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 document. 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 document 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.

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.

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 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.

Our ability to expand our 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 approximately HK$12.14 million for the eight months ended 30 November 2013 *(Note)*. Our success depends on our ability to increase revenue by expanding client base in Hong Kong and the PRC.

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 places of incorporation of our subsidiaries which signed the relevant contracts for digital marketing services with our clients).

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.

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 document. 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.

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.

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.

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.

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 document. 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.

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 document:

Combined Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 March		Eight months ended 30 November	
	2013	**2014**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
			(Unaudited)	
Revenue	89,048	112,594	75,755	95,092
Cost of services	(49,707)	(64,280)	(42,530)	(53,845)
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	(3)	(2)	(2)	(2)
Profit before tax	16,699	7,114	11,046	10,762
Income tax expense	(2,995)	(2,513)	(1,864)	(2,100)
Profit for the year/period	13,704	4,601	9,182	8,662
Other comprehensive income for the year/period				
Items that will be subsequently reclassified to profit or loss				
Exchange differences arising on translation of foreign operations	6	(58)	12	78
Total comprehensive income for the year/period	13,710	4,543	9,194	8,740
Profit for the year/period attributable to owners of our Company	13,710	4,543	9,194	8,740
Total comprehensive income for the year/period attributable to owners of our Company	13,710	4,543	9,194	8,740

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$'000* *(Unaudited)*	*%*	*HK$'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 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$'000* *(Unaudited)*	*%*	*HK$'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 our partner 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.

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$'000* (Unaudited)	*%*	*HK$'000*	*%*
Procurement of advertising space	17,362	85.23	21,479	85.15	14,220	85.62	20,001	86.08
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	3.72
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; 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$'000* (Unaudited)	*%*	*HK$'000*	*%*
Fees to service providers	11,778	59.93	15,031	56.96	10,622	59.35	11,984	52.98
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	1.70	303	1.34
Total	**19,652**	**100.00**	**26,389**	**100.00**	**17,896**	**100.00**	**22,619**	**100.00**

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	
					(Unaudited)			
	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*	*%*
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:	**Overall:**	**Total:**	**Overall:**	**Total:**	**Overall:**	**Total:**	**Overall:**
	39,341	44.18	48,314	42.91	33,225	43.86	41,247	43.38

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	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*
					(Unaudited)			
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**

Administrative expenses

Our administrative expenses primarily comprised staff costs, directors' emoluments, rental expenses, staff welfare, travelling expenses, depreciation and **[REDACTED]**. 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$'000* *(Unaudited)*	%	*HK$'000*	%
Staff costs	4,360	34.90	8,195	28.87	5,082	35.72	5,950	28.43
Directors' remuneration	–	–	3,396	11.97	2,224	15.63	2,263	10.81
Rental expenses	2,497	19.99	3,659	12.89	2,308	16.22	3,711	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	1,144	5.47
[REDACTED]	–	–	5,146	18.13	–	–	1,686	8.06
Others	3,717	29.76	4,115	14.50	2,568	18.06	3,795	18.12
Total	**12,492**	**100.00**	**28,381**	**100.00**	**14,226**	**100.00**	**20,931**	**100.00**

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) 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 **[REDACTED]** 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 **[REDACTED]** 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 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 HK$112.59 million for the year ended 31 March 2014 from HK$89.05 million for the year ended 31 March 2013. The 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.

Revenue from digital advertisement placement services

Revenue from digital advertisement placement services increased by approximately 28.15% to HK$39.97 million for the year ended 31 March 2014 from 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 HK$47.20 million for the year ended 31 March 2014 from 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 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 HK$25.42 million for the year ended 31 March 2014 from 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 HK$64.28 million for the year ended 31 March 2014 from 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 HK$25.22 million for the year ended 31 March 2014 from HK$20.37 million for the year ended 31 March 2013. This increase was mainly attributable to the expansion in our digital advertisement placement service 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 HK$26.39 million for the year ended 31 March 2014 from 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 HK$12.67 million for the year ended 31 March 2014 from 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.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 22.80% to HK$48.31 million for the year ended 31 March 2014 from 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 HK$14.75 million for the year ended 31 March 2014 from 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 HK$20.81 million for the year ended 31 March 2014 from 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 HK$12.76 million for the year ended 31 March 2014 from 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 HK$0.33 million for the year ended 31 March 2014 from 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.

Selling expenses

Our selling expenses increased by approximately 29.99% to HK$13.22 million for the year ended 31 March 2014 from 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 HK$28.38 million for the year ended 31 March 2014 from HK$12.49 million for the year ended 31 March 2013. This increase was primarily attributable to (i) the recognition of **[REDACTED]**; (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 HK$74,000 from the share of results of associates for the year ended 31 March 2014, as opposed to a loss of 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 HK$7.11 million for the year ended 31 March 2014 from HK$16.70 million for the year ended 31 March 2013.

Income tax expense

Our income tax expense decreased by approximately 16.09% to HK$2.51 million for the year ended 31 March 2014 from 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 17.94% for the year ended 31 March 2013 as **[REDACTED]** of HK$5.15 million were non-deductible expenses.

Profit for the year attributable to owners of our Company

As a result of the foregoing, our profit for the year attributable to owners of our Company decreased by 66.86% to HK$4.54 million for the year ended 31 March 2014 from 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 HK$95.09 million for the eight months ended 30 November 2014 from HK$75.76 million for the eight months ended 30 November 2013. The increase was mainly attributable to the increase in revenue from digital advertisement placement services and creative and technology services.

Revenue from digital advertisement placement services

Revenue from digital advertisement placement services increased by approximately 26.66% to HK$35.61 million for the eight months ended 30 November 2014 from 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 HK$37.23 million for the eight months ended 30 November 2014 from 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.

Revenue from creative and technology services

Revenue from creative and technology services increased by approximately 46.06% to HK$22.26 million for the eight months ended 30 November 2014 from 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 HK$53.85 million for the eight months ended 30 November 2014 from 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 HK$23.24 million for the eight months ended 30 November 2014 from HK$16.61 million for the eight months ended 30 November 2013. This increase was attributable to 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 outside our Ad-Network.

Cost of services for social media management services

Our cost of services for social media management services increased by approximately 26.39% to HK$22.62 million for the eight months ended 30 November 2014 from 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 HK$7.99 million for the eight months ended 30 November 2014 from 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 HK$41.25 million for the eight months ended 30 November 2014 from 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.

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 HK$12.38 million for the eight months ended 30 November 2014 from 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 outside our Ad-Network resulting in a lower gross profit margin when compared to the provision of advertising space within our Ad-Network.

Gross profit and gross profit margin for social media management services

Our gross profit for social media management services decreased by approximately 0.70% to HK$14.61 million for the eight months ended 30 November 2014 from 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 HK$14.26 million for the eight months ended 30 November 2014 from 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 HK$0.42 million for the eight months ended 30 November 2014 from HK$0.20 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.

Selling expenses

Our selling expenses increased by approximately 22.67% to HK$10.24 million for the eight months ended 30 November 2014 from 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 HK$20.93 million for the eight months ended 30 November 2014 from HK$14.23 million for the eight months ended 30 November 2013. This increase was primarily attributable to (i) the recognition of **[REDACTED]**; (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 HK$10.76 million for the eight months ended 30 November 2014 from 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 HK$2.10 million for the eight months ended 30 November 2014 from 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 **[REDACTED]**. Our effective tax rate was stable for the eight months ended 30 November 2014 which was approximately 19.52%, compared to 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 4.94% to HK$8.74 million for the eight months ended 30 November 2014 from HK$9.19 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.

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
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Current assets			
Trade and bills receivables	27,536	39,741	49,662
Deposits, prepayments and other receivables	2,331	8,099	8,012
Amounts due from related companies	2,655	9	9
Amounts due from associates	148	245	315
Amounts due from shareholders	7,050	229	–
Held-to-maturity investments	–	5,033	–
Restricted bank balance	50	50	50
Bank balances and cash	27,136	6,962	11,673
	66,906	60,368	69,721
Current liabilities			
Trade and other payables	7,135	8,724	9,830
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	19	20	21
	11,148	14,825	17,958
Net current assets	55,758	45,543	51,763

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 in March 2014; (ii) the decrease in amounts due from shareholders of approximately 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 and the extension of credit periods granted to a number of 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 30 November**
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	28,205	40,249	48,830
Less: allowance for doubtful debts	(669)	(508)	(337)
	27,536	39,741	48,493
Bills receivables	–	–	1,169
	27,536	39,741	49,662

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

We generally granted a credit period ranging from 30 days to 60 days to our clients, while an extension of credit period was granted by us to certain clients with satisfactory settlement records during the Track Record Period. Such extension of credit period was granted on a case-by-case basis and was not set forth in the payment terms in our agreements with relevant clients. 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 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
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 increased from approximately 83 days for the year ended 31 March 2013 to approximately 109 days for the year ended 31 March 2014, and increased to approximately 115 days for the eight months ended 30 November 2014. In particular, our trade receivable turnover days for the eight months ended 30 November 2014 further lengthened because of our revenue growth and the extension of credit periods granted to a number of well-established international brands as a result of changes in the brands' internal credit policies during the period.

During the Track Record Period, our trade receivable turnover days exceeded our Group's maximum credit period of 60 days as (i) longer periods were offered to our well-established direct clients and agency clients; and (ii) we had experienced delayed settlement from our clients. The delayed settlement mainly involved (i) clients of large-scale projects, which would require additional time to verify each bill and corresponding scope of services; (ii) well-established local and international brands, which generally adopt stringent internal approval procedures in relation to settlement of our bills and would only commence settlement procedure at the end of or after completion of the service period of our engagement; and (iii) advertising agencies, which normally only settle our bills after receiving payments from the advertisers they serve at the end of the service period of our engagement.

Having considered the continuous and stable business relationships between our Group and our customers, and their continuing payment patterns and past settlement records, our Directors are of the view that we did not encounter material collection problem and there is no recoverability problem of the trade receivables as at 30 November 2014, save for the amount of allowance for doubtful debts as mentioned in the paragraphs below.

Our sales and finance personnel have been working closely with our service teams to liaise with our clients to keep track of purchase order amendments, project status and payment settlement and to accelerate project execution when necessary so as to encourage the regular settlement of outstanding balance. 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:

– 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.

The balance of HK$9.57 million of trade receivables as at 30 November 2014 had been settled as at 31 December 2014.

The following table sets forth the movement in the allowance for doubtful debts during the Track Record Period:

	As at 31 March		**As at 30 November**
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Balance at the beginning of the year/ period	797	669	508
Amount written off as uncollectible	(128)	(161)	(171)
Balance at the end of the year/period	**669**	**508**	**337**

While we do not make general provision on our trade receivables, we had made specific provision for our impaired 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, since our management considered the prolonged outstanding balances to be uncollectible.

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 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Deposits	286	3,152	2,361
Prepayments	1,220	3,650	4,205
Other receivables	825	1,297	1,446
	2,331	**8,099**	**8,012**

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 **[REDACTED]**-related expenses.

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 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	6,790	8,312	9,482
Other payables	345	412	348
	7,135	**8,724**	**9,830**

Our trade payables increased by 22.43% to HK$8.31 million as at 31 March 2014 from HK$6.79 million as at 31 March 2013 and further increased by 14.06% to 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 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 30 November**
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
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
	6,790	**8,312**	**9,482**

The trade payables turnover days was 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.

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 **[REDACTED]**. 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 **[REDACTED]** 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 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 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.

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 30 November**
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
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	–
	7,050	**229**	**–**

Our amounts due from shareholders were unsecured, interest-free and repayable on demand.

As at 31 March 2013, our amounts due from shareholders was 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 on 11 May 2012 and 6 August 2012, respectively; 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 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.

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 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 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 HK$27.14 million as at 31 March 2013 to 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 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 **[REDACTED]** raised from the **[REDACTED]** 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.

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 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
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	33,552	(13,822)	(15)
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	6	8	2
Cash and cash equivalent at end of year/period, represented by bank balances and cash	27,136	6,962	11,673

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.

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 as longer periods were offered to our well-established direct clients and agency clients and we had experienced delayed settlement from clients of large-scale projects, well-established local and international brands and advertising agencies; (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 our revenue growth and the extension of credit periods granted to a number of well-established international brands as a result of changes in the brands' internal credit policies; and (iv) increase in accrued expenses of approximately HK$1.77 million due to our **[REDACTED]**-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.

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 **[REDACTED]** from **[REDACTED]**, 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 document.

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, 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 30 November 2014.

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.

Our Directors confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities since 30 November 2014, being the latest practicable date for determining our Group's indebtedness.

Contingent liabilities

As at 31 March 2013, 31 March 2014 and 30 November 2014, we did not have any material contingent liabilities.

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, HK$1.55 million and nil, respectively, due to the purchase of furniture and fixture for our existing Hong Kong office.

Operating lease commitments

The 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 follow:

	As at 31 March		As at 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	429	7,076	6,936
In the second to fifth years inclusive	–	10,972	8,261
	429	18,048	15,197

Operating lease payments represent rental payable by the 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 30 November
	2013	**2014**	**2014**
	HK$'000	*HK$'000*	*HK$'000*
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	16	–	–
	55	36	23

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$2.84 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 document.

	As at/For the year ended 31 March		As at/For the eight months ended 30 November
	2013	2014	2014
Current ratio *(Note 1)*	6.00 times	4.07 times	3.88 times
Gearing ratio *(Note 2)*	0.09%	0.07%	0.04%
Debt to equity ratio *(Note 3)*	Not applicable	Not applicable	Not applicable
Interest coverage *(Note 4)*	5,567.33 times	3,407.13 times	4,806.63 times
Return on assets *(Note 5)*	19.01%	6.84%	16.63%
Return on equity *(Note 6)*	22.77%	8.92%	21.96%
Net profit margin *(Note 7)*	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.

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%.

4. Interest coverage is calculated by the profit before interest and tax divided by the finance costs as at the respective year/period end and multiplied by 100%.

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 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 **[REDACTED]** as at 31 March 2014.

Our current ratio decreased from 4.07 as at 31 March 2014 to 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.

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 4.09% for the year ended 31 March 2014 from 15.39% for the year ended 31 March 2013. The decrease was mainly attributable to (i) the recognition of **[REDACTED]** 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 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.

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	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount as at 31 March 2013
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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
	8,768	21	17	8,806	8,802

As at 31 March 2014	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount as at 31 March 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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
	11,722	17	–	11,739	11,737

As at 30 November 2014	On demand or within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount as at 30 November 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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
	14,599	4	–	14,603	14,601

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%, 18.00% and 18.00% 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 HK$11.67 million, of which 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 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

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 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 30 November
	2013	2014	2014
	HK$'000	*HK$'000*	*HK$'000*
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.

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 document. 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.

[REDACTED]

DISTRIBUTABLE RESERVES

As at 30 November 2014, the aggregate amount of distributable reserves available for distribution to our Shareholders was 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

[REDACTED]

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.

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 Latest Practicable Date; (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 document; 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 document.