22	19,075	20.06
Revenue attributable to our Hong Kong-based clients (<i>Note 2</i>)	<u>75,217</u>	<u>84.47</u>	<u>95,455</u>	<u>84.78</u>	<u>76,017</u>	<u>79.94</u>
Total:	<u><u>89,048</u></u>	<u><u>100.00</u></u>	<u><u>112,594</u></u>	<u><u>100.00</u></u>	<u><u>95,092</u></u>	<u><u>100.00</u></u>

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Notes:

1. Revenue attributable to our PRC-based clients includes revenue from all of our clients based in the PRC and excludes revenue from all of our clients based in Hong Kong, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients).
2. Revenue attributable to our Hong Kong-based clients includes revenue from all of our clients based in Hong Kong and excludes revenue from all of our clients based in the PRC, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients).
3. A number of our PRC-based clients entered into contracts with AdBeyond HK, our major Hong Kong subsidiary, for digital marketing services involving the use of global social media platforms as our PRC subsidiaries, like other companies established in the PRC, do not have access to certain global social media platforms under the policies of the PRC Government. During the Track Record Period, over 90% of our Group's revenue was attributable to contracts signed by our subsidiaries with offices located in Hong Kong. No geographic information for our Group's revenue from external clients has been presented in the Accountants' Report in Appendix I to this prospectus as based on the office location of our subsidiaries which signed the contracts with our clients, over 90% of the external revenue was generated from Hong Kong during the Track Record Period.

Our ability to continue to expand our client base in Hong Kong and the PRC is mainly attributable to our marketing strategies. Our Directors believe that with our further development in client base and business expansion in Hong Kong and the PRC, we are well positioned to benefit from the increasing demand for digital marketing services in Hong Kong and the PRC. We believe that our client base will continue to expand and transform into recurring clients.

Leading market position and strong brand recognition in the digital marketing service industry

We believe that we have built a strong brand in the market due to the quality of our services. According to the Ipsos Report, we ranked second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014.

We have received awards from the Marketing Magazine's Agency of the Year Awards (Hong Kong), a leading barometer of agency performance in Hong Kong, in recognition of our integrated digital marketing services. We were winners of the "Local Hero of the Digital Agency of the Year Award" for three consecutive years from 2012 to 2014, the "First Place of the Digital Agency of the Year Award" for two consecutive years from 2012 to 2013, and the "Second Place of the Digital Agency of the Year Award" in 2014. We were also winner of the "Third Place of the Social Media Agency of the Year Award" in 2014. In recognition of our marketing campaign formulated for a major shopping mall in Hong Kong, we were also the silver award winner of the "Best Viral Marketing Award" and the bronze award winner of the "Best Location-based Marketing Award" of Marketing Magazine's Mobile Excellence Awards 2013 (Hong Kong) which recognise leadership in the huge growth arena of mobile marketing and innovative and effective campaigns, apps and related mobile marketing projects.

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Our management also regularly acts as guest speakers at seminars and forums relating to digital marketing services. In particular, Ms. Karin Wan, our executive Director, spoke as industry representative at forums organised by the Hong Kong Trade Development Council and The Hong Kong Polytechnic University on social media marketing.

Our Directors are of the view that these awards and industry recognition increase our market visibility and enable us to maintain close relationships with other players in the market and attract potential marketing suppliers as well as clients. Such brand recognition also helps us to attract talents and enables us to further improve the quality of our services and competitiveness.

Experienced management team and responsive and creative employees

We are led by our founders who are also our executive Directors, namely Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and our non-executive Director, namely Ms. Liza Wang, each of whom has prior work experience in traditional marketing industry or management consultancy industry and has accumulated over 7 years of experience in digital marketing service industry since the founding of our Group. We are of the view that the vision of our management team has been fundamental to our success. For biographical details of our Directors and senior management, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus.

We believe that the extensive experience of our management team and their industry knowledge and in-depth understanding of the market enable us to assess market trends, understand the needs of our clients and provide specialised services to our clients as well as to ensure quality of our service. Our management team’s understanding on the industry, market trends, the diverse needs and requirements of the advertisers also enable us to solidify our market position in the evolving digital marketing service industry in Hong Kong and the PRC, expand our business scope and ensure the smooth and effective implementation of our plans and strategies.

In order to operate successfully within a competitive and fast-moving industry, our management team is supported by our responsive and creative employees. With a majority of the target audience falling within the younger age groups, our Directors are of the view that such employees would generally be more proactive in responding to the needs of our clients and their target audience and would be able to offer our clients with innovative and effective digital marketing services.

Furthermore, we provide training programmes and annual retreats to our employees to assist our employees in understanding and adapting to the work culture of our Group, while equipping them with the necessary job-specific skills so as to enhance their overall efficiency and team cohesiveness. We have also adopted internal policies which set out various guidelines, instructions and operational rules regarding our business to guide our employees and to ensure the quality of our services. Our Directors believe that the training programmes, team-building activities and internal policies will improve the quality of our service and are beneficial to our business development.

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BUSINESS STRATEGIES

To maintain our market share, enhance our service quality and attract more clients to engage our services, we intend to implement the following business strategies:

Continue to expand our client base and business operations

Our headquarters are currently located in Hong Kong. Our Directors believe the continual increase in Internet penetration and mobile connected device users would facilitate the public's accessibility to various digital marketing media, thereby increasing the demand for digital marketing services in Hong Kong. In view of the market potential, we intend to continue expanding our client base in Hong Kong and strengthen our relationship with our existing clients. We will expand our sales and proposal team and improve our training programmes in order to enhance our customer relationship management. We will also improve our operation process for our Hong Kong operations through identifying and implementing suitable information technology and data systems.

We intend to expand our business by leveraging on our strategic position as a reputable and established integrated digital marketing service provider in Hong Kong to capture more business opportunities with our proven track record.

During the Track Record Period, we had expanded our operations to the PRC. Our Directors believe that with the stable GDP growth rate and the growing penetration rate of Internet in the PRC, an increasing number of PRC-based clients are becoming more receptive to digital marketing services. These clients may target the international market and will require the service of a reputable integrated digital marketing service provider capable of providing a wide range of digital marketing services to reach their target audience outside the PRC. We will also leverage our experience and network in the PRC to assist our Hong Kong-based clients to target the PRC market and to reach their target audience in major cities across the PRC. Our current operations in Guangzhou and Beijing will accordingly be expanded and further consolidated through the recruitment of talents and the expansion of service teams. We also intend to explore business opportunities and develop our business in Eastern China.

To ensure our sustainable development as an integrated digital marketing service provider, we will continue to attract management and talents with the required competence and experience in the digital marketing service industry through external recruitment with competitive remuneration packages. We also intend to improve our incentive schemes for our existing employees and to provide them with better advancement opportunities.

Strengthen and broaden our existing range of digital marketing services

In order to maintain and enlarge our market share in the digital marketing service industry, we need to keep abreast of the development of the Internet and strengthen our expertise in offering customised digital marketing services.

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We intend to expand our Maximizer Ad-Network and MobMax HK Ad-Network by securing more cooperation arrangements with popular websites, apps, and mobile sites. Depending on the actual market conditions and industry trend, we plan to allocate more resources in strengthening and broadening our existing range of digital marketing services, including but not limited to:

- (i) services which leverage opportunities generated from online-to-offline commerce, e-commerce and mobile-commerce activities;
- (ii) our provision of social customer relationship management services which will be integrated with our social media management services to better manage the advertisers' customer relationships; and/or
- (iii) the establishment of database for digital marketing or e-commerce platform to encourage discussions among Internet users, arouse interest of target audience and generate sales for our clients.

Resources will be allocated to expand our internal research and development capabilities and we will consider collaborating with software and programme developers to develop software, applications and technologies to address our future needs.

Pursue growth through selective mergers and acquisitions

We intend to increase our presence in existing markets through seeking merger and acquisition opportunities, opportunities to form joint venture with strategic partners or strategic investment opportunities. Our Directors are of the view that the industries and markets in which we operate are fragmented and therefore offer many opportunities to expand our business through acquisitions.

We plan to selectively acquire niche players whose businesses, service growth potential and sales networks are complementary to ours or companies which will have the potential growth upon being acquired by us, thereby expanding the portfolio of our services. In particular, we intend to target (i) companies offering digital marketing services; (ii) companies offering marketing services complementary to digital marketing; (iii) developers of apps which leverage opportunities generated from online-to-offline commerce, e-commerce and mobile-commerce activities; (iv) digital media developers or operators; and (v) companies with established database for digital marketing or e-commerce platform to encourage discussions among Internet users, arouse interest of target audience and generate sales for our clients. As at the Latest Practicable Date, we had not identified any potential acquisition target or initiated negotiations for any acquisition or joint venture and we had no intention to acquire any company or business which would lead to a material change of the current principal business of our Group.

FUTURE PLANS

Please refer to the section headed "Business Objectives and Future Plans – Implementation Plans" in this prospectus for a detailed description of our future plans.

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OUR PRINCIPAL BUSINESS

We are principally engaged in the business of provision of integrated digital marketing services which comprise (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

Our three categories of digital marketing services are inter-related and complementary to each other. For instance, in a marketing campaign, in order to promote a brand, product and/or services of an advertiser, the awareness and interest of the public may be raised through the placement of display and social advertisements and the utilisation of search engine marketing by our digital advertisement placement services. Our social media corporate profile management services may further engage and encourage discussions among Internet users through setting up and maintaining the advertiser's corporate profile page, such as the updating of the news feeds and the organisation of complementary offline marketing events. The resulting reactions or perceptions of the public or target audience on the particular marketing event, news feeds on the corporate profile page and/or the brand itself may in turn be monitored through our online monitoring services in order to evaluate the overall effectiveness of the marketing campaign and identify any potential issue. Based on the analysis on the monitoring results, marketing strategies as set out above may be further fine-tuned and customised to optimise the marketing campaign. For example, in order to further enhance the number of visitors to the corporate profile page and/or facilitate the participation of the complementary offline marketing events, apps may be developed by our creative and technology service team to engage and encourage discussions among social media platform users.

We consider our integrated digital marketing services are able to generate more satisfactory marketing results and allow the advertisers to promote their brands, products and/or services in a more cost effective way. As opposed to providing a single type of digital marketing services to the advertisers, we, based on our experience, industry knowledge and understanding of the market, analyse the backgrounds, characteristics, products or services and target audiences of the advertisers and provide integrated digital marketing services which are customised to address, not only the specific demands of the advertisers, but the overall digital marketing needs of the advertisers.

For advertisers which do not require integrated digital marketing services based on their own consideration and/or individual circumstances at the relevant times, we also provide a single type of our digital marketing services to them.

Digital advertisement placement services

Our digital advertisement placement services mainly involve the procurement of advertising space, placement of advertisements on websites, apps, mobile sites, social media platforms, and search engine marketing; and the provision of related services to our clients such as reporting services. As at the Latest Practicable Date, we had set up a service team of 18 members specialised in the provision of digital advertisement placement services to our clients.

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(i) *Display advertisement placement*

We assist our clients in procuring advertising space and placing display advertisements which appear on websites, apps and mobile sites for an agreed number of times. We also monitor the effectiveness of display advertisement placements and report to our clients throughout and after completion of our engagements.

- Our Ad-Network

Our Ad-Network includes the following:

- Maximizer Ad-Network: We launched our Maximizer Ad-Network in 2009 and currently have a network of over 250 websites, such as qooza.hk, travellife.org and unwire.hk, on our Maximizer Ad-Network, which enables our clients to procure advertising space one-stop from all of our partner websites.
- MobMax HK Ad-Network: We launched our MobMax HK Ad-Network in 2012 and currently have a network of over 100 Hong Kong-focused apps and mobile sites, such as the mobile site of unwire.hk, on our MobMax HK Ad-Network, which enables our clients to procure advertising space one-stop from all of our Hong Kong-focused partner apps and mobile sites.
- MobMax PRC Ad-Network: From April 2012 to April 2015, we were able to procure advertising space one-stop for our clients on over 7,500 PRC-focused apps and mobile sites. Since November 2014, we are able to procure advertising space one-stop for our clients on over 40,000 PRC-focused apps from another mobile advertisement app network operator in the PRC.

We assist our clients in procuring advertising space automatically and directly one-stop on all or some of our partner websites, apps and mobile sites of selective categories within our Ad-Network. Our Ad-Network offers automated optimisation function and targeting function under which the display advertisements placed on our Ad-Network are managed in real-time by delivering marketing messages more evenly at a planned level to strengthen advertisement performance. In addition, instead of manually arranging the placement of digital advertisements with each operator of website, app or mobile site, our Ad-Network places display advertisements automatically and directly on advertising space available in multiple designated partner websites, apps and mobile sites for each engagement, thereby reducing the time and resources required by us and our partner websites, apps and mobile sites when placing display advertisements within our Ad-Network. Our Directors believe the operators of our partner websites, apps and mobile sites also benefit from our Ad-Network since our Ad-Network facilitates the simplification of their sales, administrative, operational and after-sales procedures in relation to advertisement placement. In addition, when a display advertisement is placed within our Ad-Network, the relevant statistics will be automatically monitored and recorded by our Ad-Network and, accordingly, performance report of a particular advertisement is prepared and generated by our Ad-Network and would not require any

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additional involvement from these operators. Costs relating to marketing, administration and operations incurred by these operators for each advertisement placement are accordingly lowered.

- **Single-Buy:** Other than automatically and directly procuring advertising space through our Ad-Network, we assist our clients in procuring the specific advertising space for placement of display advertisements on specific website(s), app(s) or mobile site(s) for specific time slots, depending on the marketing objectives of the advertisers. Such placements require manual coordination with each relevant operator of the specific website, app or mobile site and do not involve the automated operation of our Ad-Network, irrespective of whether such relevant website, app or mobile site is a partner within our Ad-Network.

(ii) Social advertisement placement

Utilising the unique environment and features of social media platforms, we develop social advertising strategies with reference to suitable social advertising formats, target audience, advertisement designs and our clients' budgets. We arrange for placements of social advertisements which appear on social media platforms for an agreed number of times, and review our strategies and report to our clients throughout and after completion of our engagement.

The procurement of advertising space on social media platforms involve a bidding system (i.e. an auction) which depends on what the other advertisers are willing to pay for a particular advertising space with reference to, among other things, social advertising formats and target audience of the advertisers. Social advertisements that are able to reach the most common types of target audience of advertisers among the social media platform users are generally more expensive. Our social advertisement placement services aim to utilise the least amount of the marketing budget provided by the advertiser to procure an advertising space with optimal exposure to the target audience. We analyse the target audience demographics and place our budget and bid targeting (i) the most suitable age range, gender, geographical location, interests and education backgrounds of a fixed group of social media platform users; (ii) a variable group of social media platform users which may potentially become our target audience depending on their actual Internet activities and habits within a particular period of time; and (iii) various time slots of each advertising space, in order to procure advertising spaces which are less expensive but comparatively effective in reaching the target audience.

(iii) Search engine marketing

Search engines are commonly used by the general public in developed countries nowadays to search for information on the Internet. With the relevant search keyword or term entered in the user query box of a search engine, links to relevant websites or mobile sites would be generated by the search engine, with the most relevant websites or mobile sites displaying at the most prominent position on the search engine results page. Visibility of an advertiser would increase along with the extent of relevance between the search keyword or term entered in the user query box of a search engine and the product, service or brand description of an advertiser. Our search engine marketing services aim to optimise the advertisers' exposure on search engines by formulating cost-effective search terms or keywords, thereby arousing awareness and interest of target audience. To increase the visibility of advertisers, the advertisers may purchase specific search keywords and terms on search engines. Generic keywords that are most commonly used or specific

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terms that are most relevant to a product or service are generally more expensive. To meet the marketing budgets of the advertisers, we assist the advertisers in selecting and purchasing alternative search keywords or terms which are less expensive and monitor the efficiency of such purchases to fine-tune our strategies to ensure the achievement of marketing objectives of the advertisers.

Social media management services

Social media platforms are now used by an increasing number of commercial organisations and non-commercial organisations in developed countries to, directly or indirectly, interact with their target audience and to promote their brands, products and services. Depending on the needs of the advertisers, our social media corporate profile management services assist the advertisers in setting up corporate profile pages or customising corporate profile pages pertaining to the characteristics and marketing objectives of the advertisers. We also assist in the overall maintenance of the corporate profile pages or the updating of news feeds on the corporate profile pages and organising of complementary offline marketing events specific to a particular digital marketing campaigns, such as gift redemptions.

We also provide online monitoring services to assist our clients in monitoring the flow of information related to the advertisers on the Internet, such as commentaries posted by Internet users on social media platforms, websites (including digital newspapers) and mobile sites. As opposed to monitoring the performance of corporate profile pages in terms of the number of viewers, commentaries made or sharings as provided under our social media corporate profile management services, our online monitoring services focuses on conducting analysis on the reactions or perceptions of the public or target audience in relation to the advertisers, their services, products or any incident that may be directly or indirectly related to the advertiser. Based on such analysis, we are able to provide the advertisers with updates on information relevant to their brands, products or services and to evaluate the overall effectiveness of marketing campaigns.

In addition to our service team of 93 members specialising in the provision of social media corporate profile management services, we have been engaging VDS since December 2011 in the provision of online monitoring services. For details of our engagement of VDS and the reasons for such engagement, please refer to “Suppliers – Long-term agreements – Online monitoring service provider” in this section.

Creative and technology services

Our creative and technology services involve the provision of production services, such as the design of (i) advertising materials (such as display advertisements (to be placed on websites, apps and mobile sites) and social advertisements (to be placed on social media platforms)); (ii) websites and mobile sites; and (iii) corporate profile pages.

We also provide app development services in relation to the development of apps with various functions which are designed to provide the most up-to-date information and deliver user-friendly experience to the target audience of the advertisers in order to further optimise our digital marketing services. During the Track Record Period, we provided production services and app development services to the advertisers together with our other categories of digital marketing services from time to time.

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We may engage software and programme developers, photographers and translators to support our creative and technology services as and when necessary.

Depending on the specifications and complexity of marketing campaigns, we also provide marketing consultancy services and are responsible for the overall digital marketing strategies of the advertisers.

As at the Latest Practicable Date, a service team of 24 members had been set up for the provision of creative and technology services.

REPRESENTATIVE PROJECTS UNDERTAKEN

Over the years, we have been involved in the formulation and implementation of a number of high profile marketing campaigns as an integrated digital marketing service provider for our clients. The diversity and extensiveness of our portfolio in the past is illustrated in the following examples of representative projects undertaken by us:

Project A

Client

A major shopping mall in Hong Kong owned by a real estate investment trust listed on the Main Board of the Stock Exchange (*Note 1*)

Duration of the project

From January 2010 to August 2014

Background and objective

- To promote a major shopping mall in Hong Kong owned by our client
- To update the target audience with information of the upcoming events to be held at a major shopping mall in Hong Kong owned by our client

Major scope of our integrated digital marketing services

- Digital advertisement placement services: placements of social advertisements
- Social media management services: maintenance and monitoring of corporate profile pages on social media platforms; social media platform monitoring and related services
- Creative and technology services: development and maintenance of websites; development of social media platform apps; gift redemption

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Project B

Client

Several global fashion, lifestyle and beauty brands managed by a brand management company
(*Note 2*)

Duration of the project

From August 2012 to December 2014

Background and objective

- To engage target audience, thereby arousing their interest in the brands and products
- To provide target audience with news of the brands

Major scope of our integrated digital marketing services

- Digital advertisement placement services: placements of display advertisements
- Social media management services: set-up and maintenance of corporate profile pages on social media platforms; social media platform monitoring and related services
- Creative and technology services: production of banner advertisements; development of websites and apps

Project C

Client

Two Asian cosmetic brands marketed by one of the top 20 global beauty companies (*Note 3*)

Duration of the project

From January 2013 to the Latest Practicable Date

Background and objective

- To increase the brand awareness of two Asian cosmetic brands marketed by our client
- To promote the new products launched by two Asian cosmetic brands marketed by our client
- To disseminate the latest product information and product benefits
- To provide target audience with beauty care advice and tips

Major scope of our integrated digital marketing services

- Digital advertisement placement services: placements of display advertisements and social advertisements

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- Social media management services: set-up, maintenance and monitoring of corporate profile pages on social media platforms; social media platform monitoring and related services
- Creative and technology services: production of banner advertisements; development of websites and apps; gift redemption

Project D

Client

The Organising Committee of an international sporting event held in a provincial capital city in Eastern China (*Note 4*)

Duration of the project

From August 2013 to November 2014

Background and objective

- To promote an international sporting event held in a provincial capital city in Eastern China
- To enhance communications and exchanges between youth from different countries and regions of Asia
- To promote the hosting provincial capital city in Eastern China

Major scope of our integrated digital marketing services

- Digital advertisement placement services: placements of social advertisements
- Social media management services: set-up, maintenance and monitoring of corporate profile pages on social media platforms
- Creative and technology services: consultancy services

Project E

Client

An advertising agency which provides advertisement content design, production and agency services (*Note 5*)

Duration of the project

From December 2012 to November 2014

Background and objective

- To promote tourism of a provincial capital city in Eastern China and to provide target audience with information of the provincial capital city and travel tips

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Major scope of our integrated digital marketing services

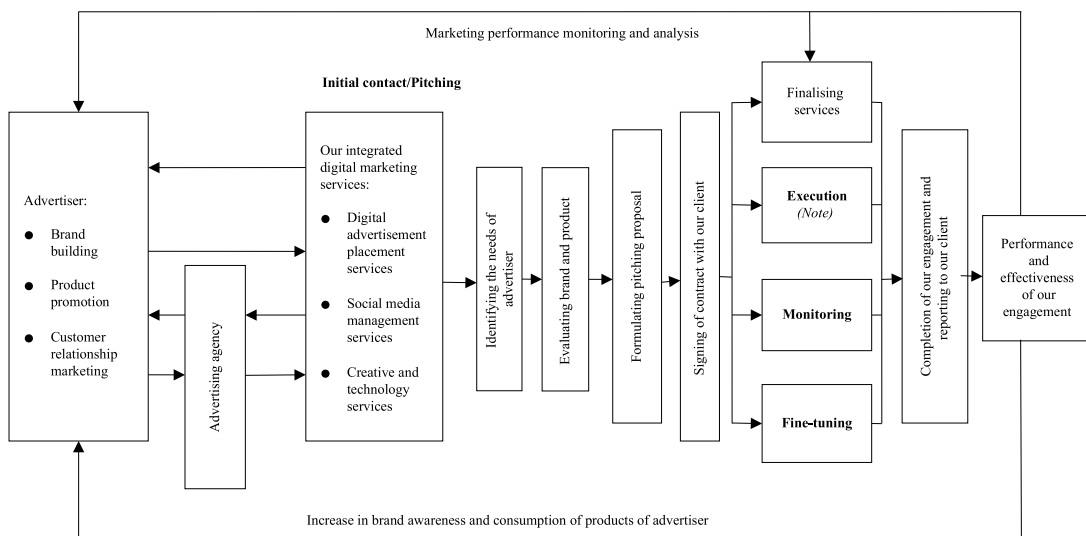
- Digital advertisement placement services: social advertisement placements
- Social media management services: set-up, maintenance and monitoring of tourism promotional pages on social media platforms
- Creative and technology services: development of website and consultancy services

Notes:

1. Such client was not our five largest clients for each of the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014.
2. Such client was not our five largest clients for each of the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014.
3. Such client was our fifth largest client for each of the years ended 31 March 2013 and 31 March 2014. Such client was not our five largest clients for the eight months ended 30 November 2014.
4. Such client was our largest client for each of the year ended 31 March 2014 and the eight months ended 30 November 2014. Such client was not our five largest clients for the year ended 31 March 2013.
5. Such client was our largest client for the year ended 31 March 2013. Such client was not our five largest clients for each of the year ended 31 March 2014 and the eight months ended 30 November 2014.

WORKFLOW OF OUR ENGAGEMENT

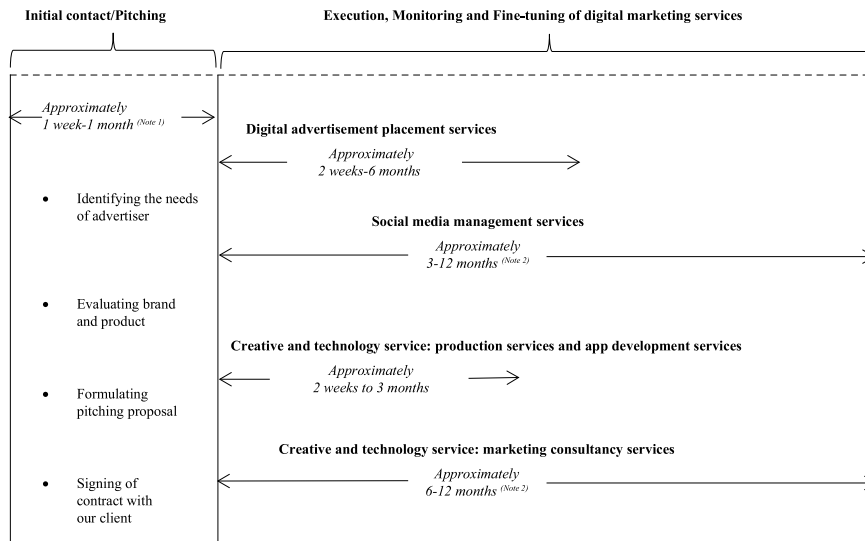
The following chart sets out the workflow of our engagement, illustrating the key stages of our business operations, including the formulation of pitching proposal, the signing of contract, the execution, monitoring and fine-tuning of digital marketing services and reporting throughout and upon completion of our engagement:



Note: The execution process varies according to each category of our digital marketing services, details of which are set out below.

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The following diagram illustrates our business model timeline in general:



Notes:

1. For significant projects, the initial contact/pitching stage may take 3 to 6 months.
2. For significant projects, the execution, monitoring and fine-tuning stages may take more than 1 year.

Initial contact/pitching

Our initial contact with potential client is generally conducted by our sales and proposal team through presenting our corporate and project portfolio to the potential client.

Upon request by our potential client, we may further customise our pitching proposal, taking into account the characteristics of the advertiser and its product or service and the target audience.

Even though our potential client may approach us for a specific type of digital marketing services, our sales and proposal team would generally, based on our potential client's overall digital marketing needs, prepare our pitching proposal for integrated digital marketing services covering a combination of our different types of digital marketing services in order to provide our potential client with a comprehensive digital marketing strategies.

If our potential client approves our pitching proposal and agrees to enter into contract with us, we will allocate resources in accordance with the service scope. The contract between our client and us will set out the digital marketing services to be provided by us.

Execution, monitoring and fine-tuning of digital marketing service

Depending on the type of service involved, our responsible service team will be responsible for the execution and quality control of our service. The key work stages of our digital marketing service as illustrated by some of our typical services are summarised below:

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Digital advertisement placement services

(a) Advising on advertising strategies and placing digital advertisements

We advise our client on digital advertising strategies, in particular procuring advertising space and selecting advertising formats, with reference to the target audience, budget and marketing objectives of our client. To place display advertisements, our service team will first liaise with operators of selected websites, apps and mobile sites to enquire about the availability of advertising spaces and rates. To place social advertisements, we formulate and implement strategies to procure the most cost-effective advertising space and advertising formats on various social media platforms for our client. Upon obtaining the final approval from our client, the relevant advertisement, which may or may not be produced by us, would be placed for an agreed number of times displayed to the websites, apps and mobile sites through our Ad-Network or by Single-Buy and social media platforms.

(b) Search engine marketing

As part of our search engine marketing services, we identify keywords or terms related to the brand or product of the advertiser based on the results of our market research and the information provided by our client. Our service team will further analyse the proposed keywords or terms and formulate new combinations of search terms to ensure the purchase of keywords or terms from search engine meets with the budget of the advertiser and the search habits of the target audience. With the approval from our client, strategies with reference to the marketing objectives and budgets of the advertiser will be executed by our service team to purchase designated keywords and the associated advertising space at the search engine results page. The process is an ongoing process as we are able to change our strategies at any time and constant analysis will be conducted to ensure the effectiveness of our search engine marketing services.

Social media management services

(c) Setting up and managing corporate profile page

We assist the advertiser to set up, customise or maintain corporate profile page or corporate account. In collaboration with our design group under our creative and technology service team, our social media management service team is responsible for the formulation and incorporation of contents and design of the social media corporate profile page with the view of providing the target audience with updated brand and product information and increasing public awareness by encouraging discussions and interactions among target audience. We advise the advertiser in the selection, production and arrangement of photos and videos and news feeds to be posted on the social media corporate profile. In anticipation of some frequently asked questions and enquiries from the target audience, we may be involved in drafting of official replies to such enquiries. Any materials posting to the corporate profile page of the advertiser is subject to our internal review and the advertiser's approval. We also collect and analyse the demographic information of target audience and competitors of the advertiser which is publicly available at a global social media platform using our self-developed data analysis and reporting system, Guru Tracker, in order to fine-tune the relevant social media corporate profiles and the advertiser's strategies in customer relationship management.

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(d) Monitoring websites, mobile sites and social media platforms

During the Track Record Period, our online monitoring services were mainly provided through our major supplier, VDS. VDS performs topic-related and keyword-related monitoring for our Group and prepares regular reports on a daily, weekly or monthly basis depending on the clients' requests. We, together with VDS, analyse and discuss the monitoring result as set out in the reports to identify potential or actual issues which may be directly or indirectly related to the advertiser, analyse the potential or actual reaction or perception of the public and/or target audience of the advertiser to such issue, and evaluate the potential or actual impact of such issue on the advertiser. Based on the regular reports and our analysis on the monitoring results, we are able to fine-tune the existing digital marketing strategies, formulate new digital marketing strategies, or take other appropriate actions to address such issue, including the launching of campaigns or events and the engagement of reputable commentators for the advertiser. VDS also assists us in our pitching activities in relation to our online monitoring services together with our sales and proposal team.

Depending on the requirements and needs of the advertiser, our social media management service team and VDS identify relevant reputable commentators with reference to the brand, product, service and target audience of the advertiser and arranges such reputable commentators to try the products or services of the advertiser and post their trial reviews on the Internet thereafter, so as to encourage feedbacks, comments and discussions from the public and/or target audience of the advertiser and enhance brand awareness of the advertiser.

Creative and technology services

(e) Developing apps

App development falls within our creative and technology services. Our design group and app development group under our creative and technology service team work together closely to design and propose an interface and functions. The interface will be further fine-tuned based on the feedbacks from our clients.

Upon obtaining approval from our client, we will commence the development and programming work. Internal reviews will be conducted to troubleshoot and refine the contents of app.

The final version of the app will be sent to our client for testing and approval. After the launching of the app, we will be responsible for the daily operation. Feedback from users and target audience will be collected and the app and our digital marketing services will be further fine-tuned.

(f) Design

We also provide other supporting services such as production services to our client. We are responsible for designing advertising materials, websites, mobile sites and corporate profile pages. The release of any marketing materials to the public is subject to our client's approval.

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The intellectual property rights in advertising materials designed by us or apps developed by us for the engagement will generally become the property of our client. As the advertising materials and apps are customised to suit the needs of our client, our Directors consider the ownership of intellectual property rights in such advertising materials and apps is not vital to the business of our Group.

Reporting throughout and upon completion of our engagement

We closely monitor the performance of our digital marketing strategies throughout our engagement because our Directors consider that the effectiveness of our digital marketing services is integral to our provision of quality services. Monitoring and analysis of the performance of our digital marketing services serve not only as our tool in fine-tuning our services but also enable our clients to measure and evaluate the efficiency of their marketing strategies.

Based on our analysis of the information collected during the monitoring process, our service teams regularly discuss the project status internally and with our client and prepare interim progress reports, such as screen caps of the digital advertisements as displayed on websites, throughout our engagement, so that we can promptly fine-tune and further improve our marketing strategies. Depending on the performance of the marketing strategies and the digital marketing need of our client, we may propose a revision of the scope of digital marketing services, such as the re-apportionment of our client's remaining budget and the integration of additional types of digital marketing services in order to further enhance the effectiveness of our digital marketing services.

Upon completion of our engagement, a final report detailing our work done, the resulting performance throughout our engagement and our overall advice will be sent to our client for a comprehensive evaluation.

MAJOR QUALIFICATIONS AND LICENCES

Hong Kong

Our Directors confirmed that our Hong Kong subsidiaries are not required to obtain any industry-specific qualification, licence or permit for carrying out our integrated digital marketing business in Hong Kong.

The PRC

As confirmed by our PRC legal advisers, Jun He Law Offices, save that the establishment and operation of AdBeyond GZ as a foreign-invested advertising enterprise was subject to the Provisions on the Administration of Foreign-invested Advertising Enterprises (外商投資廣告企業管理規定), our PRC subsidiaries are not required to obtain any industry-specific qualification, licence or permit for carrying out our integrated digital marketing business in the PRC. For details of the relevant provisions, please refer to the section headed "Regulatory Overview — PRC Regulatory Overview — Regulations relating to the business of our PRC Subsidiaries — Regulation of advertisement activities" in this prospectus. However, there are uncertainties as to the regulation of Internet-related business and companies in the PRC and as to whether the PRC Government will classify our business as services requiring an ICP licence or other

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licences in the future. For details, please refer to the section headed “Risk Factors — Risks relating to the PRC — We may be adversely affected by the complexity, uncertainties and changes in the regulation of Internet-related businesses and companies in the PRC” in this prospectus.

SALES AND MARKETING

Marketing team

We had a sales and proposal team of 36 members as at the Latest Practicable Date, who are responsible for pitching activities for the promotion of our business. In addition to basic salaries, we motivate our sales personnel with incentive commission. In general, commission for each sales personnel is calculated based on a certain percentage of the net revenue billed by our Group as adjusted in accordance with the type of digital marketing service offered and the corresponding profit margin. For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, commission paid to our sales group represented approximately 21.85%, 26.06% and 24.86% of our selling expenses, respectively.

Sales and marketing

Our sales group under our sales and proposal team is responsible for the promotion of our brand and maintenance of relationships with our clients. They, together with our service teams, work closely with our clients. If there is any complaint or specific demand from our clients, our sales group will communicate with the relevant clients to understand and remedy the issue. Our Directors confirmed that, during the Track Record Period, our Group did not experience any material complaint from our clients which had materially and adversely affect our business nor did our Group make any material compensation to our clients as a result of any complaint from our clients.

We keep our existing and potential clients informed of our recent developments by updating our website and distributing materials in relation to our background and project portfolio.

We also participate in industry-related seminars and forums in order to promote our services and products and to keep up with the relevant development trends of our industry.

For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, our selling expenses amounted to approximately HK\$10.17 million, HK\$13.22 million and HK\$10.24 million, respectively.

Tendering

From time to time, we are involved in tendering process, in particular when the marketing campaigns involve public bodies.

In the event that we decide to submit a tender for the project, our service teams and sales and proposal team will work together to prepare for the tender submission in accordance with the requirements and specifications set out in the tender documents. The tender submission documents will be approved by our finance team before submission. If we are selected in the tendering process, a formal notification letter of the acceptance of tender will be issued by our client and we will enter into a contract with our client.

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Pricing policy

Apart from the significant PRC engagements with service period of over one year, we generally do not enter into long-term contract with our clients. Our service fees are generally set as a fixed sum determined on a case-by-case basis and are set forth in the contracts between us and our clients. In formulating our service fees for an engagement, we take into consideration factors including (i) the costs for carrying out the project with reference to the estimated time to be spent and the scale of the project, such as the number of employees which will be involved in the project and the specifications of the project; (ii) the performance index and marketing objective specified by our clients; (iii) the prevailing market prices for similar services offered in the market; (iv) the size, reputation and industry of the advertiser involved; and (v) the potential future business opportunities with the advertiser.

Specific factors may be taken into account in setting our service fees for each category of our digital marketing services.

Digital advertisement placement services – fees are, to a large extent, dependent upon the cost of procurement of advertising space payable to the operators of websites, apps, mobile sites, social media platforms and search engines, which in turn is determined by the marketing objective of our clients, such as the number of times for an advertisement to be displayed, and any performance index specified by our clients, such as the number of target visitors and the number of clicks on an advertisement. Given that the automated function of our Ad-Network simplifies the sales, administrative, operational and after-sales procedures in relation to display advertisement placement, thereby encouraging our partner websites, apps and mobile sites within our Ad-Network to offer more competitive rates and fees to our Group, the procurement costs of advertising space for placement of display advertisement through our Ad-Network as compared to such costs for placement of display advertisement through Single-Buy are lower in general, or the same pursuant to the respective cooperation agreements (if applicable).

Social media management services – (a) social media corporate profile management services – fees are predominantly determined by the estimated service hours required by our clients, the marketing objective of our clients, such as the number of photos, videos or news feeds to be posted, and any performance index specified by our clients, such as the number of regular viewers to a corporate profile page or corporate account; and (b) online monitoring services – similar to digital advertisement placement services, fees are, to a large extent, dependent upon the service fee payable to our suppliers, which in turn is determined by the estimated service hours required by our clients and the scope of monitoring on the Internet, such as the number of websites.

Creative and technology services – fees are determined on a case-by-case basis with emphasis on the project's specifications and the estimated service hours required by us on the project.

Marketing objective, being one of the specifications of our digital marketing services, is generally one of the material terms stipulated in our contracts. Any failure to fulfill such marketing objectives would generally constitute a breach of contract and we would accordingly be subject to potential claims by our clients. Performance index is not generally stipulated in our standard contracts and is usually regarded as a soft target by our clients. Any failure to fulfill such soft target would generally not be regarded as a breach of contract and it is unlikely that claims and/or penalty would be imposed on our Group in this regard.

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In the circumstances where certain marketing objective or performance index is stipulated as one of the material terms in a contract and/or the consequence for breach of contract is expressly provided in the contract, failure to fulfill any such marketing objective or performance index may, subject to the terms of the respective contracts, give our clients the right to (i) claim damages against us; (ii) claim penalty, calculated as a fixed percentage of the total contract sum, against us; (iii) unilaterally terminate the contract; and/or (iv) the refunding of any paid contract sum. Our Directors confirm that we had not experienced any failure to meet any such marketing objective or performance index set by our clients, which had materially and adversely affected our contractual performance, during the Track Record Period.

During the Track Record Period, the service fees for our engagement varied significantly as the types and specifications of the digital marketing services provided to different clients varied significantly.

Credit policy and payment methods

Our Group adopts prudent credit control procedures and our finance personnel are responsible for monitoring subsequent settlement of our receivables from time to time.

For new clients engaging us for engagements lasting for less than three months, we generally require them to make an upfront payment equals to the service fee to be billed in the first invoice. However, for existing clients engaging us for engagements lasting for less than three months and new or existing clients engaging us for engagements lasting for three months or more, such upfront payment is not required.

We generally issue bills to our clients on a periodic basis or according to the payment schedules stipulated in our contracts. A credit period ranging from 30 days to 60 days were generally granted to both our direct clients and advertising agencies during the Track Record Period. Based on our assessment of our clients' historical settlement pattern, creditworthiness and working relationship with us, at the request of our clients and/or upon review of the profiles of our clients and the sizeable contract sums, we may, on a case-by-case basis, agree to a longer credit period of not more than 90 days. Our management closely monitor the settlement status of our trade receivables and regularly review the credit terms. In particular, our sales and finance personnel work closely with our service teams to keep track of purchase order amendments, project status and payment settlement and to accelerate project execution when necessary so as to encourage the clients' timely settlement of our fees.

Our Directors regularly assess the collectibility of our trade receivables on a case-by-case basis to determine if any provision for trade receivables is necessary. The Director's assessment is based on, among other things, the evaluation of collectibility, ageing analysis of the receivables, the ultimate realisation of these outstandings, the current creditworthiness, the past collection history of and our Group's current and potential future business relationship with each debtor. If the financial conditions of our Group's debtors deteriorate, resulting in an impairment of their ability to make payments, provision for trade receivables may be required. Our Directors reassess the provision for trade receivables at each reporting date.

During the Track Record Period, we had recorded long overdue trade receivables from a number of clients, for which our Directors consider that there is no recoverability issue after assessing the individual condition of these clients. For further details of the analysis, please refer to the section headed "Financial Information – Net Current Assets and Selected Items of Combined Statements of Financial Position – Trade and bill receivables" in this prospectus.

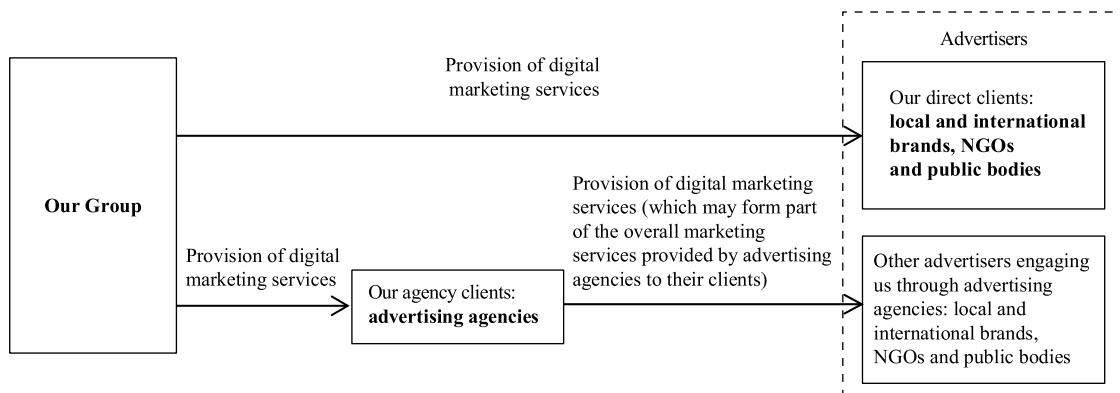
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Estimated credit losses is provided based on our ongoing individual credit evaluation of our client's payment history and the identification of any specific payment collection issue. For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, approximately HK\$0.13 million, HK\$0.16 million and HK\$0.11 million had been written off as bad debts, respectively.

Our bills are denominated either in Hong Kong dollars or RMB and are generally settled by our clients by way of cheque and bank transfer.

CLIENTS

During the Track Record Period, we had a wide and diversified client base and were not dependent on any single client. The following diagram and table set forth our relationships with our clients which include local and international brands, NGOs, public bodies and advertising agencies, and a breakdown of our revenue by type of clients during the Track Record Period, respectively:



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	For the year ended 31 March				For the eight months	
	2013		2014		ended 30 November	
	Revenue		Revenue		Revenue	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Commercial organisations						
Local and international brands as direct clients	58,673	65.89	75,844	67.36	65,703	69.09
Local and international brands engaging us through advertising agencies	15,806	17.75	18,428	16.37	14,357	15.10
Non-commercial organisations						
NGOs and public bodies as direct clients	9,129	10.25	16,417	14.58	13,819	14.53
NGOs and public bodies engaging us through advertising agencies	<u>5,440</u>	<u>6.11</u>	<u>1,905</u>	<u>1.69</u>	<u>1,213</u>	<u>1.28</u>
Total:	<u><u>89,048</u></u>	<u><u>100.00</u></u>	<u><u>112,594</u></u>	<u><u>100.00</u></u>	<u><u>95,092</u></u>	<u><u>100.00</u></u>

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During the Track Record Period, we served local and international brands across various business sectors, NGOs and public bodies, directly or through their advertising agencies. The following table sets forth a breakdown of the business sectors of the advertisers which engaged us directly or through advertising agencies based on percentage of our total revenue of approximately HK\$296.73 million during the Track Record Period:

Business sectors of the advertisers <i>(Note)</i>	Approximate % of the total revenue during the Track Record Period
Commercial	
Beauty and cosmetic	11.57
Digital and technology	7.48
Health supplement and fast-moving consumer goods	8.88
Travel and hospitality	8.19
Real estate	8.28
Leisure and entertainment	4.73
Luxury and fashion	7.27
Banking, finance and insurance	6.06
Public utility and telecommunications	5.41
Education	3.74
Pharmaceuticals	2.78
Non-commercial	
Public bodies	13.65
NGOs	2.74
Others	9.22
	100.00

Note: Including advertisers which engaged us through advertising agencies.

Some advertisers would deal with us through their designated advertising agencies, as they have engaged such advertising agencies to manage their overall branding and marketing strategies. Some agencies would recommend our services to advertisers. We believe that the business arrangements with these advertising agencies are conducive to broadening our client base and increasing our competitive strength in the industry. Nevertheless, we strive to maintain close contacts with the advertisers, while our executive Directors and other senior management will continue to maintain good business relationships with the

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advertisers. During the Track Record Period, most of our major clients had over two years of business relationship with us. The following table sets forth the percentage of our revenue attributable to our direct clients and advertising agencies:

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
	%	%	%
Direct clients	76.14	81.94	83.63
Advertising agencies	23.86	18.06	16.37
Total:	100.00	100.00	100.00

During the Track Record Period, all of the contracts we entered into with our clients were legally binding and most of the contracts were in our standard form. The principal terms for the provision of digital marketing service include, among other things, scope of digital marketing services, payment and termination clauses. Our contractual period may range from two weeks to one year, depending on the type of digital marketing services, the complexity of the engagement and the need of our client. In general, no party may unilaterally terminate the engagement. For details of our credit policy and payment methods, please refer to “Sales and Marketing – Credit policy and payment methods” in this section.

During the Track Record Period, we are not dependent on any single client. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our five largest clients accounted for 20.44%, 20.38% and 19.58% of our revenue, respectively. For each of the two years ended 31 March 2014 and the eight months ended 30 November 2014, our five largest clients accounted for less than 30.00% of our total revenue. Our Directors confirmed that our Group had no material dispute with our clients and none of our clients was our major supplier during the Track Record Period.

None of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest clients during the Track Record Period. During the Track Record Period, our Group had not experienced any major disruption of business due to material delay or default of payment by our clients due to their financial difficulties. Our Directors further confirmed that they are not aware of any material financial difficulties experienced by any of our major clients that may materially affect our Group’s business.

SUPPLIERS

During the Track Record Period, our suppliers mainly included operators of websites, apps, mobile sites, social media platforms and search engines, reputable commentators and our major supplier for online monitoring services. We also engaged software and programme developers, photographers and translators to support our creative and technology services as and when necessary.

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The following table sets forth our selection criteria of major types of suppliers:

Type of services	Major types of suppliers	Selection criteria
Digital advertisement placement services		
Display advertisements	Websites, apps and mobile sites	Market recognition, suitability, popularity, target audience and costs of the websites, apps and mobile sites
Social advertisements	Social media platforms	The target audience and the budget of the advertisers
Search engine marketing	Search engines	The target audience and the budget of the advertisers
Social media management services	Online monitoring service provider	The relationship with the service providers, the quality of the services provided by the service providers, the needs and requirements of the advertisers, and the efficiency achieved by the service providers in providing our services
	Reputable commentators	Reputation of the commentators, the types of products or services to be reviewed by the commentators and the target audience and the budget of the advertisers
Creative and technology services	Software and programme developers and other service providers	Types, quality and costs of services involved, and our review of the performance of the service providers

Our service team leaders are involved in the supplier selection process based on the selection criteria set out above. For further details in relation to the selection of online monitoring service providers, please refer to the paragraph headed “Suppliers – Long-term agreements – Online monitoring service provider – Internal control measures in respect of the engagement of VDS” in this section below. Engagement with an estimated aggregated annual sum exceeding HK\$500,000 is subject to the final approval of our executive Directors. Employees are also required to report to their supervisors any possible conflict of interest they may have in any operation, including the selection or engagement of suppliers.

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During the Track Record Period, we did not experience any material shortage or delay of supply due to defaults of our suppliers. Our Directors have confirmed that none of our suppliers was our major client during the Track Record Period.

Major suppliers

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, the cost of services attributable to our suppliers amounted to approximately HK\$32.61 million, HK\$41.37 million and HK\$35.60 million, respectively; and the five largest suppliers accounted for approximately 54.77%, 52.98% and 49.68% of our total cost of services excluding staff costs and amortisation expenses, respectively, while the largest supplier accounted for approximately 31.84%, 26.30% and 19.69% of our total cost of services excluding staff costs and amortisation expenses in the corresponding years.

The following table sets out the profile of our five largest suppliers based on the aggregation of cost of services attributable to them during the Track Record Period:

For the year ended 31 March 2013

Rank	Our supplier	Principal business activities	Approximate years of business relationship with our Group	% of total cost of services (Note)	Platforms/services provided
1	VDS	Provider of social media monitoring services and related video production services	3 years	31.84	Online monitoring services and video production services
2	Supplier A	Operator of a global social media platform	6 years	11.86	Social media platform
3	Supplier B	Provider of web portal, search engine and related services	6 years	5.14	Website, mobile site and search engine
4	Qooza Interactive	Operator of a Hong Kong-focused online sharing platform which delivers fashion-related and beauty-related news and information	6 years	3.58	Website and social media platform
5	Supplier C	Operator of a global search engine	6 years	2.35	Search engine

Note: Excluding staff costs and amortisation expenses.

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For the year ended 31 March 2014

Rank	Our supplier	Principal business activities	Approximate years of business relationship with our Group	% of total cost of services (Note)	Platforms/services provided
1	VDS	Provider of social media monitoring services and related video production services	3 years	26.30	Online monitoring services and video production services
2	Supplier A	Operator of a global social media platform	6 years	15.73	Social media platform
3	Supplier B	Provider of web portal, search engine and related services	6 years	5.98	Website, mobile site and search engine
4	Supplier C	Operator of a global search engine	6 years	3.62	Search engine
5	Qooza Interactive	Operator of a Hong Kong-focused online sharing platform which delivers fashion-related and beauty-related news and information	6 years	1.35	Websites and social media platform

Note: Excluding staff costs and amortisation expenses.

For the eight months ended 30 November 2014

Rank	Our supplier	Principal business activities	Approximate years of business relationship with our Group	% of total cost of services (Note)	Platforms/services provided
1	VDS	Provider of social media monitoring services and related video production services	3 years	19.69	Online monitoring services and video production services
2	Supplier A	Operator of a global social media platform	6 years	16.17	Social media platform
3	Supplier B	Provider of web portal, search engine and related services	6 years	7.14	Website, mobile site and search engine
4	Supplier C	Operator of a global search engine	6 years	3.92	Search engine
5	Supplier D	Operator of a newspaper app	4 years	2.76	App

Note: Excluding staff costs and amortisation expenses.

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Notwithstanding that VDS is wholly-owned by Mr. Wong Chi Shing who is also the sole director of VDS and a cousin of Mr. Harry Wong (who is one of our significant shareholders and the project director of AdBeyond HK) and Mr. Alfred Wong (who is the chief financial officer and senior management of our Company), and Mr. Harry Wong and Mr. Alfred Wong are brothers, none of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in any of our five largest suppliers during the Track Record Period. For details of our engagement of VDS, please refer to “Long-term agreements – Online monitoring service provider” below.

In general, our suppliers grant us a credit term of 30 to 90 days and we settle our payment by cheque or bank transfer. Some of our major suppliers which are social media platforms and search engines require us to make online payment upon placement of order online.

Long-term agreements

Our Directors confirmed that the terms and conditions set out in our agreements with our different types of suppliers vary, and the duration of such agreements may be long-term or on project basis, depending on the nature of marketing campaigns and the needs of the advertisers.

Set forth below are the details on the major long-term contracts we have entered into with our suppliers:

Websites, apps and mobile sites

We have entered into legally binding cooperation agreements with more than 250 partner websites (including Qooza Interactive, Travellife Co and bMedia), and more than 100 Hong Kong-focused apps and mobile sites, in relation to the procurement of advertising space and advertising formats from them for a term of two to three years, subject to automatic renewal. The principal terms of such cooperation agreements generally include the types of advertising space and platforms to be provided by our partner websites, apps and mobile sites, the exclusivity and duration of the cooperation agreements, payment terms and fee arrangements pursuant to which a certain percentage of the amount as stated on the bills issued to the relevant clients would be distributed to the relevant partner websites, apps and mobile sites. Some of the partner websites, apps and mobile sites may require us to fulfill an annual minimum purchase amount for procurement of advertising space, and our Directors confirmed that such minimum guarantees had been fulfilled during the Track Record Period.

As we consider the target audience of qooza.hk, travellife.org and unwire.hk coincide with that of many of our major clients, we acquired 13%, 20%, 19.9936% and 19.992% of the interest in Qooza Interactive (operator of qooza.hk), Travellife Co (operator of travellife.org), bMedia (operator of unwire.hk) and Unwire (the registered owner of the domain name, unwire.hk), respectively, in addition to entering into an cooperation agreement with each of Qooza Interactive, Travellife Co and bMedia. For details, please refer to the section headed “History, Development and Reorganisation – History and Reorganisation – Investment of AdBeyond HK” in this prospectus.

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In addition, on 10 April 2012, we entered into a three-year exclusive Hong Kong master agency agreement with a mobile advertisement network operator in the PRC, an Independent Third Party, in relation to its provision of display advertisement placement services to us on over 7,500 PRC-focused apps and mobile sites. Such PRC-focused apps and mobile sites formed part of our MobMax PRC Ad-Network during the Track Record Period. Pursuant to this master agency agreement, the service fee payable to the PRC mobile advertisement network operator is determined on a case-by-case basis depending on the specifications of each engagement. We had not renewed the master agency agreement with the mobile advertisement network operator upon its expiry.

In March 2015, we entered into a one-year Hong Kong master agency agreement with another mobile advertisement app network operator in the PRC, an Independent Third Party, confirming its provision of display advertisement placement services to us on over 40,000 PRC-focused apps commencing from November 2014. Such PRC-focused apps form our current MobMax PRC Ad-Network. Pursuant to this master agency agreement, the service fee payable to the mobile advertisement app network operator is determined on a case-by-case basis depending on the specifications of each engagement. This master agency agreement will expire in November 2015 and may be terminated (i) by our Group upon serving a month's prior notice to the mobile advertisement app network operator; or (ii) by either party in certain circumstances, such as upon a material breach of the master agency agreement which remain uncorrected for a period of time by a party and insolvency of a party.

Our Directors consider there is sufficient supply of comparable mobile advertisement network operators in the PRC and do not foresee any difficulty in finding substitute service providers. Upon the expiration of the second master agency agreement, we will consider to either renew the master agency agreement with the mobile advertisement app network operator or engage other suitable service providers where appropriate. Our Directors confirmed that the revenue generated from the digital advertisement placement services through our MobMax PRC Ad-Network and the relevant cost of services were insignificant during the Track Record Period.

Online monitoring service provider

Background of our engagement of VDS

When our online monitoring services first commenced in 2009, the demand for such services was minimal and we procured such services from suppliers as and when necessary. Prior to December 2011, our online monitoring services were provided through independent third party suppliers mainly including a social media marketing agency incorporated in Hong Kong ("**Former Supplier 1**"), an individual who provides online monitoring services ("**Former Supplier 2**"), and Word of Mouth Company ("**WOM**"). We ceased to procure services from Former Supplier 1 as we were not satisfied with the quality of the services provided by Former Supplier 1. In addition, as Former Supplier 1 is a social media marketing agency and a potential competitor of us with no strategic business relationship with us, our Directors considered that it was in the best interests of our Group to cease to have business relationship with Former Supplier 1 to avoid potential competition, in particular, potential access to our clients by Former Supplier 1 through acting as our supplier. We also ceased to procure services from Former Supplier 2 as we were not satisfied with the quality of the services provided by Former Supplier 2.

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From mid-2010 to December 2011, we procured online monitoring services and related video production services similar to those provided by VDS as and when necessary from WOM. WOM, first introduced to us by Mr. Harry Wong, was a sole proprietorship registered by Mr. Wong Chi Shing, who is the sole director of VDS and a cousin of Mr. Harry Wong (who is one of our significant Shareholders and the project director of AdBeyond HK) and Mr. Alfred Wong (who is the chief financial officer and senior management of our Company). Mr. Harry Wong and Mr. Alfred Wong are brothers. Please refer to the section headed “History, Development and Reorganisation – Further Information about Mr. Harry Wong” and “Directors, Senior Management and Employees – Senior Management” in this prospectus for further information on the background of Mr. Harry Wong and Mr. Alfred Wong. WOM was gradually replaced by VDS according to the business decision of Mr. Wong Chi Shing, who, based on the knowledge, information and belief of our Directors, wanted to continue the provision of online monitoring services through a limited liability company. Subsequently, VDS became our supplier for online monitoring services and related video production services after its incorporation in July 2011. Occasionally, we also engaged other independent third party suppliers for video production services unrelated to online monitoring services as and when necessary during the Track Record Period.

Since December 2011, we have engaged VDS to provide online monitoring services and related video production services. During the Track Record Period, VDS was our largest supplier and is wholly-owned by Mr. Wong Chi Shing. As at 30 November 2014, VDS had a total of 49 full-time employees, among which its sales team, service team, programming team and administration team consisted of six employees, 29 employees, 10 employees and four employees, respectively. As advised by Mr. Wong Chi Shing, leveraging on his experience in information technology and online monitoring services through operating WOM and VDS, VDS had developed a data monitoring system specialised in the provision of online monitoring services. To the best of the knowledge, information and belief of our Directors, we are not the only customer of VDS though a substantial portion of revenue of VDS was generated from our Group for the period from 25 July 2011 (date of incorporation of VDS) to 31 December 2012 and each of the years ended 31 December 2013 and 2014.

Services provided by VDS

VDS performs topic-related and keyword-related monitoring for our Group and prepares regular reports on a daily, weekly or monthly basis depending on the clients’ requests. We, together with VDS, analyse and discuss the monitoring result as set out in the reports to identify potential or actual issues which may be directly or indirectly related to the advertiser, analyse the potential or actual reaction or perception of the public and/or target audience of the advertiser to such issue, and evaluate the potential or actual impact of such issue on the advertiser. Based on the regular reports and our analysis on the monitoring results, we are able to fine-tune the existing digital marketing strategies, formulate new digital marketing strategies, or take other appropriate actions to address such issue, including the launching of campaigns or events and the engagement of reputable commentators for the advertiser. VDS also assists us in our pitching activities in relation to our online monitoring services together with our sales and proposal team.

Depending on the requirements and needs of the advertiser, our social media management service team and VDS identify relevant reputable commentators with reference to the brand, product, service and target audience of the advertiser and arranges such reputable commentators to try the products or services of the advertiser and post their trial reviews on the Internet thereafter, so as to encourage feedbacks, comments and discussions from the public and/or target audience of the advertiser and enhance brand awareness of the

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advertiser. These trial reviews and/or brand and product information may be posted on the Internet as video clips, thereby requiring the video production services of VDS. The video production services provided by VDS to our Group are ancillary to the provision of online monitoring services and we may from time to time engage other independent third party suppliers for video production services unrelated to online monitoring services. For each of the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, service fees paid by us to VDS and other independent third party suppliers for video production services were insignificant. The service fees paid by our Group to VDS for video production services represented approximately 2.21%, 0.47% and 0.43% of our total cost of services excluding staff costs and amortisation expenses, for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

Our engagement arrangement with VDS prior to entering into the VDS Service Agreement

As confirmed by our Directors, at the earlier stage of exploring our online monitoring servicing market, it was easier for our management to manage the cost of our provision of online monitoring services and related video production services by remitting a certain percentage of our revenue from online monitoring services and related video production services after deducting relevant expenses to VDS as service fees in relation to the provision of services by VDS to us, such that our profit margin could be more certain and relatively stable. Moreover, we would be able to benefit from our engagement with VDS through such fee arrangement as VDS would prioritise its resources for our engagements.

From December 2011 to 27 November 2012, AdBeyond HK remitted to VDS a fixed percentage of our revenue from online monitoring services and related video production services after deducting relevant expenses, based on commercial negotiations between AdBeyond HK and VDS. No written master service agreement was entered into at the time.

From 28 November 2012 to 6 March 2014, based on a written master service agreement between AdBeyond HK and VDS dated 28 November 2012 (the “**Previous VDS Service Agreement**”), AdBeyond HK remitted to VDS a fixed percentage of our revenue from online monitoring services and related video production services after deducting relevant expenses. The Previous VDS Service Agreement was a simple written agreement between AdBeyond HK and VDS, setting out in brief the clauses on fee arrangement, transferability and assignability of the agreement subject to the other party’s consent and the governing law of the agreement.

Our Directors confirmed that the fee arrangement under the Previous VDS Service Agreement was mutually agreed by AdBeyond HK and VDS based on commercial negotiations, taking into account strategic reasons, including but not limited to, (i) the securing of stable and high quality online monitoring services from VDS; (ii) the saving of time, costs and resources in obtaining quotations and in negotiating the service scope of each engagement anew to address the specific marketing needs of each client; and (iii) maintaining and enhancing the stable and smooth business relationship established with VDS.

Reasons for entering into the VDS Service Agreement

The Previous VDS Service Agreement was a simple written agreement between AdBeyond HK and VDS. During the preparation for the Listing, it was noted that VDS has been the major supplier of our Group since December 2011 and it would continue to be our current strategy to maintain the established

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business relationship with VDS following the Listing. Accordingly, in contemplation of the Listing, it was considered more appropriate for AdBeyond HK to enter into a master agreement to better govern the business relationship between AdBeyond HK and VDS in a more elaborate legal framework.

On 7 March 2014, AdBeyond HK and VDS entered into the VDS Service Agreement to terminate and replace the Previous VDS Service Agreement and VDS continues to provide online monitoring services and related video production services to us under the terms and conditions set out in the VDS Service Agreement. Our Directors considered and confirmed that the purpose of entering into the VDS Service Agreement is to set out the respective rights and obligations of AdBeyond HK and VDS in writing in more details and there is no fundamental change to the terms of the transactions between our Group and VDS as a result of entering into the VDS Service Agreement.

As our operation in relation to the provision of online monitoring services grew and stabilised, we are in a better position to measure and ensure the cost effectiveness of the services provided by VDS. The fee arrangement provided under the VDS Service Agreement enables us to negotiate the service fee payable to VDS for each engagement on a case-by-case basis rather than remitting a fixed percentage of our revenue from online monitoring services and related video production services after deducting relevant expenses for all engagements under the Previous VDS Service Agreement. We are able to enjoy greater flexibility in determining our profit margin in relation to the provision of online monitoring services and related video production services and we may set a higher profit margin when fixing our service fee in the future as and when necessary based on our well-established position and brand name in the industry.

Material terms of the VDS Service Agreement

The VDS Service Agreement is for an initial term of three years from 7 March 2014, and may be amended or renewed subject to our Board's approval, issue of announcement and independent Shareholders' approval. The VDS Service Agreement may be terminated by either AdBeyond HK or VDS upon serving a three months' written prior notice to the other party. The VDS Service Agreement may also be terminated by either AdBeyond HK or VDS immediately without notice if the other party shall (i) be in gross negligence in performing its duties and obligations under the VDS Service Agreement; (ii) become insolvent, commit an act of bankruptcy or make any composition or enter into any arrangement with its creditors or any class of its creditors; (iii) fail to perform faithfully or diligently any of the duties and obligations under the VDS Service Agreement and such failure should continue or remain uncorrected for a period of 30 days after having received notice from the innocent party of such failure; or (iv) commit a material or fundamental breach of the VDS Service Agreement.

Pursuant to the VDS Service Agreement, among other things, (i) we may from time to time during the continuance of the VDS Service Agreement place orders with VDS by way of purchase orders setting out the particulars of the services to be provided by VDS; (ii) the fee for the services to be provided by VDS shall be a sum to be agreed on a case-by-case basis as set out in the relevant purchase order from time to time; and (iii) VDS grants us a credit period of 60 days from each month end after commencement of an engagement.

In particular, under the VDS Service Agreement, before we place a purchase order, we and VDS shall negotiate in good faith for, and agree upon, the particular terms of such purchase order (such as the particulars and specifications of the online monitoring services and related video production services, the

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service fee to be charged by VDS, payment method and schedule, reimbursement of out-of-pocket expenses, time for completion and delivery of the online monitoring services and related video production services, etc.).

Pricing policy of the service fee charged by VDS under the VDS Service Agreement

The fee for the services to be provided by VDS is mutually agreed by our Group and VDS on a case-by-case basis taking into account the particulars and specifications of the online monitoring services and related video production services required by the particular client. To the best of the knowledge, information and belief of our Directors, similar to our own pricing policy in respect of the provision of online monitoring services, the factors taken into account by VDS in determining its service fee may include the estimated services hours required by the particular client, the scope and complexity of monitoring on the Internet, such as the number of websites, the reporting frequency and the need for any follow-up action.

Benefits of our engagement of VDS

In view of our long-standing relationship with VDS, we believe that (i) VDS would prioritise its resources for the provision of online monitoring services and related video production services to our Group, and (ii) we would be able to benefit from a guaranteed supply of high quality services by VDS to our Group with minimal administration inconvenience and its involvement in our pitching activities. The long-standing relationship with VDS also enables us to have comprehensive assessment of the services provided by it over the years, ensuring the quality of work in the long run.

Based on the factors set out above and considering (i) the experience and expertise of VDS in providing online monitoring services and related video production services (such as the development of a data monitoring system specialised in the provision of online monitoring services); (ii) the additional resources required to develop or license a data monitoring system similar to that developed by VDS; (iii) the nature of online monitoring services which require the commitment of immense manpower in particular for data analysis and hence the need for additional labour and training in setting up and developing our own online monitoring service team; and (iv) VDS offers a longer credit period to us as compared to the quotations obtained by our Group from other independent third party suppliers providing similar services to those of VDS, our Directors are of the view that our engagement of VDS is beneficial to our Group as it provides a flexible means of meeting clients' needs and requirements. Therefore, it is our current strategy to continue to engage VDS and/or other online monitoring service providers when necessary rather than developing our own expertise to provide online monitoring services and related video production services to our clients following the Listing and in the near future and enable us to focus on other key areas of our operations and to allocate our resources efficiently.

Financial impact of our transactions with VDS

During the Track Record Period, VDS was our largest supplier, and since December 2011 and up to the Latest Practicable Date, VDS was our sole online monitoring service supplier. A substantial number of our clients which engaged us for online monitoring services and related video production services during the Track Record Period were Hong Kong-based clients including local and international brands, NGOs, public bodies and advertising agencies. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our Group's revenue generated from the online monitoring services which

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involved the engagement of VDS amounted to approximately HK\$14.66 million, HK\$16.91 million and HK\$10.81 million, respectively, and our Group's revenue generated from the video production services related to our online monitoring services which involved the engagement of VDS amounted to approximately HK\$1.19 million, HK\$0.31 million and HK\$0.24 million, respectively. The following table sets forth the scale and number of our projects undertaken by VDS during the Track Record Period.

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
	<i>Number of projects</i>	<i>Number of projects</i>	<i>Number of projects</i>
Contract sum			
HK\$200,000 or above	16	13	17
below HK\$200,000 but at or above HK\$50,000	73	60	69
below HK\$50,000	<u>257</u>	<u>275</u>	<u>221</u>
	<u>346</u>	<u>348</u>	<u>307</u>

The aggregate service fees paid to VDS amounted to approximately HK\$10.38 million, HK\$10.88 million and HK\$7.01 million for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively, accounting for approximately 31.84%, 26.30% and 19.69% of our total cost of services excluding staff costs and amortisation expenses for the same periods, respectively. The gross profit margin of our Group generated from the engagements with our clients which involved the provision of services from VDS to us under the VDS Service Agreement for the eight months ended 30 November 2014 is in line with the gross profit margin of our Group generated from the engagements with our clients which involved the provision of services from VDS to us under the Previous VDS Service Agreement for the years ended 31 March 2013 and 31 March 2014. In view of the above, our Directors consider the financial impact to our Group remains substantially the same after the entering into of the VDS Service Agreement.

Although we relied on VDS for the provision of online monitoring services during the Track Record Period, our Directors are of the view, and as confirmed by Ipsos, there is sufficient supply of comparable service providers in the market and do not foresee any difficulties in finding substitute service providers should that become necessary. We will consider to engage other suitable service providers where appropriate. For the relevant risk factor in relation to our reliance on VDS, please refer to the section headed "Risk Factors – Risks relating to our Business – We rely on VDS as our sole supplier in the provision of online monitoring services, and disruption in the provision of services from VDS and our inability to identify alternative service providers may affect our business operations and financial results" in this prospectus.

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Internal control measures in respect of the engagement of VDS

Our service team leaders are mainly responsible for the supplier selection process.

Although Mr. Wong Chi Shing is a cousin of Mr. Harry Wong and Mr. Alfred Wong, our Directors consider that such relationships had not caused and are unlikely to cause any conflict of interest between our Group and Mr. Harry Wong and Mr. Alfred Wong, in particular in relation to the supplier selection process, because (i) the engagement of VDS has been approved by our Directors and Mr. Harry Wong has had no decision-making power in the supplier selection process and (ii) being our chief financial officer, Mr. Alfred Wong has had no involvement in the supplier selection process.

In addition, upon the Listing, the VDS Service Agreement will be subject to the annual review by our independent non-executive Directors and the VDS Service Agreement is required to be renewed every three years and upon the approval of our Board and the independent Shareholders as set out in the paragraph headed “Suppliers – Long-term agreement – Online monitoring service provider – Materials terms of the VDS Service Agreement” in this section above.

The Sole Sponsor’s views on the VDS Service Agreement

The Sole Sponsor considers that the terms of the VDS Service Agreement are in line with industry norm based on the following factors:

- a) the fee arrangements between our Group and VDS were/are not or will not be materially different from our Group’s fee arrangements with other suppliers. Pursuant to the VDS Service Agreement, our Group has paid or will pay VDS the service fee for the services provided by VDS to our Group. In other words, VDS has charged or will charge the service fee, which is a fee determined on a case-by-case basis based on the services provided by VDS, to our Group. As such, our Directors are of the view that the service fee charged by VDS under the VDS Service Agreement is in the same nature as the fees quoted by other suppliers;
- b) our Group was generally not required to pay deposit to our suppliers which include VDS, our former service providers for online monitoring services and our business partners which include operators of websites, apps and mobile sites for the procurement of digital advertisement placement services;
- c) the credit period of 60 days to 90 days granted by VDS to our Group was within the range of credit periods ranging from 30 days to 90 day granted by the other suppliers of our Group during the Track Record Period; and
- d) the average gross profit margin of our Group generated from the engagements with our clients which involved the provision of online monitoring services from VDS to us under the VDS Service Agreement falls within the range of the estimated gross profit margin of our Group which would be generated if online monitoring services were to be procured from the Independent Third Party suppliers based on the quotations obtained by our Group.

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Disclosure of our transactions with VDS in our Company's annual reports and annual review of the our transactions with VDS by our independent non-executive Directors

Our Company will disclose the details of our transactions with VDS under the VDS Service Agreement during the continuance or any renewed term of such agreement in each of our Company's annual reports. Our independent non-executive Directors will also review and confirm annually in our Company's annual reports whether the transactions between our Group and VDS under the VDS Service Agreement are on normal commercial terms.

INFORMATION TECHNOLOGY

We have implemented the following information technology management systems for the operation of our business:

- enterprise resource planning system – our operation, from the acceptance of purchase orders to issuance of invoice and payment settlement, are maintained and monitored through the system. The data stored in the system assists us in analysing the revenue trends of our digital marketing services which in turn allows us to formulate suitable business plans to capture market opportunities; and
- data backup and recovery system – data generated in the enterprise resource planning system and files stored in our servers are backed up periodically, transmitted and stored in an off-site data centre.

As confirmed by our Directors, there had been no unexpected system or network failure which caused material interruption to our operations during the Track Record Period.

RESEARCH AND DEVELOPMENT

During the Track Record Period, our information technology personnel (i) had developed a data analysis and reporting system, Guru Tracker; (ii) and were in the process of modifying and adapting existing technologies relating to the display of images on mobile connected devices, mobile location detection and online payment, for application in our digital marketing services. Guru Tracker facilitates our social media management services by analysing and generating reports on demographical information of target audience and competitors of the advertisers publicly available at a global social media platform. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, we incurred approximately HK\$2.18 million, nil and HK\$1.43 million, respectively, in relation to research and development and we capitalised such costs as intangible assets. Such costs were mainly employee salaries and benefit expenses. As at the Latest Practicable Date, we had a research and development team of six members with an average of approximately two years of experience relating to app development, programming and digital marketing. Going forward, we intend to allocate more resources to our research and development capabilities. Please refer to “Business strategies” in this section for further details.

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QUALITY CONTROL

As an integrated digital marketing service provider, client satisfaction and day-to-day quality control which includes strategy review, text review, picture review, advertisement review, design review and strategy performance review are very important to us. In line with the nature of digital marketing service industry, day-to-day service monitoring and evaluation are carried out real-time throughout our engagements by our service teams. To optimise the marketing performance of our digital marketing services to ensure the achievement of the marketing objectives of the advertisers, we have to constantly collect feedback from target audience, monitor public responses and produce interim evaluation reports for evaluation and fine-tuning purposes. Our service team leaders are responsible for the day-to-day monitoring of work quality and progress of our Group and our suppliers, ensuring that our engagements are executed according to the specifications of our clients and ensuring effective communications with our clients and our suppliers.

In addition, we have implemented an overall quality control system. One of our senior service team leaders who has been working with us for over 5 years, is responsible for our overall quality control. Upon completion of our engagements, we arrange surveys or interviews with our clients to collect their feedback for evaluation.

HEALTH AND WORK SAFETY MATTERS

We are required to comply with various safety laws and regulations in Hong Kong. Our operations are also subject to occupational health and safety regulations issued by the relevant occupational health and safety authorities in Hong Kong. As advised by our PRC legal advisers, Jun He Law Offices, we are not subject to any specific laws and regulations regarding workplace safety in the PRC as we are not engaging in manufacturing business.

Our Directors confirmed that to the best of their knowledge, information and belief, during the Track Record Period and up to the Latest Practicable Date, we were in compliance with the safety laws and regulations in all material respects.

We have taken measures to promote occupational health awareness and safety at workplace. During the Track Record Period, we had not experienced any significant workplace accident.

ENVIRONMENTAL MATTERS

Our Directors believe that the digital marketing service industry in which we operate our integrated digital marketing business is not a major source of environmental pollution, the impact of our operations on the environment is minimal. We have taken measures to facilitate the environmental-friendliness of our workplace by encouraging a recycling culture within our Group.

During the Track Record Period, we were not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

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AWARDS

The following table sets out our major awards received as an integrated digital marketing service provider:

Year awarded	Award	Awarding body
2012	First Place, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2012
2012	Local Hero, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2012
2013	First Place, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2013
2013	Local Hero, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2013
2013	Silver Award, Best Viral Marketing Award	Marketing Magazine's Mobile Excellence Awards (Hong Kong) 2013
2013	Bronze Award, Best Location-based Marketing Award	Marketing Magazine's Mobile Excellence Awards (Hong Kong) 2013
2014	Second Place, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2014
2014	Local Hero, Digital Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2014
2014	Third Place, Social Media Agency of the Year Award	Marketing Magazine's Agency of the Year Awards (Hong Kong) 2014
2014	Silver Award, Best Government Sector Event Award	Marketing Magazine's Marketing Events Award (Singapore) 2014

Note: Marketing Magazine is Asia's leading source of advertising, marketing and media intelligence.

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INTELLECTUAL PROPERTY

We have branded our business in Hong Kong and the PRC by using “GURU ONLINE” as our brand name. As at the Latest Practicable Date, we were the registered owner of the trademarks “Maximizer” and “AdBeyond”, the name of our advertising network of Hong Kong-focused websites and the names of our major subsidiaries, respectively, in Hong Kong and had one and six trademark applications pending in Hong Kong and the PRC, respectively. The trademark applications pending in the PRC included “AdBeyond”, “GURU” and “GURU ONLINE” under different classes. Certain trademarks containing the word “Guru” have already been registered by other third parties in Hong Kong. However, given we have been using our brand name “GURU ONLINE” for more than five years without receiving any complaint from third parties, our Directors consider that our risk of being challenged for the use of “GURU ONLINE” by our Group prior to registration is minimal.

In Hong Kong, the Hong Kong Trade Marks Registry may reject a trademark registration application on, among other things, the grounds of a lack of distinctiveness or that someone else has already registered or applied to register the same or similar trademark for the same or similar goods and services.

In the PRC, the PRC Trademark Office may reject an application for registration of a trademark in any of the following circumstances: (i) if an application has been made to register a trademark that is not in conformity with the trademark law of the PRC or that is identical with or similar to another person’s trademark which has already been registered or given preliminary examination and approval for use on the same kind of commodities or similar commodities; (ii) when two or more trademark registration applications apply for registration of identical or similar trademarks for the same kind of commodities or similar commodities, the trademark whose registration was first applied for shall be given preliminary examination and approval; if the applications are filed on the same day, the trademark which was first used shall be given preliminary examination and approval, and the other applications shall be rejected; and (iii) any person may file an opposition to a trademark which has been given preliminary examination and approval within three months from the day it was publicly announced; and (iv) if the trademark registration applicant or the registrant has found that there are obvious mistakes in the trademark application documents or registration documents.

Our applications for registration of the trademarks may be rejected by either the Hong Kong Trade Marks Registry or the PRC Trademark Office, if our applications fall within any of the above circumstances. For the associated risks, please refer to the section headed “Risk Factors – Risks relating to our Business – We may not be able to register our existing brand name which could affect our results of operations” in this prospectus.

As at the Latest Practicable Date, we had also registered a number of domain names. Detailed information of our intellectual property rights is set out in the section headed “Statutory and General Information – B. Further Information about the Business of our Group – 2. Intellectual property rights of our Group” in Appendix V to this prospectus.

During the Track Record Period, we were not involved in any dispute or infringement of trademarks and patents.

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EMPLOYEES

As at the Latest Practicable Date, we had 217 full-time employees. A breakdown of our employees by function and geographic location as at the respective financial position dates indicated and the Latest Practicable Date is set forth below:

	As at 31 March		As at 30	As at the
	2013	2014	November	Latest
			2014	Practicable
				Date
Hong Kong:				
Sales and proposal	23	29	31	29
Digital advertisement placement service team	12	16	17	18
Social media management service team	36	51	66	67
Creative and technology service team	28	39	30	24
Finance, administration, human resources and information technology	24	36	33	35
Research and development team	0	0	6	6
PRC:				
Sales and proposal	12 <i>(Note)</i>	15	8	7
Digital advertisement placement service team	0	0	0	0
Social media management service team	24 <i>(Note)</i>	27	24	26
Creative and technology service team	0	0	0	0
Finance, administration, human resources and information technology	<u>7 <i>(Note)</i></u>	<u>9</u>	<u>3</u>	<u>5</u>
Total	<u><u>166 <i>(Note)</i></u></u>	<u><u>222</u></u>	<u><u>218</u></u>	<u><u>217</u></u>

Note: As at 31 March 2013, our staff members in the PRC were engaged as dispatched employees through a third party human resources agency in the PRC.

We generally recruit our employees from the open market and enter into employment contracts with our employees. We had also participated in a graduate support scheme by recruiting graduates of related disciplines from universities and tertiary institutes. We offer attractive remuneration packages to our employees. In addition to salaries, our employees who are retained after the probation period are entitled to bonuses and medical insurance coverage. We provide a defined contribution to the Mandatory Provident

BUSINESS

Fund as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for our eligible employees in Hong Kong. We pay in respect of our employees in the PRC social security funds including, pension insurance, medical insurance, unemployment insurance, occupational injury insurance, insurance for maternity leave and housing provident fund contributions as required under the PRC laws and regulations.

In addition to employees with whom we had entered into employment contracts in Hong Kong, all staff members of our representative office in Guangzhou (which was deregistered on 8 April 2013) and most of our staff members of our PRC subsidiaries were engaged as dispatched employees through a human resources agency in the PRC, an Independent Third Party, up to November 2013. Under the PRC laws and regulations, a representative office in the PRC is not allowed to enter into labour contracts and can only engage dispatched employees through human resources agency in the PRC. According to the Labour Contract Law, there was no labour contract relationship between the dispatched employees and us, and the dispatched employees entered into labour contracts with the relevant human resources agency. Pursuant to our contract with the human resource agency, we advanced salary payments, social security contributions and other related payments for the dispatched employees to the human resources agency. The human resources agency, in turn, made payment of salaries to the dispatched employees and social security contributions and other related payments to the relevant governmental authorities.

As of 30 November 2013, we engaged 29 dispatched employees through a third party human resources agency in the PRC. As advised by our PRC legal advisers, Jun He Law Offices, employment under labour dispatch is a supplementary form of employment of staff by employers in the PRC and shall exclusively apply to provisional, auxiliary or substitution positions only and our engagement of all staff in the PRC as dispatched employees constituted non-compliance with the applicable PRC laws and regulations. Upon becoming aware of the non-compliance incident, we immediately made arrangements to terminate the engagement of dispatched employees. On 1 December 2013, the engagement of 29 dispatched employees was terminated and AdBeyond GZ and AdBeyond BJ entered into labour contracts with 13 employees and 16 employees, respectively, in the PRC, representing all of our employees in the PRC as at 1 December 2013. According to the Provisional Regulations on Labour Dispatch of the PRC (中華人民共和國勞務派遣暫行規定) (the “**Labour Dispatch Regulations**”) approved by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部), which became effective on 1 March 2014, if the number of dispatched employees engaged by an employer represents 10% or more of the total number of staff of an employer, such employer should reduce the percentage of dispatched employees to less than 10% within two years from 1 March 2014. For the avoidance of doubt, the total number of staff of an employer shall refer to the employees who have executed labour contracts with the employer and the dispatched employees. Our PRC legal advisers, Jun He Law Offices, confirmed that, as we had terminated the engagement of all dispatched employees and had entered into labour contracts with all of our employees in the PRC as at the Latest Practicable Date, we were not in contravention of the Labour Contract Law and the Labour Dispatch Regulations as at the Latest Practicable Date.

We incurred staff costs, sales commission and directors’ emoluments of approximately HK\$30.35 million, HK\$44.95 million and HK\$34.86 million for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. We regularly review the performance of our employees and make reference to such performance reviews in our discretionary bonus and salary review and promotional appraisal in order to attract and retain talented employees.

BUSINESS

We maintain good working relationship with our employees. There had not been any labour strike within our Group during the Track Record Period and up to the Latest Practicable Date. In order to promote overall efficiency, employee loyalty and retention, we provide our employees with technical and operational on-job training and promotion prospects.

SOCIAL MATTERS AND INSURANCE

For our Hong Kong employees, we maintain employees' compensation insurance in compliance with the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) to cover compensation and costs liable by our Group for personal injuries of our employees in Hong Kong in the course of employment with us. We have also taken out and maintained an office insurance for our office premises and office equipment in Hong Kong. The office insurance policy mainly covers loss resulting from burglary, damages made to insured property and increased cost due to business interruptions. Our Directors consider that our Group's insurance coverage is sufficient and in line with normal commercial practice in Hong Kong.

Save for the PRC social security funds for which we are required to maintain insurance coverage, we had not taken out any other insurance against personal injuries of our PRC employees or property damages of our office premises and office equipment in the PRC.

MARKET AND COMPETITION

According to the Ipsos Report, the digital marketing service industry in Hong Kong is a growing industry fragmented with a large number of small to medium-sized digital marketing service providers. There are numerous media and marketing platforms from which our potential clients could choose. Other than competition in relation to the choice of platforms, our Company also faces competition from within the sector. For details, please refer to the section headed "Industry Overview" in this prospectus.

We face competition on the quality and effectiveness of our services, our ability to meet potential clients' expectations and specifications in a flexible way, and our experience and reputation. Our Directors believe that we will maintain our competitiveness over other competitors and our market position by strengthening and developing our competitive strengths. Our competitive strengths include the following:

- proven track record in providing integrated digital marketing services to reputable clients;
- solid client base in Hong Kong with an expanding business in the PRC;
- leading market position and strong brand recognition in the digital marketing service industry;
and
- experienced management team and responsive and creative employees.

Details of our Group's competitive strengths are set out in "Competitive Strengths" in this section.

BUSINESS

PROPERTIES

Hong Kong

As at the Latest Practicable Date, we leased from an Independent Third Party one property which is situated at Level 22 of AIA Tower of No. 183 Electric Road, Hong Kong, with a gross floor area of approximately 14,280 square feet, as our office in Hong Kong.

The PRC

As at the Latest Practicable Date, we have leased six properties in the PRC with an aggregate gross floor area of approximately 385.54 square metres from Independent Third Parties.

For four leased properties with an aggregate gross floor area of approximately 234.37 square metres which were used as our office in Guangzhou and one leased property with a gross floor area of approximately 141.17 square metres which was used as the principal place of business of AdBeyond BJ in Beijing, the lessors had obtained the relevant building ownership certificates and we had completed the recordation of the relevant lease agreements with the relevant PRC authorities as at the Latest Practicable Date. Our PRC legal advisers, Jun He Law Offices, are of the view that these leases are valid and legally binding on each party.

For one leased property with a gross floor area of approximately 10.00 square metres which was used as the registered office of AdBeyond BJ in the PRC during the Track Record Period, the lessor had not provided us with the relevant building ownership certificate and we had not completed the recordation of the relevant lease agreement with the relevant PRC authorities. Our Directors consider the material adverse impact on our business and financial condition would be minimal and we are not exposed to any risk of eviction from the property since the principal place of business of AdBeyond BJ had been relocated as at the Latest Practicable Date. On 12 February 2015, AdBeyond BJ had registered the change of registered office address as set out in its business licence and obtained a new business licence.

As advised by our PRC legal advisers, Jun He Law Offices, based on the relevant judicial interpretation, the non-recordation of the lease agreement will not affect the validity of such lease agreement but we may be exposed to penalties or fines imposed by the relevant PRC authorities. According to the Administration Rules on Tenancy of Commodity Housing (商品房屋租賃管理辦法), the parties to the lease agreements may be ordered by the competent authority to make corrections for any non-recordation of lease agreements, and a fine of less than RMB1,000 (for individuals) or more than RMB1,000 and less than RMB10,000 (for institutions) for delay in making such correction may be imposed. During the Track Record Period and up to the Latest Practicable Date, no penalty or fine had been imposed on us by the relevant housing administrative authorities for the non-recordation of the lease agreement.

Property valuation

As at the Latest Practicable Date, we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 8.01A of the GEM Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong

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Kong), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (WUMP) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (WUMP) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

RISK MANAGEMENT AND CORPORATE GOVERNANCE

We have established a set of risk management policies and measures to identify, evaluate and manage risks arising from our operations. Details on risk categories identified by our management, internal and external reporting mechanism, remedial measures and contingency management have been codified in our policies and adopted by us.

For details of the major risks identified by our management, please refer to the section headed “Risk Factors – Risks relating to our Business” in this prospectus.

To monitor the ongoing implementation of our risk management policies and corporate governance measures after the Listing, we have adopted or will adopt, among other things, the following corporate governance and internal control measures:

- the establishment of an audit committee responsible for overseeing the financial records, internal control procedures and risk management systems of our Company;
- the appointment of Mr. Jeff Ng as our compliance officer, Mr. Alfred Wong as our chief financial officer and Mr. Tsui Siu Hung, Raymond as our company secretary to ensure the compliance of our operation with the relevant laws and regulations. For their biographical details, please refer to the section headed “Directors, Senior Management and Employees” in this prospectus;
- the appointment of CLC International as our compliance adviser upon the Listing to advise us on compliance with the GEM Listing Rules; and
- the engagement of external legal advisers to advise us on compliance with the GEM Listing Rules and to ensure we will not be in breach of any relevant regulatory requirements or applicable laws, where necessary.

LEGAL PROCEEDINGS AND COMPLIANCE

Claims settled, pending or threatened against our Group

During the Track Record Period and as at the Latest Practicable Date, no member of our Group was engaged in any claim, litigation or arbitration of material importance and no claim, litigation or arbitration of material importance was known to our Directors to be pending or threatened against any member of our Group.

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Regulatory compliance

During the Track Record Period and up to the Latest Practicable Date, we had complied with the applicable laws and regulations in Hong Kong and the PRC in all material respects.

In order to ensure our Group's compliance with the laws and regulations on advertising business in the PRC, we had adopted internal control measures which provide that in case any one of our PRC subsidiaries intends to engage in the provision of any new category of digital marketing services or ancillary services, a written proposal is required to be submitted to our chief executive officer for consideration and preliminary approval. If the written proposal is preliminarily approved, we will seek the legal opinion of qualified PRC legal advisers to ensure that our proposed provision of such new category of digital marketing services or ancillary services will not constitute a breach of the business licences of our PRC subsidiaries or violation of any applicable PRC laws and regulations. Our Board will approve our proposed provision of any new category of digital marketing services or ancillary services if no legal risk will be involved in the provision of such new services. Our Board, with the assistance of qualified PRC legal advisers, will also review and evaluate the legal risk and compliance of our business operations in the PRC.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

Upon the completion of the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised, without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme and assuming that the Amended Anti-Dilution Right of Huayi Brothers is not exercised), our Company will be owned as to 15.57% by Cooper Global, 11.43% by Mr. Jeff Ng and 11.43% by Ms. Liza Wang. Cooper Global, the principal business of which is investment holding, is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. Mr. Alan Yip and Ms. Karin Wan are the two directors of Cooper Global. Since Mr. Alan Yip and Ms. Karin Wan (through Cooper Global as their nominee), Mr. Jeff Ng and Ms. Liza Wang will together be entitled to exercise and control approximately 38.43% of our entire issued share capital immediately following the Listing by virtue of the Acting in Concert Confirmation and Undertaking, Mr. Alan Yip, Ms. Karin Wan, Cooper Global, Mr. Jeff Ng and Ms. Liza Wang will be regarded as our Controlling Shareholders. For more information relating to Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang, please see the section headed “Directors, Senior Management and Employees – Directors” in this prospectus.

ACTING IN CONCERT CONFIRMATION AND UNDERTAKING

On 2 January 2014, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang entered into the Acting in Concert Confirmation and Undertaking, whereby they (i) confirmed that, since 1 April 2011, they have adopted a consensus building approach to reach decisions on a unanimous basis, voted as a group (by themselves or together with their associates) in respect of all corporate matters relating to the operations of our Group at the shareholder and board levels of each member company within our Group, and have been given sufficient time and information to consider and discuss in order to reach consensus; and (ii) have undertaken that, upon the Listing and during the period they (by themselves or together with their associates) remain in control of our Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing, they will maintain the above acting-in-concert relationship.

RULE 11.04 OF THE GEM LISTING RULES

Each of our Controlling Shareholders, our Directors, our substantial shareholders and their respective close associates does not have any interest in a business apart from our Group’s business which competes or may compete, directly or indirectly, with our Group’s business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on our business independent of and without undue reliance on our Controlling Shareholders and their respective close associates after the Listing based on the following reasons:

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Management Independence

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. The main function of our Board includes the approval of our overall business plans and strategies, monitoring the implementation of these policies and strategies and the management of our Group.

Our Board consists of eleven Directors, comprising three executive Directors, four non-executive Directors and four independent non-executive Directors. Each of Mr. Alan Yip, Mr. Jeff Ng and Ms. Karin Wan is an executive Director.

Each of our Directors is aware of his or her fiduciary duties as a director which require, among other things, that he or she acts for the benefit and in the best interests of our Company and does not allow any conflict between his or her duties as a director and his or her personal interest to exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meeting in respect of such transaction and shall not be counted in the quorum.

We have an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies. Our Directors are satisfied that our senior management team will be able to perform their roles in our Company independently, and our Directors are of the view that our Company is capable of managing its business independently from our Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, clients, marketing, sales and general administration resources with our Controlling Shareholders and/or their respective close associates.

Our Directors confirmed that our Group will not enter into any other transactions of similar nature with our connected persons and their close associates after the Listing that will affect our operational independence. Our Directors are of the view there is no operational dependence on the Controlling Shareholders and their respective close associates.

Financial Independence

Our Group has our own accounting systems, accounting and finance personnel, independent treasury function for cash receipts and payment and we make financial decision according to our own business needs. Our accounting and finance personnel will be responsible for the financial reporting, liaising with our auditors, reviewing our cash position and negotiating and monitoring our bank loan facilities and drawdowns. Our Directors confirmed that, as at the Latest Practicable Date, none of the Controlling Shareholders or their respective close associates had provided any loans, guarantees or pledges to our Group. Our Directors also confirmed that, as at the Latest Practicable Date, our Group did not provide any loans, guarantees or pledges to our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

In view of our Group's internal resources and the estimated net proceeds from the Placing, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders and their respective close associates. Our Directors further believe that, upon Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders and their respective close associates.

Independence of Major Suppliers

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

Independence of Major Clients

Our Directors confirm that none of our Controlling Shareholders, our Directors and their respective close associates, had any relationship with the major clients of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period and up to the Latest Practicable Date.

NON-COMPETITION UNDERTAKING

Our Controlling Shareholders as covenantors (each a "**Covenantor**", collectively, the "**Covenantors**") executed the Deed of Non-Competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries).

In accordance with the Deed of Non-Competition, each Covenantor undertakes that, from the Listing Date and ending on the occurrence of the earliest of (i) the date on which the Shares cease to be listed on GEM (other than suspension of trading of the Shares of our Company for any other reason); (ii) the date on which the Covenantors cease to be a Controlling Shareholder; or (iii) the date on which the Covenantors beneficially own or become interested jointly or severally in the entire issued share capital of our Company:

1. Non-competition

He/she/it will not, and will use his/her/its best endeavours to procure any Covenantor, his/her/its close associates (collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (the "**Controlled Company**") not to, either on his/her/its own or in conjunction with any body corporate, partnership, joint venture or other contractual agreement, whether directly or indirectly, for profit or not, carry on, participate in, hold, engage in, acquire or operate, or provide any form of assistance to any person, firm or company (except members of our Group) to conduct any business which, directly or indirectly, competes or is likely to compete with the business of our Company or any of our subsidiaries in Hong Kong, the PRC and such other places as our Company or any of our subsidiaries may conduct or carry on business from time to time, including but not limited to the provision of digital marketing services (the "**Restricted Business**").

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

The Deed of Non-Competition shall not apply if the Controlled Persons and Controlled Company in aggregate own any interest not exceeding five per cent of the issued shares in any company conducting any Restricted Business (the “**Relevant Company**”), and the Relevant Company is listed in any recognised stock exchange (as defined under the SFO), notwithstanding that the business conducted by the Relevant Company constitutes or might constitute competition with the business of our Company or any of our subsidiaries, provided that (i) the shareholding of any one holder (and his/her/its close associate, if applicable) in the Relevant Company is more than that of the Controlled Persons and the Controlled Company in aggregate at any time; and (ii) the total number of the relevant Covenantors’ representatives on the board of directors of the Relevant Company is not significantly disproportionate with respect to his/her/its shareholding in the Relevant Company.

2. New business opportunity

If any Covenantor and/or any Controlled Company is offered or becomes aware of any business opportunity which directly or indirectly engages in or owns a Restricted Business (the “**New Business Opportunity**”):

- (a) he/she/it shall within 10 days notify our Company of such New Business Opportunity in writing and refer the same to our Company for consideration, and shall provide the relevant information to our Company in order to enable us to make an informed assessment of such opportunity; and
- (b) he/she/it shall not, and shall procure that his/her/its Controlled Persons or Controlled Companies not to, invest or participate in any project and New Business Opportunity, unless such project and New Business Opportunity shall have been rejected by our Company and the principal terms of which the Covenantor or his/her/its Controlled Persons or Controlled Companies invest or participate in are no more favourable than those made available to our Company.

A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the “**Non-acceptance Notice**”); or (ii) the Non-acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company.

Any Director who has an actual or potential material interest in the New Business Opportunity shall abstain from attending (unless their attendance is specifically requested by the remaining non-interested Directors) and voting at, and shall not count towards the quorum for, any meeting or part of a meeting convened to consider such New Business Opportunity.

Our Board (including our independent non-executive Directors) will be responsible for reviewing and considering whether or not to take up a New Business Opportunity referred by a Covenantor or Controlled Company or whether or not the New Business Opportunity constitutes competition with the Restricted Business. The factors that will be taken into consideration by our Board in making the decision include whether it is in line with the overall interests of our Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

3. Corporate governance measures

In order to ensure the performance of the above non-competition undertakings, the Covenantors will:

- (a) in case of any actual or potential conflict of interest, abstain from attending and voting at any meeting or part of any meeting convened to consider any New Business Opportunity (unless their attendance is specifically requested by our non-interested Directors), and shall not be counted towards the quorum for such meeting;
- (b) as required by our Company, provide all information necessary for our independent non-executive Directors to conduct annual examination with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it;
- (c) procure our Company to disclose to the public either in the annual report of our Company or issue a public announcement in relation to any decisions made by our independent non-executive Directors with regard to the compliance of the terms of the Deed of Non-Competition and the enforcement of it and, where applicable, the reason(s) why any New Business Opportunity referred to our Company by our Controlling Shareholders was not taken up;
- (d) where our independent non-executive Directors shall deem fit, make a declaration in relation to the compliance of the terms of the Deed of Non-Competition in the annual report of our Company, and ensure that the disclosure of information relating to compliance with the terms of the Deed of Non-Competition and the enforcement of it are in accordance with the requirements of the GEM Listing Rules; and
- (e) that during the period when the Deed of Non-Competition is in force, fully and effectually indemnify our Company against any losses, liabilities, damages, costs, fees and expenses as a result of any breach on the part of such Covenantor of any statement, warrant or undertaking made under the Deed of Non-Competition.

The Deed of Non-Competition and the rights and obligations thereunder are conditional upon (a) the Listing Division granting the listing of, and the permission to deal in, the Shares, as described in this prospectus, and (b) the Listing and dealings in the Shares on GEM taking place.

As the Covenantors have given non-competition undertakings in favour of our Company, and none of them have interests in other businesses that compete or are likely to compete with the business of our Group, our Directors are of the view that we are capable of carrying on our Group's business independently of the Covenantors following the Listing.

BUSINESS OBJECTIVES AND FUTURE PLANS

BUSINESS OBJECTIVES

To maintain our market share, enhance our service quality and attract more clients to engage our services, we intend to (i) continue to expand our client base and business operations; (ii) strengthen and broaden our existing range of digital marketing services; and (iii) pursue growth through selective mergers and acquisitions.

BUSINESS STRATEGIES

Please refer to the section headed “Business – Business Strategies” in this prospectus for a detailed description of our business objectives and strategies.

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestone events during the period from the Latest Practicable Date to 31 March 2018, and their respective scheduled completion times are based on certain bases and assumptions as set out in “Bases and Key Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out under the section headed “Risk Factors” in this prospectus. Therefore, there is no assurance that our business plans will materialise in accordance with the estimated time frame and that our future plans will be accomplished at all.

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from the Latest Practicable Date to 30 September 2015:

Future plans:

Continue to expand our client base and business operations

- Expand sales and proposal team by approximately four additional staff at our Hong Kong office to improve the level of support and attention provided to each of our existing and potential client so as to enhance our capability of providing innovative digital marketing strategies, maintain the relationships with our clients and expand our client base
- Expand service teams by approximately four additional staff at our Hong Kong and Guangzhou offices to maintain the quality of services and expand our capacity to capitalise on the growing demand in the market

Strengthen and broaden our existing range of digital marketing services

- Identify market needs, research on comparable and new technologies through conducting market research
- Recruit approximately six additional technical staff
- Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience

Amount to be invested from the net proceeds:

HK\$1.0 million

HK\$1.3 million

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from 1 October 2015 to 31 March 2016:

Future plans:

Continue to expand our client base and business operations

- Expand sales and proposal team by approximately four additional staff at our Hong Kong office to improve the level of support and attention provided to each of our existing and potential client so as to enhance our capability of providing innovative digital marketing strategies, maintain the relationships with our clients and expand our client base
- Expand service teams by approximately three additional staff at our Hong Kong and Guangzhou offices to maintain the quality of services and expand our capacity to capitalise on the growing demand in the market
- Provide enhanced customer relationship-related training programmes to our staff members

Strengthen and broaden our existing range of digital marketing services

- Research and expand existing range of digital marketing services and perform beta and pilot tests
- Identify market needs, research on comparable and new technologies through conducting market research
- Recruit approximately six additional technical staff
- Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience

Pursue growth through selective mergers and acquisitions

- Documentation and due diligence works
- Review the backgrounds and financials of the potential acquisition targets primarily based in the Greater China region
- Acquire companies with functional-expertise, industry-expertise or regional client-expertise primarily based in the Greater China region

Amount to be invested from the net proceeds:

HK\$1.9 million

HK\$2.4 million

HK\$6.7 million

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from 1 April 2016 to 30 September 2016:

Future plans:

Continue to expand our client base and business operations

- Expand sales and proposal team by approximately two additional staff at our Guangzhou office to improve the level of support and attention provided to each of our existing and potential client so as to enhance our capability of providing innovative digital marketing strategies, maintain the relationships with our clients and expand our client base
- Expand service teams by approximately three additional staff at our Hong Kong and Guangzhou offices to maintain the quality of services and expand our capacity to capitalise on the growing demand in the market
- Conduct studies on the digital marketing service industry in Eastern China

Amount to be invested from the net proceeds:

HK\$2.7 million

Strengthen and broaden our existing range of digital marketing services

- Research and expand existing range of digital marketing services and perform beta and pilot tests
- Update market needs, research on comparable and new technologies through conducting market research
- Recruit approximately one additional technical staff
- Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience

HK\$2.5 million

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from 1 October 2016 to 31 March 2017:

Future plans:

Continue to expand our client base and business operations	Strengthen and broaden our existing range of digital marketing services	Pursue growth through selective mergers and acquisitions
<ul style="list-style-type: none">– Improve operation process for the Hong Kong operations through implementing information technology systems– Continue to promote our business and maintain the relationships with our clients through our sales and proposal team at our Hong Kong and Guangzhou offices– Continue to maintain the quality of services to capitalise on the growing demand in the market through our service teams at our Hong Kong and Guangzhou offices– Conduct studies on the digital marketing service industry in Eastern China– Provide enhanced customer relationship-related training programmes to our staff members	<ul style="list-style-type: none">– Research and expand existing range of digital marketing services and perform beta and pilot tests– Update market needs, research on comparable and new technologies through conducting market research– Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences– Expand our internal research and development capabilities– Recruit approximately one additional technical staff– Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience	<ul style="list-style-type: none">– Acquire and settle payment for acquisition targets

Amount to be invested from the net proceeds:

HK\$3.3 million

HK\$3.2 million

HK\$9.1 million

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from 1 April 2017 to 30 September 2017:

Future plans:

Continue to expand our client base and business operations

- Improve operation process for the PRC operations through implementing information technology systems
- Continue to promote our business and maintain the relationships with our clients through our sales and proposal team at our Hong Kong and Guangzhou offices
- Expand service teams by approximately one additional staff at our Hong Kong and Guangzhou offices to maintain the quality of services and expand our capacity to capitalise on the growing demand in the market

Strengthen and broaden our existing range of digital marketing services

- Research and expand existing range of digital marketing services and perform beta and pilot tests
- Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences
- Expand our internal research and development capabilities
- Update market needs, research on comparable and new technologies through conducting market research
- Recruit approximately two additional technical staff
- Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience

Amount to be invested from the net proceeds:

HK\$4.0 million

HK\$4.1 million

BUSINESS OBJECTIVES AND FUTURE PLANS

For the period from 1 October 2017 to 31 March 2018:

Future plans:

Continue to expand our client base and business operations

- Provide enhanced customer relationship-related training programmes to our staff members
- Continue to promote our business and maintain the relationships with our clients through our sales and proposal team at our Hong Kong and Guangzhou offices
- Continue to maintain the quality of services to capitalise on the growing demand in the market through our service teams at our Hong Kong and Guangzhou offices

Strengthen and broaden our existing range of digital marketing services

- Research and expand existing range of digital marketing services and perform beta and pilot tests
- Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences
- Expand our internal research and development capabilities
- Update market needs, research on comparable and new technologies through conducting market research
- Recruit approximately two additional technical staff
- Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience

Pursue growth through selective mergers and acquisitions

- Acquire and settle payment for acquisition targets

Amount to be invested from the net proceeds:

HK\$4.6 million

HK\$5.0 million

HK\$9.2 million

BUSINESS OBJECTIVES AND FUTURE PLANS

BASES AND KEY ASSUMPTIONS

The business objectives set out by our Directors are based on the following bases and key assumptions:

- there will be no significant changes in respect of the existing political, legal, fiscal, social or economical conditions in Hong Kong and other places in which our Group operates or intends to operate;
- there will be no disaster, natural, political or otherwise, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;
- there will be no material change in the existing laws (whether in Hong Kong, the PRC or any part of the world), policies, or industry or regulatory treatment relating to us, or in the political, economic or market conditions in which we operate;
- there will be no material change in the bases or rates of taxation applicable to us;
- there will be no significant change in the business relationships with our major clients and suppliers;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no change in the effectiveness of any licences and permits obtained by us; and
- we will not be materially affected by the risk factors as set out under the section headed “Risk Factors” in this prospectus.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

Our Directors believe that the Listing could enhance our capital base and the net proceeds from the Placing will strengthen our financial position and enable us to implement our business objectives set out in this section. Furthermore, a public listing status on GEM will allow us to access to capital market for future corporate finance exercises, which will assist in our future business development and strengthen our competitiveness.

Assuming that the Offer Size Adjustment Option is not exercised at all, based on the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.21 to HK\$0.25 per Placing Share, we will receive gross proceeds of HK\$92.0 million. The net proceeds from the Placing are estimated to be approximately HK\$67.0 million, after deducting the underwriting commission

BUSINESS OBJECTIVES AND FUTURE PLANS

and other estimated expenses in the amount of approximately HK\$25.0 million, payable by our Company in relation to the Placing, not taking into account any exercise of the Offer Size Adjustment Option. We intend to apply such net proceeds as follows:

	For the six months ending						Approximate % of the total net proceeds	
	From the Latest Practicable Date to		30 September		30 September			
	30 September		2016		2017			
	2015	31 March 2016	2016	31 March 2017	2017	31 March 2018		Total
		(HK\$ million)		(HK\$ million)		(HK\$ million)		
Continue to expand our client base and business operations	1.0	1.9	2.7	3.3	4.0	4.6	17.5	26.1%
Strengthen and broaden our existing range of digital marketing services	1.3	2.4	2.5	3.2	4.1	5.0	18.5	27.6%
Pursue growth through selective mergers and acquisitions	-	6.7	-	9.1	-	9.2	25.0	37.3%
	<u>2.3</u>	<u>11.0</u>	<u>5.2</u>	<u>15.6</u>	<u>8.1</u>	<u>18.8</u>	<u>61.0</u>	<u>91.0%</u>

The net proceeds from the issue of the Placing Shares will be approximately 91.0% utilised by 31 March 2018 and approximately 9.0% will be used as working capital and funding for other general corporate purposes according to our current business plans. Our Directors consider that the net proceeds from the issue of the Placing Shares of approximately HK\$67.0 million and our internal resources will be sufficient to finance our business plans as schedule up to the year ending 31 March 2018. In the event that we would require additional financing apart from the net proceeds from the issue of the Placing Shares for our future plans, the shortfall will be financed by our internal resources and bank financing.

Assuming that the Offer Size Adjustment Option is not exercised at all, if the final Placing Price is set at the highest or lowest point of the indicative Placing Price range, the net proceeds of the Placing will increase or decrease by approximately HK\$7.8 million, respectively.

If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$13.4 million, after deducting the underwriting commission and other estimated expenses in relation to the Placing, assuming a Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.21 to HK\$0.25 per Placing Share.

If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$14.6 million and HK\$12.2 million, respectively, after deducting the underwriting commission and other estimated expenses in relation to the Placing, assuming a Placing Price of HK\$0.25 and HK\$0.21 per Placing Share, being the highest point and the lowest point of the indicative Placing Price range, respectively.

BUSINESS OBJECTIVES AND FUTURE PLANS

The net proceeds will be used in the same proportions as disclosed above irrespective of whether the Placing Price is determined at the highest or lowest point of the indicative Placing Price range and whether the Offer Size Adjustment Option is exercised.

Our Company will disclose in the results announcement whether the Offer Size Adjustment Option is exercised.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of our Directors that such net proceeds will be placed on short-term interest-bearing deposits with authorised financial institutions.

To pursue growth through selective mergers and acquisitions, we plan to selectively acquire niche players whose businesses, service growth potential and sales networks are complementary to ours or companies which will have the potential growth upon being acquired by us, thereby expanding the portfolio of our services. In particular, we intend to target (i) companies offering digital marketing services; (ii) companies offering marketing services complementary to digital marketing; (iii) developers of apps which leverage opportunities generated from online-to-offline commerce, e-commerce and mobile-commerce activities; (iv) digital media developers or operators; and (v) companies with established database for digital marketing or e-commerce platform to encourage discussions among Internet users, arouse interest of target audience and generate sales for our clients. As at the Latest Practicable Date, we had not identified any potential acquisition target or initiated negotiations for any acquisition or joint venture and we had no intention to acquire any company or business which would lead to a material change of the current principal business of our Group.

The net proceeds of the Sale Shares, being an aggregate of 48,000,000 Shares, assuming a Placing Price of HK\$0.23 per Placing Share, being the mid-point of the proposed Placing Price range of HK\$0.21 and HK\$0.25 per Placing Share, would be approximately HK\$10.7 million. The net proceeds of the Sale Shares will be attributable to our Selling Shareholders only and will not belong to our Company.

Based on the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.21 to HK\$0.25 per Placing Share, the net proceeds to be received by HGI Finanves and HGI Growth from selling the Sale Shares are estimated to be approximately HK\$8.2 million and HK\$2.5 million, respectively, after deducting the listing expenses to be borne by them.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present Position	Date of Appointment as Director/Senior Management	Date of Joining our Group	Roles and Responsibilities	Relationship with other Director(s) and/or Senior Management
<i>Directors</i>						
Mr. Yip Shek Lun (葉碩麟)	33	Chief executive officer, chairman of the Board and executive Director	6 February 2014	29 March 2007	Responsible for the day-to-day management of our Group, formulating overall business development strategies and overseeing the PRC operations of our Group and as a member of the remuneration committee and nomination committee	Mr. Alan Yip is the spouse of Ms. Karin Wan
Mr. Ng Chi Fung (伍致豐)	32	Executive Director	10 January 2014	29 March 2007	Responsible for the overall business administration, sales and marketing and management of our Group	N/A
Ms. Wan Wai Ting (尹瑋婷)	32	Executive Director	6 February 2014	29 March 2007	Responsible for the supervision of PRC business development and projects of our Group	Ms. Karin Wan is the spouse of Mr. Alan Yip
Ms. Wang Lai Man, Liza (王麗文)	33	Non-executive Director	6 February 2014	29 March 2007	Responsible for the corporate relations and business development of our Group	N/A
Mr. Cheung Wing Hon (張永漢)	37	Non-executive Director	6 February 2014	30 November 2012	Monitoring the operations of our Group	Mr. Patrick Cheung is the brother of Ms. Cheung Laam
Ms. Cheung Laam (張嵐)	40	Non-executive Director	6 February 2014	4 December 2013	Monitoring the operations of our Group	Ms. Cheung Laam is the sister of Mr. Patrick Cheung
Ms. Hu Ming (胡明)	43	Non-executive Director	6 February 2014	30 November 2012	Monitoring the operations of our Group	N/A

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Present Position	Date of Appointment as Director/Senior Management	Date of Joining our Group	Roles and Responsibilities	Relationship with other Director(s) and/or Senior Management
Mr. Tso Ping Cheong, Brian (曹炳昌)	35	Independent non-executive Director	28 May 2014	28 May 2014	As the chairman of the audit committee and a member of the nomination committee	N/A
Mr. David Tsoi (蔡大維)	68	Independent non-executive Director	28 May 2014	28 May 2014	As a member of the audit committee	N/A
Mr. Hong Ming Sang (項明生)	45	Independent non-executive Director	28 May 2014	28 May 2014	As a member of the audit committee and the chairman of the remuneration committee	N/A
Mr. Lam Tung Leung (林棟樑)	30	Independent non-executive Director	28 May 2014	28 May 2014	As a member of the remuneration committee and the chairman of the nomination committee	N/A

Senior Management

Mr. Wong Yuet Fu, Alfred (黃越富)	30	Chief financial officer	3 October 2011	3 October 2011	Responsible for the overall accounting and financial management of our Group	N/A
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DIRECTORS

Our Board consists of eleven Directors, comprising three executive Directors, four non-executive Directors and four independent non-executive Directors.

Executive Directors

Mr. Yip Shek Lun (葉碩麟), aged 33, is our chief executive officer, chairman of the Board and executive Director. Mr. Yip is one of the founders of our Group. Mr. Yip is primarily responsible for the day-to-day management of our Group, formulating overall business development strategies and overseeing the PRC operations of our Group. He is a member of the remuneration committee and nomination committee. Mr. Yip is the spouse of Ms. Karin Wan.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Yip graduated from The Chinese University of Hong Kong in Hong Kong, with a degree of bachelor of business administration in December 2004. From July 2004 to April 2006, Mr. Yip was the assistant account manager of Procter & Gamble Hong Kong Ltd, a consumer goods company. From May 2006 to April 2007, he worked as the marketing manager of La Souhait Cosmetic Limited, the principal business of which is the trading of cosmetic products, and was later appointed as its marketing director serving the Greater China region.

Mr. Yip is also a director of AdBeyond BVI and AdBeyond HK and the executive director of AdBeyond GZ and AdBeyond BJ, respectively. In addition, Mr. Yip is a director of Cooper Global which is one of our Controlling Shareholders.

Mr. Ng Chi Fung (伍致豐), aged 32, is our executive Director. Mr. Ng is also one of the founders of our Group. Mr. Ng is primarily responsible for the overall business administration, sales and marketing and management of our Group.

Mr. Ng graduated from The Wharton School of Finance and Commerce at the University of Pennsylvania in the United States, with a degree of bachelor of science in economics majoring in finance and accounting in May 2004. Mr. Ng has successfully completed all three levels of the CFA Program organised by the CFA Institute in June 2006. From August 2004 to December 2005, Mr. Ng worked in McKinsey & Company, a management consulting firm, as a business analyst. In June 2005, Mr. Ng founded a health care company, Home of the Elderly Consultancy Limited, which specialises in providing elderly home referral services to the elderly and their families and has been acting as its chairman and non-executive director since then. Since May 2012, Mr. Ng has been a non-executive director of AMOS Enterprises Limited, a technology company which focuses on providing and developing innovative solutions on electrical, electronic and information technology. Mr. Ng is the 2014 president of Junior Chamber International Peninsula (Hong Kong), an international organisation for young professionals and entrepreneurs which aims to foster youngsters' leadership skills, social responsibility, enhance international friendship and the building of business network. Mr. Ng is a screening committee member of Hong Kong Business Angel Network, a non-profit organisation with the mission to foster angel investment in Hong Kong.

Mr. Ng is also a director of AdBeyond BVI, AdBeyond HK, iMinds BVI and iMinds HK, respectively.

Ms. Wan Wai Ting (尹瑋婷), aged 32, is our executive Director. Ms. Wan is also one of the founders of our Group. Ms. Wan is also the chief creative director of AdBeyond HK. She is responsible for supervising our PRC business development and projects. Ms. Wan is the spouse of Mr. Alan Yip.

Ms. Wan obtained her degree of bachelor of business administration from The Chinese University of Hong Kong in Hong Kong, in December 2004. From December 2004 to October 2006, she worked as the marketing executive of AOM Sun Ltd, the sole agent of CITIZEN electronic products, where she was responsible for liaising with advertising agencies, organising promotional activities and analysing marketing strategies.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Wan led our Group in winning several awards throughout the markets in Asia-Pacific and Hong Kong, such as the Marketing Magazine's Marketing Events Award (Singapore) 2014 and the Marketing Magazine's Mobile Excellence Awards (Hong Kong) 2013. Ms. Wan was also a columnist of Hong Kong Economic Journal and iMoney Magazine in 2009 and 2010 under the pen name “韋小婷” (literally translated as “Wai Siu Ting”), respectively.

Ms. Wan is also a director of AdBeyond BVI and AdBeyond HK and the supervisor of AdBeyond GZ and AdBeyond BJ, respectively. In addition, Ms. Wan is a director of Cooper Global which is one of our Controlling Shareholders.

Non-executive Directors

Ms. Wang Lai Man, Liza (王麗文), aged 33, is our non-executive Director. Ms. Wang is also one of the founders of our Group. Ms. Wang is primarily responsible for the corporate relations and business development of our Group.

Ms. Wang attended the Education Abroad Program at the University of California, Berkeley in the United States, in Fall 2003 and graduated from The Chinese University of Hong Kong in Hong Kong, with a degree of bachelor of business administration in December 2005. She was a finalist in the Copenhagen Business School Case Competition in 2005. From May 2005 to May 2007, Ms. Wang worked in Procter & Gamble Hong Kong Ltd., a consumer goods company, with the last position as assistant brand manager in marketing department.

Ms. Wang is also a director of AdBeyond BVI and AdBeyond HK, respectively.

Mr. Cheung Wing Hon (張永漢), aged 37, joined our Group in November 2012 and was appointed as our non-executive Director on 6 February 2014. Mr. Cheung is the brother of Ms. Cheung Laam.

Mr. Cheung graduated from The Chinese University of Hong Kong in Hong Kong, with a degree of bachelor of business administration in December 1999.

Mr. Patrick Cheung has extensive experience in the advertising industry and ran the advertising business through entities such as Hua Kuang Advertising (China) Company Limited (華光廣告(中國)有限公司) (“**Hua Kuang**”) from December 2001 to September 2010 and, currently, 北京傳智互動國際廣告有限公司上海辦事處 (Beijing Chuanzhi Interactive International Advertising Company Limited Shanghai Office). Mr. Cheung had been the chief executive officer of 上海傳智華光廣告有限公司 (Shanghai OOH Advertising Co. Ltd.), an out-of-home media service provider, from January 2003 to May 2009.

Mr. Patrick Cheung is also a venture capitalist. He has been the chairman of the board of HGI Capital Holdings Limited since its establishment in September 2009, which engages in private equity and venture capital investments and has networks in various industries such as Internet services, e-commerce, media and mobile Internet in the PRC.

Mr. Cheung is currently a director of HGI Finanves and HGI Growth, respectively. He is also a director of AdBeyond BVI and AdBeyond HK, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Cheung Laam (張嵐), aged 40, was appointed as our non-executive Director on 6 February 2014. Ms. Cheung Laam is the sister of Mr. Patrick Cheung.

Ms. Cheung attended The College Economics of The University of Chicago in the United States, and graduated with a degree of bachelor of arts in June 1996. Since December 2010, Ms. Cheung has been the executive director of 諾心食品(上海)有限公司 (Nouxin Food and Production Co. Ltd.), the principal business of which is bakery.

Ms. Cheung is also a director of AdBeyond BVI and AdBeyond HK, respectively.

Ms. Hu Ming (胡明), aged 43, joined our Group in November 2012 and was appointed as our non-executive Director on 6 February 2014.

Ms. Hu obtained a master of business management certificate from 對外經濟貿易大學 (University of International Business and Economics) in the PRC, in June 1995. Ms. Hu obtained the board secretary certificate from the Shenzhen Stock Exchange in March 2008. From April 2006 to January 2008, Ms. Hu worked as the chief financial officer of 華誼兄弟傳媒有限公司 (Huayi Brothers Media Company Limited) (the predecessor of Huayi Brothers Media).

Since January 2008, Ms. Hu has been a director, deputy general manager and from January 2008 to August 2014, Ms. Hu has served as the board secretary of Huayi Brothers Media, one of the substantial shareholders of our Company, which is a film production company founded in China with its shares listed on the Shenzhen Stock Exchange (stock code: 300027).

Ms. Hu is also a director of AdBeyond BVI and AdBeyond HK, respectively.

Independent non-executive Directors

Mr. Tso Ping Cheong, Brian (曹炳昌), aged 35, was appointed as our independent non-executive Director on 28 May 2014. He is the chairman of the audit committee and a member of the nomination committee.

Mr. Tso graduated from The Hong Kong Polytechnic University in Hong Kong, with a degree of bachelor of arts in accountancy in November 2003 and a degree of master of corporate governance in October 2013. Mr. Tso has over 10 years of accounting and financial experience. From September 2003 to July 2007 and August 2007 to November 2008, Mr. Tso worked at Ernst & Young Hong Kong office and Ernst & Young Shenzhen office, a multinational accounting firm, respectively, with the last position as manager. From December 2008 to May 2010, Mr. Tso was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited), a company listed on the Stock Exchange (stock code: 94). From May 2010 to August 2012, Mr. Tso was the senior vice president of Maxdo Project Management Company Limited, a project management company. Since January 2013, Mr. Tso has been the sole proprietor of Teton CPA Company, a certified public accountants firm. Mr. Tso had served as a non-executive director of Kong Shum Union Property Management Limited (stock code: 8181) from July 2014 to February 2015. Mr. Tso has been appointed as an independent non-executive director of each of GreaterChina Professional Services Limited (stock code: 8193) since July 2014, Larry Jewelry International Company Limited (formerly known as Eternite International Company Limited) (stock code: 8351) since

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

October 2014, and Newtree Group Holdings Limited (stock code: 1323) since February 2015. Mr. Tso has also been appointed as the company secretary of China Infrastructure Investment Limited (stock code: 600) since March 2015. Mr. Tso was admitted in September 2008 and is currently a practising member of the HKICPA. Mr. Tso was also admitted in October 2006 and is currently a fellow member of The Association of Chartered Certified Accountants. In January 2014, Mr. Tso was elected as an Associate of The Institute of Chartered Secretaries and Administrators and was also admitted as a member of The Hong Kong Institute of Chartered Secretaries.

Mr. David Tsoi (蔡大維), aged 68, was appointed as our independent non-executive Director on 28 May 2014. He is a member of the audit committee.

Mr. Tsoi obtained a master's degree in business administration from the University of East Asia, Macau (currently known as University of Macau) in the Macau Special Administrative Region of the PRC, in October 1986. Mr. Tsoi currently practises as managing director of Alliot, Tsoi CPA Limited, a certified public accountants firm. He was first admitted as a member of the HKICPA and advanced to fellowship in December 1981 and October 1989, respectively, and is currently a fellow of the HKICPA. Mr. Tsoi was first admitted as a fellow member in October 1986 and is currently a member of the Taxation Institute of Hong Kong. Mr. Tsoi was admitted as a member in 1992 and is currently a member of the Canadian Certified General Accountants Association of Hong Kong. Mr. Tsoi was admitted as a member of the Association of Chartered Certified Accountants in September 1981, advanced to fellowship status in September 1986, and is currently a member in good standing. Mr. Tsoi was admitted as a fellow of CPA Australia in November 2009 and is currently a fellow of CPA Australia.

Mr. Tsoi had served as an independent non-executive director of CSR Corporation Limited (stock code: 1766) from March 2008 to June 2014. Mr. Tsoi is currently an independent non-executive director of the following companies listed on the Stock Exchange: Enviro Energy International Holdings Limited (stock code: 1102), MelcoLot Ltd. (stock code: 8198) and Universal Technologies Holdings Limited (stock code: 1026).

Mr. Hong Ming Sang (項明生), aged 45, was appointed as our independent non-executive Director on 28 May 2014. He is a member of the audit committee and the chairman of the remuneration committee.

Mr. Hong graduated from The University of Hong Kong in Hong Kong, with a degree of bachelor of arts in December 1992. He obtained a diploma in marketing and international business from The Chinese University of Hong Kong in Hong Kong, in October 1997. In June 2007, Mr. Hong co-founded Asia HD Association Limited, a non-profit making organisation on the promotion of high-definition technology development in Hong Kong, and has been one of its directors since then. From September 2011 to November 2013, Mr. Hong was one of the directors of Sony Computer Entertainment Hong Kong Limited, a video game company.

Mr. Lam Tung Leung (林棟樑), aged 30, was appointed as our independent non-executive Director on 28 May 2014. He is a member of the remuneration committee and the chairman of the nomination committee.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lam graduated from Oxford Brookes University in the United Kingdom, with a degree of bachelor of arts in law with accounting in June 2006. He subsequently obtained a postgraduate certificate in laws from The University of Hong Kong in Hong Kong, in August 2007. Mr. Lam was admitted to practice law as a solicitor in Hong Kong in January 2010 and has been a member of The Law Society of Hong Kong since then. Mr. Lam has been practising as a solicitor in Hong Kong for over four years and is currently working as an associate with emphasis on corporate finance practice at Boughton Peterson Yang Anderson in association with Zhong Lun Law Firm, a law firm in Hong Kong.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

Mr. Jeff Ng, our executive Director, had been a director of Dream Capital Limited (夢資本有限公司) (“**Dream Capital**”), Easy Develop Limited (依時拓展有限公司) (“**Easy Develop**”), Village of Elderly (Group) Limited (長者軒(集團)有限公司) (“**Village of Elderly**”) and Winway International Trading Limited (斌滙貿易有限公司) (“**Winway**”), all of which were private companies incorporated in Hong Kong. Dream Capital, Easy Develop, Village of Elderly and Winway were dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 12 July 2013, 11 October 2013, 7 July 2006 and 4 April 2003, respectively. Prior to being dissolved by deregistration, none of Dream Capital, Easy Develop, Village of Elderly and Winway had commenced business. Mr. Jeff Ng confirmed that Dream Capital, Easy Develop, Village of Elderly and Winway were solvent at the time of them being dissolved by deregistration.

Mr. Patrick Cheung, our non-executive Director, had been a director of Hua Kuang and UR Galaxy Limited (“**UR Galaxy**”), both were private companies incorporated in Hong Kong. Hua Kuang and UR Galaxy were dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 30 September 2010 and 26 October 2007, respectively. Prior to being dissolved by deregistration, Hua Kuang was principally engaged in advertising and had ceased business whereas UR Galaxy was principally engaged in Internet services and had ceased business. Mr. Patrick Cheung confirmed that Hua Kuang and UR Galaxy were solvent at the time of them being dissolved by deregistration.

Mr. Patrick Cheung had been a director of 江陰華美服裝有限公司 (Jiangyin Huamei Garment Co., Ltd) (“**Jiangyin Huamei**”). Jiangyin Huamei was a limited liability company established in the PRC. To the best of the knowledge of Mr. Patrick Cheung, Jiangyin Huamei had ceased attending annual examination for about two years and the business licence of Jiangyin Huamei was subsequently revoked by 江蘇省無錫工商行政管理局 (Jiangsu Wuxi Administration for Industry & Commerce) on 19 June 2006 for its failure to attend annual examination. To the best of the knowledge of Mr. Patrick Cheung, Jiangyin Huamei was solvent at the time of revocation of its business licence.

Ms. Cheung Laam, our non-executive Director, had been a director of Coloriste Hairstyling Limited (“**Coloriste**”) and Sweet Factory Company Limited (津工坊有限公司) (“**Sweet Factory**”), both were private companies incorporated in Hong Kong. Coloriste and Sweet Factory were dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 3 June 2011 and 21 April 2011, respectively. Ms. Cheung confirmed that, prior to being dissolved by deregistration, Coloriste was principally engaged in hair styling and beauty services and had ceased business whereas Sweet Factory was principally engaged in garment production and management and had ceased business. Ms. Cheung Laam confirmed that Coloriste and Sweet Factory were solvent at the time of them being dissolved by deregistration.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Cheung Laam had been a director of 天甜(上海)餐飲管理有限公司 (Tiantian (Shanghai) Catering Management Co., Ltd) (“**Tiantian (Shanghai)**”) and 上海津工坊貿易有限公司 (Shanghai Sweet Factory Trade Company Limited) (“**Shanghai Sweet Factory**”), both were limited liability companies established in the PRC. The dissolution of Tiantian (Shanghai) by deregistration was approved by 上海市工商行政管理局 (Administration for Industry and Commerce of Shanghai) on 25 August 2014. Shanghai Sweet Factory had ceased business and its business licence was subsequently revoked by 普陀區市場監督管理局 (Market Supervision Commission of Putuo District) on 21 March 2011. To the best knowledge of Ms. Cheung Laam, Tiantian (Shanghai) and Shanghai Sweet Factory were solvent at the time of being dissolved.

Ms. Hu Ming, our non-executive Director, had been a director of 北京賦景通科技有限責任公司 (Beijing Fujingtong Technology Co., Ltd.) (“**Beijing Fujingtong**”), a limited liability company established in the PRC. Ms. Hu Ming was also a holder of 80% of the equity interest in Beijing Fujingtong. To the best of the knowledge of Ms. Hu Ming, Beijing Fujingtong had ceased attending annual examination for about two years and the business licence of Beijing Fujingtong was subsequently revoked by 北京市工商行政管理局朝陽分局 (Chaoyang Branch of the Beijing Administration for Industry and Commerce) on 26 December 2007 for its failure to attend annual examination. Ms. Hu Ming confirmed that Beijing Fujingtong was solvent at the time of revocation of its business licence.

Ms. Hu Ming had been a director of 天津濱海華誼兄弟文化藝術有限公司 (Tianjin Binhai Huayi Brothers Arts Co., Ltd.) (“**Tianjin Binhai**”), a limited liability company incorporated in the PRC. Tianjin Binhai was dissolved by deregistration on 28 July 2008. To the best knowledge of Ms. Hu Ming, prior to its dissolution, Tianjin Binhai had not commenced business. Ms. Hu Ming confirmed that Tianjin Binhai was solvent at the time of them being dissolved by deregistration.

Mr. David Tsoi, our independent non-executive Director, had been a director of Alliot Tsoi Ha CPA Limited (蔡夏會計師事務所有限公司) (“**Alliot Tsoi Ha**”), Perfect Work Consultants Limited (業勤顧問有限公司) (“**Perfect Work**”), Pondfame International Limited (信英國際有限公司) (“**Pondfame**”), Rhetoric Company Limited (絡奕有限公司) (“**Rhetoric**”) and Right Printers Limited (特威印務有限公司) (“**Right Printers**”), all of which were private companies incorporated in Hong Kong. Alliot Tsoi Ha, Perfect Work, Pondfame, Rhetoric and Right Printers were dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 22 June 2007, 26 August 2005, 21 December 2007, 22 November 2002 and 28 August 2009, respectively. Prior to being dissolved by deregistration, Alliot Tsoi Ha was principally engaged in accounting services and had ceased business; Perfect Work was principally engaged in consultancy services and had ceased business; Pondfame was principally engaged in investment holding and had ceased business; Rhetoric was principally engaged in investment holding and had ceased business; whereas Right Printers was principally engaged in printing services and had ceased business. Mr. Tsoi confirmed that Alliot Tsoi Ha, Perfect Work, Pondfame, Rhetoric and Right Printers were solvent at the time of them being dissolved by deregistration.

Mr. David Tsoi had been a director of Strong Source Limited (沛源有限公司) (“**Strong Source**”), a private company incorporated in Hong Kong. Strong Source was dissolved by deregistration pursuant to Section 751 of the Companies Ordinance on 24 April 2015. Mr. Tsoi confirmed that, prior to being dissolved by deregistration, Strong Source was principally engaged in management services and had ceased business. Mr. Tsoi confirmed that Strong Source was solvent at the time of it being dissolved by deregistration.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Hong Ming Sang, our independent non-executive Director, had been a director of Modernize Limited (新登有限公司) (“**Modernize**”), a private company incorporated in Hong Kong. Modernize was dissolved by deregistration pursuant to Section 291AA of the Predecessor Companies Ordinance on 5 July 2002. Mr. Hong confirmed that, prior to being dissolved by deregistration, Modernize was principally engaged in consultancy services and had ceased business. Mr. Hong confirmed that Modernize was solvent at the time of it being dissolved by deregistration.

Save as disclosed above, each of our Directors confirms with respect to him/her that: (i) he/she has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not have any relationship with any other Directors or senior management; (iii) save as disclosed in the section headed “Statutory and General Information – C. Disclosure of Interest” in Appendix V to this prospectus, he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed for him/her pursuant to Rule 17.50(2) of the GEM Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that need to be brought to the attention of our Shareholders.

COMPLIANCE WITH APPENDIX 15 TO THE GEM LISTING RULES

Mr. Alan Yip has been managing our Group’s business and overall strategic planning since its establishment. Our Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Alan Yip is beneficial to the business operations and management of our Group as it provides a strong and consistent leadership to our Group and that the current management has been effective in the development of our Group and implementation of business strategies under the leadership of Mr. Alan Yip. In allowing the two roles to be vested in the same person, our Directors believe both positions require in-depth knowledge and considerable experience of our Group’s business and Mr. Alan Yip is the most suitable person to occupy both positions for effective management of our Group. Accordingly, our Company has not segregated the roles of its chairman of the Board and chief executive officer as required by Code Provision A.2.1 of Appendix 15 to the GEM Listing Rules.

SENIOR MANAGEMENT

Mr. Wong Yuet Fu, Alfred (黃越富), aged 30, joined our Group in October 2011 as chief accountant of AdBeyond HK and is the chief financial officer of our Group. He is primarily responsible for the overall accounting and financial management of our Group.

Mr. Wong attended a student exchange programme at HES Amsterdam School of Economics and Business in the Netherlands from January 2006 to May 2006 and graduated from The Hong Kong Polytechnic University in Hong Kong, with a degree of bachelor of science in global supply chain management in December 2007. From January 2008 to September 2009 and October 2009 to February 2011, Mr. Wong worked at Lowe Bingham & Matthews PricewaterhouseCoopers (Macau) and PricewaterhouseCoopers Ltd. (Hong Kong), both are multinational accounting firms, respectively, with the last position as senior associate. He was admitted in May 2011 and is currently a member of the HKICPA.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Wong has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Mr. Tsui Siu Hung, Raymond (徐兆鴻) (*FCCA, FCPA*), aged 38, is the company secretary of our Company. He obtained a degree of bachelor of business administration from The Chinese University of Hong Kong in Hong Kong, in July 1999. His major subject was professional accountancy. He was admitted as a fellow member of the Association of the Chartered Certified Accountants in March 2008 and a fellow member of the HKICPA in June 2010. Mr. Tsui had been an independent non-executive director of Seamless Green China (Holdings) Limited (formerly known as Fast Systems Technology (Holdings) Limited), a company listed on the Stock Exchange (stock code: 8150) between December 2008 and February 2012, and a company secretary of Kong Shum Union Property Management (Holding) Limited, a company listed on the Stock Exchange (stock code: 8181) between June 2013 and March 2015. Mr. Tsui has been one of the partners of Tsui & Partners CPA Limited, a registered firm of certified public accountants (practising) in Hong Kong since March 2014, and a company secretary of the following companies listed on the Stock Exchange: China Healthcare Holdings Limited (stock code: 673) since March 2009 and Vongroup Limited (stock code: 318) since February 2010, respectively.

COMPLIANCE OFFICER

Mr. Ng Chi Fung (伍致豐) is the compliance officer of our Company. For details of his biography, please refer to the paragraph headed “Directors – Executive Directors” above of this section.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee pursuant to a resolution of our Directors passed on 20 May 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of our audit committee was adopted in compliance with paragraphs C3.3 and C3.7 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of our audit committee are, among other things, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee our financial reporting process, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by our Board.

At present, our audit committee comprises Mr. Tso Ping Cheong, Brian, Mr. David Tsoi and Mr. Hong Ming Sang. Mr. Tso Ping Cheong, Brian is the chairman of our audit committee.

Remuneration Committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 20 May 2015 with written terms of reference in compliance with Rules 5.34 and 5.35 of the GEM Listing Rules. The written terms of reference of our remuneration committee was adopted in compliance with paragraph B1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

15 to the GEM Listing Rules. The primary duties of our remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration packages of our Directors and senior management and ensure none of our Directors determine their own remuneration.

At present, our remuneration committee comprises Mr. Hong Ming Sang, Mr. Yip Shek Lun and Mr. Lam Tung Leung. Mr. Hong Ming Sang is the chairman of our remuneration committee.

Nomination Committee

Our Company established a nomination committee pursuant to a resolution of our Directors passed on 20 May 2015. Written terms of reference in compliance with A5.2 of the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules have been adopted. The primary duties of our nomination committee are mainly to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. Lam Tung Leung, Mr. Yip Shek Lun and Mr. Tso Ping Cheong, Brian. Mr. Lam Tung Leung is the chairman of our nomination committee.

COMPLIANCE ADVISER

Our Company has appointed CLC International as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the term commencing on the Listing Date and ending on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the Listing Date. Pursuant to Rule 6A.23 of the GEM Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (3) where our Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our Group's business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company under Rule 17.11 of the GEM Listing Rules.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, the aggregate emoluments including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid to our Directors by our Group was nil, approximately HK\$3.40 million and HK\$2.26 million, respectively.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, the aggregate emoluments including basic salaries, allowance, other benefits and contribution to retirement benefit scheme but excluding sales commission, paid to the five highest paid individuals (including our Directors) by our Group were approximately HK\$2.47 million, HK\$3.48 million and HK\$2.14 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals in respect of the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014.

Under the arrangements currently in force, we estimate that the aggregate emoluments payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for the year ending 31 March 2015 will be approximately HK\$3.15 million. Upon completion of the Listing, our remuneration committee will make recommendations on the emoluments of our Directors taking into account the performance of our Directors and market standards and the emoluments will be subject to approval by our Shareholders. Accordingly, the historical emoluments to our Directors during the Track Record Period may not reflect the future levels of emolument of our Directors.

During the Track Record Period, no discretionary bonus was paid to or receivable by our Directors and the five highest paid individuals. During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. During the Track Record Period, no compensation was paid by us to, or received by, our Directors or past directors for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. There was no arrangement under which a Director waived or agreed to waive any emolument during the Track Record Period.

For additional information on Directors' emoluments during the Track Record Period as well as information on the highest paid individuals, please refer to the Accountants' Report set out in Appendix I to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in section headed "Statutory and General Information – D. Share Option Scheme" in Appendix V to this prospectus.

SHARE CAPITAL

SHARE CAPITAL

The following tables set forth information with respect to the share capital of our Company after completion of the Placing and the Capitalisation Issue (without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or Shares which may be issued upon the exercise of the Offer Size Adjustment Option or Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise). All our Shareholders have the same voting right per Share.

Authorised Share Capital:		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>
 Shares issued and to be issued, fully paid or credited as fully paid:		
10,000	Shares in issue as at the date of this prospectus	100
1,199,990,000	Shares to be issued pursuant to the Capitalisation Issue	11,999,900
<u>400,000,000</u>	Shares to be issued pursuant to the Placing	<u>4,000,000</u>
 Total Shares issued and to be issued upon completion of the Placing and the Capitalisation Issue:		
<u>1,600,000,000</u>	Shares	<u>16,000,000</u>

If the Offer Size Adjustment Option is exercised in full, then 67,200,000 additional Shares will be issued, resulting in a total enlarged issued share capital of HK\$16,672,000 divided into 1,667,200,000 Shares of HK\$0.01 each.

ASSUMPTIONS

The table above assumes that the Placing becomes unconditional and the issue of Shares pursuant to the Placing is made. It does not take into account any Shares which may be (a) issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; (b) issued upon the exercise of the Offer Size Adjustment Option; and (c) allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to in the paragraphs headed “General Mandate to Issue Shares” and “General Mandate to Repurchase Shares” in this section below.

MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of our Company’s issued share capital in the hands of the public.

SHARE CAPITAL

RANKING

The Placing Shares will rank pari passu in all respects with all the Shares now in issue or to be issued as set out in the above table, and, in particular, will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the Listing Date save for any entitlement to the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” as set out in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Placing become unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal amount of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue (excluding any Shares which may fall to be issued pursuant to the Offer Size Adjustment Option); and
- (b) the aggregate nominal amount of share capital of our Company purchased by our Company pursuant to the authority granted to our Directors referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of the options which may be granted under the Share Option Scheme or the Offer Size Adjustment Option.

This general mandate to issue Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by laws or the Articles of Association to hold its next annual general meeting; or
- (c) the passing of an ordinary resolution by Shareholders in general meeting revoking and varying the authority given to the Directors.

Further details of this general mandate are set out in the section headed “Statutory and General Information – A. Further Information about our Company – 4. Written resolutions of our Shareholders passed on 20 May 2015” in Appendix V to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Placing become unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue or to be issued immediately following completion of the Placing and the Capitalisation Issue (excluding any Shares which may fall to be issued pursuant to the Offer Size Adjustment Option).

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and/or requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “Statutory and General Information – A. Further Information about our Company – 6. Repurchase by our Company of its own securities” in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

- (a) the conclusion of our Company’s next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;
- (b) the expiration of the period within which our Company is required by laws or Articles of Association to hold its next annual general meeting; or
- (c) the passing of an ordinary resolution by Shareholders in general meeting revoking and varying the authority given to the Directors.

For further details of this repurchase mandate, please refer to the section headed “Statutory and General Information – A. Further Information about our Company – 4. Written resolutions of our Shareholders passed on 20 May 2015” in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

Our Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as may be authorised by the Stock Exchange) shall elapse between the date of one annual general meeting of our Company and that of the next.

All general meetings other than annual general meetings shall be called extraordinary general meetings. Our Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of our Company having the right of voting at general meetings. Such requisition shall be made in writing to our Board or company secretary for the purpose of requiring an extraordinary general meeting to be called by our Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If our Board fails to proceed to convene such meeting within 21 days of such deposit, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of our Board shall be reimbursed to the requisitionist(s) by our Company.

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware of, immediately after completion of the Placing and Capitalisation Issue (without taking into account the Shares to be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or pursuant to the Offer Size Adjustment Option), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/Nature of interest	Number of Shares held in our Company immediately after completion of the Placing and the Capitalisation Issue	Approximate percentage of interests in our Company immediately after completion of the Placing and the Capitalisation Issue	Number of Shares held in our Company as at the date of submission of application for the Listing	Approximate percentage of interests in our Company as at the date of submission of application for the Listing
Cooper Global	Beneficial owner <i>(Note 1)</i>	249,120,000 Shares	15.57%	Nil	Nil
Mr. Alan Yip	Interests held jointly with another person <i>(Note 2)</i>	365,760,000 Shares	22.86%	Nil	Nil
	Interest in controlled corporation <i>(Note 1)</i> /Interest of spouse <i>(Note 3)</i>	249,120,000 Shares	15.57%	Nil	Nil
Ms. Karin Wan	Interests held jointly with another person <i>(Note 2)</i>	365,760,000 Shares	22.86%	Nil	Nil
	Interest in controlled corporation <i>(Note 1)</i> /Interest of spouse <i>(Note 3)</i>	249,120,000 Shares	15.57%	Nil	Nil
Mr. Jeff Ng	Interests held jointly with another person <i>(Note 2)</i>	432,000,000 Shares <i>(Note 4)</i>	27.00%	Nil	Nil
	Beneficial owner	182,880,000 Shares <i>(Note 4)</i>	11.43%	1 Share	100%
Ms. Liza Wang	Interests held jointly with another person <i>(Note 2)</i>	432,000,000 Shares	27.00%	Nil	Nil
	Beneficial owner	182,880,000 Shares	11.43%	Nil	Nil

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

Name	Capacity/Nature of interest	Number of Shares held in our Company immediately after completion of the Placing and the Capitalisation Issue	Approximate percentage of interests in our Company immediately after completion of the Placing and the Capitalisation Issue	Number of Shares held in our Company as at the date of submission of application for the Listing	Approximate percentage of interests in our Company as at the date of submission of application for the Listing
Huayi Brothers	Beneficial owner (<i>Note 5</i>)	240,000,000 Shares	15.00%	Nil	Nil
Huayi Brothers International	Interest in controlled corporation (<i>Notes 5 and 6</i>)	240,000,000 Shares	15.00%	Nil	Nil
Huayi Brothers Media	Interest in controlled corporation (<i>Notes 5 and 6</i>)	240,000,000 Shares	15.00%	Nil	Nil

Notes:

1. These Shares are held by Cooper Global, which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. By virtue of the SFO, Mr. Alan Yip and Ms. Karin Wan are deemed to be interested in the Shares held by Cooper Global.
2. Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting in Concert Confirmation and Undertaking, each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that they have exercised their voting rights at the meetings of the shareholders and/or directors of members of our Group in unanimity since 1 April 2011, and will continue to do so.
3. Mr. Alan Yip is the spouse of Ms. Karin Wan. Under the SFO, Mr. Alan Yip is deemed to be interested in all the Shares in which Ms. Karin Wan is interested in. Ms. Karin Wan is the spouse of Mr. Alan Yip. Under the SFO, Ms. Karin Wan is deemed to be interested in all the Shares in which Mr. Alan Yip is interested in.
4. Ms. Chen Wing Man is the spouse of Mr. Jeff Ng and therefore she is deemed to be interested in all the Shares in which Mr. Jeff Ng is interested in.
5. These amounts reflect the numbers of Shares to be held by Huayi Brothers assuming that the Offer Size Adjustment Option and the Amended Anti-Dilution Right of Huayi Brothers are not exercised.
6. These Shares are held by Huayi Brothers, which is wholly owned by Huayi Brothers International, which is in turn wholly owned by Huayi Brothers Media. By virtue of the SFO, Huayi Brothers International and Huayi Brothers Media are deemed to be interested in the Shares held by Huayi Brothers.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following the completion of the Placing and Capitalisation Issue (without taking into account the Shares to be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or pursuant to the Offer Size Adjustment Option), have an interest or short position in the Shares or underlying

SUBSTANTIAL AND SIGNIFICANT SHAREHOLDERS

Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, apart from the persons disclosed under the section headed “Relationship with our Controlling Shareholders” in this prospectus and the paragraph headed “Substantial Shareholders” above, immediately after completion of the Placing and Capitalisation Issue (without taking into account the Shares to be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or granted under the Offer Size Adjustment Option), the following persons will be entitled to exercise or control the exercise of 5% or more of the voting power at general meetings of our Company, and is accordingly regarded as a significant shareholder upon the Listing under the GEM Listing Rules:

Name	Capacity/Nature of Interest	Number of Shares held in our Company immediately after completion of the Placing and the Capitalisation Issue	Approximate percentage of interests in our Company immediately after completion of the Placing and the Capitalisation Issue
Mr. Harry Wong	Interest in controlled corporation (<i>Note</i>)	125,400,000 Shares	7.84%
Pure Force	Beneficial owner	125,400,000 Shares	7.84%
HGI Growth	Beneficial owner	132,720,000 Shares	8.30%

Note: These Shares are held by Pure Force, which is wholly owned by Mr. Harry Wong. By virtue of the SFO, Mr. Harry Wong is deemed to be interested in the Shares held by Pure Force.

UNDERTAKINGS

Our Controlling Shareholders have jointly and severally given certain undertakings in respect of the Shares to our Company, the Sole Sponsor, the Sole Lead Manager (also in its capacity as the Underwriter) and the Stock Exchange, details of which are set out under the section headed “Underwriting” in this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our combined financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical combined financial information and operating data included elsewhere in this prospectus. Our combined financial information has been prepared in accordance with HKFRSs as adopted by the HKICPA.

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please refer to the sections headed "Risk Factors" and "Forward-looking Statements" for discussions of those risks and uncertainties.

OVERVIEW

We are an integrated digital marketing service provider, ranking second among all digital marketing service providers in Hong Kong in terms of revenue for the year ended 31 March 2014 according to the Ipsos Report. We mainly utilise digital media such as websites, apps, mobile sites and social media platforms to plan and implement marketing strategies and launch marketing campaigns for the advertisers which include local and international brands across various business sectors, NGOs and public bodies. Our digital marketing services are provided to advertisers directly or through advertising agencies. We have been operating in Hong Kong since 2007 and in the PRC since 2011. Our business model is supported by three categories of digital marketing services namely: (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

We consider that our Group had achieved satisfactory growth in business and financial performance during the Track Record Period. Our Group's revenue for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014 amounted to approximately HK\$89.05 million, HK\$112.59 million and HK\$95.09 million, respectively, while our Group's total comprehensive income for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014 amounted to approximately HK\$13.71 million, HK\$4.54 million and HK\$8.74 million, respectively. Please refer to the section headed "Business" in this prospectus for a detailed discussion of our business.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those discussed below, some of which are beyond our control.

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Change of overall Hong Kong and PRC economic conditions which might affect the digital marketing budgets of local and international brands

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, 83.64%, 83.73% and 84.19% of our revenue was generated from local and international brands, whether directly or through their advertising agencies, respectively. Therefore, our revenue is highly dependent on the budgets of the local and international brands. As budgets of local and international brands are closely related to the economic trend, our Group was indirectly exposed to the economic factors and risks that affected such advertisers, such as disposable income per household, average saving rates, consumer spending and GDP growth in Hong Kong and the PRC. During the Track Record Period, in view of the improvement in local consumption in Hong Kong and stable growth in the PRC economy, we benefited from the increase of marketing budget by the local and international brands. However, if this trend does not continue, our business might be adversely affected.

Our ability to retain existing and cooperate with new partner websites, apps and mobile sites

We believe the popularity of our partner websites, apps and mobile sites has a significant impact on our results of operations as it affects our ability to attract or retain our clients. Budgets of the advertisers are directly related to the effectiveness of marketing strategies. The advertisers are inclined to spend more on promotion if they are able to achieve wider market coverage and efficiency. Therefore, our ability to cooperate with new and reputable websites, apps and mobile sites and retain existing partner websites, apps and mobile sites is critical to maintaining our competitiveness in the market and client base.

For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our procurement costs of advertising space amounted to approximately HK\$17.36 million, HK\$21.48 million and HK\$20.00 million, respectively. For illustrative purpose only, the below table illustrates the sensitivity on our profit resulting from hypothetical fluctuation in procurement costs of advertising space for the years/period indicated:

	Changes in procurement costs of advertising space	
	<i>increase by</i>	<i>decrease by</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hypothetical fluctuation	40.65%	40.65%
Change in procurement costs of advertising space ⁽¹⁾		
For the year ended 31 March 2013	7,058	(7,058)
For the year ended 31 March 2014	8,732	(8,732)
For the eight months ended 30 November 2014	8,131	(8,131)
Change in profit for the year/period ⁽²⁾		
For the year ended 31 March 2013	(7,058)	7,058
For the year ended 31 March 2014	(8,732)	8,732
For the eight months ended 30 November 2014	(8,131)	8,131

FINANCIAL INFORMATION

Notes:

- (1) Hypothetical fluctuation is assumed to be 40.65% with reference to the change in our average procurement costs of advertising space during the Track Record Period.
- (2) Save for the hypothetical fluctuation in procurement costs of advertising space, all other factors are assumed to be unchanged.

Our ability to keep abreast of the latest development in the digital marketing service industry

The digital marketing service industry is a fast-moving industry. Our ability to provide digital marketing services that are well-accepted in the industry and by the advertisers is critical to our operations. Therefore, we must keep abreast of the emergence of new digital marketing services and new digital marketing platforms in order to meet with the demand of advertisers. Should we fail to stay ahead of the industry trend and rapidly respond to the latest developments and the needs of our clients in terms of offerings and pricing of our services, the continual growth of our business may be affected.

Our ability to manage and retain employees

As an integrated digital marketing service provider, we believe that human resources management is the key to our success. During the Track Record Period, we retained a management team with extensive industry experiences and a responsive and creative workforce.

To retain our dedicated employees, we offer attractive remuneration packages and create an open corporate culture. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our staff costs, sales commission and directors' emoluments (the "Labour Costs") amounted to approximately HK\$30.35 million, HK\$44.95 million and HK\$34.86 million, respectively. The overall increase in staff costs was due to our commitment to investing in employees and retaining our workforce.

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For illustrative purpose only, the below table illustrates the sensitivity on our profit resulting from hypothetical fluctuation in Labour Costs for the years/period indicated:

	Changes in Labour Costs	
	<i>increase by</i>	<i>decrease by</i>
Hypothetical fluctuation	48.12%	48.12%
	<i>HK\$'000</i>	<i>HK\$'000</i>
Change in Labour Costs⁽¹⁾		
For the year ended 31 March 2013	14,602	(14,602)
For the year ended 31 March 2014	21,628	(21,628)
For the eight months ended 30 November 2014	16,774	(16,774)
Change in profit for the year/period⁽²⁾		
For the year ended 31 March 2013	(14,602)	14,602
For the year ended 31 March 2014	(21,628)	21,628
For the eight months ended 30 November 2014	(16,774)	16,774

Notes:

- (1) Hypothetical fluctuation is assumed to be 48.12% with reference to the change in our average Labour Costs during the Track Record Period.
- (2) Save for the hypothetical fluctuation in Labour Costs, all other factors are assumed to be unchanged.

Our ability to expand our client base in Hong Kong and the PRC

Our success depends on our ability to increase revenue by expanding client base in Hong Kong and the PRC. Our revenue for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014 was approximately HK\$89.05 million, HK\$112.59 million and HK\$95.09 million, respectively. Our revenue attributable to our Hong Kong-based clients increased by approximately 26.91% to approximately HK\$95.46 million for the year ended 31 March 2014 from approximately HK\$75.22 million for the year ended 31 March 2013, and further increased by approximately 19.50% to approximately HK\$76.02 million for the eight months ended 30 November 2014 from approximately HK\$63.62 million for the eight months ended 30 November 2013, and our revenue attributable to our PRC-based clients increased by approximately 23.93% to approximately HK\$17.14 million for the year ended 31 March 2014 from approximately HK\$13.83 million for the year ended 31 March 2013, and further increased by approximately 57.13% to approximately HK\$19.07 million for the eight months ended 30 November 2014 from

FINANCIAL INFORMATION

approximately HK\$12.14 million for the eight months ended 30 November 2013. The following table sets forth our total revenue and revenue attributable to our PRC-based clients and our Hong Kong-based clients, respectively, during the Track Record Period:

	For the year ended 31 March				For the eight months ended 30 November	
	2013		2014		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Revenue attributable to our PRC-based clients (<i>Note 1</i>)	13,831	15.53	17,139	15.22	19,075	20.06
Revenue attributable to our Hong Kong-based clients (<i>Note 2</i>)	<u>75,217</u>	<u>84.47</u>	<u>95,455</u>	<u>84.78</u>	<u>76,017</u>	<u>79.94</u>
Total:	<u><u>89,048</u></u>	<u><u>100.00</u></u>	<u><u>112,594</u></u>	<u><u>100.00</u></u>	<u><u>95,092</u></u>	<u><u>100.00</u></u>

Notes:

1. Revenue attributable to our PRC-based clients includes revenue from all of our clients based in the PRC and excludes revenue from all of our clients based in Hong Kong, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients).
2. Revenue attributable to our Hong Kong-based clients includes revenue from all of our clients based in Hong Kong and excludes revenue from all of our clients based in the PRC, regardless of the location of our operations (i.e. the office location of our subsidiaries which signed the relevant contracts for digital marketing services with our clients).
3. A number of our PRC-based clients entered into contracts with AdBeyond HK, our major Hong Kong subsidiary, for digital marketing services involving the use of global social media platforms as our PRC subsidiaries, like other companies established in the PRC, do not have access to certain global social media platforms under the policies of the PRC Government. During the Track Record Period, over 90% of our Group's revenue was attributable to contracts signed by our subsidiaries with offices located in Hong Kong. No geographic information for our Group's revenue from external clients has been presented in the Accountants' Report in Appendix I to this prospectus as based on the office location of our subsidiaries which signed the contracts with our clients, over 90% of the external revenue was generated from Hong Kong during the Track Record Period.

Our ability to provide the advertisers with integrated digital marketing services

Our success is dependent on our continued ability to provide integrated digital marketing services for advertisers.

We maintained a relatively stable overall gross profit margin in the range of 42.91% to 44.18% during the Track Record Period, which was attributable to our ability to allocate our resources to provide a wide range of services from planning and implementing marketing strategies to launching campaigns with the use of digital media.

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We believe that our integrated digital marketing services distinguish us from our competitors and allow us to maintain competitiveness in the industry. However, the high profit margin of our business is likely to attract new competitors. This could intensify the competition in the Hong Kong and the PRC and might eventually affect our margin.

ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical Accounting Policies, Judgements and Estimates

We have identified certain accounting policies that are significant to the preparation of our financial statements. Our significant accounting policies, which are important for an understanding of our financial conditions and results of operations, are set forth in detail in Note 4 to the Accountants' Report included in Appendix I to this prospectus. Some of our accounting policies involve subjective assumptions and estimates as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects that period, or in the period of the revision and further periods if the revision affects both current and future periods. We had not experienced any material deviation between our management's estimate and actual results and had not changed these estimates during the Track Record Period. Our management does not expect any material change in these estimates in the foreseeable future.

When reviewing our financial statements, you should consider (i) our selection of critical accounting policies; (ii) the judgement and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe involve the most significant estimates and judgements used in the preparation of our financial statements.

Basis of combination

The financial information incorporates the financial statements of our Company and entities controlled by our Company.

Control is achieved where our Group has: (i) the power over the investee; (ii) exposure or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of our Group's returns.

Our Group reassesses whether we control an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Combination of a subsidiary begins when our Group obtains control of the subsidiary and ceases when our Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statement of profit or loss and other comprehensive income from the date our Group gains control until the date when our Group ceases to control the subsidiary.

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Profit or loss and each item of other comprehensive income are attributed to the owners of our Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of our Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of our Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of our Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The combined financial statements incorporate the financial statements items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue recognition

For our digital marketing services including digital advertisement placement services and social media management services, we are required to provide services for a certain period of time, which generally last from two weeks to 12 months. We recognise revenue determined by the period, generally in terms of months, during which our services are rendered to our clients.

For our creative and technology services, which include (a) production services for advertising materials; (b) app development services; and (c) marketing consultancy services are recognised by reference to stage of completion, which is determined by reference to the total cost of providing the services.

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Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to our Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the combined statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognised in other comprehensive income or directly in equity respectively.

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Intangible assets

Internally-generated intangible asset – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the followings have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Critical judgements in applying accounting policies

Significant influence over associates

Our Directors considered bMedia, Qooza Interactive and Unwire, in which our Group has 19.9%, 13% and 19.9% equity interests, respectively, are our associates as we have significant influence over bMedia, Qooza Interactive and Unwire by virtue of our contractual right to appoint one out of five directors in the boards of directors of bMedia, Qooza Interactive and Unwire under the provisions stated in the shareholders' agreements of our associates.

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Key source of estimation uncertainty

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives involves our management's estimation. We assess annually the useful lives of intangible assets and if the expectation differs from the original estimates, such a difference may impact the amortisation in the year and the estimate will be changed in the future period.

Estimated impairment loss on intangible assets

At the end of the reporting period, we perform testing on whether there has been impairment of intangible assets in accordance with our accounting policy set out in Note 4 to the Financial Information in the Accountants' Report included as Appendix I to this prospectus. Determining whether the intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets has been allocated. The value in use calculation requires our Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013 and 31 March 2014 and 30 November 2014, the carrying values of our intangible assets were approximately HK\$2.16 million, HK\$1.71 million and HK\$2.84 million, respectively. No impairment loss was recognised during the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014.

Estimated allowance for doubtful receivables

Our Group makes allowance for doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the estimation of future cash flows. Where the expectation of the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and allowance for doubtful debts in the year in which such estimation has changed. As at 31 March 2013 and 31 March 2014 and 30 November 2014, the carrying values of trade and bills receivables were approximately HK\$27.54 million, HK\$39.74 million and HK\$49.66 million (net of allowance for doubtful debts of approximately HK\$0.67 million, HK\$0.51 million and HK\$0.34 million), respectively.

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RESULTS OF OPERATIONS

The following tables set forth our selected financial information relating to our results of operations during the Track Record Period as extracted from the Accountants' Report included as Appendix I to this prospectus:

Combined Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 March		Eight months ended 30 November	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Unaudited)	2014 <i>HK\$'000</i>
Revenue	89,048	112,594	75,755	95,092
Cost of services	<u>(49,707)</u>	<u>(64,280)</u>	<u>(42,530)</u>	<u>(53,845)</u>
Gross profit	39,341	48,314	33,225	41,247
Other income	60	326	205	420
Selling expenses	(10,169)	(13,217)	(8,350)	(10,243)
Administrative expenses	(12,492)	(28,381)	(14,226)	(20,931)
Share of results of associates	(38)	74	194	271
Finance costs	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Profit before tax	16,699	7,114	11,046	10,762
Income tax expense	<u>(2,995)</u>	<u>(2,513)</u>	<u>(1,864)</u>	<u>(2,100)</u>
Profit for the year/period	13,704	4,601	9,182	8,662
Other comprehensive income for the year/period				
<i>Items that will be subsequently reclassified to profit or loss</i>				
Exchange differences arising on translation of foreign operations	<u>6</u>	<u>(58)</u>	<u>12</u>	<u>78</u>
Total comprehensive income for the year/period	<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>
Profit for the year/period attributable to owners of our Company	<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>
Total comprehensive income for the year/period attributable to owners of our Company	<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>

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DESCRIPTIONS OF CERTAIN INCOME STATEMENT ITEMS

The following discussion is based on our historical results of operations and may not be indicative of our future operating performance.

Revenue

We generated revenues of approximately HK\$89.05 million, HK\$112.59 million and HK\$95.09 million for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

During the Track Record Period, we derived our revenues from our integrated digital marketing business consisting of: (a) digital advertisement placement services; (b) social media management services; and (c) creative and technology services. The following table sets forth our revenue breakdown by the abovementioned categories of digital marketing services for the years indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Digital advertisement placement services	31,191	35.03	39,974	35.50	28,115	37.11	35,610	37.45
Social media management services	34,591	38.84	47,196	41.92	32,403	42.77	37,227	39.15
Creative and technology services	23,266	26.13	25,424	22.58	15,237	20.12	22,255	23.40
Total	89,048	100.00	112,594	100.00	75,755	100.00	95,092	100.00

We derived our revenues from the following sources:

Digital advertisement placement services

Our digital advertisement placement services comprise (a) display advertisement placement on websites, apps and mobile sites; (b) social advertisement placement on social media platforms; and (c) search engine marketing via search engines. We derived our revenues through advising our clients on the procurement of advertising space for their marketing campaigns and assisting our clients in placing advertisements on the abovementioned media.

Social media management services

Our social media management services involve (a) social media corporate profile management services; and (b) online monitoring services. We derived revenue from social media management services by assisting the advertisers in setting up, customising and maintaining corporate profile pages or corporate

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accounts for the advertisers. We also received revenue for monitoring the advertisers' corporate profiles pages and activities relating to the advertisers across the Internet (including websites, mobile sites and social media platforms).

Creative and technology services

Our creative and technology services involve the provision of (a) production services for advertising materials; (b) app development services; and (c) marketing consultancy services. We received production fees from our clients for designing advertising materials (such as display advertisements and social advertisements), websites, mobile sites and corporate profile pages. In addition, revenues were derived from developing apps which would be used as part of the digital marketing services and provision of marketing consultancy services.

Cost of services

Our cost of services was the major expenditure item of our Group during the Track Record Period, amounting to approximately HK\$49.71 million, HK\$64.28 million and HK\$53.84 million for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. The following table sets forth a breakdown of our cost of services by the categories of digital marketing services for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Digital advertisement placement services	20,371	40.98	25,223	39.24	16,608	39.05	23,234	43.15
Social media management services	19,652	39.54	26,389	41.05	17,896	42.08	22,619	42.01
Creative and technology services	9,684	19.48	12,668	19.71	8,026	18.87	7,992	14.84
Total	49,707	100.00	64,280	100.00	42,530	100.00	53,845	100.00

Digital advertisement placement services

For our digital advertisement placement services, our cost of services primarily consisted of (i) the cost of procurement of advertising space paid to operators of websites, apps and mobile sites, social media platforms and search engines; (ii) the staff costs in connection with the provision of our digital advertisement placement services; and (iii) the licence fees we paid for the software supporting our Maximizer Ad-Network and MobMax HK Ad-Network.

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The following table sets forth a breakdown of our cost of services from digital advertisement placement services by nature for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Procurement of advertising space	17,362	85.23	21,479	85.15	14,220	85.62	20,001	86.09
Staff costs	2,303	11.30	2,968	11.77	1,863	11.22	2,370	10.20
Software licence fees	706	3.47	776	3.08	525	3.16	863	3.71
Total	20,371	100.00	25,223	100.00	16,608	100.00	23,234	100.00

Social media management services

The cost of services for our social media management services primarily consisted of (i) the service fees we paid to VDS in relation to the provision of online monitoring services and related video production services; (ii) the engagement fees we paid to reputable commentators who try the products or services of the advertiser and post their trial reviews on the Internet thereafter, so as to enhance brand awareness of the advertiser; and (iii) staff costs.

The following table sets forth our cost of services breakdown from social media management services by nature for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Service fees to VDS:								
– online monitoring	9,661	49.16	10,686	40.49	8,201	45.83	6,856	30.31
– video production	721	3.67	193	0.73	181	1.01	155	0.68
Engagement fees to reputable commentators	1,135	5.78	3,047	11.55	1,605	8.97	3,546	15.68
Staff costs	7,760	39.49	10,903	41.32	6,971	38.95	10,332	45.68
Amortisation expenses	114	0.58	455	1.72	303	1.69	303	1.34
Others	261	1.32	1,105	4.19	635	3.55	1,427	6.31
Total	19,652	100.00	26,389	100.00	17,896	100.00	22,619	100.00

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Creative and technology services

Our cost of services primarily involved staff costs and the fees we paid to software and programme developers, photographers and translators, which provided supporting services for our creative and technology services.

The following table sets forth a breakdown of our cost of services from creative and technology services by nature for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)							
Staff costs	6,919	71.45	8,588	67.79	5,748	71.62	5,236	65.52
Supporting services	2,765	28.55	4,080	32.21	2,278	28.38	2,756	34.48
Total	9,684	100.00	12,668	100.00	8,026	100.00	7,992	100.00

Gross profit and gross profit margin

Our gross profit was approximately HK\$39.34 million, HK\$48.31 million and HK\$41.25 million for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. Our gross profit margin was approximately 44.18%, 42.91% and 43.38% for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

The following table sets forth our gross profit and gross profit margin of each category of digital marketing services for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	(Unaudited)							
Digital advertisement placement services	10,820	34.69	14,751	36.90	11,507	40.93	12,376	34.75
Social media management services	14,939	43.19	20,807	44.09	14,507	44.77	14,608	39.24
Creative and technology services	13,582	58.38	12,756	50.17	7,211	47.33	14,263	64.09
Total:	39,341	44.18	48,314	42.91	33,225	43.86	41,247	43.38

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As an integrated digital marketing service provider, we utilise different types of digital media such as websites, apps, mobile sites, social media platforms and search engines so as to provide customised integrated digital marketing strategies to our clients and deliver comprehensive information relating to a brand or product to our client's target audience. With (i) the synergies generated from the three business segments under our integrated digital marketing service business model, which enable us to provide our clients with value-added and innovative digital marketing strategies; (ii) our leading market position and strong brand recognition in the industry as supported by the Ipsos Report and by the awards we won, and (iii) the benefits attributable to economies of scale as our employees were specialised in each of their respective areas of services through division of labour and the establishment of standardised workflow, we achieved high gross profit margins during the Track Record Period.

Although our gross profit margin for digital advertisement placement services during the Track Record Period was lower than that of social media management services and creative and technology services, it was relatively higher than that of some digital marketing service providers in the market. The high gross profit margin for digital advertisement placement services was mainly driven by our revenue attributable to the provision of display advertisement services through our Ad-Network and our provision of social advertisement placement services. Our Ad-Network offers automated optimisation and targeting functions to meet the needs of the advertisers for display advertisements and places display advertisements automatically and directly on advertising spaces available in multiple designated partner websites, apps and mobile sites within our Ad-Network. The provision of display advertisement services through our Ad-Network enables us to generate a higher gross profit margin under the sub-category of display advertisement placement services because the automated function of our Ad-Network (i) simplifies the sales, administrative, operational and after-sales procedures in relation to advertisement placement for our partner websites, apps and mobile sites within our Ad-Network, thereby encouraging them to offer more competitive advertising space procurement prices to our Group; (ii) reduces the time and resources required by us to place display advertisements for the advertisers; and (iii) provides a more effective digital advertisement placement services to the advertisers by managing the advertisement placement in real-time and delivering marketing messages more evenly at a planned level to strengthen the advertisement performance. In addition, our profit generated under our social advertisement placement services is enhanced as we are able to analyse the target audience demographics and, accordingly, effectively place competitive bids for advertising spaces which are less expensive through the bidding system for the procurement of advertising space on social media platforms.

The high gross profit margin for social media management services was mainly attributable to our social media corporate profile management services. Our social media corporate profile management services are mostly provided on the publicly and freely available social media platforms with minimal cost incurred. In addition to the reasons and factors as set out above, with staff costs as our primary operating expenses for social media corporate profile management services, we were able to maintain a relatively higher gross profit margin.

In addition to the reasons and factors as set out above, we had been able to achieve high gross profit margin for our creative and technology services during the Track Record Period due to the reasons as set out below. After the initial costs for developing certain basic programmes and apps, we were able to improve our cost efficiency in providing app development services. The average time and resources required for each engagement were optimised as we were required to carry out minimal specification and fine-tuning work

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based on the previous programmes and apps we developed. In addition, with minimal involvement of and hence, costs paid to, our suppliers, our costs in the provision of creative and technology services were mainly staff cost which facilitated the attainment of a relatively higher gross profit margin.

Other income

Our other income primarily comprised (i) exchange gain; and (ii) interest income on bank deposits. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our other income was approximately HK\$60,000, HK\$0.33 million and HK\$0.42 million, respectively.

Selling expenses

Our selling expenses primarily comprised staff costs and sales commission for our sales personnel, and marketing-related expenses directly related to our sales and marketing activities. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our selling expenses represented approximately 11.42%, 11.74% and 10.77% of our revenues, respectively.

The following table sets forth a breakdown of our selling expenses for the years/periods indicated:

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(Unaudited)</i>							
Staff costs	6,784	66.71	7,455	56.40	4,576	54.80	6,164	60.17
Sales commission	2,221	21.84	3,444	26.06	2,551	30.55	2,546	24.86
Marketing-related expenses	1,164	11.45	2,318	17.54	1,223	14.65	1,533	14.97
Total	10,169	100.00	13,217	100.00	8,350	100.00	10,243	100.00

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Administrative expenses

Our administrative expenses primarily comprised staff costs, directors' emoluments, rental expenses, staff welfare, travelling expenses, depreciation and listing expenses. Our other expenses were mainly utility expenses, building management fees and recruitment-related expenses. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our administrative expenses represented approximately 14.03%, 25.21% and 22.01% of our revenues, respectively.

	For the year ended 31 March				For the eight months ended 30 November			
	2013		2014		2013		2014	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(Unaudited)</i>							
Staff costs	4,360	34.90	8,195	28.87	5,082	35.72	5,950	28.43
Directors' remuneration (Note)	-	-	3,396	11.97	2,264	15.91	2,263	10.81
Rental expenses	2,497	19.99	3,652	12.87	2,307	16.22	3,710	17.73
Staff welfare	635	5.08	1,097	3.87	596	4.19	783	3.74
Travelling expenses	575	4.60	1,824	6.43	858	6.03	1,599	7.64
Depreciation	708	5.67	949	3.34	590	4.15	1,146	5.47
Listing expenses	-	-	5,146	18.13	-	-	1,686	8.06
Others	3,717	29.76	4,122	14.52	2,529	17.78	3,794	18.12
Total	12,492	100.00	28,381	100.00	14,226	100.00	20,931	100.00

Note:

During the Track Record Period, only the directors of our Group who were also employees of our Group were entitled to receive emolument (including salaries and other allowances, and contributions to retirement benefits schemes). Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Mr. Harry Wong (a director of AdBeyond HK from 15 April 2011 to 30 November 2012) did not receive any emoluments from our Group during the year ended 31 March 2013 as they were not the employees of our Group during the relevant year. In early 2012, in anticipation of our Group's expansion into the PRC, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Mr. Harry Wong, who were also our Shareholders, terminated their respective employment contracts with AdBeyond HK for the period from 1 April 2012 to 31 March 2013 in order to reduce our Group's contractual liability to pay salaries to them. Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang remained to be directors of our Group with no emolument during the year ended 31 March 2013. Mr. Harry Wong remained to be a director of AdBeyond HK until 30 November 2012 with no emolument.

Share of results of associates

Our associates are mainly engaged in the business of provision of Internet and website advertisements. Share of results of associates represented the aggregate share of our associates' net profits or losses attributable to our interests in those associates. Our associates were entities over which we had significant influence but had no control. During the Track Record Period, our share of results of associates comprised (i) our share of results of Travellife Co, in which we own a 20% equity interest; (ii)

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our share of results of bMedia, in which we own a 19.9936% equity interest; (iii) our share of results of Qooza Interactive, in which we own a 13% equity interest and (iv) our share of results of Unwire, in which we own a 19.992% equity interest.

Finance costs

Finance costs consist of interest charges on a finance lease and bank charges.

Income tax expense

Our income tax expense primarily comprised provision for Hong Kong current and deferred income tax expenses. Our effective tax rates, calculated as the income tax expense divided by the profit before income tax, were approximately 17.94%, 35.32% and 19.52% for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

The effective tax rate of our Group for the year ended 31 March 2013 of approximately 17.94% was higher than the standard tax rate of Hong Kong of 16.5% as our Group was subject to enterprise income tax calculated based on the expenses incurred in relation to the representative office of AdBeyond HK in Guangzhou during the same year under the PRC laws.

The effective tax rate of our Group for the year ended 31 March 2014 of approximately 35.32% was higher than the standard tax rate of Hong Kong of 16.5% as we incurred listing expenses amounted to approximately HK\$5.15 million which was not deductible for tax purpose in Hong Kong during the same year.

The effective tax rate of our Group for the eight months ended 30 November 2014 of approximately 19.52% was higher than the standard tax rate of Hong Kong of 16.5% as we incurred listing expenses amounted to a approximately HK\$1.69 million which was not deductible for tax purpose in Hong Kong during the same period.

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

Pursuant to the laws and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI.

The statutory income tax rate of our Company's subsidiaries incorporated in Hong Kong is 16.5%. The statutory income tax rate for all domestic enterprises and foreign-invested enterprises established in the PRC is 25%. Our operating subsidiaries in the PRC, AdBeyond GZ and AdBeyond BJ, are recognised as foreign-invested enterprise and domestic enterprise, respectively, and are subject to the unified enterprise income tax rate of 25%.

The income taxes imposed on our Group consist of Hong Kong profits tax imposed on AdBeyond HK and iMinds HK, and PRC enterprise income tax imposed on AdBeyond HK in relation to its representative office in Guangzhou (which was deregistered in April 2013), AdBeyond GZ and AdBeyond BJ. Except for

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these entities, no provision for income tax had been made during the Track Record Period as our Company, AdBeyond BVI and iMinds BVI did not have assessable profits subject to income tax during the Track Record Period.

In addition, withholding tax is imposed on dividends declared in respect of profits earned by our operating subsidiaries in the PRC under the PRC Enterprise Income Tax Law. For the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, our PRC operating subsidiaries were not subject to withholding tax as AdBeyond GZ and AdBeyond BJ did not generate any assessable profits.

Our Directors confirm that we have made all required tax filings in all relevant jurisdictions and paid all tax liabilities that have become due. We are not subject to any dispute or potential dispute with any tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

Year/period to year/period comparison of results of operations

Year ended 31 March 2013 compared to year ended 31 March 2014

Revenue

Our revenue increased by approximately 26.43% to approximately HK\$112.59 million for the year ended 31 March 2014 from approximately HK\$89.05 million for the year ended 31 March 2013. Such increase was mainly attributable to the increase in revenue from digital advertisement placement services and social media management services due to (i) the increase in demand for our social advertisement placement, search engine marketing services and social media management service driven by increasing use of digital marketing of the advertisers; and (ii) our expansion in service teams to undertake new projects resulting in the increase in the number of contracts awarded to our Group from approximately 1,500 for the year ended 31 March 2013 to approximately 1,900 for the year ended 31 March 2014 with a stable average contract sum of approximately HK\$60,000 per contract.

Revenue from digital advertisement placement services

Revenue from digital advertisement placement services increased by approximately 28.15% to approximately HK\$39.97 million for the year ended 31 March 2014 from approximately HK\$31.19 million for the year ended 31 March 2013. This increase was primarily due to the growing demand from clients for social advertisement placement and search engine marketing services.

Revenue from social media management services

Revenue from social media management services increased by approximately 36.46% to approximately HK\$47.20 million for the year ended 31 March 2014 from approximately HK\$34.59 million for the year ended 31 March 2013. This increase was primarily due to (i) the increase in revenue attributable to the increased use of corporate profile pages on the social media platforms by our clients for

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their marketing campaigns, in particular the growing trend of using PRC-focused social media platforms by local and international brands to target PRC-based audience; and (ii) our expansion in social media management service team to undertake new projects.

Revenue from creative and technology services

Revenue from creative and technology services increased by approximately 9.24% to approximately HK\$25.42 million for the year ended 31 March 2014 from approximately HK\$23.27 million for the year ended 31 March 2013. This increase was primarily attributable to the growth in demand for website design and app development.

Cost of services

Our cost of services increased by approximately 29.31% to approximately HK\$64.28 million for the year ended 31 March 2014 from approximately HK\$49.71 million for the year ended 31 March 2013. This increase was primarily driven by the increased cost in social media management services due to its growing demand and expansion in our service teams.

Cost of services for digital advertisement placement services

Our cost of services for digital advertisement placement services increased by approximately 23.81% to approximately HK\$25.22 million for the year ended 31 March 2014 from approximately HK\$20.37 million for the year ended 31 March 2013. This increase was mainly attributable to (i) the increase in procurement costs of advertising space which amounted to approximately HK\$4.12 million for the year ended 31 March 2014 as a consequence of the growing demand from clients for our social advertisement placement and search engine marketing services; and (ii) the increase in staff costs amounting to approximately HK\$0.67 million due to the expansion in our digital advertisement placement service team and the improvement in overall salary package.

Cost of services for social media management services

Our cost of services for social media management services increased by approximately 34.30% to approximately HK\$26.39 million for the year ended 31 March 2014 from approximately HK\$19.65 million for the year ended 31 March 2013. This increase was primarily due to the expansion in our social media management service team and the increased cost in engaging reputable commentators.

Cost of services for creative and technology services

Our cost of services for creative and technology services increased by approximately 30.89% to approximately HK\$12.67 million for the year ended 31 March 2014 from approximately HK\$9.68 million for the year ended 31 March 2013. This increase was primarily due to expansion of our creative and technology service team and the increase in cost payable to service providers in relation to app development over the year.

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Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 22.80% to approximately HK\$48.31 million for the year ended 31 March 2014 from approximately HK\$39.34 million for the year ended 31 March 2013. Our gross profit margin had remained stable at approximately 44.18% and 42.91% for the year ended 31 March 2013 and 31 March 2014, respectively.

Gross profit and gross profit margin for digital advertisement placement services

Our gross profit for digital advertisement placement services increased by approximately 36.32% to approximately HK\$14.75 million for the year ended 31 March 2014 from approximately HK\$10.82 million for the year ended 31 March 2013. Our gross profit margin for digital advertisement placement services had remained stable and increased slightly to approximately 36.90% for the year ended 31 March 2014 from approximately 34.69% for the year ended 31 March 2013.

Gross profit and gross profit margin for social media management services

Our gross profit for social media management services increased by approximately 39.29% to approximately HK\$20.81 million for the year ended 31 March 2014 from approximately HK\$14.94 million for the year ended 31 March 2013. Our gross profit margin for social media management services had remained stable and increased slightly to approximately 44.09% for the year ended 31 March 2014 from approximately 43.19% for the year ended 31 March 2013.

Gross profit and gross profit margin for creative and technology services

Our gross profit for creative and technology services decreased slightly by approximately 6.04% to approximately HK\$12.76 million for the year ended 31 March 2014 from approximately HK\$13.58 million for the year ended 31 March 2013. Our gross profit margin for creative and technology services decreased to approximately 50.17% for the year ended 31 March 2014 from approximately 58.38% for the year ended 31 March 2013. This decrease was primarily attributable to the increase in service fees we paid in connection with our outsourcing of app development services to service providers leading to a lower gross profit margin as compared to utilising our internal resources to provide app development services, in order to meet the increased demand for our creative and technology services.

Other income

Our other income increased by approximately 450.00% to approximately HK\$0.33 million for the year ended 31 March 2014 from approximately HK\$60,000 for the year ended 31 March 2013. This increase was attributable to (i) the bank interest income generated from our held-to-maturity investment; (ii) exchange gain arising from the increased amount of revenue settled in Renminbi; and (iii) sundry income during the year ended 31 March 2014.

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Selling expenses

Our selling expenses increased by approximately 29.99% to approximately HK\$13.22 million for the year ended 31 March 2014 from approximately HK\$10.17 million for the year ended 31 March 2013. This increase was primarily attributable to the increase in commission of our sales personnel and marketing-related expenses, which was generally in line with our continued efforts in strengthening our marketing and sales capabilities.

Administrative expenses

Our administrative expenses increased by approximately 127.19% to approximately HK\$28.38 million for the year ended 31 March 2014 from approximately HK\$12.49 million for the year ended 31 March 2013. This increase was primarily attributable to (i) the recognition of listing expenses; (ii) the recommencement of payment of directors' emoluments following the entering into of new employment contracts with our Directors, Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang, on 1 April 2013; (iii) the significant increase in travelling expenses due to frequent travelling of our Hong Kong staff to the PRC to manage our business expansion in the PRC; and (iv) the increase in staff costs due to the increase in number of administrative personnel.

Share of results of associates

We incurred a gain of approximately HK\$74,000 from the share of results of associates for the year ended 31 March 2014, as opposed to a loss of approximately HK\$38,000 from the share of results of associates for the year ended 31 March 2013. This increase was due to the profits of approximately HK\$0.43 million generated from bMedia which was partially offset by the loss of approximately HK\$0.38 million resulting from Qooza Interactive.

Profit before tax

As a result of the foregoing, our profit before tax decreased by approximately 57.40% to approximately HK\$7.11 million for the year ended 31 March 2014 from approximately HK\$16.70 million for the year ended 31 March 2013.

Income tax expense

Our income tax expense decreased by approximately 16.09% to approximately HK\$2.51 million for the year ended 31 March 2014 from approximately HK\$3.00 million for the year ended 31 March 2013. This decrease was primarily due to decrease in taxable profit of our Group. Our effective tax rate for the year ended 31 March 2014 increased to approximately 35.32% from approximately 17.94% for the year ended 31 March 2013 as the listing expenses of approximately HK\$5.15 million were non-deductible expenses.

Profit for the year attributable to owners of our Company

As a result of the foregoing, in particular the increase of approximately 127.19% in our administrative expenses mainly due to (i) the recognition of listing expenses of approximately HK\$5.15 million; (ii) the payment of Directors' emoluments of approximately HK\$3.40 million (the amount was nil for the year

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ended 31 March 2013); (iii) the increase of approximately HK\$1.25 million in travelling expenses incurred by our Hong Kong staff to manage our business expansion in the PRC; (iv) the increase of approximately HK\$3.84 million in staff costs due to the increase in number of our administrative personnel to support the expansion of our business operation; and (v) the increase of approximately HK\$1.16 million in rental cost due to the leasing of office premises for AdBeyond BJ, our profit for the year attributable to owners of our Company decreased by approximately 66.86% to approximately HK\$4.54 million for the year ended 31 March 2014 from approximately HK\$13.71 million for the year ended 31 March 2013. Our net profit margin decreased to approximately 4.09% for the year ended 31 March 2014 from approximately 15.39% for the year ended 31 March 2013.

Eight months ended 30 November 2013 compared to eight months ended 30 November 2014

Revenue

Our revenue increased by approximately 25.53% to approximately HK\$95.09 million for the eight months ended 30 November 2014 from approximately HK\$75.76 million for the eight months ended 30 November 2013. Such increase was mainly attributable to (i) the increase in revenue from digital advertisement placement services and creative and technology services; and (ii) the increase in complexity and/or size of certain projects causing the average contract sum to increase from approximately HK\$54,000 per contract for approximately 1,300 contracts awarded to our Group during the eight months ended 30 November 2013 to approximately HK\$73,000 per contract for approximately 1,500 contracts awarded to our Group during the eight months ended 30 November 2014.

Revenue from digital advertisement placement services

Revenue from digital advertisement placement services increased by approximately 26.66% to approximately HK\$35.61 million for the eight months ended 30 November 2014 from approximately HK\$28.12 million for the eight months ended 30 November 2013. This increase was primarily due to (i) the recognition of revenue amounted to approximately HK\$4.21 million for the eight months ended 30 November 2014 from our engagements by two new direct clients; and (ii) an increase of revenue generated from an existing agency client from approximately HK\$1.91 million for the eight months ended 30 November 2013 to approximately HK\$3.87 million for the eight months ended 30 November 2014.

Revenue from social media management services

Revenue from social media management services increased by approximately 14.89% to approximately HK\$37.23 million for the eight months ended 30 November 2014 from approximately HK\$32.40 million for the eight months ended 30 November 2013. This increase was primarily due to (i) the recognition of an aggregated revenue of approximately HK\$3.74 million for the eight months ended 30 November 2014 from our engagements by one new PRC-based client and the agency of the tourism commission of a province in Northwest China in relation to promotion of tourism of such city; and (ii) the increase in revenue attributable to PRC-based clients.

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Revenue from creative and technology services

Revenue from creative and technology services increased by approximately 46.06% to approximately HK\$22.26 million for the eight months ended 30 November 2014 from approximately HK\$15.24 million for the eight months ended 30 November 2013. This increase was primarily attributable to the recognition of an aggregated revenue of approximately HK\$7.45 million for the eight months ended 30 November 2014 from our engagements by the organising committee of an international sporting event held in a provincial capital city in Eastern China and the agency of the tourism promotion centre of a provincial capital city in Eastern China in relation to promotion of tourism of such city.

Cost of services

Our cost of services increased by approximately 26.60% to approximately HK\$53.85 million for the eight months ended 30 November 2014 from approximately HK\$42.53 million for the eight months ended 30 November 2013. This increase was in line with the revenue growth during the period.

Cost of services for digital advertisement placement services

Our cost of services for digital advertisement placement services increased by approximately 39.90% to approximately HK\$23.24 million for the eight months ended 30 November 2014 from approximately HK\$16.61 million for the eight months ended 30 November 2013. This increase was attributable to the increase in procurement cost for advertising space which amounted to approximately HK\$5.78 million for the eight months ended 30 November 2014 as a result of (i) the growing demand from clients for our social advertisement placement and search engine marketing services; and (ii) the increase in cost of services in connection with the engagements by the two direct clients, which we incurred additional cost in procuring advertising space from websites, apps and mobile sites by Single-Buy.

Cost of services for social media management services

Our cost of services for social media management services increased by approximately 26.39% to approximately HK\$22.62 million for the eight months ended 30 November 2014 from approximately HK\$17.90 million for the eight months ended 30 November 2013. This increase was primarily due to the expansion in our social media management service team and the increased cost in engaging reputable commentators.

Cost of services for creative and technology services

Our cost of services for creative and technology services had remained stable and decreased slightly by approximately 0.42% to approximately HK\$7.99 million for the eight months ended 30 November 2014 from approximately HK\$8.03 million for the eight months ended 30 November 2013.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 24.14% to approximately HK\$41.25 million for the eight months ended 30 November 2014 from approximately HK\$33.23 million for the eight months ended 30 November 2013. Our gross profit margin had remained stable at approximately 43.86% and 43.38% for the eight months ended 30 November 2013 and 30 November 2014, respectively.

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Gross profit and gross profit margin for digital advertisement placement services

Our gross profit for digital advertisement placement services increased by approximately 7.54% to approximately HK\$12.38 million for the eight months ended 30 November 2014 from approximately HK\$11.51 million for the eight months ended 30 November 2013. Our gross profit margin for digital advertisement placement services decreased to approximately 34.75% for the eight months ended 30 November 2014 from approximately 40.93% for the eight months ended 30 November 2013. This decrease was primarily due to an increase in demand for advertising space from websites, apps and mobile sites by Single-Buy resulting in a lower gross profit margin when compared to the provision of advertising space through our Ad-Network.

Gross profit and gross profit margin for social media management services

Our gross profit for social media management services increased by approximately 0.70% to approximately HK\$14.61 million for the eight months ended 30 November 2014 from approximately HK\$14.51 million for the eight months ended 30 November 2013. Our gross profit margin for social media management services decreased to approximately 39.24% for the eight months ended 30 November 2014 from approximately 44.77% for the eight months ended 30 November 2013. This decrease was due to (i) the expansion in our social media management service team; (ii) the increased cost in engaging reputable commentators; and (iii) the increased resources allocated to each engagement due to the increasing complexity and growing scale of our social media management services provided for the eight months ended 30 November 2014.

Gross profit and gross profit margin for creative and technology services

Our gross profit for creative and technology services increased by approximately 97.81% to approximately HK\$14.26 million for the eight months ended 30 November 2014 from approximately HK\$7.21 million for the eight months ended 30 November 2013. Our gross profit margin for creative and technology services increased to approximately 64.09% for the eight months ended 30 November 2014 from approximately 47.33% for the eight months ended 30 November 2013. This increase was primarily attributable to the stabilised cost structure and the revenue growth for the eight months ended 30 November 2014.

Other income

Our other income increased by approximately 105.22% to approximately HK\$0.42 million for the eight months ended 30 November 2014 from approximately HK\$0.21 million for the eight months ended 30 November 2013. This increase was attributable to (i) the reversal of impairment losses on trade receivables; (ii) the subsidy received from an industry association in relation to our recruitment of graduates from universities and tertiary institutes in the 2012, 2013 or 2014 academic year; and (iii) the return of contributions paid in excess of the Mandatory Provident Fund requirements.

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Selling expenses

Our selling expenses increased by approximately 22.67% to approximately HK\$10.24 million for the eight months ended 30 November 2014 from approximately HK\$8.35 million for the eight months ended 30 November 2013. This increase was primarily attributable to the expansion of our sales and proposal team and was generally in line with our revenue growth.

Administrative expenses

Our administrative expenses increased by approximately 47.14% to approximately HK\$20.93 million for the eight months ended 30 November 2014 from approximately HK\$14.23 million for the eight months ended 30 November 2013. This increase was primarily attributable to (i) the recognition of listing expenses; (ii) the significant increase in travelling expenses due to frequent travelling of our Hong Kong staff to the PRC to manage our business expansion in the PRC; (iii) the incurring of expenses in relation to the office removal of our previous Hong Kong office; and (iv) the incurring of general professional fee.

Share of results of associates

Our gain from the share of results of associates increased to approximately HK\$0.27 million for the eight months ended 30 November 2014 from approximately HK\$0.19 million from the share of results of associates for the eight months ended 30 November 2013. This increase was due to the profits of approximately HK\$1.62 million generated from bMedia and Travellife Co was partially offset by the loss of approximately HK\$0.16 million resulting from Qooza Interactive.

Profit before tax

As a result of the foregoing, our profit before tax decreased by approximately 2.57% to approximately HK\$10.76 million for the eight months ended 30 November 2014 from approximately HK\$11.05 million for the eight months ended 30 November 2013.

Income tax expense

Our income tax expense increased by approximately 12.68% to approximately HK\$2.10 million for the eight months ended 30 November 2014 from approximately HK\$1.86 million for the eight months ended 30 November 2013. This increase was primarily due to increase in taxable profit of our Group as a result of the incurring of non-deductible listing expenses. Our effective tax rate was stable for the eight months ended 30 November 2014 which was approximately 19.52%, compared to approximately 16.87% for the eight months ended 30 November 2013.

Profit for the period attributable to owners of our Company

As a result of the foregoing, our profit for the period attributable to owners of our Company decreased by approximately 5.66% to approximately HK\$8.66 million for the eight months ended 30 November 2014 from approximately HK\$9.18 million for the eight months ended 30 November 2013. Our net profit margin decreased to approximately 9.11% for the eight months ended 30 November 2014 from approximately 12.12% for the eight months ended 30 November 2013.

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NET CURRENT ASSETS AND SELECTED ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our current assets, current liabilities, and selected items of the combined statements of financial position as at the respective financial position dates indicated:

	As at 31 March		As at 30 November	As at 31 March
	2013	2014	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Current assets				
Trade and bills receivables	27,536	39,741	49,662	39,947
Deposits, prepayments and other receivables	2,331	8,099	8,012	11,887
Amounts due from related companies	2,655	9	9	–
Amounts due from associates	148	245	315	327
Amounts due from shareholders	7,050	229	–	–
Held-to-maturity investments	–	5,033	–	–
Tax recoverable	–	–	–	948
Restricted bank balance	50	50	50	50
Bank balances and cash	<u>27,136</u>	<u>6,962</u>	<u>11,673</u>	<u>13,355</u>
	<u>66,906</u>	<u>60,368</u>	<u>69,721</u>	<u>66,514</u>
Current liabilities				
Trade and other payables	7,135	8,724	9,830	7,788
Receipts in advance	1,880	2,266	1,870	3,180
Accrued expenses	1,612	2,977	4,748	3,530
Tax payable	502	838	1,489	672
Obligation under a finance lease	<u>19</u>	<u>20</u>	<u>21</u>	<u>16</u>
	<u>11,148</u>	<u>14,825</u>	<u>17,958</u>	<u>15,186</u>
Net current assets	<u>55,758</u>	<u>45,543</u>	<u>51,763</u>	<u>51,328</u>

As at 31 March 2013 and 31 March 2014, we had net current assets of approximately HK\$55.76 million and HK\$45.54 million respectively. The decrease was mainly attributable to (i) the decrease in the amounts due from related companies of approximately HK\$2.65 million due to the elimination of the amounts due from iMinds HK following our acquisition of iMinds HK, through iMinds BVI, in March 2014 at a consideration of HK\$1.00, representing the par value of the one issued share of iMinds HK on the basis that iMinds BVI and its wholly-owned subsidiary, iMinds HK, had as a whole recorded a net loss and net liabilities at the date of acquisition; (ii) the decrease in amounts due from shareholders of approximately

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HK\$6.82 million as a result of the settlement of loans made to the Shareholders and the dividends declared and paid to them; and (iii) the decrease in bank balances and cash of approximately HK\$20.17 million due to the lengthening of settlement from our debtors and our purchase of an held-to-maturity investment in the form of RMB-denominated certificates of deposit. We recorded net current assets of approximately HK\$51.76 million as at 30 November 2014. The increase was mainly attributable to (i) the increase in cash and bank balances of approximately HK\$4.71 million due to the maturity of our RMB-denominated certificates of deposit; (ii) the increase in trade and bills receivables of approximately HK\$9.92 million because of our revenue growth, delayed settlement from our clients and the extension of credit periods granted to certain well-established international brands, partially offset by the increase in accrued expenses of approximately HK\$1.77 million.

Trade and bills receivables

Trade and bills receivables constituted a major component of our current assets throughout the Track Record Period. The following table sets forth a summary of our net trade and bills receivables as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Trade receivables	28,205	40,249	48,830
Less: allowance for doubtful debts	<u>(669)</u>	<u>(508)</u>	<u>(337)</u>
	27,536	39,741	48,493
Bills receivables	<u>–</u>	<u>–</u>	<u>1,169</u>
	<u>27,536</u>	<u>39,741</u>	<u>49,662</u>

The following table sets forth a breakdown of our net trade receivables and bills receivables by direct clients and advertising agencies as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Direct clients	16,386	28,413	37,696
Advertising agencies	<u>11,150</u>	<u>11,328</u>	<u>11,966</u>
	<u>27,536</u>	<u>39,741</u>	<u>49,662</u>

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The following table sets forth a breakdown of our net trade and bills receivables by type of advertisers as at 30 November 2014:

	As at 30 November 2014		
	Hong Kong- based clients	PRC-based clients (Note)	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Local and international brands	29,292	6,938	36,230
NGOs	358	–	358
Public bodies	432	12,642	13,074
	<u>30,082</u>	<u>19,580</u>	<u>49,662</u>

Note: A number of our PRC-based clients entered into contracts with AdBeyond HK, our major Hong Kong subsidiary, for digital marketing services involving the use of global social media platforms as our PRC subsidiaries, like other companies established in the PRC, do not have access to certain global social media platforms under the policies of the PRC Government. During the Track Record Period, over 90% of our Group's revenue was attributable to contracts signed by our subsidiaries with offices located in Hong Kong.

Our trade and bills receivables represented primarily the balances due from our clients. Our trade and bills receivables increased to approximately HK\$39.74 million as at 31 March 2014 from approximately HK\$27.54 million as at 31 March 2013 and further increased to approximately HK\$49.66 million as at 30 November 2014. The increase in trade receivables was mainly due to our revenue growth.

Based on our assessment of our clients' historical settlement pattern, creditworthiness and working relationship with us, at the request of our clients and/or upon review of the profiles of our clients and the sizeable contract sums, we may, on a case-by-case basis, agree to a longer credit period of not more than 90 days. During the Track Record Period, the maximum credit period granted to our clients was 90 days.

The following table sets forth the breakdown of our trade and bill receivables by credit periods as at the respective financial position dates indicated:

	As at 31 March		As at 30 November
	2013	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Credit period granted:			
Within 30 days	15,339	21,488	25,526
31 days to 60 days	6,158	11,903	17,369
61 days to 90 days	6,039	6,350	6,767
	<u>27,536</u>	<u>39,741</u>	<u>49,662</u>

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An ageing analysis of our trade receivables that were past due but not impaired as at the respective financial position dates indicated, was as follows:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Current	8,052	14,822	15,029
Overdue:			
Within 60 days	9,541	8,929	18,280
61 to 90 days	2,393	1,728	2,729
91 to 120 days	1,293	1,010	1,725
Over 120 days	6,257	13,252	10,730
	19,484	24,919	33,464
	27,536	39,741	48,493

Our trade receivables included debtors with aggregate carrying amount of approximately HK\$19.48 million, HK\$24.92 million and HK\$33.46 million which were past due as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively, for which we had not provided for impairment loss.

Our trade receivables turnover days were approximately 83 days, 109 days and 115 days for the year ended 31 March 2013 and 31 March 2014 and the eight months 30 November 2014, respectively. For the year ended 31 March 2014 and the eight months ended 30 November 2014, our trade receivable turnover days exceeded our Group's maximum credit period of 90 days as we had experienced delayed settlement from our clients. To the best knowledge, information and belief of our Directors, the delayed settlement and prolonged outstanding trade receivables mainly related to the internal policy or practice of certain clients of our Group which (i) would require considerable length of time to go through their internal approval procedures in relation to settlement of our bills and would only commence their settlement procedure at the end of or after completion of the service period of our engagement; and (ii) as advertising agencies would normally only settle our bills after receiving payments from the advertisers they serve at the end of the service period of our engagement. In addition, our Directors believe, due to the nature of our services which involve frequent fine-tuning of digital marketing strategies throughout the engagements, additional time is required for the relevant clients to verify and ascertain the finalised scope of services and payment terms, leading to a delay in our payment settlement which may be further aggravated by the internal coordination and communication issues between the marketing team and accounting team of the clients, such as change of personnel.

The increase in trade receivables turnover days of approximately 109 days for the year ended 31 March 2014 as compared to that of approximately 83 days for the year ended 31 March 2013 was mainly due to (i) the engagement of a new project by the organising committee of an international sporting event held in a provincial capital city in Eastern China in January 2014 with a total contract sum of approximately

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HK\$11.71 million, of which approximately HK\$5.75 million was recognised as revenue in the first quarter of 2014; and (ii) the increasing delayed settlement from existing clients which included mainly the aggregate delayed settlements of approximately HK\$4.49 million from two PRC public bodies for two different projects as, to the best knowledge, information and belief of our Directors, considerable length of time was required for the PRC public bodies to verify our bills and undergo their internal payment settlement procedures.

The increase in trade receivables turnover days of approximately 115 days for the eight months ended 30 November 2014 as compared to that of approximately 109 days for the year ended 31 March 2014 was mainly due to (i) the increasing delayed settlement from existing and new clients which included mainly the aggregate delayed settlement of approximately HK\$5.17 million from two new PRC-based clients, one of whom required considerable length of time to settle our bills due to the settlement arrangement with the PRC-based client and the other could only commence its settlement procedure towards the end of the eight months ended 30 November 2014 when the execution of the relevant contract had been confirmed after the commencement of work; (ii) the relatively higher opening balance of trade receivables which amounted to approximately HK\$39.74 million for the eight months ended 30 November 2014 as compared to the opening balance of trade receivables of approximately HK\$27.54 million for the year ended 31 March 2014; and (iii) upon the requests of our clients and based on our review, the granting of extension of credit periods from not more than 60 days to not more than 90 days to certain well-established international brands (which in aggregate contributed approximately HK\$1.30 million, HK\$3.47 million and HK\$2.55 million to our Group's revenue for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively) as a result of the extension in settlement timeframe of such brands in accordance with their amended internal policies.

As at 30 April 2015, approximately HK\$25.90 million, HK\$34.42 million and HK\$37.40 million, representing approximately 94.05%, 86.62% and 77.13% of the total trade receivables as at 31 March 2013, 31 March 2014 and 30 November 2014 had been settled, respectively. For the year ended 31 March 2015 (based on our management accounts), our trade receivable turnover days improved to approximately 104 days. For the period from 1 May 2014 to 30 April 2015 (based on our management accounts), our trade receivable turnover days further improved to approximately 101 days.

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The following table sets forth an analysis of the outstanding trade receivables as at 30 April 2015 for the trade receivables as at respective financial position dates indicated:

	As at 31 March		As at 30 November
	2013	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (net of allowance for doubtful debts)	27,536	39,741	48,493
Subsequent settlement up to 30 April 2015	(25,898)	(34,423)(<i>Note 1</i>)	(37,404)(<i>Note 1</i>)
Outstanding trade receivables as at 30 April 2015	1,638	5,318	11,089
Provision made for the year ended 31 March 2015 (<i>Note 2</i>)	(268)	(344)	(344)
Remaining outstanding trade receivables as at 30 April 2015	1,370	4,974	10,745

Notes:

1. The subsequent settlement up to 30 April 2015 for the trade receivables as at 31 March 2014 and 30 November 2014 includes the provision recovered amounting to approximately HK\$66,000 and HK\$49,650, respectively.
2. Our Group did not make any provision for the one month ended 30 April 2015.

In respect of the remaining outstanding trade receivables of approximately HK\$1.37 million, HK\$4.97 million and HK\$10.75 million for the trade receivables as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively, approximately HK\$1.37 million, HK\$3.29 million and HK\$3.96 million, representing approximately 100.00%, 66.20%, 36.84%, respectively, of such remaining outstanding trade receivables were due from (i) a PRC advertising agency, (ii) a press bureau of the government of a provincial city in Southwest China and (iii) a well-established international brand. In relation to these three clients, our Directors confirmed that:

- (i) the outstanding trade receivables due from the PRC advertising agency was related to a marketing campaign conducted by the tourism promotion centre of a provincial capital city in Eastern China. In line with other advertising agencies, such PRC advertising agency would only settle our bills after receiving payments from the tourism promotion centre which, similar to other PRC public bodies, required considerable length of time to verify the bills and undergo its settlement procedures. However, the same tourism promotion centre had recently awarded us directly with a new project and is, therefore, considered to be in a continuous business relationship with our Group;

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- (ii) to our Directors' best knowledge, new personnel of the press bureau of the government of a provincial capital city in Southwest China had been assigned to review its engagement with our Group and more time is therefore required to settle its payment to our Group; and
- (iii) the well-established international brand was one of our top five customers for the year ended 31 March 2014 and has stable, continuous business relationship with our Group since 2009, and due to change of personnel within the international brand, more time is required to retrieve and verify the relevant records and settle our payment.

Based on the above and the fact that these three clients have been continuously though slowly settling our bills, our Directors considered that there was no collectability issue in relation to such outstanding trade receivables and, accordingly, no provision had been made. Our Directors confirmed, during the Track Record Period and up to the Latest Practicable Date, none of these three clients had defaulted their payments to our Group.

The remaining outstanding trade receivables of approximately HK\$6.78 million for the trade receivables as at 30 November 2014 was due from over 60 clients of our Group (excluding the three clients mentioned above). Among these over-60 clients each of whom individually contributed approximately 0.01% to 6.26% to the remaining outstanding trade receivables as at 30 April 2015, about 38 clients (who in aggregate contributed approximately HK\$5.15 million to our remaining outstanding trade receivables as at 30 April 2015) have continuous business relationships with our Group and the remaining clients (who in aggregate contributed approximately HK\$1.63 million to our remaining outstanding trade receivables as at 30 April 2015) were still engaged in on-going settlement negotiations with our Group as at the Latest Practicable Date. In respect of the remaining outstanding trade receivables for the trade receivables as at 31 March 2014 and 30 November 2014 due from our clients other than the three clients mentioned above, having considered that (i) the continuous and/or potential future business relationships between our Group and such clients; (ii) the on-going settlement negotiations between such clients and our Group; and/or (iii) the actual settlement continuously made by such clients, our Directors are of the view that there is no collectability issue in relation to such outstanding trade receivables and, accordingly, no provision had been made.

In general, our sales and finance personnel have been working closely with our service teams to keep track of purchase order amendments, project status and payment settlement and to accelerate project execution when necessary so as to encourage the timely settlement of our fee. With respect to the increase in trade receivable turnover days during the Track Record Period, we have implemented during the Track Record Period and will continue to implement the following measures to mitigate the potential adverse impact of such in the future and enhance the effectiveness of our credit policy:

- designate more finance personnel to follow-up with and collect trade receivables and enhance communications with clients with large trade receivables by regular phone calls to ensure payment settlement in accordance with the payment schedules and granted credit periods;
- issue overdue payment warnings to clients with large trade receivables; and
- periodic review of our credit policy.

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Having considered (i) the particular reasons leading to the delayed payment of certain of our clients as detailed above; (ii) a substantial amount of trade receivables was settled as at 31 March 2015; and (iii) the improvement in our trade receivable turnover days to approximately 104 days for the year ended 31 March 2015 (based on our management accounts), our Directors consider, and the Sole Sponsor concurs, that our credit policy and the measures taken by our Group to improve the settlement of trade receivables are effective.

While we do not make general provision on our trade receivables, we had made specific provision for our trade receivables amounted to approximately HK\$0.67 million, HK\$0.51 million and HK\$0.34 million as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively. Our Directors regularly assess the collectibility of our trade receivables on a case-by-case basis to determine if any provision for trade receivables is necessary. The Director's assessment is based on, among other things, the evaluation of collectibility, ageing analysis of the receivables, the ultimate realisation of these outstandings, the current creditworthiness, the past collection history of and our Group's current and potential future business relationship with each debtor. If the financial conditions of our Group's debtors deteriorate, resulting in an impairment of their ability to make payments, provision for trade receivables may be required. In addition, although we had been able to collect the prolonged outstanding trade receivables which had been past due for over three years, our Directors, adopting a prudent approach, may make provision for the prolonged outstanding trade receivables which have been past due for years and when the relevant clients have no further business with us.

For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, approximately HK\$0.13 million, HK\$0.16 million and HK\$0.11 million had been written off as bad debts, respectively. The following table sets forth the movement in the provision for trade receivables during the Track Record Period:

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
			<i>HK\$'000</i>
Balance at beginning of the year/period	797	669	508
Amounts recovered during the year/ period	–	–	(66)
Amount written off as uncollectible	<u>(128)</u>	<u>(161)</u>	<u>(105)</u>
Balance at end of the year/period	<u><u>669</u></u>	<u><u>508</u></u>	<u><u>337</u></u>

In addition, our Group had made additional provision for our trade receivables as at 31 March 2015 amounting to approximately HK\$0.34 million. Other than the outstanding trade receivables relating to the PRC advertising agency, the press bureau of the government of a provincial capital city in Southwest China and the well-established international brand for which no provision had been made because of the reasons set out above, we have assessed the situation and/or status of each debtor individually in respect of the remaining outstanding trade receivables as at 31 March 2015. Having considered that (i) the continuous and/or potential future business relationships between our Group and such clients; (ii) the on-going settlement

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negotiations between these clients and our Group; and/or (iii) the actual settlement continuously made by these clients, our Directors are of the view that there is no recoverability problem and we have made adequate provision for trade receivables during the Track Record Period. Having discussed with our Directors and reviewed the analysis of the outstanding trade receivable as at 31 March 2015, the Sole Sponsor and our reporting accountants noted and concurred with our Directors' view that we have made adequate provision for our trade receivables during the Track Record Period.

Deposits, prepayments and other receivables

The following table sets forth a breakdown of our deposits, prepayments and other receivables as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
			<i>HK\$'000</i>
Deposits	286	3,152	2,361
Prepayments	1,220	3,650	4,205
Other receivables	825	1,297	1,446
	<u>2,331</u>	<u>8,099</u>	<u>8,012</u>

As at 31 March 2013, our deposits, prepayments and other receivables primarily consisted of (i) rental deposits for our previous and existing Hong Kong office; (ii) prepaid rent for the our previous and existing Hong Kong office; and (iii) commissions as marketing incentives prepaid to our sales staff. The significant increase in the total amount of deposits, prepayments and other receivables as at 31 March 2014 was attributable to the increase in commission prepayment to our sales staff as an incentive to reward their contribution in business expansion of our Group and the significant increase in rental deposit and prepaid rent for our existing Hong Kong office. As at 30 November 2014, the amount decreased to approximately HK\$8.01 million, which was attributable to the return of rental deposits for our previous Hong Kong office from the lessor which was offset by the prepayment of listing-related expenses.

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Trade and other payables

Our trade payables mainly comprised amounts due to suppliers in relation to our provision of digital marketing service and our other payables mainly comprised commission payable to certain staff and operating expenses paid by staff on behalf of our Company. The following table sets forth a breakdown of our trade and other payables as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
			<i>HK\$'000</i>
Trade payables	6,790	8,312	9,482
Other payables	345	412	348
	<u>7,135</u>	<u>8,724</u>	<u>9,830</u>

Our trade payables increased by approximately 22.43% to approximately HK\$8.31 million as at 31 March 2014 from approximately HK\$6.79 million as at 31 March 2013 and further increased by approximately 14.06% to approximately HK\$9.48 million as at 30 November 2014, which was in line with our revenue growth leading to increase in fees payables.

As at 31 December 2014, the balance of approximately HK\$2.48 million of trade payables as at 30 November 2014 had been settled.

Our trade payables were due according to the terms on the relevant contracts. In general, our suppliers grant us a credit term of 30 days to 90 days and we settle our payment by cheque or bank transfer. The following table sets forth the ageing analysis of our trade payables as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i>
			<i>HK\$'000</i>
Within 30 days	2,691	2,493	4,688
31 to 60 days	335	117	122
Over 60 days	3,764	5,702	4,672
	<u>6,790</u>	<u>8,312</u>	<u>9,482</u>

The trade payables turnover days was approximately 42 days, 43 days and 40 days for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively.

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Accrued expenses and receipts in advance

Accrued expenses primarily consisted of accrued salaries and bonus payable to employees in Hong Kong and the PRC, accrued rental expenses and accrued listing expenses. The increase in our accrued expenses from approximately HK\$1.61 million as at 31 March 2013 to approximately HK\$2.98 million as at 31 March 2014 was mainly attributable to the unsettled amount of listing expenses recognised during the year ended 31 March 2014. Our accrued expenses further increased to HK\$4.75 million as at 30 November 2014 mainly due to the increase in accrued rental expense as a result of the rent-free period given by the lessor of our existing Hong Kong office being credited as a reduction in rental expenses over the relevant lease term on a straight-line basis.

Our receipts in advance mainly represented the amounts received from our clients as deposit at the commencement of engagements.

Amounts due from associates

Our amounts due from associates mainly consisted of amounts due from Qooza Interactive and Travellife Co, which were unsecured, interest-free and repayable upon demand. Our amounts due from associates as at 31 March 2013, 31 March 2014 and 30 November 2014 were approximately HK\$0.15 million, HK\$0.25 million and HK\$0.32 million, respectively, which mainly represented staff salary and administrative cost paid by our Group on behalf of Qooza Interactive and administrative cost paid by our Group on behalf of Travellife Co.

Amounts due from related companies

Our amounts due from our related parties, iMinds HK and Pure Force, were unsecured, interest-free and repayable on demand. Our amounts due from related parties as at 31 March 2013, 31 March 2014 and 30 November 2014 were approximately HK\$2.66 million, HK\$9,000 and HK\$9,200, respectively. The amount due from Pure Force was an advance made by our Company on behalf of Pure Force in respect of its incorporation. As at 31 March 2014, the amounts due from iMinds HK were eliminated on consolidation following our acquisition of iMinds HK in March 2014. Our Directors confirm the amounts due from our related parties as at 30 November 2014 will be settled before the Listing.

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Amounts due from shareholders

The following table sets forth a breakdown of the amounts due from shareholders as at the respective financial position dates indicated:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Amounts due from shareholders			
Mr. Alan Yip	889	109	–
Ms. Liza Wang	1,629	5	–
Ms. Karin Wan	766	61	–
Mr. Jeff Ng	1,675	51	–
Mr. Harry Wong	2,091	3	–
	<u>7,050</u>	<u>229</u>	<u>–</u>

Our amounts due from shareholders were unsecured, interest-free and repayable on demand.

As at 31 March 2013, our amounts due from shareholders was approximately HK\$7.05 million and comprised mainly (i) loans granted to each of Mr. Jeff Ng, Mr. Harry Wong and Ms. Liza Wang in relation to their acquisitions of shares in AdBeyond BVI from Mr. Alan Yip and Ms. Karin Wan, the transfers of which were completed and settled on 8 February 2013; and (ii) loans made to each of Mr. Alan Yip, Ms. Liza Wang, Ms. Karin Wan, Mr. Jeff Ng and Mr. Harry Wong when they were not entitled to receive emoluments in the form of salary following termination of their respective employment contracts with AdBeyond HK during the year ended 31 March 2013. The amounts due from shareholders was significantly reduced to approximately HK\$0.23 million as at 31 March 2014 as (i) Mr. Jeff Ng and Ms. Liza Wang settled their loans during the year ended 31 March 2014; and (ii) the loans granted to Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Mr. Harry Wong were later set off against the dividends declared and paid to them as shareholders of AdBeyond BVI for the year.

As advised by Appleby, our special legal counsel as to BVI law in connection with the Listing, pursuant to section 28 of the BVI Business Companies Act (the “BC Act”), subject to the BC Act, any other enactment and the company’s memorandum and articles of association, a BVI company has, irrespective of corporate benefit, the full capacity to do any act or enter into any transaction, including the provision of financial assistance to any person in connection with the acquisition of its own shares. A BVI company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. We are further advised that there is no restriction in the memorandum and articles of association of AdBeyond BVI which prohibits the Company from providing financial assistance to any person, including Mr. Jeff Ng, Mr. Harry Wong and Ms. Liza Wang, in connection with the acquisition of its own shares. The Company confirms that when granting the relevant loans, the board of AdBeyond BVI was acting in good faith and the directors of AdBeyond BVI considered that the granting of such loans was

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for a proper purpose and in the interest of AdBeyond BVI. As such, the granting of the relevant loans by AdBeyond BVI in relation to the acquisitions of its shares does not contravene any provisions of its memorandum and articles of association or violate or contravene any applicable BVI law.

All outstanding balances due from shareholders were settled as at 30 November 2014.

Held-to-maturity investments/Restricted bank balance/Bank balances and cash

Our held-to-maturity investments increased from nil as at 31 March 2013 to approximately HK\$5.03 million as at 31 March 2014 due to our purchase of an held-to-maturity investment in the form of certificates of deposit amounted to RMB4.00 million. The investments denominated in RMB had a maturity period of one year and carried a fixed interest rate at 3.24% per annum. The balance decreased to nil as at 30 November 2014 due to the maturity of our RMB-denominated certificates of deposit.

Our restricted bank balance amounted to approximately HK\$50,000 as at 31 March 2013, 31 March 2014 and 30 November 2014, with the then prevailing market interest rate at 1.50% per annum. Our restricted bank balance represented the deposit for performance guarantee issued by a bank to one of our suppliers.

HGI Finanves, HGI Growth and Huayi Brothers invested in our Group through subscription of AdBeyond BVI Preferred Shares by cash during the year ended 31 March 2013. Our total bank balances and cash decreased from approximately HK\$27.14 million as at 31 March 2013 to approximately HK\$6.96 million as at 31 March 2014 due to (i) the lengthening of settlement from debtors; and (ii) our purchase of an held-to-maturity investment in the form of RMB-denominated certificates of deposit. Our total bank balances and cash increased to approximately HK\$11.67 million as at 30 November 2014 due to the maturity of our RMB-denominated certificates of deposit. Our bank balances and cash denominated in RMB amounted to approximately HK\$5.96 million, HK\$2.53 million and HK\$6.38 million as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we principally financed our working capital and other liquidity requirements through a combination of cash flow from operations and proceeds raised from the Pre-IPO investments.

Our principal uses of cash have been, and are expected to continue to be, operational costs, capital investments for software development and business expansion in the PRC.

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Cash flows

The following table sets forth a summary of our combined statements of cash flows during the Track Record Period:

	For the year ended 31 March		For the eight months ended
	2013	2014	30 November 2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash (used in)/from operating activities	(310)	(7,086)	3,748
Net cash (used in)/from investing activities	(11,606)	726	976
Net cash from/(used in) financing activities	<u>33,552</u>	<u>(13,822)</u>	<u>(15)</u>
Net increase/(decrease) in cash and cash equivalents	21,636	(20,182)	4,709
Cash and cash equivalents at beginning of year/period	5,494	27,136	6,962
Effect of foreign exchange rate changes	<u>6</u>	<u>8</u>	<u>2</u>
Cash and cash equivalent at end of year/period, represented by bank balances and cash	<u><u>27,136</u></u>	<u><u>6,962</u></u>	<u><u>11,673</u></u>

Net cash (used in)/from operating activities

We derived our cash inflow from operating activities primarily through the receipt of payments from our three categories of digital marketing services: (a) digital advertisement placement services; (b) social media management services; and (c) creative and technology services. Our cash outflow from operating activities was primarily attributable to cost of procuring advertising space, service fees paid to VDS for fees paid to reputable commentator and to other service providers, and staff costs.

Year ended 31 March 2013

For the year ended 31 March 2013, we had net cash used in operating activities of approximately HK\$0.31 million, mainly as a result of (i) profit before taxation of approximately HK\$16.70 million which was primarily adjusted for depreciation of approximately HK\$0.71 million and amortisation of approximately HK\$0.11 million; (ii) increase in trade and other payables of approximately HK\$1.67 million; (iii) increase in trade and bills receivables of approximately HK\$14.52 million; (iv) increase in deposits, prepayments and other receivables of approximately HK\$1.60 million; and (v) income tax paid of approximately HK\$3.11 million.

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Year ended 31 March 2014

For the year ended 31 March 2014, we had net cash used in operating activities of approximately HK\$7.09 million, mainly as a result of (i) profit before taxation of approximately HK\$7.11 million which was primarily adjusted for depreciation of approximately HK\$0.95 million and amortisation of approximately HK\$0.46 million; (ii) increase in trade and other payables of approximately HK\$0.66 million, which was in line with our revenue growth leading to increase in fees payables; (iii) increase in trade and bills receivables of approximately HK\$10.69 million because of delayed settlement from our clients and our revenue growth; (iv) increase in deposits, prepayment and other receivables of approximately HK\$4.81 million primarily due to an increase in rental deposits paid under the tenancy agreement in relation to our existing Hong Kong office; and (v) income tax paid of approximately HK\$2.32 million.

Eight months ended 30 November 2014

For the eight months ended 30 November 2014, we had net cash generated from operating activities of approximately HK\$3.75 million, mainly as a result of (i) profit before taxation of approximately HK\$10.76 million which was primarily adjusted for depreciation of approximately HK\$1.15 million and amortisation of approximately HK\$0.30 million; (ii) increase in trade and other payables of approximately HK\$1.10 million which was in line with our revenue growth leading to increase in fee payables; (iii) increase in trade and bills receivables of approximately HK\$9.78 million because of delayed settlement from our clients, our revenue growth and the extension of credit periods granted to certain well-established international brands; and (iv) increase in accrued expenses of approximately HK\$1.77 million due to our listing-related expenses.

Net cash (used in)/from investing activities

Our investing activities primarily consisted of advance to associates and related companies, advance to and repayment from associates and shareholders, purchase of plant and equipment and investment in intangible asset development.

Year ended 31 March 2013

For the year ended 31 March 2013, we had net cash used in investing activities in the amount of approximately HK\$11.61 million, which was primarily attributable to (i) advance to shareholders of approximately HK\$7.05 million; (ii) advance to related companies of approximately HK\$1.15 million; (iii) purchase of plant and equipment of approximately HK\$1.28 million; and (iv) investment in intangible asset development of approximately HK\$2.18 million.

Year ended 31 March 2014

For the year ended 31 March 2014, we had net cash generated from investing activities in the amount of approximately HK\$0.73 million, which was primarily attributable to (i) repayment from shareholders of approximately HK\$6.82 million; and (ii) net cash inflow from the acquisition of subsidiaries of approximately HK\$1.12 million. This was partially offset by (i) purchase of plant and equipment of approximately HK\$1.00 million; and (ii) purchase of held-to-maturity investments of approximately HK\$5.00 million.

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Eight months ended 30 November 2014

For the eight months ended 30 November 2014, we had net cash generated from investing activities in the amount of approximately HK\$0.98 million, which was primarily attributable to (i) repayment from shareholders of approximately HK\$0.23 million; and (ii) maturity of certificates of deposit of approximately HK\$5.03 million. This was partially offset by (i) purchase of furniture and fixture for our office removal of approximately HK\$2.84 million; and (ii) expenditure on our research and development activities of approximately HK\$1.43 million.

Net cash from/(used in) financing activities

Our financing activities primarily consisted of dividends paid, repayment of obligation under a finance lease, proceeds of issue of shares and repayment to a related company and directors.

Year ended 31 March 2013

For the year ended 31 March 2013, we had net cash generated from financing activities in the amount of approximately HK\$33.55 million, which was primarily attributable to the proceeds from issue of shares of approximately HK\$44.64 million. This was partially offset by (i) dividends paid of approximately HK\$10.69 million; (ii) repayment of obligation under a finance lease of approximately HK\$18,000; and (iii) repayment to directors of approximately HK\$0.38 million.

Year ended 31 March 2014

For the year ended 31 March 2014, we had net cash used in financing activities in the amount of approximately HK\$13.82 million, which was primarily attributable to (i) payment of dividends of approximately HK\$13.80 million; and (ii) repayment of obligation under a finance lease of approximately HK\$20,000.

Eight months ended 30 November 2014

For the eight months ended 30 November 2014, we had net cash used in financing activities in the amount of approximately HK\$15,000, which was primarily attributable to repayment of obligation under a finance lease of approximately HK\$13,000.

Working capital

Taking into account our cash flow from operations and the net proceeds from the Placing, our Directors are satisfied, after due and careful inquiry, that we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this prospectus.

Indebtedness

Save as aforesaid or as otherwise disclosed herein, we did not have any outstanding loan capital issued and outstanding, and authorised or otherwise created but unissued, terms loans, bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptable credits, finance lease commitments,

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guaranteed, unguaranteed, secured (whether the security is provided by our Group or by third parties) or unsecured, borrowings and debt, mortgages, charges, guarantees or other material contingent liabilities at the close of business on 31 March 2015.

Our Directors confirmed that we did not experience any withdrawal of facilities, default in payment of trade and other payables, bank borrowing or breach of financial covenants and had not experienced difficulties in meeting obligations during the Track Record Period and up to the Latest Practicable Date and none of our Group's bank borrowings and facilities are subject to the fulfilment of covenants relating to financial ratio requirements or any other material covenants which would adversely affect our Group's ability to undertake additional debt or equity financings.

On 23 September 2013, we had obtained a short-term advance facility of US\$1 million (equivalent to approximately HK\$7.8 million) with a term of no more than 12 months from a bank. The said banking facility was subject to an annual interest rate of 1.00% above the bank's cost of funds and secured by a floating charge over the deposits which were, at any time and from time to time, kept in a designated account maintained by us. As confirmed by our Directors, we were not subject to any kind of covenant for utilising such banking facility and we did not utilise this facility during the term since we had no funding need for utilising such banking facility. Our Directors confirmed the banking facility was not renewed as at 30 November 2014. The bank had also released the charge on 8 December 2014. Considering that we had been able to obtain the previous banking facility and that we had a sound credit profile, our Directors are of the view that there is no foreseeable issue relating to our ability to obtain other banking facility when necessary in the future. Taking into account the cash flow from our operations, we would also be able to repay any bank borrowing with our internal resources as and when necessary.

Contingent liabilities

As at 31 March 2013, 31 March 2014, 30 November 2014 and 31 March 2015, we did not have any material contingent liabilities.

Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities since 31 March 2015, being the latest practicable date for determining our Group's indebtedness.

Property interests

During the Track Record Period and up to the Latest Practicable Date, we did not own any properties.

Capital commitments

As at 31 March 2013, 31 March 2014 and 30 November 2014, we had capital commitments of nil, approximately HK\$1.55 million and nil, respectively, due to the purchase of furniture and fixture for our existing Hong Kong office.

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Operating lease commitments

Our Group as lessee:

As at 31 March 2013, 31 March 2014 and 30 November 2014, our Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Within one year	429	7,076	6,936
In the second to fifth years inclusive	—	10,972	8,261
	<u>429</u>	<u>18,048</u>	<u>15,197</u>

Operating lease payments represent rental payable by our Group for its office premises. Leases and rentals are negotiated and fixed for three years.

Obligation under a finance lease

Our obligation under a finance lease was primarily attributable to the leasing of some of our plant and equipment under finance lease. The lease was on a fixed repayment basis with a term of five years for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014. The interest rate underlying the obligations under the finance lease is fixed at approximately 4.60% at contract date. We had not entered into any arrangement for contingent rental payments.

The following table sets forth our obligation payable under finance lease as at the respective financial position dates indicated:

	Present value of minimum lease payments		
	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Amounts payable under finance lease:			
Within one year	19	20	21
After one year but within two years	20	16	2
After two years but within five years	<u>16</u>	<u>—</u>	<u>—</u>
	<u>55</u>	<u>36</u>	<u>23</u>

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CAPITAL EXPENDITURE

Our capital expenditure for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014 amounted to approximately HK\$1.28 million, HK\$1.00 million and HK\$3.97 million respectively, comprising mainly expenditures for purchase of furniture, fixtures and equipment and leasehold improvement.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any outstanding off-balance sheet guarantees, interest rate swap transactions, foreign currency and commodity forward contracts or other off-balance sheet arrangements during the Track Record Period. We do not engage in trading activities involving non-exchange traded contracts. In the course of our normal business, we do not enter into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth a summary of our key financial ratios for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014 and should be read in conjunction with the Accountants' Report included as Appendix I to this prospectus.

	As at/For the year ended		As at/For the
	31 March		eight months
	2013	2014	ended
			30 November
			2014
Current ratio (<i>Note 1</i>)	6.00 times	4.07 times	3.88 times
Gearing ratio (<i>Note 2</i>)	0.09%	0.07%	0.04%
Debt to equity ratio (<i>Note 3</i>)	Not applicable	Not applicable	Not applicable
Interest coverage (<i>Note 4</i>)	5,567.33 times	3,558.00 times	5,382.00 times
Return on assets (<i>Note 5</i>)	19.01%	6.84%	16.63%
Return on equity (<i>Note 6</i>)	22.77%	8.92%	21.96%
Net profit margin (<i>Note 7</i>)	15.39%	4.09%	9.11%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.
2. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end and multiplied by 100%.
3. Debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the respective year/period end and multiplied by 100%.

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4. Interest coverage is calculated by the profit before interest and tax divided by the finance costs as at the respective year/period end. For the eight months ended 30 November 2014, the calculation of interest coverage is based on the profit before interest and tax for the period divided by the total assets of our Company, multiplied by 12/8.
5. Return on assets is calculated by the total comprehensive income for the full financial year divided by the total assets as at the respective year end and multiplied by 100%. For the eight months ended 30 November 2014, the calculation of return on assets is based on the total comprehensive income for the period divided by the total assets of our Company, multiplied by 12/8, and then multiplied by 100%.
6. Return on equity is calculated by the total comprehensive income for the full financial year divided by the total equity as at the respective year end and multiplied by 100%. For the eight months ended 30 November 2014, the calculation of return on equity is based on the total comprehensive income for the period divided by the total equity of our Company, multiplied by 12/8, and then multiplied by 100%.
7. Net profit margin is calculated by the profit for the year/period divided by the revenue for the respective year/period and multiplied by 100%.

Current ratio

Our current ratio decreased from approximately 6.00 as at 31 March 2013 to 4.07 as at 31 March 2014, primarily attributable to the decrease in our working capital for the year ended 31 March 2014 due to (i) decrease in amounts due from shareholders as a result of the settlement of loans made to the Shareholders; (ii) the increase in trade and other payables which was in line with our revenue growth leading to increase in fee payables; and (iii) the increase in accrued expenses as a result of the unsettled amount of listing expenses as at 31 March 2014.

Our current ratio decreased from approximately 4.07 as at 31 March 2014 to approximately 3.88 as at 30 November 2014, primarily due to (i) the increase in trade and other payables which was in line with our revenue growth leading to increase in fee payables; and (ii) the increase in accrued expenses which was mainly attributable to the increase in accrued rental expense as a result of the rent-free period given by the lessor of our existing Hong Kong office.

Gearing ratio

Our debts represented the finance lease payable for purchase of office equipment. As our interest-bearing liabilities were relatively immaterial (in terms of percentage to revenue and monetary amount) during the Track Record Period, it is considered that an explanation for the fluctuation in the gearing ratio is not meaningful.

Debt to equity ratio

As we maintained a net cash position during the Track Record Period, the debt to equity ratio was not applicable to our Group.

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Interest coverage

As our finance cost was relatively immaterial (in terms of percentage to revenue and monetary amount) during the Track Record Period, it is considered that an explanation for the fluctuation in the interest coverage is not meaningful.

Return on assets and return on equity

The decrease in the return on equity and total assets for the year ended 31 March 2014 compared to the year ended 31 March 2013 was primarily due to the significant decline in our net profits for the year ended 31 March 2014 after the increase in overall costs and expenses caused by the hiring of additional employees and our business expansion. The increase in the return on equity and total assets for the eight months ended 30 November 2014 compared to the year ended 31 March 2014 was primarily due to our overall revenue growth.

Net profit margin

Net profit margin decreased to approximately 4.09% for the year ended 31 March 2014 from approximately 15.39% for the year ended 31 March 2013. The decrease was mainly attributable to (i) the recognition of listing expenses of approximately HK\$5.15 million in the year ended 31 March 2014; (ii) the recommencement of payment of directors' emoluments; and (iii) the increase in selling expenses mainly due to the increase in commission of our sales personnel and marketing-related expenses as we continued to strengthen our marketing and sales capabilities over the Track Record Period. Net profit margin increased to approximately 9.11% for the eight months ended 30 November 2014 primarily due to the increase in gross profit from our creative and technology services as a result of the stabilised cost structure and our revenue growth for the eight months ended 30 November 2014.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

During our normal course of business, we are exposed to various financial risks, including liquidity risk, currency risk, credit risk and interest rate risk.

Liquidity risk

In the management of liquidity risk, we monitor and maintain a level of cash and cash equivalents, as determined by our Directors to be adequate to finance our operations and to mitigate the effects of unexpected fluctuations in cash flows at our Group.

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The following tables set forth details of our remaining contractual maturity for our non-derivative financial liabilities based on the agreed repayment dates, and has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which we are required to pay.

As at 31 March 2013	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount as at 31 March 2013 HK\$'000
Trade and other payables	7,135	–	–	7,135	7,135
Accrued expenses	1,612	–	–	1,612	1,612
Obligation under a finance lease	21	21	17	59	55
	<u>8,768</u>	<u>21</u>	<u>17</u>	<u>8,806</u>	<u>8,802</u>
As at 31 March 2014	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount as at 31 March 2014 HK\$'000
Trade and other payables	8,724	–	–	8,724	8,724
Accrued expenses	2,977	–	–	2,977	2,977
Obligation under a finance lease	21	17	–	38	36
	<u>11,722</u>	<u>17</u>	<u>–</u>	<u>11,739</u>	<u>11,737</u>
As at 30 November 2014	On demand or within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount as at 30 November 2014 HK\$'000
Trade and other payables	9,830	–	–	9,830	9,830
Accrued expenses	4,748	–	–	4,748	4,748
Obligation under a finance lease	21	4	–	25	23
	<u>14,599</u>	<u>4</u>	<u>–</u>	<u>14,603</u>	<u>14,601</u>

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Currency risk

The functional currency of two of our subsidiaries, namely AdBeyond GZ and AdBeyond BJ, were RMB during the Track Record Period. Several subsidiaries of our Group had sales and costs acquired denominated in currencies, other than the respective functional currency, which exposed our Group to foreign currency risk. Approximately 15.00%, 16.00% and 11.00% of our revenue, and approximately 11.00%, 4.00% and 11.00% of our cost of services, were denominated in currencies other than our functional currency, for the years ended 31 March 2013 and 31 March 2014 and the eight months ended 30 November 2014, respectively. We do not have a foreign currency hedging policy and we will monitor our exposure to foreign currency risk and consider hedging significant foreign currency exposure when necessary.

As at 30 November 2014, we had bank balances and cash of approximately HK\$11.67 million, of which approximately HK\$6.38 million was denominated in RMB. Therefore, our Directors believe we will have sufficient bank balances and cash denominated in RMB to meet our foreign exchange liabilities as they become due.

The following table sets forth the carrying amounts of our material foreign currency denominated monetary assets and monetary liabilities at the respective financial position dates indicated:

	Assets			Liabilities		
	As at 31 March		As at 30	As at 31 March		As at 30
	2013	2014	November	2013	2014	November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
USD	850	577	472	77	42	–
RMB	12,636	19,035	15,652	344	170	620

Sensitivity analysis

No sensitivity analysis was prepared for US dollar of our Group entity with functional currency of Hong Kong dollar as Hong Kong dollar is pegged to USD. Our Group is mainly exposed to the currency risk of RMB.

The following table sets forth our sensitivity to a 5% increase or decrease in the HK dollar against US dollar and RMB for each of the reporting period. The sensitivity rate used when reporting foreign currency risk internally to our key management personnel is 5%, which represents our management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number in the table below indicates an increase

FINANCIAL INFORMATION

in post-tax profit where the functional currencies strengthen 5% against the relevant foreign currency. For a 5% weakening of the functional currencies against the relevant foreign currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	RMB		
	As at 31 March		As at
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2014</i> <i>HK\$'000</i>
Profit or loss	513	788	628

Credit risk

As at 31 March 2013, 31 March 2014 and 30 November 2014, our maximum exposure to credit risk, which may cause a financial loss to our Group due to the discharge of an obligation by the counterparties, arose from the carrying amount of the respective recognised financial assets as stated in the combined statement of financial position.

In order to minimise the credit risk, our management reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, our Directors considered that our credit risk on trade debts is significantly reduced.

Our concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for approximately 74.00%, 70.00% and 83.00% of the total trade receivables as at 31 March 2013, 31 March 2014 and 30 November 2014, respectively.

Amounts due from associates/related companies/shareholders are continuously monitored by assessing the credit quality of the counterparty, taking into account their financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts.

The credit risk on bank balances and held-to-maturity investments are limited because the counterparties were banks with high credit-ratings assigned by international credit-ratings agencies.

None of our financial assets were secured by collateral or other credit enhancements.

Interest rate risk

As at 31 March 2013, 31 March 2014 and 30 November 2014, we were exposed to cash flow interest rate risk in relation to our variable-rate bank balances. As at 31 March 2014 and 30 November 2014, we were also exposed to fair value interest rate risk in relation to our held-to-maturity investments and restricted bank balance. We currently do not have any interest rate hedging policy. However, our management would monitor the interest rate risk and consider other necessary action when significant interest rate risk is anticipated.

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Our exposure to interest rate risk in relation to variable-rate bank balances is minimal as the relevant maturities are short-term.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set out in Note 36 to the Accountants' Report included as Appendix I to this prospectus. Our Directors are of the view that the related party transactions were conducted at arm's length and on normal commercial terms, and would not distort our results of operations over the Track Record Period or make our historical results over the Track Record Period not reflective of our expectations for our future performance.

LISTING EXPENSES

Assuming the Offer Size Adjustment Option is not exercised and assuming the Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative range of the Placing Price stated in this prospectus, the listing expenses, which are non-recurrent in nature, are estimated to be approximately HK\$25.3 million. Our Selling Shareholders will bear the listing expenses of approximately HK\$0.3 million and the listing expenses to be borne by us are expected to be approximately HK\$25.0 million.

Of such amount to be borne by us, approximately HK\$8.3 million of our estimated listing expenses is directly attributable to the issue of the Placing Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining amount of approximately HK\$16.7 million has been or is to be charged to the combined statements of profit or loss and other comprehensive income, of which (i) approximately HK\$5.1 million and HK\$1.7 million were recognised for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively (according to our audited financial statement as set out in Appendix I to this prospectus); (ii) approximately HK\$2.4 million was recognised for the four months ended 31 March 2015 (according to our management accounts); and (iii) approximately HK\$7.5 million is expected to be charged upon the Listing (according to our current estimation).

Our Directors would like to emphasise that the listing expenses stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year(s) ended/ending 31 March 2015 and/or 2016 would be materially and adversely affected by the listing expenses mentioned above.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 MARCH 2015

Estimated combined profit attributable to owners of our Company (<i>Note 1</i>)	Not less than HK\$9.0 million
Unaudited pro forma estimated earnings per Share (<i>Note 2</i>)	Not less than HK\$0.56 cents

FINANCIAL INFORMATION

Notes:

- (1) The bases on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated combined profit attributable to owners of our Company for the year ended 31 March 2015 is based on the audited combined results of our Group for the eight months ended 30 November 2014 and the unaudited combined results of our Group based on our management accounts for the four months ended 31 March 2015.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated combined profit attributable to owners of our Company for the year ended 31 March 2015, assuming a total of 1,600,000,000 Shares in issue during the entire year and the Placing had been completed on 1 April 2014 without taking into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme.

DISTRIBUTABLE RESERVES

As at 30 November 2014, the aggregate amount of distributable reserves available for distribution to our Shareholders was approximately HK\$13.00 million.

DIVIDENDS AND DIVIDEND POLICY

For the years ended 31 March 2013, 31 March 2014 and the eight months ended 30 November 2014, our Group declared dividends of approximately HK\$10.69 million, HK\$13.80 million and nil, respectively.

The dividends were declared to reward the then shareholder's investments in our Group. Our Directors consider the level of distribution appropriate and in the best interests of our Group as the portion of the net profits from ordinary activities attributable to our Shareholders retained is sufficient to support our Group's expansion during the Track Record Period.

Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Law and our Articles which requires also the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, among other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements and other relevant factors. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Board in the future.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section headed "Unaudited Pro Forma Financial Information" included as Appendix II to this prospectus for details.

DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 17.15 to 17.21 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

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NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that so far as they are aware, (i) there were no material adverse changes in the market conditions or the industry and environment in which we operate that materially and adversely affect our financial or operating position since 30 November 2014 and up to the date of this prospectus; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 30 November 2014 and up to the date of this prospectus; and (iii) no event had occurred since 30 November 2014 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

UNDERWRITING

UNDERWRITER

Underwriter

Celestial Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Underwriting Agreement

Pursuant to the Underwriting Agreement, our Company and our Selling Shareholders will conditionally place the Placing Shares with individual, professional, institutional and other investors in Hong Kong at the Placing Price subject to the terms and conditions in the Underwriting Agreement and this prospectus. Subject to, among other conditions, the Listing Division granting the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement being fulfilled, the Sole Lead Manager as the Underwriter has agreed to subscribe for or procure subscribers for their respective applicable proportions of the Placing Shares on the terms and conditions under the Underwriting Agreement and in this prospectus.

Grounds for termination

The Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) shall have the absolute right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to our Company (for itself and on behalf of our Selling Shareholders) at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, if there shall develop, occur, exist or come into effect:

- (a) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the Cayman Islands, the BVI or any relevant jurisdiction;
- (b) any adverse change (whether or not permanent) in local, national or international stock market conditions;
- (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
- (d) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the PRC, the Cayman Islands, the BVI or any relevant jurisdiction;
- (e) any change in the business or in the financial or trading position of our Group or otherwise;

UNDERWRITING

- (f) any change or development involving a prospective change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the PRC, the Cayman Islands, the BVI, or any relevant jurisdiction;
- (g) a general moratorium on commercial banking business activities in Hong Kong, the PRC, the Cayman Islands, the BVI or any relevant jurisdiction declared by the relevant authorities; or
- (h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, natural disaster or outbreak of infectious diseases,

and which, in the reasonable opinion of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter):

- (i) might be materially adverse to the business, financial conditions or prospects of our Group taken as a whole; or
- (ii) might have a material adverse effect on the success of the Placing or might have the effect of making any part of the Underwriting Agreement incapable of implementation or performance in accordance with its terms; or
- (iii) makes it inadvisable or inexpedient to proceed with the Placing.

Without prejudice to the above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter):

- (a) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been any breach of any of the warranties or any other provision of the Underwriting Agreement which is considered, in the reasonable opinion of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter), to be material in the context of the Placing; or
- (b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus and the placing letter, would have constituted a material omission in the reasonable opinion of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) in the context of the Placing; or
- (c) any statement contained in this prospectus and the placing letter reasonably considered to be material by the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) which is discovered to be or becomes untrue, incorrect or misleading and in the reasonable opinion of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) to be material in the context of the Placing; or

UNDERWRITING

- (d) any event, act or omission which gives rise or is likely to give rise to any material liability of any of our Company, our executive Directors, our Controlling Shareholders and our Selling Shareholders pursuant to the indemnities contained in the Underwriting Agreement,

the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) shall be entitled (but not bound) by notice in writing to our Company (for itself and on behalf of the other parties thereto (other than the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter))) on or prior to such time to terminate the Underwriting Agreement.

Undertakings under the Underwriting Agreement

Under the Underwriting Agreement,

- (a) (i) each of our Controlling Shareholders jointly and severally undertakes to and covenants with our Company, the Sole Sponsor, the Sole Lead Manager (also in its capacity as the Underwriter) and the Stock Exchange that, save as permitted under the GEM Listing Rules and pursuant to the Placing and the Offer Size Adjustment Option, he/she/it shall not and shall procure that the relevant registered holder(s) shall not:
- (A) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date (the “**First 6-Month Period**”), sell, dispose of, nor enter into any agreement to dispose of or otherwise create any mortgage, charge, pledge, lien, option, restriction, claim, equity interest, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect (“**Encumbrances**”) in respect of any of the Shares which he/she/it is shown in this prospectus to be the beneficial owner(s); and
- (B) in the period of six months commencing on the date on which the First 6-Month Period expires (the “**Second 6-Month Period**”), sell, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances in respect of any of the Shares referred to in sub-paragraph (A) above if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he/she/it would cease to be a Controlling Shareholder,

provided that the restrictions in this paragraph (i) shall not apply to any Shares which our Controlling Shareholders or any of his/her/its respective associates may acquire or become interested in following the Listing Date;

UNDERWRITING

- (ii) each of our Controlling Shareholders further jointly and severally undertakes to and covenants with our Company, the Sole Sponsor, the Sole Lead Manager (also in its capacity as the Underwriter) and the Stock Exchange that:
 - (A) in the event that he/she/it pledges or charges any of his/her/its direct or indirect interest in the Shares referred to in sub-paragraph (a)(i)(A) above under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the relevant periods specified in paragraph (i) above, he/she/it must inform our Company, the Sole Sponsor, the Sole Lead Manager (also in its capacity as the Underwriter) and the Stock Exchange immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
 - (B) having pledged or charged any of his/her/its interest in the Shares under sub-paragraph (A) above, he/she/it must inform our Company, the Sole Sponsor, the Sole Lead Manager (also in its capacity as the Underwriter) and the Stock Exchange immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected; and

- (b) our Company undertakes to and covenants with the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter), and each of our executive Directors and our Controlling Shareholders jointly and severally undertakes to and covenants with the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) to procure that, save with the prior written consent of the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter), or save pursuant to the Capitalisation Issue, the Placing or the issue of Shares upon exercise of any of the options which will be granted under the Share Option Scheme, our Company shall not, within the period of six months from the Listing Date:
 - (i) save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws, allot or issue or agree to allot or issue any Shares or any other securities in our Company (including warrants or other convertible securities (and whether or not of a class already listed)); or
 - (ii) grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for or otherwise convert into, or exchange for any Shares or any other securities of our Company; or
 - (iii) purchase any securities of our Company; or
 - (iv) offer to or agree to do any of the foregoing or announce any intention to do so.

UNDERWRITING

Undertakings by our Controlling Shareholders and our Company pursuant to the GEM Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders have undertaken to the Stock Exchange and our Company that except as permitted under the GEM Listing Rules and pursuant to the Placing and the Offer Size Adjustment Option, he/she/it shall not, and shall procure that the relevant registered holder(s) shall not,

- (i) at any time during the First 6-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner; and
- (ii) at any time during the Second 6-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a Controlling Shareholder.

Our Controlling Shareholders have further undertaken to us and the Stock Exchange that he/she/it will, within a period of commencing from the date of this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us and the Stock Exchange (by way of an announcement which will be published in accordance with the requirements under the GEM Listing Rules) of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by he/she/it, whether directly or indirectly, in favour of any authorised institution pursuant to Rule 13.18(1) of the GEM Listing Rules, and the number of such Shares or securities so pledged or charged; and
- (b) any indication received by him/her/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or securities will be disposed of and of the number of Shares or securities affected.

Undertaking by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Placing or for the circumstances prescribed by Rule 17.29 of the GEM Listing Rules which includes the issue of Shares pursuant to the Share Option Scheme.

UNDERWRITING

Undertaking by Huayi Brothers

Huayi Brothers has undertaken to our Company that except as pursuant to the Placing and the Offer Size Adjustment Option, it shall not at any time during the First 6-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner.

Total commission, fee and expenses

In connection with the Placing, the Sole Lead Manager as the Underwriter will receive an underwriting commission of 3.00% of the aggregate Placing Price of all the Placing Shares (including any additional Shares that may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option), which was negotiated and agreed between the Sole Lead Manager (also in its capacity as the Underwriter) and our Company on arm's length basis, out of which the Sole Lead Manager will pay any sub-underwriting commissions and selling concessions.

In connection with the Listing, the Sole Sponsor will receive a sponsor's fee.

In connection with the Listing and the Placing, the total expenses are estimated to be approximately HK\$25.3 million assuming the Placing Price of HK\$0.23 per Share (including underwriting commission amounting to approximately HK\$3.09 million, brokerage, the Stock Exchange trading fee, the SFC transaction levy, the sponsorship fee, the listing fee, legal and other professional fees, printing cost and other expenses relating to the Placing), among which approximately HK\$25.0 million has been and shall be borne by our Company and approximately HK\$0.3 million shall be borne by our Selling Shareholders.

Our Company, our executive Directors, our Controlling Shareholders and our Selling Shareholders have agreed on a joint and several basis to indemnify the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) for certain losses which they may suffer, including losses incurred arising from their performance of their roles in connection with the Placing, and any breach by our Company and/or our Selling Shareholders of any of its/their obligations under the Underwriting Agreement.

Independence of the Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

Sole Sponsor's interests in our Company

Save for their interests and obligations under the Underwriting Agreement and the sponsor's fee payable to the Sole Sponsor in respect of the Placing, the Sole Sponsor is not interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

STRUCTURE AND CONDITIONS OF THE PLACING

PLACING PRICE

The Placing Price will not be more than HK\$0.25 per Share and not less than HK\$0.21 per Share. Subscribers, when subscribing for the Shares, shall pay the Placing Price plus brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. Assuming the Placing Price of HK\$0.25 per Share (being the highest price of the indicative Placing Price range), investors shall pay HK\$2,525.19 for every board lot of 10,000 Shares (inclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

The Placing Price will be fixed by an agreement expected to be entered into between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) on the Price Determination Date which is expected to be on or around Tuesday, 26 May 2015. If our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) are unable to reach an agreement on the Placing Price by the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter), the Placing will not become unconditional and will lapse. Prospective investors of the Placing Shares should be aware that the Placing Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative range of the Placing Price as stated in this prospectus.

If the Sole Lead Manager (also in its capacity as the Underwriter) with the consent of our Company (for itself and on behalf of our Selling Shareholders) considers it appropriate (for instance, if the level of interest is below the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company shall, as soon as practicable following the decision to make such reduction, publish an announcement on the reduction of the indicative Placing Price range on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.guruonline.hk.

The level of indication of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.guruonline.hk on or before Thursday, 28 May 2015.

CONDITIONS OF THE PLACING

The Placing is conditional upon:

- (a) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus;
- (b) the Placing Price having been duly agreed on or around the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter); and

STRUCTURE AND CONDITIONS OF THE PLACING

- (c) the obligations of the Sole Lead Manager (also in its capacity as the Underwriter) under the Underwriting Agreement becoming and remaining unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Lead Manager (also in its capacity as the Underwriter), and such obligations not having been terminated in accordance with the terms of the Underwriting Agreement,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus.

If these conditions are not fulfilled or (where applicable) waived by the Sole Sponsor and the Sole Lead Manager (also in its capacity as the Underwriter) on or before the day which is the 30th day after the date of this prospectus, the Placing shall lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Placing will be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.guruonline.hk on the next business day after such lapse.

THE PLACING

The Placing of 448,000,000 Placing Shares comprising 400,000,000 new Shares and 48,000,000 Sale Shares are conditionally offered by our Company and our Selling Shareholders, respectively, by way of private placements to professional, institutional and/or other investors. The Placing Shares will represent 28% of the issued share capital of our Company upon completion of the Placing. The Placing Shares will be fully underwritten by the Sole Lead Manager as the Underwriter pursuant to the Underwriting Agreement subject to, among other things, the Placing Price being fixed by agreement between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter) on or around the Price Determination Date or such later date as may be agreed between our Company (for itself and on behalf of our Selling Shareholders) and the Sole Lead Manager (also in its capacity as the Underwriter).

The Sole Lead Manager or agents nominated by it on behalf of our Company and our Selling Shareholders will conditionally place the Placing Shares at the Placing Price plus brokerage fee of 1.00%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% with individual, professional, institutional and other investors in Hong Kong, and Huayi Brothers. Save that not more than 8,970,000 out of the 448,000,000 Placing Shares (representing 0.56% of the issued share capital of our Company, or 2.00% of the Placing Shares initially offered pursuant to the Placing, immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme)), will be placed to Huayi Brothers, one of the substantial shareholders of our Company, if Huayi Brothers partially exercises the Amended Anti-Dilution Right of Huayi Brothers, allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell his/her/its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole. In particular, the Placing Shares will be allocated in accordance with Rule 11.23(8) of the GEM Listing Rules such that not more than 50% of the Shares in public hands at the time of

STRUCTURE AND CONDITIONS OF THE PLACING

the Listing will be owned by the three largest public Shareholders. Save as disclosed above and in the sub-section headed “Offer Size Adjustment Option” in this section, there will not be any preferential treatment in the allocation of the Placing Shares to any persons.

In relation to the exercise of the Amended Anti-Dilution Right of Huayi Brothers by Huayi Brothers as a core connected person of our Company, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 12.11 of the GEM Listing Rules which generally prohibits the dealings in the Shares by any of our core connected persons from the time of submission of application for the Listing and until the Listing is granted, subject to certain conditions. For details, please refer to the section headed “Waivers from Strict Compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance” in this prospectus.

Subject to prior written consent of the Stock Exchange, no allocations will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed. Details of the Placing will be announced in accordance with Rules 10.12(4), 13.02(2), 16.08 and 16.16 of the GEM Listing Rules.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional advisers.

OFFER SIZE ADJUSTMENT OPTION

The Sole Lead Manager can exercise the Offer Size Adjustment Option solely to cover any over-allocation in the Placing. Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue up to an aggregate of 67,200,000 additional Shares at the final Placing Price, representing approximately 15% of the Placing Shares initially available under the Placing. The Offer Size Adjustment Option can only be exercised on or before 26 May 2015, otherwise it will lapse. The Shares to be issued pursuant to the Offer Size Adjustment Option will not be used for price stabilisation purpose and is not subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Placing Shares and the 448,000,000 Shares initially offered in the Placing will represent approximately 4.03% and 26.87% of the enlarged issued share capital of our Company in issue, respectively following completion of the Placing and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme.

STRUCTURE AND CONDITIONS OF THE PLACING

If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$13.4 million, after deducting all related expenses (including underwriting fees), assuming a Placing Price of HK\$0.23 per Placing Share, being the mid-point of the indicative Placing Price range of HK\$0.21 to HK\$0.25 per Placing Share.

The net proceeds will be used in the same proportions as disclosed above irrespective of whether the Placing Price is determined at the highest or lowest point of the indicative Placing Price range and whether the Offer Size Adjustment Option is exercised.

As disclosed in the sub-section headed “The Placing” in this section, save that not more than 8,970,000 out of the 448,000,000 Placing Shares (representing 0.56% of the issued share capital of our Company, or 2.00% of the Placing Shares initially offered pursuant to the Placing, immediately following the Capitalisation Issue and the Placing (assuming that the Offer Size Adjustment Option is not exercised and without taking into account the Shares that may be allotted and issued upon exercise of options to be granted under the Share Option Scheme)), will be placed to Huayi Brothers, one of the substantial shareholders of our Company, if Huayi Brothers partially exercises the Amended Anti-Dilution Right of Huayi Brothers, allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell his/her/its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

If the Offer Size Adjustment Option is exercised in full and if Huayi Brothers partially exercises the Amended Anti-Dilution Right of Huayi Brothers, an aggregate of not more than 8,970,000 Shares will be placed to Huayi Brothers, representing in aggregate not more than 1.74% of the enlarged issued share capital of our Company, or in aggregate not more than 1.95% of the maximum number of Shares offered under the Placing (including the 148,000,000 Placing Shares and the 67,200,000 additional Shares allotted and issued pursuant to the exercise of the Offer Size Adjustment Option), immediately following the Capitalisation Issue and the Placing (without taking into account the Shares which may be allotted and issued upon exercise of options to be granted under the Share Option Scheme). For details of the Amended Anti-Dilution Right of Huayi Brothers, please refer to the sections headed “Waivers from Strict Compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance” and “History, Development and Reorganisation – Pre-IPO Investors – Special rights of our Pre-IPO Investors” in this prospectus.

Our Company will disclose in the results announcement whether the Offer Size Adjustment Option is exercised.

DEALINGS ARRANGEMENTS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Friday, 29 May 2015. The Shares will be traded in board lot of 10,000 Shares each. The stock code for the Shares is 8121.

The following is the text of a report, prepared for inclusion in this prospectus, received from our Company's reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

22 May 2015

The Board of Directors
Guru Online (Holdings) Limited

CLC International Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the “Financial Information”) relating to Guru Online (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the years ended 31 March 2013 and 2014 and eight months ended 30 November 2014 (the “Track Record Period”) for inclusion in the prospectus of the Company dated 22 May 2015 (the “Prospectus”) in connection with the proposed initial listing of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated on 10 January 2014 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands which acts as an investment holding company under the name of AdBeyond International (Holdings) Limited. On 24 January 2014, the Company changed its name to Guru Online (Holdings) Limited. Pursuant to a group reorganisation as detailed in the section headed “History, Development and Reorganisation – Reorganisation” to the Prospectus (the “Reorganisation”), the Company has become the holding company of the companies now comprising the Group since 16 May 2015. The Company has not carried out any business since the date of its incorporation saves for the aforementioned Reorganisation.

As at 31 March 2013 and 2014, 30 November 2014 and the date of this report, the Company has direct and indirect interests in the following subsidiaries comprising the Group:

Name of subsidiaries	Form of business	Place and date of incorporation/ establishment/operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company			Date of this report	Principal activities
				31 March	30 November			
				2013	2014	2014		
AdBeyond Holdings Limited ("AdBeyond BVT") (note i)	Incorporated	British Virgin Islands ("BVI") 23 August 2012	HK\$32,249	100%	100%	100%	100%	Investment holding
AdBeyond (Group) Limited ("AdBeyond HK")	Incorporated	Hong Kong 29 March 2007	HK\$20,942	100%	100%	100%	100%	Provision of marketing services
Adbeyond (Group) Limited ("AdBeyond GZ") 廣州超帆信息科技有限公司 (notes ii and iv)	Incorporated	The People's Republic of China (the "PRC") 22 November 2012	HK\$1,350,000	100%	100%	100%	100%	Provision of marketing services
Beijing AdBeyond Gao Rui Technology Company Limited ("AdBeyond BJ") 北京超凡高睿科技有限公司 (notes iii and iv)	Incorporated	PRC 10 July 2013	RMB1,000,000	N/A	100%	100%	100%	Provision of marketing services
iMinds Interactive Holdings Limited ("iMinds BVT") (notes i and v)	Incorporated	BVI 6 January 2014	US\$1	N/A	100%	100%	100%	Investment holding
iMinds Interactive Limited ("iMinds HK") (note v)	Incorporated	Hong Kong 7 January 2008	HK\$1	-	100%	100%	100%	Provision of digital media services

Notes:

- (i) AdBeyond BVI and iMinds BVI are directly held by the Company. All other subsidiaries are indirectly held by the Company.
- (ii) A wholly foreign owned enterprise with limited liability.
- (iii) A domestic company established in the PRC with limited liability.
- (iv) English translated name is for identification only.
- (v) These companies were acquired by the Group in March 2014. Details are set out in note 32 of Section A below.

The Company, AdBeyond BVI, iMinds BVI, AdBeyond HK and iMinds HK have adopted 31 March as their financial year end date. AdBeyond GZ and AdBeyond BJ have adopted 31 December as their financial year end date.

No statutory audited financial statements have been prepared for the Company, AdBeyond BVI and iMinds BVI as there is no such statutory requirement under the relevant rules and regulations. However, for the purpose of this report, we have reviewed all relevant transactions of these companies since their respective dates of incorporation or acquisition to 30 November 2014 and carried out such procedures as we considered necessary for inclusion of the Financial Information in relation to these companies in this report.

The audited statutory financial statements of AdBeyond HK and iMinds HK were prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and were audited by certified public accountants registered in Hong Kong.

The audited statutory financial statements of AdBeyond GZ and AdBeyond BJ were prepared in accordance with relevant accounting principles and financial regulations applicable to enterprise established in the PRC and were audited by certified public accountants registered in the PRC.

The statutory auditors of the above companies during the Track Record Period are as follows:

Name of subsidiary	Financial period	Name of auditor
AdBeyond HK	Year ended 31 March 2013 Year ended 31 March 2014	SHINEWING (HK) CPA Limited SHINEWING (HK) CPA Limited
iMinds HK	Year ended 31 March 2013 Year ended 31 March 2014	Fusion Certified Public Accountants Fusion Certified Public Accountants
AdBeyond GZ	Period from 22 November 2012 (date of establishment) to 31 December 2013	廣東正源會計師事務所有限公司
AdBeyond BJ	Period from 10 July 2013 (date of establishment) to 31 December 2013	北京東審鼎立國際會計師事務所 有限公司

The statutory financial statements of AdBeyond GZ and AdBeyond BJ for the year ended 31 December 2014 have not been issued as they are not yet due.

BASIS OF PREPARATION

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Company and its subsidiaries for the Track Record Period in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) (the “Underlying Financial Statements”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA for the Track Record Period.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements on the basis set out in Note 2 of Section A below, with no adjustments thereto, and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Rules").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the GEM Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information based on our procedures and to report our opinion thereon to you.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

OPINION

In our opinion, for the purpose of this report, and on the basis of preparation set out in Note 2 of Section A below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 March 2013 and 2014 and 30 November 2014 and of the Company as at 31 March 2014 and 30 November 2014, and the Group's combined results and combined cash flows for the Track Record Period.

The comparative combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the eight months ended 30 November 2013 together with the notes thereon (the "November 2013 Financial Information") have been extracted from the Group's unaudited combined financial statements for the same period, which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the November 2013 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the November 2013 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the November 2013 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the November 2013 Financial Information is not prepared, in all material aspects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 March		Eight months ended 30 November	
		2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 <i>(Unaudited)</i>	2014 HK\$'000
Revenue	8	89,048	112,594	75,755	95,092
Cost of services		<u>(49,707)</u>	<u>(64,280)</u>	<u>(42,530)</u>	<u>(53,845)</u>
Gross profit		39,341	48,314	33,225	41,247
Other income	10	60	326	205	420
Selling expenses		(10,169)	(13,217)	(8,350)	(10,243)
Administrative expenses		(12,492)	(28,381)	(14,226)	(20,931)
Share of results of associates	18	(38)	74	194	271
Finance costs	11	<u>(3)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Profit before tax	12	16,699	7,114	11,046	10,762
Income tax expense	13	<u>(2,995)</u>	<u>(2,513)</u>	<u>(1,864)</u>	<u>(2,100)</u>
Profit for the year/period attributable to owners of the Company		13,704	4,601	9,182	8,662
Other comprehensive income for the year/period					
<i>Items that will be subsequently reclassified to profit or loss</i>					
Exchange differences arising on translation of foreign operations		<u>6</u>	<u>(58)</u>	<u>12</u>	<u>78</u>
Total comprehensive income for the year/period attributable to owners of the Company		<u>13,710</u>	<u>4,543</u>	<u>9,194</u>	<u>8,740</u>

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	The Group			The Company	
		At 31 March	At 31 March	At 30 November	At 31 March	At 30 November
		2013 HK\$'000	2014 HK\$'000	2014 HK\$'000	2014 HK\$'000	2014 HK\$'000
Non-current assets						
Plant and equipment	17	2,497	2,550	5,375	–	–
Interests in associates	18	94	168	439	–	–
Intangible assets	19	2,162	1,707	2,838	–	–
Prepayment for acquisition of plant and equipment		–	1,128	–	–	–
Deposit paid		458	458	451	–	–
		<u>5,211</u>	<u>6,011</u>	<u>9,103</u>	<u>–</u>	<u>–</u>
Current assets						
Trade and bills receivables	20	27,536	39,741	49,662	–	–
Deposits, prepayments and other receivables	21	2,331	8,099	8,012	–	–
Amounts due from related companies	22	2,655	9	9	–	–
Amounts due from associates	23	148	245	315	–	–
Amounts due from shareholders	23	7,050	229	–	–	–
Held-to-maturity investments	24	–	5,033	–	–	–
Restricted bank balance	25	50	50	50	–	–
Bank balances and cash	25	27,136	6,962	11,673	–	–
		<u>66,906</u>	<u>60,368</u>	<u>69,721</u>	<u>–</u>	<u>–</u>
Current liabilities						
Trade and other payables	26	7,135	8,724	9,830	–	–
Amount due to a subsidiary	27	–	–	–	–	106
Receipts in advance		1,880	2,266	1,870	–	–
Accrued expenses		1,612	2,977	4,748	–	–
Tax payable		502	838	1,489	–	–
Obligation under a finance lease	28	19	20	21	–	–
		<u>11,148</u>	<u>14,825</u>	<u>17,958</u>	<u>–</u>	<u>106</u>
Net current assets (liabilities)		<u>55,758</u>	<u>45,543</u>	<u>51,763</u>	<u>–</u>	<u>(106)</u>
Total assets less current liabilities		<u>60,969</u>	<u>51,554</u>	<u>60,866</u>	<u>–</u>	<u>(106)</u>
Non-current liabilities						
Obligation under a finance lease	28	36	16	2	–	–
Deferred tax liabilities	29	730	592	1,178	–	–
		<u>766</u>	<u>608</u>	<u>1,180</u>	<u>–</u>	<u>–</u>
		<u>60,203</u>	<u>50,946</u>	<u>59,686</u>	<u>–</u>	<u>(106)</u>
Capital and reserves						
Share capital	30	32	32	32	–	–
Reserves	31	60,171	50,914	59,654	–	(106)
		<u>60,203</u>	<u>50,946</u>	<u>59,686</u>	<u>–</u>	<u>(106)</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	
At 1 April 2012	21	1,999	–	10,523	12,543
Profit for the year	–	–	–	13,704	13,704
Exchange differences arising on translating of foreign operations	–	–	6	–	6
Profit and total comprehensive income for the year	–	–	6	13,704	13,710
Issue of shares (<i>note 30</i>)	11	44,626	–	–	44,637
Dividends paid (<i>note 15</i>)	–	–	–	(10,687)	(10,687)
At 31 March 2013 and 1 April 2013	32	46,625	6	13,540	60,203
Profit for the year	–	–	–	4,601	4,601
Exchange differences arising on translation of foreign operations	–	–	(58)	–	(58)
Total comprehensive (expense) income for the year	–	–	(58)	4,601	4,543
Dividends paid (<i>note 15</i>)	–	–	–	(13,800)	(13,800)
At 31 March 2014	32	46,625	(52)	4,341	50,946
Profit for the period	–	–	–	8,662	8,662
Exchange differences arising on translation of foreign operations	–	–	78	–	78
Profit and total comprehensive income for the period	–	–	78	8,662	8,740
At 30 November 2014	<u>32</u>	<u>46,625</u>	<u>26</u>	<u>13,003</u>	<u>59,686</u>
At 1 April 2013 (Audited)	32	46,625	6	13,540	60,203
Profit for the period	–	–	–	9,182	9,182
Exchange differences arising on translation of foreign operations	–	–	12	–	12
Profit and total comprehensive income for the period	–	–	12	9,182	9,194
Dividends paid (<i>note 15</i>)	–	–	–	(13,800)	(13,800)
At 30 November 2013 (Unaudited)	<u>32</u>	<u>46,625</u>	<u>18</u>	<u>8,922</u>	<u>55,597</u>

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
			<i>(Unaudited)</i>	
OPERATING ACTIVITIES				
Profit before tax	16,699	7,114	11,046	10,762
Adjustments for:				
Finance costs	3	2	2	2
Bank interest income	(3)	(128)	(71)	(58)
Reversal of impairment losses on trade receivables	–	–	–	(66)
Depreciation of plant and equipment	708	949	590	1,146
Amortisation of intangible assets	114	455	303	303
Write off of goodwill arising on acquisition of subsidiaries	–	22	–	–
Share of results of associates	38	(74)	(194)	(271)
Operating cash flow before movements in working capital	17,559	8,340	11,676	11,818
Increase in trade and bills receivables	(14,520)	(10,688)	(14,786)	(9,784)
(Increase) decrease in deposits, prepayments and other receivables	(1,599)	(4,806)	(4,354)	98
Increase in trade and other payables	1,671	659	4,284	1,104
Increase (decrease) in receipts in advance	230	373	368	(396)
(Decrease) increase in accrued expenses	(540)	1,351	297	1,771
CASH GENERATED FROM (USED IN) OPERATIONS	2,801	(4,771)	(2,515)	4,611
Income tax paid	(3,111)	(2,315)	–	(863)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(310)	(7,086)	(2,515)	3,748

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	
INVESTING ACTIVITIES				
Repayment from (advance to) associates	55	(97)	(3,053)	(70)
(Advance to) repayment from related companies	(1,149)	(9)	1,405	–
(Advance to) repayment from shareholders	(7,050)	6,821	6,276	229
Interest received	3	24	71	58
Purchase of plant and equipment	(1,282)	(1,000)	(603)	(2,840)
Prepayment for acquisition of plant and equipment	–	(1,128)	–	–
Investment in an associate	(2)	–	–	–
Development cost of intangible assets	(2,181)	–	–	(1,434)
Net cash inflow from acquiring a subsidiary (<i>note 32</i>)	–	1,115	–	–
(Purchase) redemption of held-to-maturity investments	–	(5,000)	(5,000)	5,033
	<u>–</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>5,033</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES				
	<u>(11,606)</u>	<u>726</u>	<u>(904)</u>	<u>976</u>
FINANCING ACTIVITIES				
Interest paid	(3)	(2)	(2)	(2)
Dividends paid	(10,687)	(13,800)	(10,482)	–
Repayments of obligation under a finance lease	(18)	(20)	(14)	(13)
Proceeds from issue of shares	44,637	–	–	–
Advance from a related company	–	–	1,265	–
Repayment to directors	(377)	–	–	–
	<u>(377)</u>	<u>–</u>	<u>–</u>	<u>–</u>
NET CASH FROM (USED IN) FINANCING ACTIVITIES				
	<u>33,552</u>	<u>(13,822)</u>	<u>(9,233)</u>	<u>(15)</u>
Net increase (decrease) in cash and cash equivalents				
	<u>21,636</u>	<u>(20,182)</u>	<u>(12,652)</u>	<u>4,709</u>
Cash and cash equivalents at beginning of year/period				
	5,494	27,136	27,136	6,962
Effect of foreign exchange rate changes	<u>6</u>	<u>8</u>	<u>28</u>	<u>2</u>
Cash and cash equivalents at end of year/period, represented by bank balances and cash				
	<u>27,136</u>	<u>6,962</u>	<u>14,512</u>	<u>11,673</u>

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated on 10 January 2014 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands. Pursuant to a special resolution passed on 22 January 2014, the name of the Company was changed from AdBeyond International (Holdings) Limited to Guru Online (Holdings) Limited.

The addresses of the registered office and the principal place of business of the Company are stated in the "Corporate Information" section of the Prospectus. The Group's major operating subsidiaries are mainly engaged in the provision of marketing services.

The Financial Information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Pursuant to the Reorganisation as described in the section headed "History, Development and Reorganisation - Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group after the completion of the Reorganisation. The companies now comprising the Group have been under the common control of the ultimate controlling shareholders including Mr. Yip Shek Lun, Ms. Wan Wai Ting, Mr. Jeff Ng and Ms. Wang Lai Man, Liza throughout the Track Record Period or since their respective dates of incorporation/establishment up to 30 November 2014. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information has been prepared on a combined basis as if the Company had always been the holding company of the Group by applying the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as if the Reorganisation had been completed at the beginning of the Track Record Period as set out in the accounting policy of the Company under "Merger accounting for business combination involving entities under common control" in note 4 to the Financial Information.

The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows including the results and cash flows of companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of incorporation/establishment of the relevant Group's subsidiaries, up to 30 November 2014. The combined statements of financial position of the Group as at 31 March 2013 and 2014 and 30 November 2014 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted all the new and revised Hong Kong Accounting Standards ("HKAS"), HKFRSs, amendments and interpretations ("Int") (hereinafter collectively referred to as "new and revised HKFRSs" issued by the HKICPA which are effective for the accounting periods beginning on 1 January 2014.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁴
Amendments to HKAS 1	Disclosure Initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁴
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ³
Amendments to HKAS 27	Equity Method in Separate Financial Statements ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ⁴

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 July 2014.

⁴ Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an “expected credit loss” model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under

HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.
- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's combined financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account those characteristics when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Combination of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Merger accounting for business combination involving entities under common control

The combined financial statements incorporate the financial statements items of the combining entities or business in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For the goodwill arriving on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these combined financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the combined statements of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which include any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the associate

is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's combined financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business, net of discounts and sales related taxes.

Service income is recognised when services are provided.

The Group derives revenue from provision of advertisement placement services through digital media and provision of set-up, maintenance and monitor services on corporate profile pages through the social media platforms. The revenue is recognised on a straight-line basis over the service period.

The Group also provides services involving design and copywriting of digital advertisements, production of corporate profile pages, website, apps and related consultation. The revenue derives from these contracts is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined by reference to the proportion of the total cost of providing the service.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Plant and equipment

Plant and equipment are stated in the combined statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such

assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the combined financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Intangible assets

Internally-generated intangible asset – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Retirement benefit plans

Payments to state-managed retirement benefit schemes and the Mandatory Provident Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Cash and cash equivalents

Cash in the combined statements of financial position comprise cash at banks and on hand with a maturity of three months or less.

For the purpose of the combined statements of cash flows, cash and cash equivalents represent cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the combined statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: held-to-maturity investments and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Held-to-maturity instruments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits and other receivables, amounts due from related companies/associates/shareholders, restricted bank balance and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period 30-60 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, deposits and other receivables, amounts due from related companies/associates/shareholders, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable, a deposit or other receivable, or an amount due from a related company/an associate/a shareholder is considered uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities are classified into other financial liabilities including trade and other payables, accrued expenses, amount due to a subsidiary and obligation under a finance lease are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the combined financial statements.

Held-to-maturity investments

The directors of the Company have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity investments were approximately nil, HK\$5,033,000 and nil as at 31 March 2013 and 2014 and 30 November 2014 respectively. Details of these assets are set out in note 24.

Significant influence over associates

As per note 18, the directors of the Company considered Travellife Limited, bMedia Limited, Qooza Interactive Limited and Unwire Limited, in which the Group has 20%, 19.9%, 13% and 19.9% equity interests, respectively, are associates of the Group. The Group has significant influence over bMedia Limited, Qooza Interactive Limited and Unwire Limited by virtue of its contract right to appoint one out of the five directors of these associates and voting right under the provisions stated in the shareholders' agreement of these associates.

Key source of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of plant and equipment and amortisation of intangible assets

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values, while intangible assets are amortised on a straight-line basis over their estimated useful lives. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual values and the useful lives of the plant and equipment and intangible assets and if the expectation differs from the original estimates, such a difference may impact the depreciation and amortisation in the year and the estimate will be changed in the future period.

Estimated impairment loss on plant and equipment

The impairment loss on plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations or fair value less cost to sell. The directors of Company select an appropriate technique to determine the recoverable amounts of plant

and equipment. These calculations require the use of estimates such as the future revenue and discount rates. As at 31 March 2013 and 2014 and 30 November 2014, the carrying values of plant and equipment were approximately HK\$2,497,000, HK\$2,550,000 and HK\$5,375,000 respectively. No impairment loss was recognised during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

Estimated impairment loss on intangible assets

At the end of the reporting period, the Group performs testing on whether there has been impairment of intangible assets in accordance with the accounting policy as stated in note 4. Determining whether the intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which the intangible assets has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2013 and 2014 and 30 November 2014, the carrying values of intangible assets were approximately HK\$2,162,000, HK\$1,707,000 and HK\$2,838,000 respectively. No impairment loss was recognised during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

Estimated allowance for doubtful receivables

The Group makes allowances for doubtful debts based on an assessment of the recoverability of trade receivables. Allowances are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the estimation of future cash flows. Where the expectation of the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade and bills receivables and allowance for doubtful debts in the year in which such estimation has changed. As at 31 March 2013 and 2014 and 30 November 2014, the carrying values of trade and bills receivables were approximately HK\$27,536,000, HK\$39,741,000, and HK\$49,662,000 (net of allowance for doubtful debts of approximately HK\$669,000, HK\$508,000 and HK\$337,000) respectively.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged during the Track Record Period.

The capital structure of the Group consists of bank balances, obligation under a finance lease and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As a part of this review, the directors of the Company consider costs of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues.

The Group are not subject to either internally or externally imposed capital requirements.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Categories of financial instruments

	The Group			The Company	
	At 31 March		At 30	At 31	At 30
	2013	2014	November	March	November
	HK\$'000	HK\$'000	2014	2014	2014
		HK\$'000	HK\$'000	HK\$'000	
Financial assets					
Held-to-maturity investments	-	5,033	-	-	-
Loans and receivables (including cash and cash equivalents)	66,144	52,143	65,967	-	-
Financial liabilities					
Other financial liabilities at amortised cost	8,802	11,737	14,601	-	106

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amounts due from associates/related companies/shareholders, held-to-maturity investments, restricted bank balance, bank balances and cash, trade and other payables, accrued expenses and obligation under a finance lease. The Company's major financial instruments include amount due to a subsidiary. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

Several subsidiaries of the Group have sales and cost of services acquired denominated in currencies other than the respective functional currency, which expose the Group to foreign currency risk. Approximately 15%, 16%, 16% and 11% of the Group's sales and 11%, 4%, 4% and 11% of the Group's cost of services acquired are denominated in currencies other than the functional currency of the group entity making the sales and acquiring the services for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, respectively. The Group currently does not have a foreign currency hedging policy. The Group will monitor foreign exchange exposure and consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's material foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets			Liabilities		
	As at 31 March		As at 30 November	As at 31 March		As at 30 November
	2013	2014	2014	2013	2014	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
USD	850	577	472	77	42	-
RMB	12,636	19,035	15,652	344	170	620

No monetary asset and liability of the Company denominated in foreign currency other than the functional currency of the Company.

Sensitivity analysis

No sensitivity analysis was prepared for USD of the group entity with functional currency of HK\$ as HK\$ is pegged to USD. The Group is mainly exposed to the currency risk of RMB.

The following table details the Group's sensitivity to a 5% decrease and increase in HK\$ against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate.

A positive number below indicates an increase in post-tax profit where HK\$ weakening 5% against the relevant currency. For a 5% strengthen of HK\$ against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	RMB		
	Year ended 31 March		Eight months ended
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
Profit or loss	513	788	628

(ii) *Interest rate risk*

At 31 March 2013 and 2014 and 30 November 2014, the Group is exposed to cash flow interest rate risk in relation to its variable-rate bank balances. At 30 November 2014, the Group also exposed to fair value interest rate risk in relation held-to-maturity investments and restricted bank balance. The

Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Company has no interest bearing financial instruments and its exposure to interest rate risk is insignificant.

The Group's exposure to interest rate risk in relation to variable-rate bank balances is minimal due to short-term maturities, hence, no sensitivity analysis is prepared.

(iii) Credit risk

At 31 March 2013 and 2014 and 30 November 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position. The Company has no exposure to the credit risk as no financial asset has been held as at the end of each reporting period.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of Company consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 74%, 70% and 83% of total trade receivables as at 31 March 2013 and 2014 and 30 November 2014 respectively.

Amounts due from associates/related companies/shareholders, are continuously monitored by assessing the credit quality of the counterparty, taking into account their financial position, past experience and other factors. Where necessary, impairment loss is made for estimated irrecoverable amounts.

The credit risk on bank balances and held-to-maturity investments are limited because the counterparties are banks with high credit-ratings assigned by international credit-ratings agencies.

None of the Group's financial assets are secured by collateral or other credit enhancements.

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Company has net current liability of approximately HK\$106,000 as at 30 November 2014 which arose from the operating expenses incurred by the Company but settled by its subsidiary. The directors of the Company monitor the liquidity position of the Company through financing provided by a subsidiary.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

*Liquidity tables***The Group**

	On demand or within 1 year <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount at 31 March 2013 <i>HK\$'000</i>
At 31 March 2013					
Trade and other payables	7,135	–	–	7,135	7,135
Accrued expenses	1,612	–	–	1,612	1,612
Obligation under a finance lease	21	21	17	59	55
	<u>8,768</u>	<u>21</u>	<u>17</u>	<u>8,806</u>	<u>8,802</u>
	On demand or within 1 year <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount at 31 March 2014 <i>HK\$'000</i>
At 31 March 2014					
Trade and other payables	8,724	–	–	8,724	8,724
Accrued expenses	2,977	–	–	2,977	2,977
Obligation under a finance lease	21	17	–	38	36
	<u>11,722</u>	<u>17</u>	<u>–</u>	<u>11,739</u>	<u>11,737</u>
	On demand or within 1 year <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount at 30 November 2014 <i>HK\$'000</i>
At 30 November 2014					
Trade and other payables	9,830	–	–	9,830	9,830
Accrued expenses	4,748	–	–	4,748	4,748
Obligation under a finance lease	21	4	–	25	23
	<u>14,599</u>	<u>4</u>	<u>–</u>	<u>14,603</u>	<u>14,601</u>

The Company

	On demand or within 1 year <i>HK\$'000</i>	More than 1 year but less than 2 years <i>HK\$'000</i>	More than 2 years but less than 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount at 30 November 2014 <i>HK\$'000</i>
At 30 November 2014					
Amount due to a subsidiary	106	-	-	106	106

c. Fair value measurements of financial instruments

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the combined financial statements approximate to their corresponding fair value due to short-term maturities.

8. REVENUE

Revenue represented revenue arising on provision of digital marketing services during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

9. SEGMENT INFORMATION

The Group is principally engaged in provision of digital marketing services. Information reported to the chief operating decision maker (the "CODM"), being the directors of Company, for the purpose of resource allocation and assessment of segment performance focuses on type of services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

- (i) Digital Advertisement Placement Services – Provision of advertisement placement services through digital media.
- (ii) Social Media Management Services – Provision of set-up, maintenance and monitor services on corporate profile pages through the social media platforms.
- (iii) Creative and Technology Services – Provision of services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation.

Segment profit represents the gross profit attributable to each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. Segment assets and liabilities are not reported to the Group's CODM regularly.

Year ended 31 March 2013

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>31,191</u>	<u>34,591</u>	<u>23,266</u>	<u>89,048</u>
RESULT				
Segment profit	<u>10,820</u>	<u>14,939</u>	<u>13,582</u>	39,341
Other income				60
Selling expenses				(10,169)
Administrative expenses				(12,492)
Share of results of associates				(38)
Finance costs				<u>(3)</u>
Profit before tax				<u>16,699</u>

Year ended 31 March 2014

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>39,974</u>	<u>47,196</u>	<u>25,424</u>	<u>112,594</u>
RESULT				
Segment profit	<u>14,751</u>	<u>20,807</u>	<u>12,756</u>	48,314
Other income				326
Selling expenses				(13,217)
Administrative expenses				(28,381)
Share of results of associates				74
Finance costs				<u>(2)</u>
Profit before tax				<u>7,114</u>

Eight months ended 30 November 2013 (Unaudited)

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>28,115</u>	<u>32,403</u>	<u>15,237</u>	<u>75,755</u>
RESULT				
Segment profit	<u>11,507</u>	<u>14,507</u>	<u>7,211</u>	33,225
Other income				205
Selling expenses				(8,350)
Administrative expenses				(14,226)
Share of results of associates				194
Finance costs				<u>(2)</u>
Profit before tax				<u>11,046</u>

Eight months ended 30 November 2014

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment results	<u>35,610</u>	<u>37,227</u>	<u>22,255</u>	<u>95,092</u>
RESULT				
Segment profit	<u>12,376</u>	<u>14,608</u>	<u>14,263</u>	41,247
Other income				420
Selling expenses				(10,243)
Administrative expenses				(20,931)
Share of results of associates				271
Finance costs				<u>(2)</u>
Profit before tax				<u>10,762</u>

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' salaries, other income, share of results of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographic information

The Group's operations are located in Hong Kong (country of domicile) and the PRC.

Based on the Group entities' place of operation (i.e. the location of office of Group entities signing the contracts with the customers), no geographic information for the Group's revenue from external customers has been presented as over 90% of the external revenue is generated from Group entities whose office located in Hong Kong during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

Information about major customers

No revenue from a customer of the corresponding years/periods contributed over 10% of the total revenue of the Group during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

10. OTHER INCOME

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Exchange gain	25	115	98	56
Bank interest income	3	128	71	58
Reversal of impairment losses on trade receivables	–	–	–	66
Sundry income	32	83	36	240
	<u>60</u>	<u>326</u>	<u>205</u>	<u>420</u>

11. FINANCE COSTS

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<i>(Unaudited)</i>			
Interests on:				
Bank overdraft	1	–	–	–
Finance lease	2	2	2	2
	<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>

12. PROFIT BEFORE TAX

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000
Profit before tax has been arrived at after charging:				
Directors' emoluments (note 14)	–	3,396	2,264	2,263
Other staff costs	29,177	40,107	25,811	31,392
Contributions to retirement benefits schemes, excluding directors	1,170	1,446	934	1,197
Total staff costs	30,347	44,949	29,009	34,852
Auditors' remuneration	80	56	–	–
Amortisation of intangible assets (included in cost of services)	114	455	303	303
Depreciation of plant and equipment	708	949	590	1,146
Professional expenses incurred in connection with the Company's listing	–	5,146	–	1,686
Minimum lease payments under operating leases in respect of rented premises	2,497	3,652	2,307	3,710
Write off of goodwill arising on acquisition of subsidiaries (note 32)	–	22	–	–

13. INCOME TAX EXPENSE

	Year ended 31 March		Eight months ended 30 November	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:				
Hong Kong Profits Tax	2,431	2,651	1,975	1,233
PRC Enterprise Income Tax	<u>123</u>	<u>–</u>	<u>–</u>	<u>281</u>
	2,554	2,651	1,975	1,514
Over-provision of Hong Kong Profits tax in prior years	(12)	–	–	–
Deferred taxation (<i>note 29</i>)	<u>453</u>	<u>(138)</u>	<u>(111)</u>	<u>586</u>
	<u><u>2,995</u></u>	<u><u>2,513</u></u>	<u><u>1,864</u></u>	<u><u>2,100</u></u>

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014. No provision for the PRC Enterprise Income Tax had been made for the year ended 31 March 2014 and the eight months ended 30 November 2013 as there was no assessable profit for that periods.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

The income tax expense for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014 can be reconciled to the profit before tax per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Profit before tax	<u>16,699</u>	<u>7,114</u>	<u>11,046</u>	<u>10,762</u>
Tax calculated at the applicable statutory tax rate of 16.5%	2,755	1,174	1,823	1,776
Effect of different tax rates of subsidiaries operating in other jurisdictions	(2)	(290)	(1)	(84)
Tax effect of share of results of associates	6	(7)	(32)	(45)
Tax effect of expenses not deductible for tax purpose	187	984	86	387
Tax effect of income not taxable for tax purpose	–	(20)	(12)	(9)
Utilisation of tax losses not recognised in prior years	–	–	–	(62)
Tax effect of tax losses not recognised	61	672	–	137
Over-provision in prior years	<u>(12)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Income tax expense for the year/period	<u>2,995</u>	<u>2,513</u>	<u>1,864</u>	<u>2,100</u>

Details of deferred taxation are set out in note 29.

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

During the years ended 31 March 2013 and 2014 and eight months 30 November 2013 and 2014, no emoluments were paid by the Group to the directors of Company as an inducement to join or upon joining the Group or as compensation for loss of office.

Details of emoluments paid or payable by the Group to each of the directors of the Company are set out as follows:

Year ended 31 March 2013

	Fees	Salaries and other allowances	Contributions to retirement benefits schemes	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Directors:</i>				
Jeff Ng	-	-	-	-
Wan Wai Ting	-	-	-	-
Wang Lai Man, Liza	-	-	-	-
Yip Shek Lun	-	-	-	-
Wong Yuet Yeung, Harry (resigned on 30 November 2012)	-	-	-	-
Cheung Wing Hon (appointed on 30 November 2012)	-	-	-	-
Hu Ming (appointed on 30 November 2012)	-	-	-	-
Ng Chi Fung (吳子峰) (appointed on 30 November 2012)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Year ended 31 March 2014

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Contributions to retirement benefits schemes <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors:</i>				
Jeff Ng	–	792	15	807
Wan Wai Ting	–	792	15	807
Wang Lai Man, Liza	–	792	15	807
Yip Shek Lun	–	960	15	975
Cheung Laam (appointed on 4 December 2013 and redesignated as non-executive director on 6 February 2014)	–	–	–	–
Cheung Wing Hon (redesignated as non-executive director on 6 February 2014)	–	–	–	–
Hu Ming (redesignated as non-executive director on 6 February 2014)	–	–	–	–
Ng Chi Fung (吳子峰) (resigned on 4 December 2013)	–	–	–	–
<i>Non-executive directors:</i>				
Cheung Laam (redesignated as non-executive director on 6 February 2014)	–	–	–	–
Cheung Wing Hon (redesignated as non-executive director on 6 February 2014)	–	–	–	–
Hu Ming (redesignated as non- executive director on 6 February 2014)	–	–	–	–
	–	–	–	–
	–	3,336	60	3,396

Eight months ended 30 November 2013 (Unaudited)

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Contributions to retirement benefits schemes <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Directors:</i>				
Jeff Ng	–	528	10	538
Wan Wai Ting	–	528	10	538
Wang Lai Man, Liza	–	528	10	538
Yip Shek Lun	–	640	10	650
Cheung Wing Hon	–	–	–	–
Hu Ming	–	–	–	–
Ng Chi Fung (吳子峰)	–	–	–	–
	<u>–</u>	<u>2,224</u>	<u>40</u>	<u>2,264</u>

Eight months ended 30 November 2014

	Fees <i>HK\$'000</i>	Salaries and other allowances <i>HK\$'000</i>	Contributions to retirement benefits schemes <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Executive directors:</i>				
Jeff Ng	–	528	12	540
Wan Wai Ting	–	528	12	540
Wang Lai Man, Liza (redesignated as non-executive director on 27 November 2014)	–	519	12	531
Yip Shek Lun	–	640	12	652
<i>Non-executive directors:</i>				
Cheung Laam	–	–	–	–
Cheung Wing Hon	–	–	–	–
Hu Ming	–	–	–	–
Wang Lai Man, Liza (redesignated as non-executive director on 27 November 2014)	–	–	–	–
<i>Independent non-executive directors:</i>				
David Tsoi (appointed on 28 May 2014)	–	–	–	–
Hong Ming Sang (appointed on 28 May 2014)	–	–	–	–
Lam Tung Leung (appointed on 28 May 2014)	–	–	–	–
Tso Ping Cheong, Brian (appointed on 28 May 2014)	–	–	–	–
	<u>–</u>	<u>2,215</u>	<u>48</u>	<u>2,263</u>

During the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, no chief executive has been appointed by the Company. Mr. Yip Shek Lun performed the duties of chief executive. His emolument disclosed above includes those services rendered by Mr. Yip Shek Lun.

None of the directors of the Company waived any emoluments during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, during the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, nil, four, four and three directors of the company whose emoluments are included in the disclosure above respectively. The emoluments of the remaining, five, one, one and two individuals were as follows:

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 (Unaudited)	2014 HK\$'000
Salaries and other benefits	2,402	70	46	380
Contributions to retirement benefits schemes	72	15	10	23
Performance related incentive payments (<i>note</i>)	872	870	570	1,164
	<u>3,346</u>	<u>955</u>	<u>626</u>	<u>1,567</u>

Note: Performance related incentive payments are determined as a percentage of the sales amount procured by the employees for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014.

Their emoluments were within the following bands:

	Year ended 31 March		Eight months ended 30 November	
	2013 <i>No. of employees</i>	2014 <i>No. of employees</i>	2013 <i>No. of employees (Unaudited)</i>	2014 <i>No. of employees</i>
Nil to HK\$1,000,000	4	1	1	2
HK\$1,000,001 to HK\$1,500,000	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, no emoluments were paid by the Group to the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office.

15. DIVIDENDS

During the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, AdBeyond BVI made the following distributions to their shareholders.

	Year ended 31 March		Eight months ended 30 November	
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Dividends recognised as distribution during the year/ period by:				
AdBeyond BVI	10,687	13,800	13,800	–
Dividends attributable to owners of the AdBeyond BVI	<u>10,687</u>	<u>13,800</u>	<u>13,800</u>	<u>–</u>

The rate of dividends and the number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

No dividend was paid or proposed subsequent to the end of the reporting period and up to the date of this report.

16. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

17. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>HK\$'000</i>	Leasehold Improvement <i>HK\$'000</i>	Total <i>HK\$'000</i>
The Group			
COST			
At 1 April 2012	2,212	302	2,514
Additions	1,137	145	1,282
At 31 March 2013 and 1 April 2013	3,349	447	3,796
Exchange realignment	2	–	2
Additions	1,000	–	1,000
At 31 March 2014 and 1 April 2014	4,351	447	4,798
Exchange realignment	3	–	3
Additions	2,113	1,855	3,968
At 30 November 2014	6,467	2,302	8,769
ACCUMULATED DEPRECIATION			
At 1 April 2012	543	48	591
Charged for the year	592	116	708
At 31 March 2013 and 1 April 2013	1,135	164	1,299
Charged for the year	818	131	949
At 31 March 2014 and 1 April 2014	1,953	295	2,248
Charged for the period	747	399	1,146
At 30 November 2014	2,700	694	3,394
CARRYING VALUES			
At 31 March 2013	2,214	283	2,497
At 31 March 2014	2,398	152	2,550
At 30 November 2014	3,767	1,608	5,375

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and equipment	20%
Leasehold improvement	Over the shorter of term of the lease or 5 years

At 31 March 2013 and 2014 and 30 November 2014, the carrying value of asset held under a finance lease of the Group was approximately HK\$55,000, HK\$37,000 and HK\$27,000 respectively.

18. INTERESTS IN ASSOCIATES

	At 31 March 2013 HK\$'000	2014 HK\$'000	At 30 November 2014 HK\$'000
The Group			
Costs of investments in associates			
Unlisted in Hong Kong	55	55	55
Share of post-acquisition profits and other comprehensive income	39	113	384
	<u>94</u>	<u>168</u>	<u>439</u>

As at 31 March 2013 and 2014 and 30 November 2014, the Group had interests in the following associates:

Name of entity	Form of entity	Place of incorporation/operation	Class of shares held	Proportion of nominal value of issued capital held by the Group			Proportion of voting power held by the Group			Principal activities
				At 31 March		At 30 November	At 31 March		At 30 November	
				2013	2014	2014	2013	2014	2014	
Travellife Limited	Incorporated	Hong Kong	Ordinary	20%	20%	20%	20%	20%	20%	Provision of Internet advertising services
bMedia Limited	Incorporated	Hong Kong	Ordinary	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	Provision of Internet advertising services
Qooza Interactive Limited	Incorporated	Hong Kong	Ordinary	13%	13%	13%	13%	13%	13%	Provision of Internet advertising services
Unwire Limited	Incorporated	Hong Kong	Ordinary	19.9%	19.9%	19.9%	19.9%	19.9%	19.9%	Inactive

Note: The Group is able to exercise significant influence over the associates because it has the power to appoint one out of the five directors of the associates under the provisions stated in the shareholders' agreement of the associates.

All the Group's interests in associates are not individually material. The aggregate financial information and carrying amount of the Group's interests are accounted for using the equity method are set out below:

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The Group's share of profit (loss) and total comprehensive income (expense) for the year/period	<u>(38)</u>	<u>74</u>	<u>194</u>	<u>271</u>
		At 31 March		At 30 November
		2013	2014	2014
		HK\$'000	HK\$'000	HK\$'000
Carrying amount of the Group's interests in these associates		<u>94</u>	<u>168</u>	<u>439</u>

The Group has stopped recognising its share of loss of an associate when applying the equity method. The unrecognised share of the associate are set out below:

	Year ended 31 March		Eight months ended 30 November	
	2013	2014	2013	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unrecognised share of loss of an associate for the year/period	<u>-</u>	<u>41</u>	<u>25</u>	<u>21</u>
		At 31 March		At 30 November
		2013	2014	2014
		HK\$'000	HK\$'000	HK\$'000
Accumulated unrecognised share of loss of an associate		<u>-</u>	<u>41</u>	<u>62</u>

19. INTANGIBLE ASSETS

	Development costs HK\$'000
The Group	
COST	
At 1 April 2012	95
Additions	<u>2,181</u>
At 31 March 2013, 1 April 2013, 31 March 2014 and 1 April 2014	2,276
Additions	<u>1,434</u>
At 30 November 2014	<u>3,710</u>
AMORTISATION	
At 1 April 2012	–
Charged for the year	<u>114</u>
At 31 March 2013 and 1 April 2013	114
Charged for the year	<u>455</u>
At 31 March 2014 and 1 April 2014	569
Charged for the period	<u>303</u>
At 30 November 2014	<u>872</u>
CARRYING VALUES	
At 31 March 2013	<u>2,162</u>
At 31 March 2014	<u>1,707</u>
At 30 November 2014	<u>2,838</u>

The intangible assets are internally generated and have finite useful lives and amortised on a straight-line basis over 5 years.

20. TRADE AND BILLS RECEIVABLES

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
The Group			
Trade receivables	28,205	40,249	48,830
Less: allowance for doubtful debts	<u>(669)</u>	<u>(508)</u>	<u>(337)</u>
	27,536	39,741	48,493
Bills receivables	<u>–</u>	<u>–</u>	<u>1,169</u>
	<u>27,536</u>	<u>39,741</u>	<u>49,662</u>

The Group allows an average credit period of 30-60 days to its customers. The Group does not hold any collateral over these balances.

Included in the Group's trade and bills receivables are debtors with aggregate carrying amount of approximately HK\$19,484,000, HK\$24,919,000 and HK\$33,464,000 which are past due as at 31 March 2013 and 2014 and 30 November 2014 respectively for which the Group has not provided for impairment loss. The average age of these receivables is 83, 109, and 115 days as at 31 March 2013 and 2014 and 30 November 2014 respectively.

Ageing of trade debtors which are past due but not impaired were as follows:

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
Current	<u>8,052</u>	<u>14,822</u>	<u>15,029</u>
Overdue:			
– within 60 days	9,541	8,929	18,280
– 61-90 days	2,393	1,728	2,729
– 91-120 days	1,293	1,010	1,725
– Over 120 days	<u>6,257</u>	<u>13,252</u>	<u>10,730</u>
	<u>19,484</u>	<u>24,919</u>	<u>33,464</u>
	<u>27,536</u>	<u>39,741</u>	<u>48,493</u>

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance for doubtful debts

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Balance at beginning of the year/period	797	669	508
Amounts recovered during the year/period	–	–	(66)
Amount written off as uncollectible	<u>(128)</u>	<u>(161)</u>	<u>(105)</u>
Balance at end of the year/period	<u>669</u>	<u>508</u>	<u>337</u>

Included in the allowance for doubtful debts are individually impaired trade and bills receivables with an aggregate balance of approximately HK\$669,000, HK\$508,000, and HK\$337,000 as at 31 March 2013 and 2014 and 30 November 2014 respectively since the management considered the prolonged outstanding balances were uncollectible.

Included in trade and bills receivables are the following amounts denominated in currencies other than the functional currency of the respective reporting entity of the Group:

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
USD	537	200	285
RMB	<u>7,066</u>	<u>12,207</u>	<u>9,605</u>

21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
The Group			
Deposits	286	3,152	2,361
Prepayments	1,220	3,650	4,205
Other receivables	<u>825</u>	<u>1,297</u>	<u>1,446</u>
	<u>2,331</u>	<u>8,099</u>	<u>8,012</u>

22. AMOUNTS DUE FROM RELATED COMPANIES

	At 31 March		At 30	Maximum amount outstanding		
	2013	2014	November	Year ended 31 March		Eight months
	HK\$'000	HK\$'000	2014	2013	2014	ended
						30 November
						2014
						HK\$'000
The Group						
iMinds HK	2,655	-	-	2,655	2,655	-
Pure Force Investments Limited ("Pure Force")	-	9	9	-	9	9
	<u>2,655</u>	<u>9</u>	<u>9</u>			

During the year ended 31 March 2013, iMinds HK is wholly-owned by Jeff Ng, the director of the Company. During the year ended 31 March 2014, iMinds HK became a wholly-owned subsidiary of the Company.

During the year ended 31 March 2014 and eight months ended 30 November 2014, Pure Force was wholly-owned by Harry Wong, one of significant shareholders of the Company.

The amounts are unsecured, interest-free and repayable on demand.

23. AMOUNTS DUE FROM ASSOCIATES/SHAREHOLDERS

The Group

The amounts are unsecured, interest-free and repayable on demand.

24. HELD-TO-MATURITY INVESTMENTS

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
The Group			
Held-to-maturity investments consist of:			
- certificate of deposit	-	5,033	-
	<u>-</u>	<u>5,033</u>	<u>-</u>

At 31 March 2014, held-to-maturity investments represented a deposit with fixed interest of 3.24% per annum and denominated in RMB which other than functional currency of the respective reporting entity of the Group. The investments matured on 7 August 2014.

25. RESTRICTED BANK BALANCE/BANK BALANCES AND CASH

The Group

At 31 March 2013 and 2014 and 30 November 2014, the bank balances and cash of the Group denominated in RMB were amounted to approximately HK\$5,959,000, HK\$2,526,000 and HK\$6,375,000 respectively. RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2013 and 2014 and 30 November 2014, the restricted bank balance carried prevailing market interest rate at 1.5% per annum and represented the deposit for performance guarantee issued by bank to a supplier.

Included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
USD	313	377	187
RMB	5,570	1,795	6,047
	<u>5,570</u>	<u>1,795</u>	<u>6,047</u>

26. TRADE AND OTHER PAYABLES

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
The Group			
Trade payables	6,790	8,312	9,482
Other payables	345	412	348
	<u>7,135</u>	<u>8,724</u>	<u>9,830</u>

The following is an aged analysis of trade payables presented based on the invoice date at end of the reporting period.

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Within 30 days	2,691	2,493	4,688
31 to 60 days	335	117	122
Over 60 days	3,764	5,702	4,672
	<u>6,790</u>	<u>8,312</u>	<u>9,482</u>

The trade payables were due according to the terms stated in the relevant contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the balances of the trade payables as at 31 March 2013 and 2014 and 30 November 2014, aggregate balances of approximately HK\$249,000, HK\$100,000, and HK\$269,000 respectively were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

Included in trade payables are the following amounts denominated in currencies other than the functional currency of the respective reporting entity of the Group:

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
USD	77	42	–
RMB	344	170	620
	<u>344</u>	<u>170</u>	<u>620</u>

27. AMOUNT DUE TO A SUBSIDIARY

The Company

At 30 November 2014, the amount is unsecured, interest-free and repayable on demand.

28. OBLIGATION UNDER A FINANCE LEASE

	Minimum lease payments			Present value of minimum lease payments		
	At 31 March		At	At 31 March		At
	2013	2014	30 November	2013	2014	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The Group						
Amounts payable under finance lease:						
Within one year	21	21	21	19	20	21
After one year but within two years	21	17	4	20	16	2
After two years but within five years	<u>17</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>
	59	38	25	55	36	23
Less: Future finance charges	<u>(4)</u>	<u>(2)</u>	<u>(2)</u>			
Present value of lease obligations	<u><u>55</u></u>	<u><u>36</u></u>	<u><u>23</u></u>			
Less: Amount due for settlement within 12 months (shown under current liabilities)				<u>(19)</u>	<u>(20)</u>	<u>(21)</u>
Amounts due for settlement after 12 months				<u><u>36</u></u>	<u><u>16</u></u>	<u><u>2</u></u>

It is the Group's policy to lease certain of its plant and equipment under a finance lease. The lease term is 5 years for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2014. The lease is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Interest rate underlying the obligation under a finance lease is fixed at the contract date at approximately 4.60%.

29. DEFERRED TAX LIABILITIES**The Group**

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Accelerated tax depreciation <i>HK\$'000</i>
At 1 April 2012	277
Charged to profit or loss for the year (<i>note 13</i>)	<u>453</u>
At 31 March 2013 and 1 April 2013	730
Credit to profit or loss for the year (<i>note 13</i>)	<u>(138)</u>
At 31 March 2014 and 1 April 2014	592
Charged to profit or loss for the period (<i>note 13</i>)	<u>586</u>
At 30 November 2014	<u><u>1,178</u></u>

At 31 March 2013 and 2014 and 30 November 2014, the Group has unused estimated tax losses of approximately HK\$244,000, HK\$2,932,000 and HK\$3,230,000 respectively. No deferred tax asset has been recognised in respect of such tax losses at the end of the reporting dates due to the unpredictability of future profits streams. All unrecognised tax losses will expire after five years from the year of assessment to which they relate to.

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the combined financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to nil, nil and approximately HK\$1,623,000 as at 31 March 2013 and 2014 and 30 November 2014, respectively, as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. SHARE CAPITAL**The Group**

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the combined statements of financial position, the balance as at 31 March 2013 represented the share capital of AdBeyond BVI. The share capital presented in the combined statements of financial position as at 31 March 2014 and 30 November 2014 represented the combined share capital of the Company and AdBeyond BVI.

The Company was incorporated on 10 January 2014 and had an authorised share capital of HK\$390,000 divided into 39,000,000 ordinary shares of par value of HK\$0.01. On the same date, one share of par value of HK\$0.01 was allotted and issued at nil-paid to the initial subscriber and then transferred to Mr. Jeff Ng on the same date.

At 1 April 2012, share capital of AdBeyond HK amounted to HK\$20,942, representing 20,942 ordinary shares in issue of HK\$1 each credited as fully paid.

On 23 August 2012, AdBeyond BVI was incorporated in the BVI with limited liability with an authorised share capital of HK\$500,000 divided into two classes, 250,000 ordinary shares and 250,000 preference shares of HK\$1 each. At the time of its incorporation, 20,942 ordinary shares of HK\$1 each were issued at par for cash to Mr. Yip Shek Lun, Ms. Wan Wai Ting, Mr. Jeff Ng, Ms. Wang Lai Man, Liza, Mr. Wong Yuet Yeung, Harry and Mr. Yu Wai Kei who were also the shareholders of AdBeyond HK (the "Shareholders").

On 5 September 2012, the Shareholders transferred all the issued shares in AdBeyond HK they held to AdBeyond BVI at a consideration equal to the nominal value of such shares which is same as the issued share capital of AdBeyond BVI. No merger reserve therefore arose.

On 30 November 2012, AdBeyond BVI issued 987 and 10,320 preference shares of HK\$ 1 each, for cash consideration of HK\$1 each and approximately HK\$4,325.24 each respectively to three investors with share premium of approximately HK\$44,626,000. The paid-in share capital of AdBeyond BVI was increased from HK\$20,942 to HK\$32,249. At 31 March 2013 and 31 March 2014, share capital of AdBeyond BVI amounted to HK\$32,249.

The Company

Details of the share capital of the Company are as follows:

	Number of shares	Amount <i>HK\$</i>	Shown in the Financial Information <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
At 10 January 2014 (date of incorporation), 31 March 2014 and 30 November 2014	<u>39,000,000</u>	<u>390,000</u>	
Issued and allotted:			
At 10 January 2014 (date of incorporation), 31 March 2014 and 30 November 2014	<u>1</u>	<u>0.01</u>	<u>–</u>
31. RESERVE OF THE COMPANY			Accumulated loss <i>HK\$'000</i>
At 10 January 2014 (date of incorporation) and 31 March 2014			–
Loss for the period			<u>(106)</u>
At 30 November 2014			<u>(106)</u>

32. ACQUISITION OF SUBSIDIARIES

On 7 March 2014, the Group has entered into a sale and purchase agreement with a director of the Company, Jeff Ng, in connection with the acquisition of 100% equity interest of iMinds BVI and its wholly-owned subsidiary, iMinds HK (collectively referred to as "iMinds Group") for a cash consideration of HK\$1. iMinds Group is principally engaged in provision of digital advertisement placement services. iMinds Group was acquired so as to continue the expansion of the Group digital advertisement placement services. The acquisition of iMinds Group was completed on 7 March 2014.

HK\$'000

Cash consideration transferred	—
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Acquisition-related costs amounting to approximately HK\$1,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses in the combined statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

HK\$'000

Trade receivables	1,515
Deposits, prepayments and other receivables	886
Bank balances and cash	1,115
Other payables	(870)
Receipt in advance	(13)
Amount due to a related company	(2,655)
	<u>(22)</u>

The carrying amounts of trade receivables and deposits, prepayments and other receivables at the date of acquisition approximate to their corresponding fair values due to short-term maturity.

Goodwill arising on acquisition

HK\$'000

Consideration transferred	—
Less: net liabilities acquired	(22)
	<u>(22)</u>
Goodwill arising on acquisition	<u>(22)</u>

During the year ended 31 March 2014, the Group immediately recognised a write off of approximately HK\$22,000 on the goodwill due to the unfavourable profit stream of iMinds Group in the foreseeable future.

Net cash inflow on acquisition of iMinds Group

	<i>HK\$'000</i>
Consideration transferred	–
Less: Cash and cash equivalent balances acquired	<u>(1,115)</u>
	<u><u>(1,115)</u></u>

Included in the profit for the year is loss of approximately HK\$3,000 attributable to the additional business generated by iMinds Group. Revenue for the year includes approximately HK\$51,000 generated from iMinds Group. Had the acquisition been completed on 1 April 2013, total group revenue for the year which have been approximately HK\$114,695,000, and profit for the year would have been approximately HK\$4,352,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2013, nor is it intended to be a projection of future results.

33. OPERATING LEASE**The Group as lessee**

Minimum lease payments paid under operating leases for premises during the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2013 and 2014 were approximately HK\$2,497,000, HK\$3,652,000, HK\$2,307,000 and HK\$3,710,000 respectively.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March		At
	2013	2014	30 November
	<i>HK\$'000</i>	<i>HK\$'000</i>	2014
			<i>HK\$'000</i>
Within one year	429	7,076	6,936
In the second to fifth year inclusive	<u>–</u>	<u>10,972</u>	<u>8,261</u>
	<u><u>429</u></u>	<u><u>18,048</u></u>	<u><u>15,197</u></u>

Operating lease payments represent rentals payable by the Group for its office premises. Leases and rentals are negotiated and fixed for three years.

34. CAPITAL COMMITMENTS

	At 31 March		At
	2013	2014	30 November
	HK\$'000	HK\$'000	2014
			HK\$'000
The Group			
Capital expenditure in respect of acquisition of plant and equipment contracted but not provided in the combined financial statements	–	1,552	–

35. RETIREMENT BENEFITS PLAN

Hong Kong

The Group operates a mandatory provident fund scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. Under the MPF Scheme, the Group is required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$20,000. Starting from 1 June 2012, the cap is revised to monthly relevant income of HK\$25,000. From 1 June 2014, the cap is revised to monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

The PRC

The employees of the Group’s subsidiary in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The Group is required to contribute a specified percentage of the payroll of its employees to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total cost charged to profit or loss of approximately HK\$1,170,000, HK\$1,506,000, HK\$974,000 and HK\$1,245,000 for the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, respectively, represents contributions payable to this scheme.

36. RELATED PARTY TRANSACTIONS

(a) Transactions

During the years ended 31 March 2013 and 2014 and eight months ended 30 November 2013 and 2014, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	Year ended 31 March		Eight months ended		
			2013	2014	30 November	2014	
			HK\$'000	HK\$'000	HK\$'000	HK\$'000	
							(Unaudited)
iMinds HK	Common shareholder	Service income	1,290	1,138	479	–	
Qooza Interactive Limited	Associate	Cost of services	1,169	557	455	246	
Travellife Limited	Associate	Cost of services	103	89	42	7	
bMedia Limited	Associate	Cost of services	518	342	144	243	

The above transactions were carried out at terms determined and agreed by the Group and the relevant parties.

(b) Balances

Details of the Group's non-trade outstanding balances with related parties are set out in the combined statement of financial position and in notes 22 and 23.

Details of the Group's trade outstanding balances with related parties are set out in the combined statements of financial position and in note 26.

(c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the respective reporting periods were as follows:

	Year ended 31 March		Eight months ended 30 November	
	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000 <i>(Unaudited)</i>	2014 HK\$'000
Short-term benefits	506	3,849	2,557	2,589
Post-employment benefits	15	75	50	60
	<u>521</u>	<u>3,924</u>	<u>2,607</u>	<u>2,649</u>

B. EVENTS AFTER THE END OF THE REPORTING PERIOD

i. Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for listing of the Company's shares on the Stock Exchange. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation – Reorganisation" in the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 16 May 2015.

ii. Share option scheme

Pursuant to shareholders' written resolution passed on 20 May 2015, a share option scheme has been conditionally adopted by the Company (the "Share Option Scheme"). The principle terms of the Share Option Scheme are summarised in "Statutory and General Information – D. Share Option Scheme" in Appendix V to this prospectus. No share option has been granted under the Share Option Scheme up to the date of this report.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of the companies comprising the Group in respect of any period subsequent to the eight months ended 30 November 2014.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

The information set out in this Appendix does not form part of the Accountants' Report on the financial information of our Group for the two years ended 31 March 2014 and eight months ended 30 November 2014 prepared by SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, our Company's reporting accountants, as set out in "Appendix I – Accountants' Report" and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in "Appendix I – Accountants' Report".

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an unaudited pro forma statement of adjusted combined net tangible assets of the Group (the "Pro Forma Financial Information") prepared in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for illustrative purpose only, and is set out below to illustrate the effect of the proposed listing of the Company's share on the Stock Exchange by way of Placing (the "Placing") on the Group's combined net tangible assets attributable to the owners of the Company as at 30 November 2014 as if the Placing had taken place on 30 November 2014.

The Pro Forma Financial Information has been prepared based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 November 2014 or any further dates following the Placing.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 30 November 2014 HK\$'000 (Note 1)	Estimated net proceeds from the Placing HK\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company as at 30 November 2014 HK\$'000	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share as at 30 November 2014 HK\$ (Note 3)
Based on the Placing Price of HK\$0.21 per Placing Share	<u>56,848</u>	<u>66,312</u>	<u>123,160</u>	<u>0.08</u>
Based on the Placing Price of HK\$0.25 per Placing Share	<u>56,848</u>	<u>81,832</u>	<u>138,680</u>	<u>0.09</u>

Notes:

1. The audited combined net tangible assets of the Group attributable to owners of the Company as at 30 November 2014 is extracted from the accountants' report as set out in Appendix I to this prospectus, after deduction of the intangible assets of approximately HK\$2,838,000.
2. The estimated net proceeds from the Placing of 400,000,000 new Shares are based on the respective Placing Prices of HK\$0.21 per Placing Share and HK\$0.25 per Placing Share (being the low end and the high end of the indicative price range of the Placing Price), after deduction of the underwriting fees and other related expenses payable by the Company in relation to the Placing. The estimated net proceeds do not take into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any Shares that may be granted under the Share Option Scheme as described in "Statutory and General Information – D. Share Option Scheme" in Appendix V to this prospectus.
3. The unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 1,600,000,000 Shares in issue immediately following the completion of the Placing and the Capitalisation Issue but not taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any Shares that may be granted under the Share Option Scheme as described in "Statutory and General Information – D. Share Option Scheme" in Appendix V to this prospectus.
4. No adjustments have been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 30 November 2014.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

The following is the text of a report received from our Company's reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, in respect of our Group's pro forma financial information for the purpose of incorporation in this prospectus.



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

22 May 2015

The Directors
Guru Online (Holdings) Limited
22nd Floor, AIA Tower,
No. 183 Electric Road,
North Point, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Guru Online (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 30 November 2014 and related notes as set out in Section A of Appendix II to the prospectus in connection with the proposed listing of the Company's shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited issued by the Company dated 22 May 2015 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed placing on the Group's financial position as at 30 November 2014 as if the proposed placing had taken place on 30 November 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the years ended 31 March 2013 and 2014 and the eight months ended 30 November 2014, on which an accountants' report set out in Appendix I to the Prospectus has been published.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of the proposed placing on unadjusted financial information of the Group as if the proposed placing had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed placing at 30 November 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

The estimate of the combined profit attributable to owners of our Company for the year ended 31 March 2015 is set out in the section headed “Financial Information – Profit Estimate for the Year Ended 31 March 2015” in this prospectus.

(A) BASES

The estimate of the combined profit attributable to owners of our Company for the year ended 31 March 2015 prepared by our Directors is based on (i) the audited combined results of our Group for the eight months ended 30 November 2014; and (ii) the unaudited combined results of our Group based on our management accounts for the four months ended 31 March 2015. The estimate has been prepared, in all material aspects, in accordance with the accounting policies consistent with those normally adopted by our Group as summarised in the Accountants’ Report, the text of which is set out in Appendix I to this prospectus.

(B) LETTERS

Set out below are texts of letters received by our Directors from (i) SHINEWING (HK) CPA Limited, the reporting accountants of our Company and (ii) the Sole Sponsor prepared for the purpose of incorporation in this prospectus in connection with the profit estimate of our Group for the year ended 31 March 2015.

(i) Letter from SHINEWING (HK) CPA Limited

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

22 May 2015

The Directors
Guru Online (Holdings) Limited
22nd Floor, AIA Tower
No. 183 Electric Road
North Point, Hong Kong

CLC International Limited
Level 4703A-04
Two Exchange Square
8 Connaught Place
Hong Kong

Dear Sirs,

Guru Online (Holdings) Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”)

Profit Estimate for Year Ended 31 March 2015

We refer to the estimate of the combined profit attributable to owners of the Company for the year ended 31 March 2015 (the “Profit Estimate”) set forth in the section headed “Financial Information” in the prospectus of the Company dated 22 May 2015 (the “Prospectus”).

Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited combined results of the Group for the eight months ended 30 November 2014 and the unaudited combined results based on the management accounts of the Group for the four months ended 31 March 2015.

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institution of Certified Public Accountants ("HKICPA"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the Company's directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 22 May 2015, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Chan Wing Kit

Practising Certificate Number: P03224

Hong Kong

(ii) Letter from the Sole Sponsor



22 May 2015

The Directors

Guru Online (Holdings) Limited

Dear Sirs,

We refer to the estimate of the combined profit of Guru Online (Holdings) Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) attributable to the owners of the Company for the year ended 31 March 2015 (the “**Profit Estimate**”) as set out in the prospectus issued by the Company dated 22 May 2015 (the “**Prospectus**”).

The Profit Estimate, for which you as the directors of the Company (the “**Directors**”) are solely responsible, has been prepared based on (i) the audited combined results of the Group for the eight months ended 30 November 2014; and (ii) the unaudited combined results of the Group based on its management accounts for the four months ended 31 March 2015.

We have discussed with you the bases made by you, as set forth in Part (A) of Appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated 22 May 2015 addressed to yourselves and ourselves from SHINEWING (HK) CPA Limited regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations normally adopted by you and reviewed by SHINEWING (HK) CPA Limited, we are of the opinion that the Profit Estimate, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
CLC International Limited
Christine Chung
Managing Director

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 10 January 2014 under the Cayman Companies Law. The Company's constitutional documents consist of the Memorandum and the Articles.

1. MEMORANDUM OF ASSOCIATION

1.1 The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

1.2 By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 20 May 2015. The following is a summary of certain provisions of the Articles:

2.1 Shares

2.1.1 Classes of shares

The share capital of the Company consists of ordinary shares.

2.1.2 Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by two Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

2.2 Directors

2.2.1 Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

2.2.2 Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

2.2.3 Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

2.2.4 Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

2.2.5 Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (a) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (c) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

- (d) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or
- (e) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

2.2.6 Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependants or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependants are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

2.2.7 Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for judgement of such notices will commence no earlier

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than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (a) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (b) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (c) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (d) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (e) if he is prohibited from being a director by law;
- (f) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (g) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

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- (h) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

2.2.8 Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarised above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

2.2.9 Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

2.2.10 Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

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2.3 Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

2.4 Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

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2.6 Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An “ordinary resolution”, by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days’ notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

2.7 Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share, and on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

- (i) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

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- (ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

2.8 Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

2.9 Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

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The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarised financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.10 Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the GEM Listing Rules, a notice or document may be

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served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

2.10.1 in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

2.10.2 in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of auditors;
- (e) the fixing of the remuneration of the Directors and of the auditors;
- (f) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and
- (g) the granting of any mandate or authority to the Board to repurchase securities in the Company.

2.11 Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under

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hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the GEM Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

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2.12 Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

2.13 Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

2.14 Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

2.14.1 all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

2.14.2 all dividends shall be apportioned and paid pro-rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (b) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

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Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

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2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

2.16 Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the

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notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

2.17 Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

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2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

2.20 Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

2.20.1 if the Company shall be wound up and the assets available for distribution among the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and

2.20.2 if the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

2.21 Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- 2.21.1 all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- 2.21.2 upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- 2.21.3 the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

2.22 Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 10 January 2014 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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3.2 Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- 3.2.1 paying distributions or dividends to members;
- 3.2.2 paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- 3.2.3 any manner provided in section 37 of the Cayman Companies Law;
- 3.2.4 writing-off the preliminary expenses of the company; and
- 3.2.5 writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

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3.3 Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

3.6 Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- 3.6.1 an act which is ultra vires the company or illegal;
- 3.6.2 an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- 3.6.3 an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

3.7 Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

3.8 Accounting and auditing requirements

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

3.10.1 that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

3.10.2 in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(a) on or in respect of the shares, debentures or other obligations of the Company; or

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

- (b) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 28 January 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

3.15 Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

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3.16 Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

3.17 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.18 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal advisers as to Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 January 2014. Our Company has established a place of business in Hong Kong at Level 22, AIA Tower, 183 Electric Road, North Point, Hong Kong and was registered as a non-Hong Kong company under Part XI of the Predecessor Companies Ordinance on 21 February 2014. In connection with such registration, Mr. Alfred Wong of Flat C2, 28/F, Block C2, Winner Centre, 333 Chai Wan Road, Chai Wan, Hong Kong has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

- (a) As of the date of incorporation, our Company had an authorised share capital of HK\$390,000 divided into 39,000,000 Shares with a par value of HK\$0.01 each.
- (b) On 20 May 2015, the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional of 9,961,000,000 Shares.
- (c) Immediately following completion of the Placing and the Capitalisation Issue (without taking into account the Shares to be allotted and issued pursuant to the exercise of any options that may be granted under the Share Option Scheme or granted under the Offer Size Adjustment Option), the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 1,600,000,000 Shares will be issued fully paid or credited as fully paid and 8,400,000,000 Shares will remain unissued.

Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Changes in share capital of our subsidiaries

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as set out above and as mentioned in the paragraphs headed “Corporate development” and “Reorganisation” in the section headed “History, Development and Reorganisation” in this prospectus, there has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our Shareholders passed on 20 May 2015

Under the written resolutions of our Shareholders passed on 20 May 2015, among other things:

- (a) our Company approved and adopted the Memorandum and the Articles of Association;
- (b) the authorised share capital of our Company was increased from HK\$390,000 divided into 39,000,000 Shares to HK\$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional of 9,961,000,000 Shares, which rank pari passu in all respects with the Shares in issue as at the date of such resolutions;
- (c) conditional on (i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (ii) the Placing Price having been duly determined and the execution and delivery of the Underwriting Agreement on the date as specified in this prospectus; and (iii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Sole Sponsor and Sole Lead Manager (also in its capacity as the Underwriter) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:
 - (i) the Placing and the grant of the Offer Size Adjustment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Placing Shares pursuant to the Placing and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option; (bb) implement the Placing and the listing of Shares on GEM; and (cc) do all things and execute all documents in connection with or incidental to the Placing and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” of this appendix, were approved and adopted and our Directors were authorised to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (iii) conditional on the share premium account of our Company being credited as a result of the Placing, our Directors were authorised to capitalise an amount of HK\$11,999,900 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,199,990,000 Shares for allotment and issue to our Shareholders as of 20 May 2015 (or as they may direct) in proportion (as near as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing respective shareholdings in our Company and so that our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares and our Directors were authorised to give effect to such capitalisation;
- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any options which may be granted under the Share Option Scheme or under the Placing or the Capitalisation Issue or upon the exercise of the Offer Size Adjustment Option, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;
- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the

Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and

- (vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Placing and the Capitalisation Issue but excluding any Shares which may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

5. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. Please refer to the section headed “History, Development and Reorganisation” in this prospectus for further details.

6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) Shareholders’ approval

The GEM Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of our Shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions of our Shareholders passed on 20 May 2015, a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, Shares representing up to 10% of the total nominal amount of the Shares in issue immediately following completion of the Placing and the Capitalisation Issue but excluding any Shares which

may be issued under the Offer Size Adjustment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the Companies Law. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by us may be made out of profits, share premium or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, subject to the Companies Law, out of capital.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "core connected person", which includes a Director, chief executive or substantial shareholder of our Company or any of the subsidiaries or a close associate of any of them and a core connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value per Share and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared to the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of our Group which in the opinion of our Directors are from time to time appropriate for our Group.

(d) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No core connected person of our Company has notified our Group that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Supplemental Deed;
- (b) the deed of termination in respect of two letters of memorandum entered into among Mr. Harry Wong, AdBeyond HK, Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang and Mr. Frankie Yu dated 21 March 2014;
- (c) the memorandum of agreement in respect of the acquisition of one ordinary share in iMinds HK entered into between Mr. Jeff Ng and iMinds BVI dated 28 February 2014 for a consideration of HK\$1.00;
- (d) the memorandum of agreement in respect of the acquisition of one ordinary share in iMinds BVI entered into between Mr. Jeff Ng and our Company dated 7 March 2014 for a consideration of HK\$1.00;
- (e) the reorganisation agreement in relation to the issue of Shares in our Company entered into among Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. C.H. Chan, HGI Finanves, Huayi Brothers, HGI Growth, Mr. Frankie Yu, AdBeyond BVI and our Company dated 16 May 2015, pursuant to which our Company acquired the entire issued share capital of AdBeyond BVI from Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang, Mr. Harry Wong, Mr. Frankie Yu (at the direction of Mr. C.H. Chan), HGI Finanves, Huayi Brothers and HGI Growth in consideration of an aggregate 9,999 Shares allotted and issued to Cooper Global (as nominee of Mr. Alan Yip and Ms. Karin Wan), Mr. Jeff Ng, Ms. Liza Wang, Pure Force (as nominee of Mr. Harry Wong), Mr. C.H. Chan, HGI Finanves, HGI Growth and Huayi Brothers;
- (f) the Deed of Indemnity;
- (g) the Deed of Non-Competition; and
- (h) the Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

(i) *As at the Latest Practicable Date, our Group had registered the following trademarks:*

Trademark	Registered Owner	Class	Place of registration	Trade mark number	Effective Period
maximizer	AdBeyond HK	35	Hong Kong	301721097	24 September 2010 – 23 September 2020
AdBeyond adbeyond ADBEYOND	AdBeyond HK	35, 38, 41 and 42	Hong Kong	302917530	7 March 2014 – 6 March 2024

(ii) *As at the Latest Practicable Date, our Group had applied for the registration of the following trademarks:*

Trademark	Place of Application	Class	Applicant	Application No.	Application Date
AdBeyond	PRC	35	AdBeyond HK	13749868	17 December 2013
AdBeyond	PRC	42	AdBeyond HK	13749919	17 December 2013
GURU ONLINE	PRC	35	AdBeyond HK	13749642	17 December 2013
GURU ONLINE	PRC	42	AdBeyond HK	13749948	17 December 2013
GURU	PRC	35	AdBeyond HK	13749617	17 December 2013
GURU	PRC	42	AdBeyond HK	13749926	17 December 2013
GURU ONLINE	HK	35, 38, 41 and 42	AdBeyond HK	302914335	5 March 2014

(b) Domain names

As at the Latest Practicable Date, our Group had registered the following domain names:

Domain name	Registered owner	Expiry date
guruonline.com.hk	AdBeyond HK	21 September 2016
guruonlineapps.com	AdBeyond HK	6 August 2015
guruonline.hk	AdBeyond HK	11 April 2017

C. DISCLOSURE OF INTEREST

1. Interests and short positions of our Directors and our chief executives of our Company in our Shares, underlying Shares and debentures of our Company and its associated corporations following the Placing

Immediately following completion of the Placing and the Capitalisation Issue, but without taking into account any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Offer Size Adjustment Option, the interests or short positions of our Directors or chief executives of our Company in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to our Company and the Stock Exchange will be as follows:

Long position in Shares

Name of Director	Capacity/Nature of interest	Number of Shares	Percentage of shareholding interests
Mr. Alan Yip	Interests held jointly with another person (<i>Note 1</i>)	365,760,000 Shares	22.86%
	Interest in controlled corporation (<i>Note 2</i>)/	249,120,000 Shares	15.57%
	Interest of spouse (<i>Note 3</i>)		
Ms. Karin Wan	Interests held jointly with another person (<i>Note 1</i>)	365,760,000 Shares	22.86%
	Interest in controlled corporation (<i>Note 2</i>)/	249,120,000 Shares	15.57%
	Interest of spouse (<i>Note 3</i>)		
Mr. Jeff Ng	Interests held jointly with another person (<i>Note 1</i>)	432,000,000 Shares	27.00%
	Beneficial owner	182,880,000 Shares	11.43%
Ms. Liza Wang	Interests held jointly with another person (<i>Note 1</i>)	432,000,000 Shares	27.00%
	Beneficial owner	182,880,000 Shares	11.43%
Mr. Patrick Cheung	Interest in controlled corporation (<i>Note 4</i>)	132,720,000 Shares	8.30%

Notes:

1. Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting in Concert Confirmation and Undertaking, each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that they have exercised their voting rights at the meetings of the shareholders and/or directors of members of our Group in unanimity since 1 April 2011 and will continue to do so.
2. These Shares are held by Cooper Global, which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. By virtue of the SFO, Mr. Alan Yip and Ms. Karin Wan are deemed to be interested in the Shares held by Cooper Global.
3. Mr. Alan Yip is the spouse of Ms. Karin Wan. Under the SFO, Mr. Alan Yip is deemed to be interested in all the Shares in which Ms. Karin Wan is interested in. Ms. Karin Wan is the spouse of Mr. Alan Yip. Under the SFO, Ms. Karin Wan is deemed to be interested in all the Shares in which Mr. Alan Yip is interested in.
4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in the Shares held by HGI Growth.

2. Interests and short positions of substantial shareholders in our Shares, underlying Shares and debentures of our Company and its associated corporations

So far as it is known to our Directors and save as disclosed in this prospectus, immediately following completion of the Placing and the Capitalisation Issue, but without taking into account any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the Offer Size Adjustment Option, the following persons (not being a Director or chief executive of our Company) will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in Shares

Name	Capacity/Nature of interest	Number of Shares	Percentage of shareholding interests
Cooper Global	Beneficial owner	249,120,000 Shares	15.57%
Huayi Brothers	Beneficial owner (<i>Note 1</i>)	240,000,000 Shares	15.00%
Huayi Brothers International	Interest in controlled corporation (<i>Notes 1 and 2</i>)	240,000,000 Shares	15.00%
Huayi Brothers Media	Interest in controlled corporation (<i>Notes 1 and 2</i>)	240,000,000 Shares	15.00%
Ms. Chen Wing Man	Interest of spouse (<i>Note 3</i>)	614,880,000 Shares	38.43%

Notes:

1. These amounts reflect the number of Shares to be held by Huayi Brothers assuming that the Offer Size Adjustment Option and the Amended Anti-Dilution Right of Huayi Brothers are not exercised.
2. These Shares are held by Huayi Brothers, which is wholly owned by Huayi Brothers International, which is in turn wholly owned by Huayi Brothers Media. By virtue of the SFO, Huayi Brothers International and Huayi Brothers Media are deemed to be interested in the Shares held by Huayi Brothers.
3. Ms. Chen Wing Man is the spouse of Mr. Jeff Ng. Under the SFO, Ms. Chen Wing Man is deemed to be interested in all the Shares in which Ms. Chen Wing Man is interested in.

3. Particulars of service agreements**(a) Executive Directors**

Each of our executive Directors has entered into a service agreement with our Company pursuant to which he or she has agreed to act as an executive Director for a fixed term of one year with effect from the Listing Date and the annual director's fees range from HK\$1,020,000 to HK\$1,236,000. The term of service shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter, unless either party has given at least one month's written notice of non-renewal before the expiry of the then existing term.

(b) Non-executive Directors and independent non-executive Directors

Each of our non-executive Directors has been appointed for a fixed term of one year commencing from the Listing Date. Save as Ms. Liza Wang who will be entitled to an annual director's fee of HK\$60,000, our non-executive Directors are not entitled to any director's fee. Each of our independent non-executive Directors has been appointed for a fixed term of one year with effect from the Listing Date and is entitled to an annual director's fee of HK\$120,000. Save for the directors' fees, none of our non-executive Directors nor independent non-executive Directors is expected to receive any other emolument for holding his or her office as a non-executive Director or an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have a service agreement with our Company or any of our subsidiaries (other than the contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

4. Directors' emoluments

- (a) For the years ended 31 March 2013 and 31 March 2014 and for the eight months ended 30 November 2014, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were nil, approximately HK\$3.40 million and HK\$2.26 million, respectively.

- (b) Under the arrangements currently in force, the aggregate emoluments payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 March 2015 are expected to be approximately HK\$3.15 million.
- (c) No discretionary bonus was paid to or receivable by our Directors and the five highest paid individuals for each of the two years ended 31 March 2014 and the eight months ended 30 November 2014.
- (d) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 March 2014 and the eight months ended 30 November 2014 (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (e) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 March 2014 and the eight months ended 30 November 2014.
- (f) Under the arrangements currently proposed, conditional upon the Listing, the basic annual emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

Executive Directors	<i>HK\$</i>
Mr. Alan Yip	1,236,000
Mr. Jeff Ng	1,020,000
Ms. Karin Wan	1,020,000
Non-executive Directors	<i>HK\$</i>
Ms. Liza Wang	60,000
Mr. Patrick Cheung	nil
Ms. Cheung Laam	nil
Ms. Hu Ming	nil
Independent non-executive Directors	<i>HK\$</i>
Mr. Tso Ping Cheong, Brian	120,000
Mr. David Tsoi	120,000
Mr. Hong Ming Sang	120,000
Mr. Lam Tung Leung	120,000

- (g) Each of our executive Directors and non-executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his or her duties to our Group under the service agreement.

5. Fees or commission received

Save as disclosed in the section headed “Underwriting – Underwriting Arrangements and Expenses – Total commission, fee and expenses” in this prospectus, none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix had received any agency fee or commissions from our Group within the two years immediately preceding the date of this prospectus.

6. Related party transactions

Details of the related party transactions are set out under Note 36 to the Accountants’ Report set out in Appendix I to this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) without taking into account of any Shares which may be taken up or acquired under the Placing or upon the exercise of the Offer Size Adjustment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Placing and the Capitalisation Issue, have an interest or short position in our Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (b) none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures of our Company or any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once our Shares are listed;
- (c) none of our Directors or the experts named in paragraph headed “Qualifications of experts” in this appendix has been directly or indirectly interested in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Placing Shares either in his own name or in the name of a nominee;

- (d) none of our Directors or the experts named in the paragraph headed “Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (e) none of the experts named in paragraph headed “Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

(a) Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a resolution in writing passed by all Shareholders on 20 May 2015:

(i) *Purposes of the scheme*

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors consider the Share Option Scheme will enable our Group to reward the employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the GEM Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(ii) *Who may join*

Our Directors (which expression shall, for the purpose of this paragraph (a)(ii), include a duly authorised committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, to take up options to subscribe for Shares:

- (aa) any employee (whether full-time or part-time) of our Company, any of our subsidiaries or any entity (“**Invested Entity**”) in which any member of our Group holds an equity interest (“**Eligible Employee**”);
- (bb) any Directors (including non-executive Directors and independent non-executive Directors) of our Company, any of our subsidiaries or any Invested Entity;

- (cc) any supplier of goods or services to any member of our Group or any Invested Entity;
- (dd) any customer of any member of our Group or any Invested Entity;
- (ee) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (ff) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (gg) any adviser (professional or otherwise), consultant, individual or entity who in the opinion of our Directors has contributed or will contribute to the growth and development of our Group; and
- (hh) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, the options may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

For the avoidance of doubt, the grant of any options by our Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise determined, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to their respective contribution to the development and growth of our Group.

(iii) *Maximum number of Shares*

- (aa) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted of our Group shall not exceed 30% of the issued share capital of our Company from time to time.
- (bb) The total number of Shares which may be allotted and issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of our Group) to be granted under the Share Option Scheme and any other share option scheme of our Group must not in aggregate exceed 10% of the total number Shares in issue at the time dealings in the Shares first commence on the Stock Exchange ("**General Scheme Limit**").

- (cc) Subject to (aa) above but without prejudice to (dd) below, our Company may issue a circular to our Shareholders and seek approval of our Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by our Company to our Shareholders shall contain, among other information, the information required under Rule 23.02(2) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.
- (dd) Subject to (aa) above and without prejudice to (cc) above, our Company may seek separate Shareholders' approval in general meeting to grant options under the Share Option Scheme beyond the General Scheme Limit or, if applicable, the extended limit referred to in (cc) above to participants specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(iv) *Maximum entitlement of each participant*

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under any other share option scheme of our Group (including both exercised and outstanding options) to each participant who accepts the offer for the grant of an option under the Share Option Scheme in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being ("**Individual Limit**"). Where any further grant of options in excess of the Individual Limit in 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders of our Company in general meeting with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

(v) *Grant of options to connected persons*

- (aa) Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of our Company, or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who or whose associate is the proposed grantee of the options).
- (bb) Where any grant of options to a substantial shareholder or an independent non-executive Director or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each offer, in excess of HK\$5 million;

such further grant of options must be approved by our Shareholders in general meeting.

- (cc) For the purpose of seeking the approval of our Shareholders under paragraphs (iv) and (v) (bb) above, our Company must send a circular to our Shareholders containing the information required under the GEM Listing Rules and where the GEM Listing Rules shall so require, the vote at the shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons (including the grantee, his associates and all core connected persons of our Company) required under the GEM Listing Rules abstaining from voting.

(vi) *Time of acceptance and exercise of option*

An offer of the grant of the option may be accepted by a participant not later than 21 days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years after the offer date of the option.

An offer shall have been accepted by a grantee in respect of all Shares which are offered to such grantee when the duplicate letter comprising acceptance of the offer duly signed by the grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company within such time as may be

specified in the offer of the grant of options to a grantee (which shall not be later than 21 days from the date of the offer of grant of the option). Such remittance shall in no circumstances be refundable.

An offer may be accepted by a grantee in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealings in the Shares on GEM or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the offer of the grant of options to a grantee duly signed by such grantee and received by our Company together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof within such time as may be specified in the offer of the grant of options to a grantee (which shall not be later than 21 days from the date of the offer of grant of the option). Such remittance shall in no circumstances be refundable.

(vii) Performance targets

Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, a grantee is not required to hold an option for any minimum period nor achieve any performance targets before the exercise of an option granted to him.

(viii) Subscription price for Shares

The subscription price for Shares under the Share Option Scheme in respect of any option shall be at the discretion of our Directors, provided that it shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer of grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

(ix) Ranking of Shares

- (aa) Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of our Company is closed or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members ("**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

- (bb) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of our Company of such nominal amount as shall result from a subdivision, consolidation, reclassification or re-construction of the share capital of our Company from time to time.

(x) *Restrictions on the time of grant of options*

For so long as the Shares are listed on the Stock Exchange, an offer may not be made after inside information has come to our Company’s knowledge until we have announced the information. In particular, during the period commencing one month immediately preceding the earlier of (aa) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company’s results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and (bb) the deadline for our Company to publish announcements of our results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement, no offer for grant of option may be made.

Our Directors may not make any offer to a participant who is a Director during the periods or times in which our Directors are prohibited from dealing in Shares under such circumstances as prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(xi) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(xii) *Rights on ceasing employment*

If the grantee of an option is an Eligible Employee and in the event of his ceasing to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in subparagraph (xiv) below before exercising his option in full, the option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation or termination. The date of cessation or termination as aforesaid shall be the last day on which the grantee was actually at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiii) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Employee and in the event of his ceasing to be an Eligible Employee by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation of employment which date shall be the last day on which the grantee was at work with our Group or the Invested Entity whether salary is paid in lieu of notice or not.

(xiv) Rights on dismissal

If the grantee of an option is an Eligible Employee and ceases to be an Eligible Employee by reason of termination of his employment on the grounds that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group into disrepute), such option (to the extent not already exercised) shall lapse automatically and shall not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(xv) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (aa) (1) the grantee of any option (other than an Eligible Employee) has committed any breach of any contract entered into between the grantee on the one part and our Group or any Invested Entity on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (bb) the option granted to the grantee under the Share Option Scheme shall lapse automatically (to the extent not exercised) and shall not in any event be exercisable on or after the date on which our Directors have so determined.

(xvi) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, the grantee shall, notwithstanding any other terms on which his option was granted, be entitled to exercise his option (to the extent

not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company in exercise of his option at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be. Subject to the above, an option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

(xvii) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of our Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to our Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and our Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of our Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of our Company.

(xviii) Grantee being a company wholly owned by eligible participants

If the grantee is a company wholly owned by one or more eligible participants:

- (i) the provisions sub-paragraphs (xii), (xiii), (xiv) and (xv) above shall apply to the grantee and to the option to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant eligible participant, and such option shall accordingly lapse or fall to be exercisable after the event(s) referred to in subparagraphs (xii), (xiii), (xiv) and (xv) above shall occur with respect to the relevant eligible participant; and
- (ii) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant eligible participant provided that our Directors may in their absolute discretion decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(xix) Adjustments to the subscription price

In the event of alteration in the capital structure of our Company whilst any option remains exercisable of the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation or sub-division of the Shares, or reduction of the Share capital of our Company, then, in any such case our Company shall instruct the auditors for the time being or an independent financial adviser

to certify in writing the adjustment, if any, that ought in their option fairly and reasonably to be made either generally or as regards any particular grantee, to (i) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate(s) (insofar as it is/they are unexercised); (ii) the subscription price of any option; and/or (iii) (unless the relevant grantee elects to waive such adjustment) the number of Shares comprised in an option or which remain comprised in an option), and an adjustment as so certified by the auditors for the time being or such independent financial adviser shall be made, provided that (i) any such adjustment shall give a grantee the same proportion of the issued share capital of our Company for which he would have been entitled to subscribe had he exercised all the options held by him immediately prior to such adjustment; (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) the issue of Shares or other securities of our Group as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (iv) any such adjustment shall be made in compliance with the GEM Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In respect of any such adjustments, other than any adjustment made on a capitalisation issue, such auditors or independent financial adviser must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules.

(xx) Cancellation of options

Any options granted but not exercised must not be cancelled except with the prior written consent of the relevant grantee and the approval of our Directors. Where our Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by our Shareholders pursuant sub-paragraphs (iii) (cc) and (dd) above.

(xxi) Termination of the Share Option Scheme

Our Company may by ordinary resolution in general meeting at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination of the Share Option Scheme or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(xxii) Rights are personal to the grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to

any option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle our Company to cancel any option granted to such grantee to the extent not already exercised.

(xxiii) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of (aa) the expiry of the option period in respect of such option; (bb) the expiry of the periods or dates referred to in paragraphs (xii), (xiii), (xiv), (xv), (xvi), (xvii) and (xviii) above; or (cc) the date on which our Directors exercise our Company's right to cancel the option by reason of a breach of paragraph (xxii) above by the grantee.

(xxiv) Others

- (aa) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, such number, representing the General Scheme Limit, of Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.
- (bb) The terms and conditions of the Share Option Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of grantees or prospective grantees of the options except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the holders of the Shares under the Articles for the time being of our Company for a variation of the rights attached to the Shares.
- (cc) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (dd) The terms of the Share Option Scheme and/or any Options amended must comply with the applicable requirements of the GEM Listing Rules.
- (ee) Any change to the authority of our Directors or the administrators of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

(b) Present status of the Share Option Scheme**(i) Application for approval**

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) Grant of option

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

(iii) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION**1. Estate duty, tax and other indemnity**

Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng, Ms. Liza Wang and Cooper Global (collectively the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and for each of our subsidiaries) (being a material contract referred to in paragraph B.1 of this Appendix) to provide indemnities on a joint and several basis in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the date on which the Placing becomes unconditional. Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands and BVI.

Under the Deed of Indemnity, the Indemnifiers have also given indemnities to our Group on a joint and several basis in relation to, among other things, (i) taxation (which includes estate duty) in whatever part of the world which might be payable by any member of our Group in respect of among other matters any income, profits, gains, accrued or received or property received as a result of a transfer by any person on or before the date on which the Placing becomes unconditional; and (ii) all

Costs which any member of our Group may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with the non-compliance of the laws and regulations on or before the date on which the Placing becomes unconditional.

The Deed of Indemnity does not cover any claim and the Indemnifiers shall be under no liability under the Deed of Indemnity in respect of any taxation:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of members of our Group for the two years ended 31 March 2014 and the eight months ended 30 November 2014 (the “**Accounts**”);
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in the law or regulations or practice by the Hong Kong Inland Revenue Department or the tax authorities of the PRC or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, any member of our Group which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Placing becomes unconditional;
- (d) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date of the Deed of the Indemnity or carried out, made or entered into pursuant to a legally binding commitment created before the date on which the Placing becomes unconditional; and
- (e) to the extent of any provision or reserve made for such taxation in the audited combined accounts of the members of our Group for the two years ended 31 March 2014 and the eight months ended 30 November 2014 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifiers’ liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to this paragraph to reduce the Indemnifiers’ liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

2. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, to the best of our Directors’ knowledge, there is no current litigation or any pending or threatened litigation or arbitration proceedings against any member of our Group that could have a material adverse effect on our Group’s financial conditions or results of operations.

3. Sole Sponsor

The Sole Sponsor has, on behalf of our Company, made an application to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares which may be issued upon the exercise of the Offer Size Adjustment Option and any option which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor's fee is HK\$4.30 million.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set forth in Rule 6A.07 of the GEM Listing Rules.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$86,500 and are payable by our Company.

5. Promoter

- (a) Our Company does not have any promoter.
- (b) Within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter of our Company in connection with the Placing or the related transactions described in this prospectus.

6. Particulars of our Selling Shareholders

The particulars of our Selling Shareholders are set out as follows:

Name:	HGI Finanves
Place of Incorporation:	BVI
Date of Incorporation:	30 August 2011
Registered Office:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI
Number of Sale Shares to be sold:	36,720,000 Shares
Name:	HGI Growth
Place of Incorporation:	BVI

Date of Incorporation:	31 March 2010
Registered Office:	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, BVI
Number of Sale Shares to be sold:	11,280,000 Shares

7. Qualifications of experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus, and have given and have not withdrawn their written consents to the issue of this prospectus with the inclusion of their letters, reports, and/or opinions (as the case may be), all of which are dated the date of this prospectus, and references to their names in the form and context in which they respectively appear in this prospectus:

Name	Qualifications
CLC International Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
SHINEWING (HK) CPA Limited	Certified Public Accountants
Appleby	Cayman Islands and BVI attorneys-at-law
Jun He Law Offices	Qualified PRC legal advisers
Ipsos Hong Kong Limited	Industry consultant

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

9. Share Registrar

The register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

10. Taxation of holders of Shares**(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) The Cayman Islands

Under present Companies Law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty, as long as our Company does not hold any interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Placing shall accept responsibility for any tax effect on, or liabilities of, intending holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

11. Miscellaneous

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iii) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company have been issued or agreed to be issued.

- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position or prospects of our Group since 30 November 2014, being the date on which the latest audited financial information of our Group was reported in the Accountants' Report set out in Appendix I to this prospectus; and
- (d) our Directors confirm that there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 7. Qualifications of experts” in Appendix V to this prospectus, copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about the Business of our Group – 1. Summary of material contracts” in Appendix V to this prospectus and the statement of particulars of our Selling Shareholders.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of ONC Lawyers at 19th Floor, Three Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;
2. the Accountants’ Report prepared by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix I to this prospectus;
3. the audited financial statements of the companies now comprising our Group during the Track Record Period, if any;
4. the report prepared by SHINEWING (HK) CPA Limited on the unaudited pro forma financial information of our Group, the text of which are set out in Appendix II to this prospectus;
5. the letters on profit estimate for the financial year ended 31 March 2015 issued by SHINEWING (HK) CPA Limited and the Sole Sponsor respectively, the texts of which are set out in Appendix III to this prospectus;
6. the PRC legal opinion prepared by Jun He Law Offices, our PRC legal advisers, in respect of certain statements referred to in this prospectus;
7. the letter of advice prepared by Appleby summarising certain aspects of the Companies Law referred to in Appendix IV to this prospectus;
8. the Ipsos Report;
9. the Companies Law;
10. copies of material contracts referred to in the paragraph section headed “Statutory and General Information – B. Further Information about the Business of our Group – 1. Summary of material contracts” in Appendix V to this prospectus;

11. the service agreements and letters of appointment referred to in the section headed “Statutory and General Information – C. Disclosure of Interest” in Appendix V to this prospectus;
12. the statement of particulars of our Selling Shareholders referred to in the section headed “Statutory and General Information – E. Other Information – 6. Particulars of our Selling Shareholders” in Appendix V to this prospectus;
13. the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 7. Qualifications of experts” in Appendix V to this prospectus; and
14. the rules of the Share Option Scheme.