
SUMMARY

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

There are risks associated with any investment. Some of the particular risks in [REDACTED] are summarised in the section headed “Risk Factors” in this document. You should read such section carefully before you decide to [REDACTED].

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

OVERVIEW

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

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

OUR PRINCIPAL BUSINESS

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

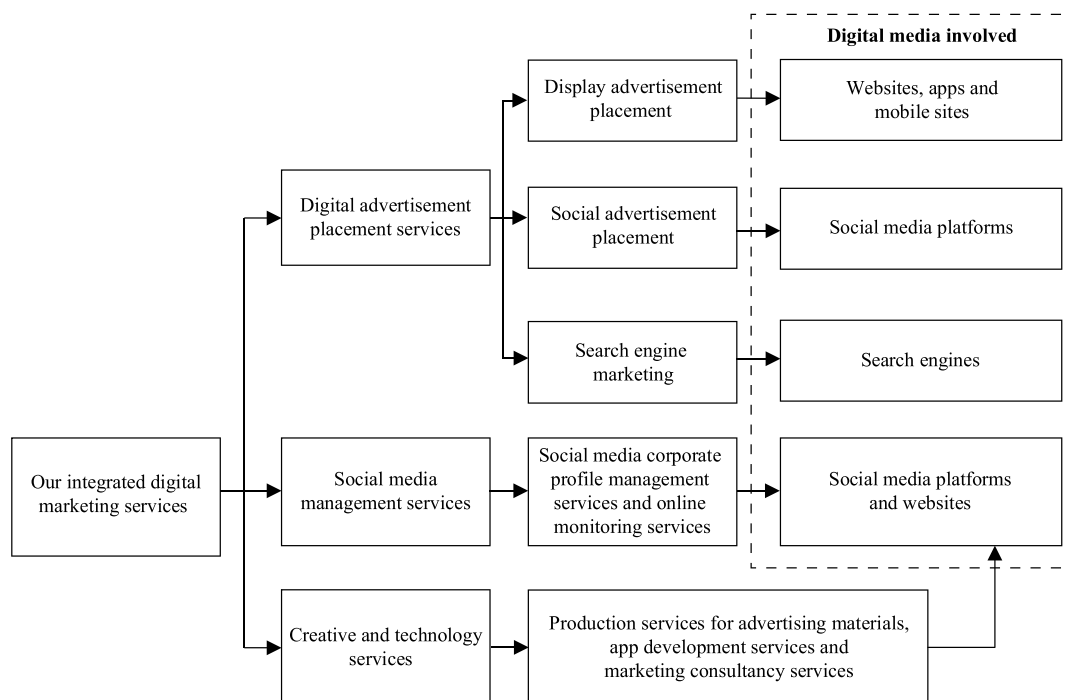
- **digital advertisement placement services** – our digital advertisement placement services mainly comprise (a) display advertisement placements on websites, apps and mobile sites through our Ad-Network or by Single-Buy, monitoring the effectiveness of display advertisement placements and reporting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

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

- **social media management services** – our social media management services mainly comprise (a) social media corporate profile management services through assisting our clients in setting up corporate profile pages or customising corporate profile pages pertaining to the characteristics and marketing objectives of our clients; and (b) online monitoring services through assisting our clients in monitoring the flow of information related to such clients on the Internet (including social media platforms and websites). Our revenue is derived from the development, customisation and maintenance of corporate profile pages of the advertisers and the monitoring of the advertisers' corporate profile pages and activities relating to the advertisers across the Internet; and
- **creative and technology services** – our creative and technology services mainly comprise (a) production services for the design of advertising materials, websites and mobile sites, and corporate profile page; (b) app development services; and (c) marketing consultancy services through formulating and implementing digital marketing strategies for our clients. Our revenue is derived from the design and production of advertising materials (such as display advertisements and social advertisements), websites, mobile sites and corporate profile pages. Our revenue is also derived from app development and provision of marketing consultancy services.

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



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

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

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

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

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

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

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

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

COMPETITIVE STRENGTHS

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

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

For details, please refer to the section headed "Business – Competitive Strengths" on page 108 to page 111 of this [REDACTED].

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BUSINESS STRATEGIES

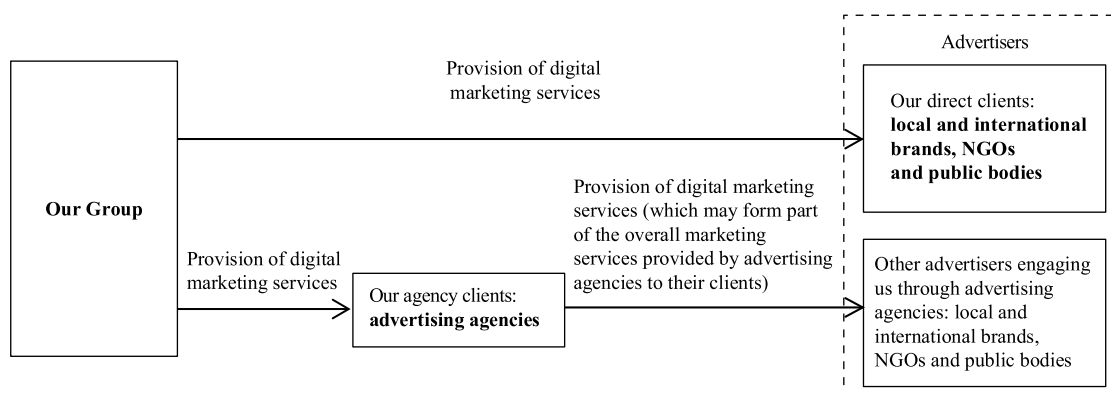
To maintain our market share, enhance our service quality and attract more clients to engage our services, we intend to implement the following business strategies:

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

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

CLIENTS

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



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

SUPPLIERS

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

KEY OPERATIONAL AND FINANCIAL DATA

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

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

| | Year ended 31 March | | Eight months ended 30 November | |
|---|---------------------|------------------|-----------------------------------|------------------|
| | 2013 HK\$'000 | 2014 HK\$'000 | 2013 HK\$'000 (unaudited) | 2014 HK\$'000 |
| Revenue | 89,048 | 112,594 | 75,755 | 95,092 |
| Profit before tax | 16,699 | 7,114 | 11,046 | 10,762 |
| Total comprehensive income for the year/period | <u>13,710</u> | <u>4,543</u> | <u>9,194</u> | <u>8,740</u> |

| | As at 31 March | | As at 30 November |
|-------------------------|------------------|------------------|----------------------|
| | 2013 HK\$'000 | 2014 HK\$'000 | 2014 HK\$'000 |
| Non-current assets | 5,211 | 6,011 | 9,103 |
| Current assets | 66,906 | 60,368 | 69,721 |
| Current liabilities | 11,148 | 14,825 | 17,958 |
| Non-current liabilities | 766 | 608 | 1,180 |
| Net assets | 60,203 | 50,946 | 59,686 |

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

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

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

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

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Operating cash flow

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

| | For the year ended 31 March | | For the eight months ended |
|--|-----------------------------|-----------------|----------------------------|
| | 2013 | 2014 | 30 November 2014 |
| | 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 | <u>33,552</u> | <u>(13,822)</u> | <u>(15)</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>21,636</u> | <u>(20,182)</u> | <u>4,709</u> |

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

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

Trade and bills receivables

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

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

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

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

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

Summary of financial ratios

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

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

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

DIVIDENDS AND DIVIDEND POLICY

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

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OUR LATEST DEVELOPMENT

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

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

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

[REDACTED]

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[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

[REDACTED]

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

[REDACTED]

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NO MATERIAL ADVERSE CHANGE

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

[REDACTED]

RISK FACTORS

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

[REDACTED]