[REDACTED] *should consider carefully all the information set forth in this document and, in particular, should consider the following risks and special considerations in connection with* **[REDACTED]**. *The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and prospects of our Group.*

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. **[REDACTED]**

RISKS RELATING TO OUR GROUP

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The financial results of our Group will be affected by [REDACTED]

The financial results of our Group will be affected by certain non-recurring expenses including the expenses in relation to **[REDACTED]** and **[REDACTED]**. The total estimated expenses in relation to the **[REDACTED]** and the **[REDACTED]** (mainly comprising the **[REDACTED]**, legal and other professional fees, **[REDACTED]** and printing fee) are approximately HK$25.3 million, of which approximately HK$25.0 million will be borne by us and approximately HK$0.3 million will be borne by our **[REDACTED]**. Of such amount to be borne by us, of which approximately HK$8.3 million is directly attributable to the issue of the **[REDACTED]** and is to be accounted for as a deduction from equity. The remaining amount of approximately HK$16.7 million has been or is to be charged to the combined statements of profit or loss and other comprehensive income, of which (i) approximately HK$5.1 million and HK$1.7 million were recognised for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively, representing approximately 110.87% and 19.54% of our Group's profit for the year ended 31 March 2014 and the eight months ended 30 November 2014, respectively (according to our audited financial statement as set out in Appendix I to this document); (ii) approximately HK$2.4 million was recognised for the four months ended 31 March 2015 (according to our management accounts); and (iii) approximately HK$7.5 million is expected to be charged upon **[REDACTED]** (according to our current estimation). Our Directors would like to emphasise that the **[REDACTED]** stated above are the current estimation for reference purpose and the actual amount to be recognised is subject to adjustments based on audit and the then changes in variables and assumptions.

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

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

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

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

RISKS RELATING TO OUR INDUSTRY

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

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

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

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

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

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

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

The growth of digital marketing in Hong Kong and the PRC is subject to many uncertainties. Not having traditionally invested or devoted a significant portion of their budget or expenditures or other available funds to digital marketing, some of our existing and potential clients may have limited understanding on digital media. They may not find digital media such as websites, apps, mobile sites, social media platforms and search engines to be effective for promoting or showcasing their products and services comparing to the traditional forms of media, such as, print and broadcast media. Our Group's ability to generate and maintain certain level of revenue will depend on a number of factors, many of which are beyond our control, including but not limited to:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RISKS RELATING TO THE PRC

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

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

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

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

The PRC Government extensively regulates the Internet industry, including foreign ownership of, and the licensing and permit requirements pertaining to, companies in the Internet industry. These Internet-related laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainty. As a result, in certain circumstances some actions or omissions may be deemed to be violations of applicable laws and regulations. Risks and uncertainties relating to PRC regulation of the Internet-related business include, but are not limited to, the following:

(1) There are uncertainties relating to the regulation of the Internet-related business in China, including evolving licensing practices. This means that some of our permits, licences or operations in the PRC may be subject to challenge, or we may fail to obtain permits or licences that may be deemed necessary for our operations or we may not be able to obtain or renew certain permits or licences. If we fail to maintain any of these required licences or permits, we may be subject to various penalties, including fines and discontinuation of or restriction on our operations in the PRC. Any such disruption in our business operations in the PRC may have a material and adverse effect on our results of operations in the PRC.

(2) New laws and regulations may be promulgated in China to regulate Internet activities, including digital marketing and Internet-related app design and production. If these new laws and regulations are promulgated, additional licences and/or cost of compliance may be required for our operations. If our operations are not in compliance with these new laws and regulations after they become effective, or if we fail to obtain any licences required under these new laws and regulations, we could be subject to penalties or restriction on our operations in the PRC.

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

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

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

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

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

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

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

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

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

Foreign exchange considerations

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

RISKS RELATING TO [REDACTED] AND [REDACTED]

[REDACTED]

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

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

We may require additional funding for future growth

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

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

We may in the future formulate new business strategies. Such endeavours may include mergers and acquisitions which involve significant risks and uncertainties, including distraction of management from current operations, insufficient revenue to offset the liabilities assumed and expenses associated with the strategies, inadequate return of capital and unidentified issues not discovered in our due diligence. There is no assurance that such strategies will be implemented successfully and will not materially adversely affect our financial conditions and operating results.

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

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

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

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

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

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

[REDACTED]

Information contained in press articles or other media

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

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

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. **[REDACTED]** of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although we believe the assumptions on which the forward-looking statements based on are reasonable, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations that our plans or objectives will be achieved and **[REDACTED]** should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking Statements" in this document for further details.