CATCHA MEDIA BERHAD (Company No. 916943-W)

PROSPECTUS

# CATCHA MEDIA

## CATCHA MEDIA BERHAD

(Company No. 916943-W)
(Incorporated in Malaysia under the Companies Act, 1965)

INITIAL PUBLIC OFFERING IN CONJUNCTION WITH OUR LISTING ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") COMPRISING:

(I) PUBLIC ISSUE OF 23,000,000 NEW ORDINARY SHARES OF RM0.10 EACH ("SHARES") ALLOCATED IN THE FOLLOWING MANNER:

- 20,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS; AND
- 3,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC

(II) OFFER FOR SALE OF UP TO 11,000,000 SHARES MADE AVAILABLE FOR APPLICATION BY WAY OF PRIVATE PLACEMENT TO IDENTIFIED INVESTORS

AT AN ISSUE PRICE/OFFER PRICE OF RM0.75 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT

OSK

OSK Investment Bank Berhad (14152-V)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER. THERE ARE CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER. TURN TO SECTION 4 HEREIN FOR "RISK FACTORS".**

**YOU ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET OF BURSA SECURITIES MAY BE OF HIGH INVESTMENT RISK.**

**THIS PROSPECTUS IS DATED 30 JUNE 2011**

# P R O S P E C T U S

## RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

OSK Investment Bank Berhad (14152-V) (**"OSK"**), being our Principal Adviser, Sponsor, Underwriter and Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO (as defined herein).

## STATEMENTS OF DISCLAIMER

A copy of this Prospectus has been registered with the Securities Commission Malaysia (**"SC"**). The registration of this Prospectus should not be taken to indicate that the SC recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

Approval has been obtained from Bursa Malaysia Securities Berhad (**"Bursa Securities"**) for the listing of and quotation for the securities being issued and/or offered. Our admission to the Official List of Bursa Securities is not to be taken as an indication of the merits of the invitation, our Company or our securities. Bursa Securities shall not be liable for any non-disclosure on our part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, together with the accompanying Application Forms (as defined herein), has also been lodged with the Registrar of Companies of Malaysia, who takes no responsibility for its contents.

## OTHER STATEMENTS

Companies listed on the ACE Market of Bursa Securities may have limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, you should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, amongst others, the Prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.

Our IPO is an exempt transaction under Section 213 of the Capital Markets and Services Act, 2007 (**"CMSA"**) and is therefore not subject to the approval of the SC. You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the CMSA.

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia. The distribution of this Prospectus and our IPO are subject to the laws of Malaysia. The Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. Our Company, Promoters, Selling Shareholder, Principal Adviser, Underwriter and Placement Agent named in the Prospectus have not authorized and are not responsible for the distribution of this Prospectus outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional investors outside Malaysia in connection with our IPO. No action has been taken to permit a public offering of our Shares in any jurisdiction other than Malaysia based on this Prospectus. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase of our Shares under our IPO in any jurisdiction or in any circumstances in which an offer is not authorized or lawful or to any person to whom it is lawful to make such offer or invitation. The distribution of this Prospectus and the sale of our Shares offered under our IPO in certain jurisdictions may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

It shall be your sole responsibility if you are or may be subject to the laws of countries or jurisdictions other than Malaysia, to consult your legal and/or other professional advisers as to whether our IPO would result in the contravention of any law of such countries or jurisdictions.

Further, it shall also be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO as stated in this Prospectus and the Application Forms (as defined herein) and would not be in contravention of any law of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will at all applicable times be subjected only to the laws of Malaysia in connection therewith. However, we reserve the right, in our absolute discretion to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

No action has been or will be taken to ensure that this Prospectus complies with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be your sole responsibility to consult your legal and/or other professional adviser on the laws to which our IPO or you are or might be subjected to. Neither us nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, avoidable or void in any country or jurisdiction.

## ELECTRONIC PROSPECTUS

The contents of the Electronic Prospectus and the copy of this Prospectus registered with the SC are the same. This Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.

You may also obtain a copy of the Electronic Prospectus from the website of CIMB Investment Bank Berhad at www.eipocimb.com, the website of CIMB Bank Berhad at www.cimbclicks.com.my, the website of Malayan Banking Berhad at www.maybank2u.com.my, the website of Affin Bank Berhad at www.affinOnline.com, the website of RHB Bank Berhad at www.rhb.com.my and the website of Public Bank Berhad at www.pbebank.com.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined herein) may be subject to risks in data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt about the validity or integrity of an Electronic Prospectus, you should immediately request from us or our Issuing House, a paper printed copy of the Prospectus. In the event of any discrepancy arising between the contents of the Electronic Prospectus and the paper printed copy of the Prospectus for any reason whatsoever, the contents of the paper printed copy of the Prospectus, which is identical to the copy of the Prospectus registered with the SC, shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as **"Third Party Internet Sites"**), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

(I) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites. Accordingly, we and our Principal Adviser are not responsible for the availability of, or the content or any data, files or other materials provided on the Third Party Internet Sites. You bear all risks associated with the access to or use of the Third Party Internet Sites;

(II) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of any of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, files or other materials provided by such parties; and

(III) any data, files or other materials downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other materials.

Where an Electronic Prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

(I) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the content of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions is not responsible in any way for the integrity of the contents of an Electronic Prospectus, which has been obtained from the web server of the Internet Participating Financial Institutions, and subsequently communicated or disseminated in any manner to you or other parties; and

(II) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secured medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracy, change, alteration, deletion or omission in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any fault with web browsers or other relevant software, any fault on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and/or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

## INDICATIVE TIMETABLE

The following events are intended to take place on the following tentative dates:

| Events | Date |
|---|---|
| Issuance of this Prospectus/Opening of applications for our IPO | 30 June 2011 |
| Closing of applications for our IPO | 8 July 2011 |
| Balloting of applications for the IPO Shares | 12 July 2011 |
| Allotment of the Issue Shares and transfer of Offer Shares to successful applicants | 19 July 2011 |
| Listing | 22 July 2011 |

This timetable is indicative and is subject to changes which may be necessary to facilitate the implementation procedures. Our Directors and our Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time for application of our IPO to any later date or dates.

If the closing date of the application for IPO is extended, we will advertise a notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper prior to the original closing date of applications for our IPO. Following this, the dates for the balloting of applications for the IPO Shares, allotment of the Issue Shares and transfer of the Offer Shares as well as Listing would be extended accordingly.

All terms used are defined under the "Definitions" section commencing on page vii.

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## PRESENTATION OF INFORMATION

All references to "Catcha Media" and "our Company" in this Prospectus are references to Catcha Media Berhad, references to "our Group" are to our Company and our subsidiaries taken as a whole and references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

The word "approximately" used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or two (2) decimal places. Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this Prospectus shall be reference to Malaysian time, unless otherwise specified.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originates from us. In particular, certain information in this Prospectus is extracted or derived from report(s) prepared by Frost & Sullivan. We believe that the statistical data and projections cited in this Prospectus are useful in helping you understand the major trends in the industry in which we operate. However, neither we nor our advisers have independently verified these data. Neither we nor our advisers make any representation as to the correctness, accuracy or completeness of such data and accordingly, you should not place undue reliance on the statistical data cited in this Prospectus. Similarly, third-party projections, including the projections from Frost & Sullivan, cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. Hence, you should not place undue reliance on the third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to such website does not form part of this Prospectus and you should not rely on it.

## FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than those of historical facts included in this Prospectus, including, without limitation, those regarding our Group's financial position, business strategies, plans and objectives of our Management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our Group's present and future business strategies and the environment in which our Group will operate in the future. Such forward-looking statements reflect our Management's current view with respect to future events and are not a guarantee of future performance.

Some of these forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

(a) demand for our products and services;

(b) our business strategies;

(c) plans and objectives of our Management for future operations;

(d) our financial position; and

(e) our future earnings, cash flows and liquidity.

Our actual results may differ materially from information contained in such forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

(a) the economic, political and investment environment in Malaysia and globally; and

(b) government policy, legislation or regulation.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 – "Risk Factors" and Section 12.2 – "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus. Due to these and other uncertainties, we cannot assure you that the forward-looking statements included in this Prospectus will be realised.

The forward-looking statements in this Prospectus are based on information available to us as at the date of this Prospectus. You will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the forward-looking statements that are contained herein.

**DEFINITIONS**

The following terms in this Prospectus bear the same meanings as set out below unless the term is defined otherwise or the context requires otherwise:

***COMPANIES WITHIN OUR GROUP:***

| | | |
|---|---|---|
| "Catcha Media" or "Company" | : | Catcha Media Berhad (916943-W) |
| "Catcha Media Group" or "Group" | : | Catcha Media and its subsidiary companies, namely Catcha Luxury, Catcha Home, Catcha Kids, Catcha Media Holdings, Catcha Lifestyle, Catcha Digital (S) and Catcha Digital (M) |
| "Catcha Digital (M)" | : | Catcha Digital Sdn Bhd (701119-M) |
| "Catcha Digital (S)" | : | Catcha Digital Pte Ltd (200904932G) |
| "Catcha Home" | : | Catcha Home Publications Sdn Bhd (770041-T) |
| "Catcha Kids" | : | Catcha Kids Publications Sdn Bhd (508226-M) |
| "Catcha Lifestyle" | : | Catcha Lifestyle Publications Sdn Bhd (489026-D) |
| "Catcha Luxury" | : | Catcha Luxury Publications Sdn Bhd (571217-X) |
| "Catcha Media Holdings" | | Catcha Media Holdings Malaysia Pte Ltd (200904924R) |
| "Catcha Media Holdings Group" | : | Catcha Media Holdings and its subsidiary companies, namely Catcha Digital (S) and Catcha Digital (M) respectively |

***GENERAL:***

| | | |
|---|---|---|
| "Act" | : | Companies Act, 1965 |
| "Acquisition" | : | Acquisition of the entire issued and fully paid-up capital of Catcha Media Holdings, Catcha Home, Catcha Kids and Catcha Luxury and 11.73% of the issued and paid-up share capital of Catcha Lifestyle from Catcha Group (S) by Catcha Media for a total purchase consideration of RM11,000,000, payable by the issuance of 110,000,000 Shares to Catcha Group (S) |
| "Acquired Assets" | : | Catcha Luxury, Catcha Home, Catcha Lifestyle, Catcha Kids and Catcha Media Holdings Group, collectively |
| "ADA" | : | Authorised Depository Agent |
| "Application Form(s)" | : | The printed application form(s) for the application for the IPO Shares |
| "ASEAN" | : | Association of Southeast Asian Nations |
| "ATM" | : | Automated Teller Machine |
| "Board" | : | Our Board of Directors |
| "Bursa Depository" or "Depository" | : | Bursa Malaysia Depository Sdn Bhd (165570-W) |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad (635998-W) |
| "Catcha Digital Asia" | : | Catcha Digital Asia Pte Ltd (200920282Z) |
| "Catcha Group (S)" | : | Catcha Group Pte Ltd (200402949K) |

| | | |
|---|---|---|
| "CAGR" | : | Compound annual growth rate |
| "CDS" | : | Central Depository System |
| "CMSA" | : | Capital Markets and Services Act, 2007 |
| "Content Licence Agreement" | : | Microsoft Content License Agreement entered into by Catcha Digital (S) and Microsoft on 23 March 2009 granting Catcha Digital (S) rights to (with the rights to sub-licence to Catcha Digital (M)):<br>(i) reproduce, promote, display, distribute, broadcast and transmit Microsoft's content;<br>(ii) incorporate the Microsoft content into the Online Properties in Malaysia; and<br>(iii) use Microsoft content to demonstrate the Online Properties in Malaysia to third parties |
| "Dato' Gan Nyap Liou" | : | Gan Nyap Liou @ Gan Nyap Liow |
| "Director" | : | Either an executive director or a non-executive director of our Company within the meaning of Section 4 of the Act |
| "EBITDA" | : | Earnings before interest, taxation, depreciation and amortisation |
| "Electronic Share Application" | : | An application for the IPO Shares through Participating Financial Institution's ATM |
| "EPS" | : | Earnings per share |
| "Flotation Exercise" | : | The Incorporation, Acquisition, Public Issue, Offer for Sale and Listing, collectively |
| "FPE" | : | Eight (8) months financial period ended 31 August |
| "Frost & Sullivan" | : | Frost & Sullivan Malaysia Sdn Bhd (522293-W) |
| "FYE" | : | Financial year ended 31 December |
| "GDP" | : | Gross domestic product |
| "HSBB" | : | High speed broadband |
| "Incorporation" | : | Incorporation of our Company specifically to act as the holding company of our Group and to be the listed vehicle for the purpose of our Listing |
| "Indemnity Agreement | : | Deed of indemnity dated 30 August 2010 signed between Catcha Group (S) with Catcha Media Holdings and Catcha Digital (S) whereby Catcha Group (S) indemnifies Catcha Media Holdings and Catcha Digital (S) of their liability, if any, pursuant to the financial guarantee granted under the terms of the SAA |
| "Initial Public Offering" or "IPO" | : | Initial public offering of the IPO Shares |
| "Internet Participating Financial Institution(s)" | : | Participating organisation(s) in the Internet Share Application as listed in Section 16 of this Prospectus |
| "Internet Share Application" | : | An application for the IPO Shares through an Internet Participating Financial Institution |

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|---|---|---|
| "IPO Share(s)" | : | The Issue Share(s) and Offer Share(s) collectively |
| "Issue Price" | : | RM0.75 for each Issue Share |
| "Issue Share(s)" | : | The new Share(s) to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus |
| "Issuing House" or "MIH" | : | Malaysian Issuing House Sdn Bhd (258345-X) |
| "KDN" | : | Kementerian Dalam Negeri, Malaysia |
| "Licence and Service Agreement" | : | Microsoft License and Service Agreement entered into by Catcha Digital (S) and Microsoft on 23 March 2009 granting Catcha Digital (S) rights to (with the rights to sub-licence to Catcha Digital (M)):<br>(i) operate, market and sell advertisement for Online Properties in Malaysia;<br>(ii) operate Microsoft Advertising Platform Technology and Bedrock to support the operation of the Online Properties in Malaysia; and<br>(iii) provide training services |
| "Listing" | : | Listing of and quotation for our entire enlarged issued and paid-up share capital of RM13,300,002 comprising 133,000,020 Shares on the ACE Market of Bursa Securities |
| "Listing Requirements" | : | ACE Market Listing Requirements of Bursa Securities |
| "LPD" | : | 9 June 2011, being the latest practicable date prior to the printing of this Prospectus |
| "Magazine(s)" | : | In the context of this Prospectus, it refers to our fourteen (14) magazine titles that are under our proprietary brand names or licensed brand names |
| "Market Day(s)" | : | Any day between Monday to Friday (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities |
| "Master Advertising Agreement" | : | A master contract dated 7 October 2010 entered between Catcha Digital (M) and Catcha Group (S) which provides for a minimum commitment of USD2.00 million to be made by Catcha Group (S), which will be satisfied by way of fulfilled advertising bookings on Microsoft's Online Properties in Malaysia |
| "Media Businesses" | : | Publishing Business and Online Media Business, collectively |
| "MI" | : | Minority interest |
| "MICA" | : | Ministry of Information, Communications and the Arts, Singapore |
| "MITI" | : | Ministry of International Trade and Industry, Malaysia |
| "MDeC" | : | Multimedia Development Corporation Sdn Bhd (389346-D) |
| "Microsoft" | : | Microsoft Online, Inc |
| "MoF" | : | Ministry of Finance, Malaysia |
| "MSC" | : | Multimedia Super Corridor |

| | | |
|---|---|---|
| "NA" | : | Net assets |
| "Offer for Sale" | : | Offer for sale of up to 11,000,000 Offer Shares at the Offer Price by the Selling Shareholder by way of private placement to identified investors |
| "Offer Price" | : | RM0.75 for each Offer Share |
| "Offer Share(s)" | : | Existing Share(s) being offered by our Selling Shareholder pursuant to the Offer for Sale |
| "Offeror" or "Selling Shareholder" | : | Catcha Group (S) |
| "Official List" | : | The list specifying all securities which have been admitted for listing on Bursa Securities and not removed |
| "Online Media Business" | : | The business of selling Advertising Space that utilise the internet as the advertising medium, where Advertising Space may include but are not limited to banner display advertisements, pay-per-click advertisements and pop-up advertisements, are displayed within an internet web browser or web page as a way of reaching an audience that uses the internet and are designed to drive customers to a particular website, form or location on the internet |
| "OSK" | : | OSK Investment Bank Berhad (14152-V) |
| "Participating Financial Institution(s)" | : | Participating financial institution(s) for Electronic Share Application as listed in Section 16 of this Prospectus |
| "PAT" | : | Profit after taxation |
| "PBT" | : | Profit before taxation |
| "PE Multiple" | : | Price-to-earnings multiple |
| "Placement Agent" | : | OSK |
| "Principal Adviser" or "Sponsor" | : | OSK |
| "Promoters" | : | Promoters of our Company, namely Catcha Group (S), Patrick Y-Kin Grove, Kensuke Tsurumaru and Lucas Robert Elliott |
| "Public Issue" | : | Public issue of 23,000,000 new Shares at the Issue Price payable in full upon application, subject to the terms and conditions of this Prospectus |
| "Publishing Business" | : | The business of selecting, creating and developing content, distributing and producing, selling Advertising Space for and marketing, both our own magazines and licensed magazines, inclusive of operating, maintaining, executing, selling advertising for and marketing respective magazine websites and events |
| "Publishing Licence(s)" | : | A licence obtained from a licensor for our Publishing Business to publish a magazine title |
| "R&D" | : | Research and development |
| "ROC" | : | Registrar of Companies |

| | | |
|---|---|---|
| "SAA" | : | Strategic alliance agreement dated 23 March 2009 and the subsequent amendments to the strategic alliance agreement dated 1 July 2010 and 16 August 2010 entered by Catcha Group (S), Catcha Media Holdings, Catcha Digital (S) and Microsoft for the exclusive rights to sell Advertising Space, promote and monetise Microsoft's consumer online services namely, the MSN Malaysia portal (msn.com.my), Windows Live Messenger and Windows Live Hotmail |
| "SC" | : | Securities Commission Malaysia |
| "Share(s)" | : | Ordinary share(s) of RM0.10 each in our Company |
| "Underwriter" | : | OSK |
| "Underwriting Agreement" | : | Underwriting agreement dated 17 June 2011 entered into between us and the Underwriter |

**CURRENCIES**

| | | |
|---|---|---|
| "RM" or "sen" | : | Ringgit Malaysia and sen respectively |
| "SGD" | : | Singapore Dollar |
| "USD" | : | United States Dollar |

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## GLOSSARY OF TERMS

| | | |
|---|---|---|
| "Adex" | : | Total advertisement expenditure for a specific market |
| "Advertising Space" | : | Either individually or in aggregate the advertising units generated by our Magazines and the Online Properties |
| "Microsoft Advertising Platform Technology" | : | The advertising platform used by our Group as permitted under the SAA and the Licence and Service Agreement to facilitate the operation of sales of Advertising Space on the Online Properties in Malaysia |
| "Bedrock" | : | The Microsoft Bedrock Content Management System used by our Group as permitted under the SAA and the Licence and Service Agreement to manage and publish content on the Online Properties in Malaysia |
| "Online Properties | : | Consumer online services operated by third party publishers or operators, including Microsoft's consumer online services, namely, the MSN Portal and Windows Live Product Suite (including Live Mail, Live Messenger, Live Search and Live Spaces) |
| "Portal" | : | A website that presents a wide variety of information, designed to operate as an information source and starting point on the internet |
| "Unique Users" | : | Individual visitor(s) to a website who is(are) counted as a single visitor irrespective of the number of times he or she revisits the site |

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## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

| Name | Address | Nationality | Profession |
|---|---|---|---|
| Dato' Gan Nyap Liou<br>*(Independent Non-Executive Chairman)* | 30, Lorong Kemaris 1<br>Bukit Bandaraya Bangsar<br>59100 Kuala Lumpur | Malaysian | Company Director |
| Kensuke Tsurumaru<br>*(Chief Executive Officer)* | B13A-08, Northpoint Residences<br>No. 1, Medan Syed Putra<br>Mid Valley City<br>59200 Kuala Lumpur | Japanese | Chief Executive Officer |
| Patrick Y-Kin Grove<br>*(Non-Independent Non-Executive Director)* | 37-22-3 Sri Penaga Condo<br>Jalan Medang Serai<br>Bukit Bandaraya Bangsar<br>59100 Kuala Lumpur | Australian | Company Director |
| Mah Yong Sun<br>*(Independent Non-Executive Director)* | 31, Tanglin Road<br>#17-01 St Regis Tower B<br>247912 Singapore | Malaysian | Company Director |

### AUDIT COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Dato' Gan Nyap Liou | Chairman | Independent Non-Executive Chairman |
| Patrick Y-Kin Grove | Member | Non-Independent Non-Executive Director |
| Mah Yong Sun | Member | Independent Non-Executive Director |

### NOMINATION AND REMUNERATION COMMITTEE

| Name | Designation | Directorship |
|---|---|---|
| Mah Yong Sun | Chairman | Independent Non-Executive Director |
| Dato' Gan Nyap Liou | Member | Independent Non-Executive Chairman |

**COMPANY SECRETARIES** : Tai Yit Chan (MAICSA 7009143)
Tan Ai Ning (MAICSA 7015852)
c/o Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone number: (03) 7720 1188

**REGISTERED OFFICE** : Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone number: (03) 7720 1188

**CORPORATE DIRECTORY (Cont'd)**

| | | |
|---|---|---|
| **HEAD/MANAGEMENT OFFICE** | : | No. 45-07, Seventh Floor<br>The Boulevard<br>Lingkaran Syed Putra<br>Mid Valley City<br>59200 Kuala Lumpur<br>Telephone No.: (03) 2297 0999<br>Website: www.catchamedia.com<br>E-mail address: publicrelations@catchacorp.com |
| **R&D OFFICE** | : | Suite 7.06, The Gardens<br>North Tower<br>Lingkaran Syed Putra<br>59200 Kuala Lumpur<br>Telephone No.: (03) 2297 0999 |
| **PRINCIPAL ADVISER, SPONSOR, UNDERWRITER AND PLACEMENT AGENT** | : | OSK Investment Bank Berhad *(14152-V)*<br>20th Floor, Plaza OSK<br>Jalan Ampang<br>50450 Kuala Lumpur<br>Telephone No.: (03) 2333 8333 |
| **AUDITORS** | : | BDO *(AF0206)*<br>Chartered Accountants<br>12th Floor, Menara Uni.Asia<br>No. 1008, Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Telephone No.: (03) 2616 2888<br><br>David Yeung & Co PAC *(200717891W)*<br>Public Accounting Corporation<br>128A Tanjong Pagar Road<br>Singapore 088535<br>Telephone No.: (65) 6223 7979 |
| **REPORTING ACCOUNTANTS** | : | BDO *(AF0206)*<br>Chartered Accountants<br>12th Floor, Menara Uni.Asia<br>No. 1008, Jalan Sultan Ismail<br>50250 Kuala Lumpur<br>Telephone No.: (03) 2616 2888 |
| **SOLICITORS FOR OUR IPO** | : | Cheang & Ariff<br>39 Court @ Loke Mansion<br>No. 273A, Jalan Medan Tuanku<br>50300 Kuala Lumpur<br>Telephone No.: (03) 2691 0803 |

**CORPORATE DIRECTORY (Cont'd)**

| | | |
|---|---|---|
| **PRINCIPAL BANKERS** | : | Public Bank Berhad *(6463-H)*<br>Menara Public Bank<br>146, Jalan Ampang<br>50450 Kuala Lumpur<br>Telephone No.: (03) 2176 7888<br><br>RHB Bank Berhad *(6171-M)*<br>17-G and 17-1, The Boulevard<br>Mid Valley City<br>59200 Kuala Lumpur<br>Telephone No.: (03) 2284 4339<br><br>HSBC Bank Malaysia Berhad *(127776-V)*<br>No. 2, Leboh Ampang<br>50100 Kuala Lumpur<br>Telephone No.: (03) 2070 0744<br><br>The Hongkong and Shanghai Banking Corporation Limited *(S16FC0010A)*<br>21 Collyer Quay<br>#01-01 HSBC Building<br>Singapore 049230<br>Telephone No.: (+65) 6216 9008 |
| **ISSUING HOUSE** | : | Malaysian Issuing House Sdn Bhd *(258345-X)*<br>Level 6, Symphony House<br>Pusat Dagangan Dana 1<br>Jalan PJU 1A/46<br>47301 Petaling Jaya<br>Selangor Darul Ehsan<br>Telephone No.: (03) 7841 8000 |
| **SHARE REGISTRAR** | : | Boardroom Corporate Services (KL) Sdn Bhd *(3775-X)*<br>Lot 6.05, Level 6, KPMG Tower<br>8 First Avenue, Bandar Utama<br>47800 Petaling Jaya<br>Selangor Darul Ehsan<br>Telephone No.: (03) 7720 1188 |
| **INDEPENDENT MARKET RESEARCH CONSULTANTS** | : | Frost & Sullivan Malaysia Sdn Bhd *(522293-W)*<br>Suite E-08-15, Block E<br>Plaza Mont' Kiara<br>2, Jalan Kiara, Mont' Kiara<br>50480 Kuala Lumpur<br>Telephone No.: (03) 6204 5800 |
| **LISTING SOUGHT** | : | ACE Market of Bursa Securities |

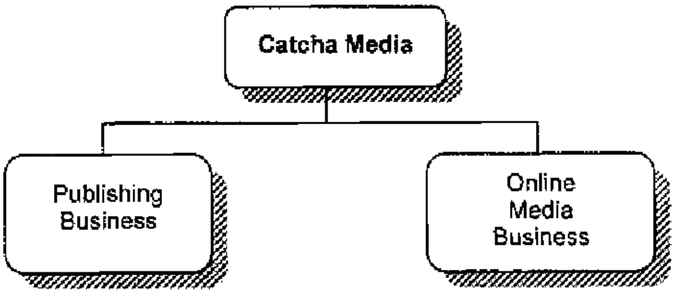
## 1. INFORMATION SUMMARY

***This section is only a summary of the salient information about us and our IPO, and does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus. You should read and understand this section together with the entire Prospectus before you decide as to whether or not to invest in our Company.***

### 1.1 Who We Are and Our Business Model

We were incorporated in Malaysia under the Act on 5 October 2010 as a private limited company under the name Catcha Media Sdn Bhd. Subsequently, on 19 November 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities and assumed our present name. We are principally an investment holding company.

Our core business activities are illustrated below:

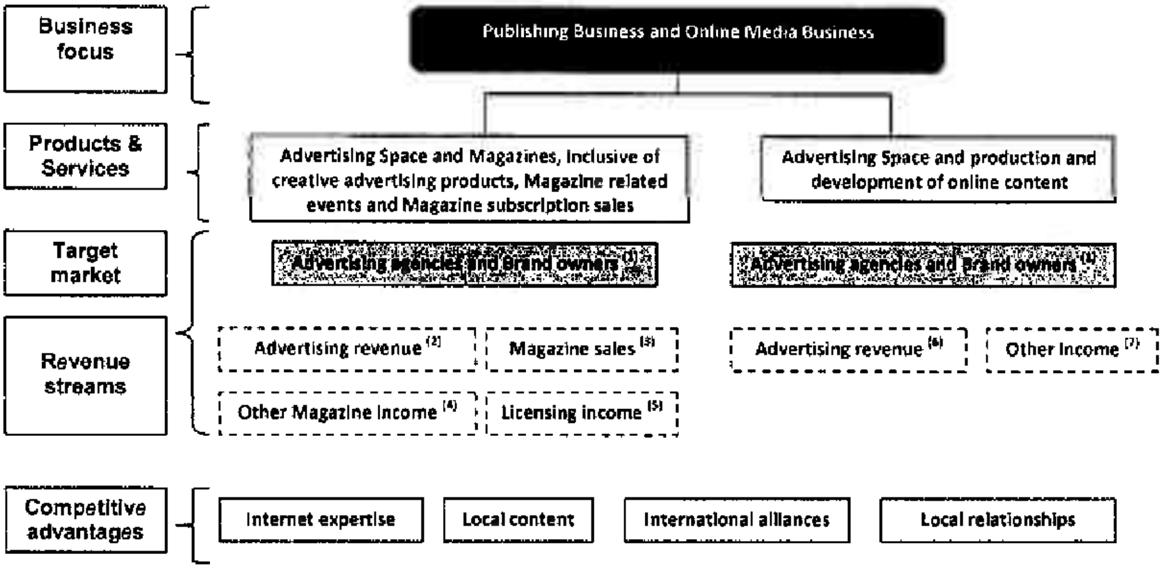



As at the LPD, we have fourteen (14) magazine titles for our Publishing Business as set out below:

(i) Prestige Malaysia;
(ii) Stuff;
(iii) Malaysian Evo;
(iv) Malaysian Evo Supercars;
(v) Performance Heroes;
(vi) K-Zone;
(vii) Prestige Lifestyle;
(viii) Homepride;
(ix) Kitchen + Bathroom;
(x) Juice;
(xi) Mint;
(xii) Hanger;
(xiii) Clive; and
(xiv) Fairways.

Our Online Media Business commenced in 2009, pursuant to the execution of the SAA between Microsoft, Catcha Group (S), Catcha Media Holdings and Catcha Digital (S). As at the LPD, we have representations and rights to sell Advertising Space, promote and monetise (by way of selling Advertising Space to advertising agencies and/or brand owners) two (2) Online Properties, namely Microsoft's Online Properties in Malaysia and Lowyat.net.

Illustrated below is an overview of what we do and our business model.




*Notes:*

(1) *Brand owner who is interested in running an advertising campaign targeting a specific audience or demographic segment can either engage an advertising agency to manage the campaign or carry out the task itself.*

(2) *Advertising revenue comprises sale of Advertising Space for our Publishing Business.*

(3) *Revenue derived from sales of our Magazines.*

(4) *Revenue derived from creative advertising products (includes but not limited to, advertising products beyond purchase of traditional page space, including to purchases of covers, insertion of materials into magazine such as postcards and samples of product, and packaging of magazines in advertiser branded materials), Magazine-related events (on-ground events conducted under our Magazines' brands and sponsored by customers of the Magazine) and Magazine subscription sales.*

(5) *Revenue derived from the licensing of Juice magazine to Juice Media Pte Ltd and PT Media Satu Global in Singapore and Indonesia respectively.*

(6) *Advertising revenue derived from the marketing and sales of Advertising Space on the Online Properties.*

(7) *Revenue derived from the production and development of online content.*

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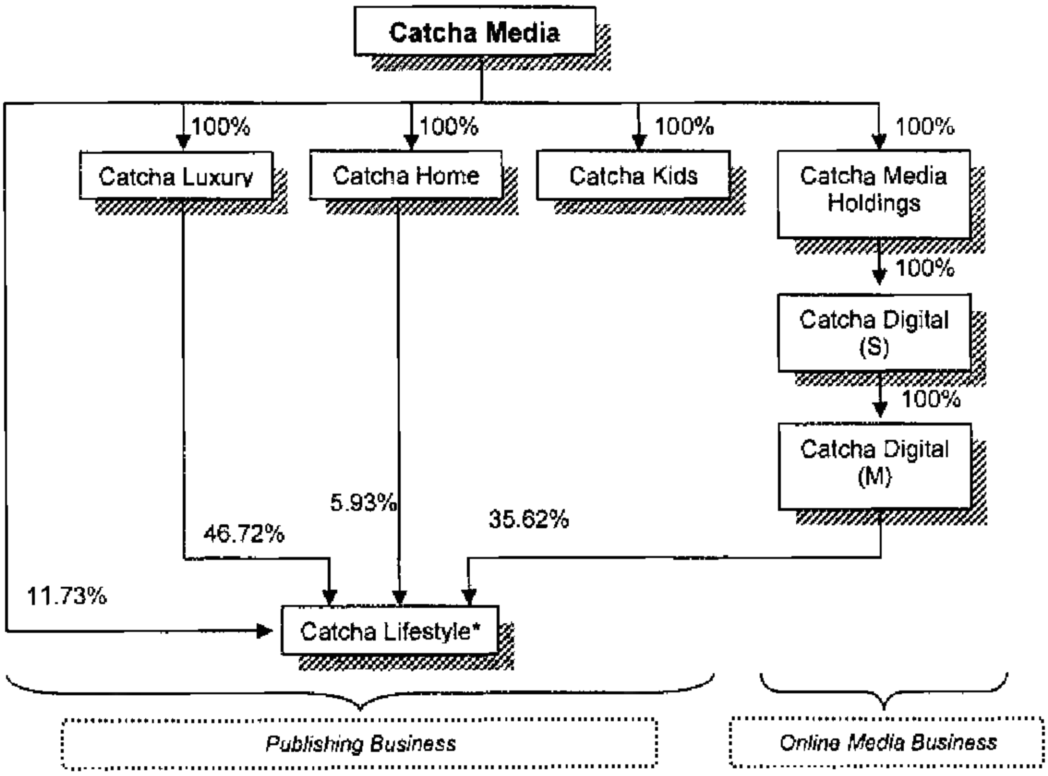
## 1. INFORMATION SUMMARY (Cont'd)

As at the LPD, our corporate group structure is as follows:




*Note:*

* *Please refer to Section 5.2.3 of this Prospectus for further details of the shareholders of Catcha Lifestyle.*

Please refer to Section 6 of this Prospectus for further information on our business.

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## 1. INFORMATION SUMMARY (Cont'd)

The details of our subsidiaries are summarised as follows:

| Name of company | Date/ Country of incorporation | Issued and paid-up capital | Effective interest (%) | Principal activities |
|---|---|---|---|---|
| Catcha Luxury (571217-X) | 09.02.2002/ Malaysia | RM2,364,100 | 100 | Advertising and publications |
| Catcha Home (770041-T) | 18.04.2007/ Malaysia | RM1,449,002 | 100 | Advertising and publications |
| Catcha Kids (508226-M) | 14.03.2000/ Malaysia | RM2 | 100 | Advertising and publications |
| Catcha Media Holdings (200904924R) | 19.03.2009/ Singapore | SGD2 | 100 | Investment holding |
| Catcha Lifestyle (489026-D) | 20.07.1999/ Malaysia | RM8,522,926 | 100 | Advertising and publications |
| ***Subsidiary of Catcha Media Holdings*** | | | | |
| Catcha Digital (S) (200904932G) | 19.03.2009/ Singapore | SGD2 | 100 | Investment holding |
| ***Subsidiary of Catcha Digital (S)*** | | | | |
| Catcha Digital (M) (701119-M) | 28.06.2005/ Malaysia | RM2 | 100 | Advertising and internet media |

As at the LPD, our Company does not have any associated company.

Please refer to Section 5 of this Prospectus for further information on our subsidiaries.

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## 1.2 Our Strengths

We believe that our competitive strengths lie in the following areas:

(i) internet expertise;
(ii) local content;
(iii) international alliances; and
(iv) local relationships.

Please refer to Section 6.5 of this Prospectus for further information on our competitive strengths.

## 1.3 Our Strategy

Our immediate objective is to increase our market share in the online media industry particularly in Malaysia both by way of organic growth as well as synergistic acquisition.

As Malaysia is our home market, it will be in Malaysia that we intend to refine our business model, grow our customer base and access capital. We intend to focus on increasing our Online Media Business' share of Malaysian online Adex, with a view to being the clear market leader. We also intend to grow our Online Media Business by establishing operations in other regional markets starting with Singapore, Indonesia and Thailand. The central components of our strategy to achieve our goal as a market leader in the industry we are involved in are set out below:

(i) more local and international representation and sales rights;
(ii) leveraging off our Publishing Business to grow our Online Media Business;
(iii) being a content owner;
(iv) being an industry catalyst; and
(v) business expansion via synergistic acquisitions.

Please refer to Section 6.21 of this Prospectus for further information on our strategy.

## 1.4 Salient Information on our IPO

| | | |
|---|---|---|
| IPO | : | The Public Issue and Offer for Sale, collectively. |
| Public Issue | : | The Public Issue will be allocated in the following manner:<br>(a) 20,000,000 Issue Shares will be made available for application by way of private placement to identified investors; and<br>(b) 3,000,000 Issue Shares will be made available for application by the Malaysian public via ballot. |
| Offer for Sale | : | Up to 11,000,000 Offer Shares to be made available for application by way of private placement to identified investors. |
| Issue/Offer Price | : | RM0.75 per Share |

Please refer to Section 3 of this Prospectus for further information on our IPO.

### 1.5 Utilisation of Proceeds from the IPO

The gross proceeds of up to approximately RM8.25 million arising from the Offer for Sale of up to 11,000,000 Offer Shares at the Offer Price will accrue entirely to the Selling Shareholder.

Our Company will only receive proceeds of approximately RM17.25 million from the Public Issue of 23,000,000 Issue Shares at the Issue Price. We intend to use the proceeds within two (2) years from the date of Listing as follows:

| | RM'000 | % of total proceeds | Expected utilisation period after our Listing |
|---|---|---|---|
| Working capital | 13,150 | 76.23 | Within two (2) years |
| R&D expenditures | 2,000 | 11.59 | Within two (2) years |
| Estimated listing expenses | 2,100 | 12.18 | Upon completion of our Listing |
| | 17,250 | 100.00 | |

There is no minimum subscription to be raised from our IPO.

Please refer to Section 3.9 of this Prospectus for further details on the intended utilisation.

### 1.6 Risk Factors

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, the risks that we currently face or that may develop in the future. The list is not exhaustive. Additional risks, whether known or unknown, may in the future have a material adverse effect on our Shares or us.

#### 1.6.1 Risks relating to the industry in which we operate

(i) competition;

(ii) acceptance of the internet as a medium for advertising;

(iii) changes in the legal and regulatory environment for our industry could increase our costs; and

(iv) rapid technological change.

#### 1.6.2 Risks relating to our operations

(i) business risks;

(ii) seasonality and performance of our Group;

(iii) dependency on the SAA;

(iv) obligation of the SAA and the exclusive sales agreement with Vijandren Ramadass, the owner and operator of Lowyat.net;

(v) dependency on our Directors and Management;

(vi) close relationship with Catcha Group (S);

(vii) dependency on the internet infrastructure;

(viii) reliance on Publishing Licences;

(ix) change in or loss of MSC status;

(x) failure to successfully implement our business strategy;

(xi) our growth and expansion may strain our ability to manage our operations and our financial resources;

(xii) we must increase our revenue from Advertising Space to expand our business;

(xiii) increases in printing and magazine costs;

(xiv) lack of long-term contracts limits our ability to secure long-term and consistent streams of income;

(xv) dependency on brand owners and advertising agencies;

(xvi) disruption to the Online Properties;

(xvii) foreign exchange fluctuation;

(xviii) new acquisitions; and

(xix) risk of expansion into foreign markets.

**1.6.3 Risks relating to our IPO**

(i) our Shares have never been publicly traded before and our IPO may not result in an active or liquid market for our Shares;

(ii) our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares; and

(iii) there may be a delay or abortion of our Listing.

**1.6.4 Other risks**

(i) changes in the political, economic and regulatory and social conditions;

(ii) government regulations relating to advertising and telecasting services and business; and

(iii) actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements.

Please refer to Section 4 of this Prospectus for further information on the risks involved in investing in our Company.

## 1. INFORMATION SUMMARY (Cont'd)

### 1.7 Financial Information

#### 1.7.1 Pro forma consolidated statements of comprehensive income

We have prepared our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years, FYE 2008, FYE 2009 and FYE 2010 below. Our pro forma consolidated statements of comprehensive income for each of the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, were prepared for illustrative purposes only, based on our Company's and our subsidiaries' respective audited financial statements for the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, on the assumption that our current Group structure had been in existence throughout the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010. Our pro forma consolidated statements of comprehensive income below have been prepared in accordance with the applicable approved accounting standards in Malaysia.

You should read the summary of our financial data regarding our business for the past three (3) financial years, the FYE 2008, FYE 2009 and FYE 2010, that we have presented below together with our Management's Discussion and Analysis of Financial Condition and Results of Operations as set out in Section 12.2 of this Prospectus, the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus and the accompanying notes and assumptions included in the Reporting Accountants' Report enclosed in Section 13 of this Prospectus.

| | <---------- Pro forma | ----------> | |
|---|---|---|---|
| | **FYE 2008 (RM'000)** | **FYE 2009 (RM'000)** | **FYE 2010 (RM'000)** |
| Revenue | 13,832 | 19,698 | 35,424 |
| Less: Cost of sales | (8,631) | (14,547) | (22,817) |
| Gross profit | 5,201 | 5,151 | 12,607 |
| Other operating income | 118 | 578 | 5,153 |
| Administrative expenses | (5,367) | (5,281) | (6,609) |
| Other operating expenses | (167) | (208) | (328) |
| PBT | (215) | 240 | 10,823 |
| Taxation | 6 | (4) | (2,720) |
| PAT | (209) | 236 | 8,103 |
| MI | - | - | - |
| Profit attributable to the equity holders for the financial year | (209) | 236 | 8,103 |
| EBITDA | (98) | 324 | 10,925 |
| No. of ordinary shares of RM0.10 each in issue ('000)[1] | 133,000 | 133,000 | 133,000 |

## 1. INFORMATION SUMMARY (Cont'd)

*(cont'd)*

| | Pro forma | | |
|---|---|---|---|
| | FYE 2008 (RM'000) | FYE 2009 (RM'000) | FYE 2010 (RM'000) |
| Profit margin | | | |
| Gross profit margin (%) | 37.60 | 26.15 | 35.59 |
| PBT margin (%) | (1.55) | 1.22 | 30.55 |
| Net profit margin (%) | (1.51) | 1.20 | 22.87 |
| Basic EPS | | | |
| Gross EPS (sen)[2] | (0.16) | 0.18 | 8.14 |
| Net EPS (sen)[3] | (0.16) | 0.18 | 6.09 |
| Effective tax rate (%) | - | 1.67 | 25.13 |

*Notes:*

(1) *The number of Shares assumed in issue is the number of issued and paid-up share capital of RM0.10 each immediately prior to our IPO.*

(2) *The gross EPS is calculated based on the PBT attributable to our shareholders for the respective financial years divided by the number of Shares in issue.*

(3) *The net EPS is calculated based on the PAT attributable to our shareholders for the respective financial years divided by the number of Shares in issue.*

*Inter-company transactions between the companies within our Group for each of the financial years under review have been eliminated on consolidation.*

*No exceptional or extraordinary item was recorded during the financial years under review.*

Please refer to Sections 12 and 13 of this Prospectus for further information on our financial performance throughout the years and period under review.

The financial statements of our Group for the financial years under review were not subjected to any audit qualification save for the emphasis of matter by the auditors as disclosed in Section 12.1 of this Prospectus.

### 1.7.2 Pro forma consolidated statements of financial position

We have prepared our pro forma consolidated statements of financial position below for illustrative purposes only, based on our audited statements of financial position as at 31 December 2010 to show the effects of our Flotation Exercise and the use of proceeds arising from our IPO on the assumptions that the transactions had been effected on that date.

We advise you to read the pro forma consolidated statements of financial position together with the accompanying notes and assumptions included in the Reporting Accountants' letter on our Pro forma Consolidated Financial Information enclosed in Section 12.3 of this Prospectus.

| | As at 31 December 2010 (RM'000) | Pro forma I After the Public Issue (RM'000) | Pro forma II After Pro forma I and utilisation of proceeds (RM'000) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 346 | 346 | 346 |
| Intangible asset | 2,000 | 2,000 | 2,000 |
| | 2,346 | 2,346 | 2,346 |
| **Current assets** | | | |
| Trade receivables and other receivables | 15,115 | 15,115 | 15,115 |
| Cash and bank balances | 1,784 | 19,034 | 16,934 |
| | 16,899 | 34,149 | 32,049 |
| **Total assets** | 19,245 | 36,495 | 34,395 |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 11,000 | 11,000 | 11,000 |
| Share premium | - | 14,950 | 14,428 |
| Exchange translation reserve | (1) | (1) | (1) |
| Retained earnings/(Accumulated losses) | 478 | 478 | (1,100) |
| Merger deficit | (6,185) | (6,185) | (6,185) |
| **Total equity** | 5,292 | 22,542 | 20,442 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 84 | 84 | 84 |
| **Current liabilities** | | | |
| Trade payables and other payables | 11,308 | 11,308 | 11,308 |
| Current tax liabilities | 2,561 | 2,561 | 2,561 |
| **Total current liabilities** | 13,869 | 13,869 | 13,869 |
| **Total liabilities** | 13,953 | 13,953 | 13,953 |
| **Total equity and liabilities** | 19,245 | 36,495 | 34,395 |
| No. of ordinary shares assumed in issue ('000) | 110,000 | 133,000 | 133,000 |
| Par value (RM) | 0.10 | 0.10 | 0.10 |
| NA (RM'000) | 5,292 | 22,542 | 20,442 |
| NA per Share (RM) | 0.05 | 0.17 | 0.15 |

*Notes:*

* *Offer for Sale will not have any effect on our statements of financial position.*

### 1.7.3 Auditors' qualification

None of the financial statements of the companies within our Group for the financial years under review was subject to any audit qualification and modification, save for the emphasis of matter by the auditors as disclosed in Section 12.1 of this Prospectus.

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## 2. INTRODUCTION

This Prospectus is dated 30 June 2011.

We have registered a copy of this Prospectus with the SC. We have also lodged a copy of this Prospectus together with the Application Forms with the ROC. Neither the SC nor the ROC takes any responsibility for the contents of this Prospectus.

We have obtained the approval from Bursa Securities on 30 May 2011 for the admission of our Company to the Official List of the ACE Market of Bursa Securities and for permission to deal in and for the listing of and quotation for our entire enlarged issued and paid-up share capital, including the IPO Shares, which are the subject of this Prospectus, on the ACE Market of Bursa Securities. Our Shares will be admitted to the Official List of the ACE Market of Bursa Securities and official quotation will commence upon receipt of confirmation from Bursa Depository that all the IPO Shares have been credited into the respective CDS accounts of the successful applicants and the notices of allotment have been issued and despatched to all successful applicants.

Bursa Securities assumes no responsibility for the correctness of any statement made or of any opinion or report expressed in this Prospectus. Our admission to the Official List of the ACE Market of Bursa Securities shall not be taken as an indication of the merits of our Company, our Shares or our Flotation Exercise.

Pursuant to Section 14(1) of the Securities Industries (Central Depositories) Act, 1991, Bursa Securities has prescribed our Shares as prescribed securities. Therefore, we will deposit our Shares directly with Bursa Depository. Any dealing in our Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. We will not issue any share certificate to the successful applicants.

Persons submitting applications by way of Application Forms or by way of Electronic Share Application or Internet Share Application must have a CDS account. If you do not presently have a CDS account, you must open a CDS account at an ADA before making an application for the IPO Shares.

- In the case of an application by way of Application Form, you should state your CDS account number in the space provided in the Application Form; or

- In the case of an application by way of Electronic Share Application, only an applicant who has a CDS account number can make an Electronic Share Application and you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you submit your Electronic Share Application require you to do so; or

- In the case of an application by way of Internet Share Application, only an applicant who has a CDS account opened with the Internet Participating Financial Institution can make an Internet Share Application. Arising therewith, your CDS account number will automatically appear in the electronic IPO online application form.

A corporation or institution cannot apply for the IPO Shares by way of Electronic Share Application or Internet Share Application.

Pursuant to the Listing Requirements, at least 25% of the total number of our Shares for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each at the point of Listing. We expect to meet this public shareholding spread requirement at the point of Listing. If we do not meet the public shareholding requirement, we may not be allowed to proceed with the Listing. In such an event, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

## 2. INTRODUCTION (Cont'd)

You should rely only on the information contained in this Prospectus or any applicable Prospectus supplement. Neither we nor our advisers has authorised anyone to provide you with information that is different and which is not contained in this Prospectus. The delivery of this Prospectus or any issue made in connection with this Prospectus shall not, under any circumstance, constitute a representation or create any implication that there has been no change in our affairs since the date of this Prospectus. Nonetheless, should we become aware of any material change or development affecting a matter disclosed in this Prospectus from the date of registration of this Prospectus with the SC up to the date of the Listing, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provision of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of the IPO Shares in other jurisdictions outside Malaysia may be restricted by the law. If you have come into possession of this Prospectus, we require you to inform yourself of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or invitation to buy any IPO Share in any jurisdiction or circumstance in which such an offer or invitation is not authorised or unlawful, or to any person to whom it is unlawful to make such offer or invitation.

**YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE FLOTATION EXERCISE AND YOUR INVESTMENT IN OUR SHARES. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY BEFORE APPLYING FOR OUR SHARES.**

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## 3. PARTICULARS OF OUR IPO

### 3.1 Opening and Closing of Applications

Opening of the application: 10.00 a.m. on 30 June 2011

Closing of the application: 5.00 p.m. on 8 July 2011

or at such other later time and date or dates as our Directors and Underwriter may mutually decide, at their absolute discretion.

Our Directors and Underwriter may mutually decide, at their absolute discretion, to extend the closing date and time of application of our IPO to any later date or dates. Should the closing date of the application for our IPO be extended, we will advertise a notice of the extension in a widely-circulated English and Bahasa Malaysia daily newspaper prior to the original closing date of applications for our IPO. Following this, the dates for the balloting of applications for the IPO Shares, allotment of the Issue Shares and transfer of the Offer Shares, as well as the Listing would be extended accordingly.

### 3.2 Our IPO

Our IPO comprises:

**(a) Public Issue**

A Public Issue of 23,000,000 Issue Shares at the Issue Price, payable in full on application upon such terms and conditions as set out in this Prospectus, and will be allocated in the following manner:

(i) 20,000,000 Issue Shares representing 15.04% of our enlarged issued and fully paid-up share capital, will be placed with identified investors by OSK in its capacity as the Placement Agent; and

(ii) 3,000,000 Issue Shares representing 2.25% of our enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public to be allocated via ballot.

**(b) Offer for Sale**

An Offer for Sale of up to 11,000,000 Offer Shares, representing 8.27% of our enlarged issued and fully paid-up share capital, at the Offer Price to be offered by the Selling Shareholder to identified investors. It will be placed with identified investors by OSK in its capacity as the Placement Agent.

In summary, the IPO Shares will be allocated in the following manner:

| | Public Issue | | Offer for Sale | | Total | |
|---|---|---|---|---|---|---|
| | No. of Shares | % of enlarged share capital | No. of Shares | % of enlarged share capital | No. of Shares | % of enlarged share capital |
| Identified investors (by way of placement) | 20,000,000 | 15.04 | 11,000,000 | 8.27 | 31,000,000 | 23.31 |
| Malaysian public (via ballot) | 3,000,000 | 2.25 | - | - | 3,000,000 | 2.25 |
| | 23,000,000 | 17.29 | 11,000,000 | 8.27 | 34,000,000 | 25.56 |

Our Underwriter will underwrite up to 3,000,000 Issue Shares made available for application by the Malaysian public. The 20,000,000 Issue Shares and 11,000,000 Offer Shares available for application by identified investors shall be placed out by our Placement Agent.

In the event of an under-subscription of the 20,000,000 Issue Shares available for application by the identified investors, the unsubscribed portion will be made available to the Malaysian public. Similarly, in the event of an under-subscription of the 11,000,000 Offer Shares available for application by the identified investors via private placement, the unsubscribed portion will be made available to the Malaysian public.

Please refer to Section 3.11 of this Prospectus for further information on our underwriting arrangements.

The basis of allocation for Issue Shares takes into account desirability of distributing the Issue Shares to a reasonable number of applicants with a view of broadening our shareholding base, to meet the public spread requirements of Bursa Securities, as well as to establish a liquid and adequate market for our Shares. Applicants will be selected in a fair and equitable manner to be determined by our Directors.

The number of Shares offered under our IPO will not be increased via any over-allotment or "greenshoe" option.

## 3.3 Selling Shareholder

Catcha Group (S), our Promoter and Selling Shareholder, is offering its existing 11,000,000 Shares under the Offer for Sale.

The table below sets out its interest in our Company before and after our IPO:

| <-- Before our IPO --> | | <---------------- Shares offered pursuant to the Offer for Sale----------------> | | | <----- After our IPO -----> | |
|---|---|---|---|---|---|---|
| No. of Shares | % | No. of Offer Shares | % of our existing share capital[(1)] | % of the enlarged share capital[(2)] | No. of Shares | % |
| 89,732,558 | 81.57 | 11,000,000 | 10.00 | 8.27 | 78,732,558 | 59.20 |

*Notes:*

(1) *Based on our existing issued and paid-up share capital of 110,000,020 Shares.*

(2) *Based on our enlarged issued and paid-up share capital of 133,000,020 Shares.*

### 3.3.1 Brief information on Catcha Group (S)

Catcha Group (S) was incorporated in Singapore under the laws of Singapore on 12 March 2004 under the name of Catcha Media Group Pte Ltd. It subsequently adopted its present name on 8 October 2010.

The principal activity of Catcha Group (S) is investment holding.

As at the LPD, Catcha Group (S)'s issued and paid-up share capital is SGD360,002 comprising 3,600,020 ordinary shares.

Please refer to Section 8.1 of this Prospectus for further information regarding the Selling Shareholder.

### 3.4 Share Capital

| | No. of Shares | RM |
|---|---|---|
| **Authorised share capital** | 250,000,000 | 25,000,000 |
| **Issued and fully paid-up share capital** | | |
| Existing Shares | 110,000,020 | 11,000,002 |
| To be issued pursuant to the Public Issue | 23,000,000 | 2,300,000 |
| **Enlarged share capital upon Listing** | 133,000,020 | 13,300,002 |
| To be offered pursuant to the Offer for Sale | 11,000,000 | 1,100,000 |

We have only one (1) class of shares, namely ordinary shares of RM0.10 each, all of which rank *pari passu* with one another. The IPO Shares will, upon allotment and issue, rank *pari passu* in all respects with our existing issued and fully paid-up ordinary shares including voting rights and will be entitled to all rights, dividends and distributions that may be declared subsequent to the date of allotment of the IPO Shares. There is no over-allotment or 'greenshoe' option that will result in an increase in the amount of the IPO Shares.

Subject to any special right attaching to any of our Shares which we may issue in the future, our shareholders shall, in proportion to the amount paid-up on the shares held by them, be entitled to share the whole of the profits paid out by us in the form of dividends and other distributions and the whole of any surplus in the event of our liquidation, such surplus to be distributed amongst the members in proportion to the capital paid-up at the commencement of the liquidation, in accordance with our Articles of Association.

At any of our general meetings, each of our shareholders shall be entitled to vote in person, by proxy or by attorney or, being a corporation, by a duly authorised representative. On a show of hands, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote, and on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each Share held. A proxy may but need not be a member of our Company.

### 3.5 Purposes of our IPO

The purposes of our IPO are as follows:

(i) to enhance our business profile and future prospects through the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities;

(ii) to enable us to have access to the capital markets for cost effective capital raising to provide us with the financial flexibility to pursue growth opportunities. See Section 3.9 of this Prospectus for further information on how we plan to utilise the proceeds from the Public Issue of our Shares;

(iii) to enable our existing and continuing shareholders to realise all or part of their investments;

(iv) to enhance the liquidity of our Shares;

(v) to enhance the transparency and discipline of our corporate management; and

(vi) to provide an opportunity for the investing community, including the Malaysian public to participate in the equity and continuing growth of our Group.

### 3.6 Basis of Pricing the Issue/Offer Price

Our Directors and the Selling Shareholder, together with OSK as our Underwriter and Placement Agent, have determined and agreed on the Issue/Offer Price of RM0.75 per Share, after taking into consideration the following factors:

(i) our operating and financial history and conditions as outlined in Sections 6, 12 and 13 of this Prospectus. Based on the pro forma profit attributable to our equity holders of approximately RM8.10 million for the FYE 2010 and our current issued and paid-up share capital of 110,000,020, we recorded proforma net EPS of approximately 7.37 sen, which translates to a proforma net PE Multiple of approximately 10.18 times based on the Issue/Offer Price of RM0.75 per Share;

(ii) our competitive strengths which amongst others, comprise:

(aa) we have 9.78 million Unique Users in Malaysia for the month of October 2010 *(Source: comScore, Inc. and Lowyat.net)*, fourteen (14) Magazines with various contents and the exclusive rights to sell Advertising Space, promote and monetise Microsoft's Online Properties in Malaysia and Lowyat.net.

(bb) Our Group has more than forty (40) local employees dedicated to content development and creation, as well as a library of local content created over the past eight (8) years. In addition, we also purchase local content from third party content providers where necessary.

Further details of our competitive strengths are outlined in Section 6.5 of this Prospectus;

(iii) our future plans, strategies and prospects, which amongst others, comprise:

(aa) our Group's strategy to obtain more local and international representation and sales rights, leveraging on our Publishing Business to grow our Online Media Business, to be a content owner, to be an industry catalyst and to expand our business via synergistic acquisitions;

(bb) as compared to other mass media, online media is the only major media that has grown its market share over the past ten (10) years globally. The global online media's share of total Adex grew from 4.53% in 2005 to 14.13% in 2010 at a CAGR of 26.80% *(Source: Independent Market Research Report prepared and complied by Frost & Sullivan); and*

(cc) according to Frost & Sullivan, our Group currently has approximately 11.71% of total online Adex in Malaysia in 2009 and is estimated to have a market share of 26.62% in 2010 based on our expected revenue and the estimated revenue from industry players that generated income from online advertising in 2010.

Further details of our future plans, strategies and prospects as outlined in Sections 6.21 and 6.22 of this Prospectus;

(iv) our pro forma consolidated NA per Share of approximately RM0.15 based on our enlarged issued and paid-up share capital of 133,000,020 Shares upon listing and after the proposed utilisation of proceeds as set out in Section 3.9 of this Prospectus; and

(v) Our Board is of the opinion that, as one of the industry players, we have the opportunity to reap the benefits of the growing online media industry. From 2009 to 2010, our market share is expected to grow from 11.71% to 26.62% based on Catcha's expected revenue and the estimated revenue from industry players that generated income from online advertising in 2010.

Further details of the prevailing market conditions in terms of the positive outlook of the Malaysian economy and the growth prospects of our Online Media Business as set out in Sections 7 of this Prospectus, respectively.

Prior to our IPO, there has been no public market for our Shares within or outside Malaysia. You should also note that the market price of our Shares upon the Listing is subject to the vagaries of market forces and other uncertainties which may affect the market price of our Shares. You should form your own views of the valuation of our Shares before deciding on an investment decision. You are also reminded to consider carefully the risk factors as set out in Section 4 of this Prospectus.

### 3.7 Market Capitalisation upon Listing

Based on our Issue/Offer Price and the enlarged issued and paid-up share capital of 133,000,020 Shares, our market capitalisation upon Listing will be RM99,750,015.

### 3.8 Dilution

Dilution is the amount by which the Issue/Offer Price to be paid for our IPO Shares under our IPO exceeds our pro forma consolidated NA per Share after our IPO. The pro forma consolidated NA per Share as at 31 December 2010 based on the issued and paid-up share capital of 110,000,020 Shares before our IPO is approximately RM0.05.

Subsequent to the implementation of our IPO, our pro forma consolidated NA per Share after adjusting the effects of our IPO and utilisation of proceeds raised from the Public Issue, as well as based on the enlarged issued and paid-up share capital of 133,000,020 Shares, would be RM0.15.

Pursuant thereto, this represents an immediate increase in the pro forma consolidated NA per share to our existing shareholders of RM0.10, and an immediate dilution in the pro forma consolidated NA per Share of RM0.60 to our new investors. The following table illustrates such dilution on a per Share basis:

| | **(RM)** |
|---|---|
| Offer Price | 0.75 |
| Our pro forma consolidated NA per Share as at 31 December 2010 | 0.05 |
| Increase in the pro forma consolidated NA per Share attributable to existing shareholders | 0.10 |
| Our pro forma consolidated NA per Share after our IPO [(1)] | 0.15 |
| Dilution in pro forma consolidated NA per Share to our new investors | 0.60 |
| Dilution in pro forma consolidated NA per Share to our new investors as a percentage of the Issue/ Offer Price | 80.00% |

*Note:*

(1) *After adjusting the effects of the utilisation of proceeds raised from the Public Issue.*

## 3. PARTICULARS OF OUR IPO (Cont'd)

The following table summarises the Shares received by our shareholder Catcha Group (S) pursuant to the Acquisition, the Shares transferred from Catcha Group (S) subsequent to the Acquisition to our long-serving employees, key employees of Catcha Group (S) and its subsidiaries, and Lim Kah Wui, a founding member of Catcha Group (S), and the Shares acquired from Catcha Group (S) by our Independent Non-Executive Directors and Comperio Investment Management Ltd subsequent to the Acquisition, the cost per Share to them and to the new public investors who subscribe for the IPO Shares pursuant to our IPO:

| | Total number of Shares received from the Acquisition | Total consideration | Cost per Share |
|---|---|---|---|
| | No. of Shares | (RM) | (RM) |
| **Shareholder** | | | |
| Catcha Group (S) | 110,000,000 | 11,000,000 | 0.10 |

| | Total number of Shares transferred | Total consideration | Cost per Share |
|---|---|---|---|
| | No. of Shares | (RM) | (RM) |
| Long-serving employees of our Group, key employees of Catcha Group (S) and its subsidiaries, and Lim Kah Wui, a founding member of Catcha Group (S) | 7,297,982 | - [1] | - |

| | Total number of Shares acquired | Total consideration | Cost per Share |
|---|---|---|---|
| | No. of Shares | (RM) | (RM) |
| Dato' Gan Nyap Liou | 5,187,792 | 2,480,000 | 0.48 |
| Mah Yong Sun | 1,296,948 | 620,000 | 0.48 |
| Comperio Investment Management Ltd | 6,484,740 | 3,100,000 | 0.48 |

| | Total number of IPO Shares | Total consideration | Cost per Share |
|---|---|---|---|
| | No. of Shares | (RM) | (RM) |
| **New investors** | 34,000,000 | 25,500,000 | 0.75 |

*Note:*

(1) *The Shares transferred by Catcha Group (S) to the long-serving employees of our Group will be recognised as expenses in the consolidated statements of comprehensive income of our Group for the FYE 2010 totalling to RM1,009,964 under the provisions of Financial Reporting Standards 2: Share-based Payment. Catcha Group (S) vide its letters dated 22 December 2010 to Catcha Lifestyle and Catcha Digital (M) has stated its decision to waive the aggregate amount of RM1,009,964 due to Catcha Group (S) in relation to the provisions of Financial Reporting Standards 2: Share-based Payment.*

Save for the Shares received by our shareholder Catcha Group (S) pursuant to the Acquisition, the Shares transferred from Catcha Group (S) subsequent to the Acquisition to our long-serving employees, key employees of Catcha Group (S) and its subsidiaries, and Lim Kah Wui, a founding member, and the Shares acquired from Catcha Group (S) by our Independent Non-Executive Directors and Comperio Investment Management Ltd subsequent to the Acquisition, there have been no other transfer and/or acquisition of any existing securities in our Company by our Directors, key management, substantial shareholders and/or persons connected to them or which they have the right to acquire.

### 3.9 Utilisation of Proceeds

We expect to raise gross proceeds of approximately RM17.25 million from the Public Issue and each principal intended use of the proceeds is set out below:

| | Section | RM'000 | % of total proceeds | Expected utilisation period after our Listing |
|---|---|---|---|---|
| Working capital | 3.9.1 | 13,150 | 76.23 | Within two (2) years |
| R&D expenditures | 3.9.2 | 2,000 | 11.59 | Within two (2) years |
| Estimated listing expenses | 3.9.3 | 2,100 | 12.18 | Upon completion of our Listing |
| | | 17,250 | 100.00 | |

We will bear all expenses and fees incidental to the listing of and quotation for our entire enlarged issued and paid-up share capital on the ACE Market of Bursa Securities, which include professional fees, fees to the authorities, underwriting commission, brokerage and placement fees for the Issue Shares, printing, advertising and other fees, the aggregate of which is estimated to be RM2.10 million.

The Offer for Sale will raise proceeds of up to RM8.25 million. This amount shall accrue entirely to the Selling Shareholder and we will not receive any of the proceeds. The Selling Shareholder shall bear all expenses, such as management fees, brokerage and placement fees, registration fees and share transfer fees relating to the Offer Shares, the aggregate of which is estimated to be approximately RM0.22 million.

There is no minimum subscription to be raised from our IPO.

#### 3.9.1 Working capital

The utilisation of the proceeds raised from the Public Issue for working capital purposes is consistent with our businesses and strategies. We aim to strengthen our position with adequate levels of working capital to support our sales growth in Malaysia and growth in ASEAN starting with Singapore, Indonesia and Thailand, and to recruit and hire market-leading talents in the coming years. We intend to allocate approximately RM13.15 million of the total gross proceeds from the Public Issue for the following:

| | RM'000 | % |
|---|---|---|
| Increase in working capital requirements from sales growth [(1)] | 8,400 | 63.88 |
| Expansion in human resources [(2)] | 2,000 | 15.21 |
| Marketing and promotional expenses [(3)] | 2,000 | 15.21 |
| Establishment of regional offices [(4)] | 750 | 5.70 |
| | 13,150 | 100.00 |

*Notes:*

(1) *The growth of our Online Media Business and expansion in Malaysia, Singapore, Indonesia and Thailand may result in an increase in the level of cash required to support our business owing to timing differences in respect of payments and receipts of cash, where owners of the Online Properties require payment for Advertising Space prior to our receipt of payments for the same Advertising Space from brand owners and/or advertising agencies.*

(2) *Our Group intends to recruit more staff in Malaysia, Singapore, Indonesia and Thailand to cater for the business expansion of our Group in the future. Our Group expects the majority of new staff to be sales focused.*

(3) *The marketing and promotional expenses are estimated to be incurred in the following manner:*

| | ***RM '000*** |
|---|---|
| *Travelling end accommodation* | *400* |
| *Marketing costs* | *1,100* |
| *Workshops* | *250* |
| *Brending - Roadshows end advertisements to enhance corporate imega* | *250* |
| ***Total*** | ***2,000*** |

(4) *Our Group believes that Singapore, Indonesie end Thailend are currently developing merkets which heve potantial for growth as:*

*(i) the online Adex currently contributes a small percantage to the totel Adex of Singepore, Indonesia and Thailand markets end is expected to increase in the future; and*

*(ii) our Directors heve experience evaluating, advising and menaging business in the ASEAN markat.*

*The expension to Singepore, Indonesie and Thailand merket will ellow us to merket our Online Media Business to brand ownars end/or edvertising egencies which heve presence in Malaysia, Singapore, Indonesia and/or Thailend. In order to best serve brend owners and/or advertising egencias in Singepore, Indonesia and/or Theilend, it would be in our best interest to set up en office in Singepore, Indonesie end Thailand each that will allow us to communicate effectively with tham and as a platform for our Group to understand the markats of tha respective countries.*

*The axpenses incurred will be mainly for the establishment of ragional offices in Singapore, Indonesia and Thailand including rentel, deposits, location scouting, renovations, equipments end furniture end fittings.*

Pending the utilisation of the proceeds from the IPO for the abovementioned purposes, the proceeds will be placed as deposits with licensed banks or licensed financial institutions, or may be used for investments in short term deposits, money market or debt instruments, as our Directors may deem appropriate in their absolute discretion.

In total, we intend to utilise RM13.15 million of the total gross proceeds from the IPO to fund the working capital of our Group. We are of the opinion that the proceeds arising from the Public Issue is sufficient. However, should there be any surplus funding requirement for the working capital, it will be funded through our internally generated funds.

Please refer to Section 6.21 of this Prospectus for further information on our strategy.

### 3.9.2 R&D expenditures

We intend to allocate RM2.00 million of the total gross proceeds from the Public Issue to develop our R&D division:

| R&D division | RM'000 | Purpose |
|---|---|---|
| Product and technology development | 1,200 | • Development of online media products such as behavioural targeting technology, retargeting technology and Cost Per Action (CPA) advertising technology; and |
| | 800 | • Resourcing and development of relevant technologies for the support, deployment and ongoing management of new advertising products developed |

We are of the opinion that the RM2.00 million allocated for the above purposes is adequate to undertake our product and technology development.

Please refer to Section 6.16 of this Prospectus for further information on our R&D activities.

### 3.9.3 Estimated listing expenses

The estimated listing expenses for the listing of and quotation for our enlarged issued and paid-up share capital on the ACE Market of Bursa Securities are as follows:

| | RM'000 |
|---|---|
| Professional fees[(1)] | 1,250 |
| Fees to authorities | 65 |
| Underwriting commission, brokerage and placement fees | 450 |
| Printing and advertising fees | 170 |
| Miscellaneous[(2)] | 165 |
| | 2,100 |

*Notes:*

(1) *Includes fees for, amongst others, the Principal Adviser, Solicitors, Reporting Accountants and Independent Business and Market Research Consultants.*

(2) *Other incidental or related expenses in connection with our IPO.*

In the event of an excess/deficit in the actual quantum of listing expenses, such amount will be adjusted against the amount allocated for working capital purposes accordingly.

**Underwriting Commission**

Our Underwriter has agreed to underwrite up to 3,000,000 Issue Shares made available for application by the Malaysian public. We are obligated to pay our Underwriter underwriting commission at the rate of 2.50% of the total value of the underwritten Shares at the Issue Price of RM0.75 per Share.

**Placement Fees**

Our Placement Agent has agreed to place out the 31,000,000 Shares in our Company to be offered to identified investors. We are obliged to pay our Placement Agent a placement fee at the rate of 1.00% and 2.50% of the value of 20,000,000 Shares placed out to investors identified by our Directors and Promoters, and our Placement Agent respectively, at the Issue Price of RM0.75 per Share. The placement fee for the remaining 11,000,000 Offer Shares placed out to investors identified by our Placement Agent will be entirely borne by our Selling Shareholder.

**Brokerage Fees**

Brokerage is payable in respect of the 3,000,000 Issue Shares at the rate of 1.00% of the Issue Price in respect of successful applicants which bear the stamp of member companies of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association in Malaysia or Issuing House.

Pending the deployment of the proceeds raised from the Public Issue as aforementioned, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

### 3.10 Salient Terms of Underwriting Agreement

We had on 17 June 2011 entered into an underwriting agreement with our Underwriter to underwrite up to 3,000,000 Issue Shares ("**Underwritten Shares**") at the Issue Price based on some of the salient terms set out below.

The following terms are reproduced from the Underwriting Agreement. Unless otherwise stated, the capitalized terms and numbering references used in this section shall have the respective meanings and numbering references as ascribed thereto in the Underwriting Agreement:-

***"5. Conditions***

***5.1 Details***

*The obligations of the Underwriter to underwrite the Underwritten Shares under this Agreement are conditional on the performance by the Company of their obligations under this Agreement and on:*

*5.1.1 The Underwriter being provided with the reports and/or confirmation in writing and the Underwriter being satisfied on the Closing Date that:*

*(a) there has been no material change or any development likely to result in a material adverse change in the financial position, business operations or conditions (financial or otherwise) of the Company or Group taken as a whole from that subsequent to the date of this Agreement or*

*(b) there has not occurred any event or the discovery of any facts or circumstances which would render any representation, warranty or undertaking in Clause 9 (Representations, Warranties and Undertakings) materially untrue or inaccurate or result in a material breach of this Agreement by the Company;*

5.1.2 *The Underwriter receiving a certificate in the form or substantially in the form contained in Schedule 3 (Certificate) of this Agreement dated the Closing Date signed by a Director of the Company for and on behalf of the Board stating that, to the best of their knowledge and belief, heving made all reasonable enquiries, there has been no such change, development or occurrence as referred to in Clause 9 (Representations, Warranties and Undertakings) of this Agreement;*

5.1.3 *The Prospectus being issued not later than thirty (30) Market Days from the Agreement Date or such date that the Company and Underwriter may agree in writing;*

5.1.4 *The registration of the Prospectus with the SC and the issue by the SC of the relevant certificate of registration and the lodgement of the Prospectus with the CCM on or before the Issue Date;*

5.1.5 *The approvals of the respective relevant authorities referred to in Recital E remaining in full force and effect and that all conditions precedent to the approvals have been complied with;*

5.1.6 *The approval from Bursa Malaysia for the admission of the Company to the Official List of the ACE Market and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market remaining in full force and effect and that all conditions precedent for the IPO have been completed and complied with;*

5.1.7 *The Underwriter being satisfied with the arrangements of the Company to pay the expenses referred to in Clause 7 (Underwriting Commission);*

5.1.8 *The Underwriter receiving the Company's Board of Directors Resolution which shall be in full force and effect and duly certified by the Director and/or Secretary of the Company as true and accurate and in the form and substance acceptable to the Underwriter in respect of the following:-*

5.1.8:1 *approving the Issue Documents, this Agreement and the transactions contemplated by them;*

5.1.8:2 *authorising a person to sign and deliver this Agreement on behalf of the Company;*

5.1.8:3 *authorising the issuance of the Issue Documents*

5.1.9 *This Agreement being duly signed by all parties and stamped;*

5.1.10 *The IPO not being prohibited or impeded by any statute, order, rule, directive or regulation promulgated by any legislative, executive or regulatory body or authority of Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the IPO and/or listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market have been obtained and are in force on the Closing Date or the Underwriter being reasonably satisfied that the same will be in force on the Closing Date; and*

*5.1.11 The Underwriter being satisfied that the Company has complied with the policies, guidelines and requirements of the SC, Bursa Malaysia and other relevant authorities and all revisions, amendments and/or supplements thereto.*

***5.2 Waiver or Acquiescence***

*Knowledge or acquiescence by either party of the breach of any of the covenants and undertakings or misrepresentation contained shall not operate as or be deemed to be a waiver of such covenants, undertakings, warranties, representations or any of them and notwithstanding such knowledge or acquiescence, the Underwriter shall be entitled to exercise its respective rights under this Agreement and to require strict performance of the other of the terms and conditions herein.*

***5.3 Non satisfaction***

*Subject to Clause 5.2 (Waiver or Acquiescence), in the event any of the Conditions are not fulfilled or complied with to the satisfaction of the Underwriter on or before the Closing Date, the Underwriter shall be entitled to terminate this Agreement by notice in writing to the Company and in such event the provisions of Clause 10 (Termination) shall apply but without prejudice to the rights of the Underwriter under Clause 7 (Underwriting Commission), Clause 9.4 (indemnity provision in favour of the Underwriter) and Clause 8 (Costs and Expenses).*

***10. Termination***

*10.1 Notwithstanding anything contained in this Agreement, the Underwriter may, after consultation with the Company in such manner as the Underwriter shall reasonably determine, by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw its Underwriting Commitment if:*

*10.1.1 there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 9 (Representations, Warranties and Undertakings), which is not capable of remedy or, if capable of remedy, is not remedied within thirty (30) days from the date of receipt by the Company of the written notice of such breach; or*

*10.1.2 there is failure on the part of the Company to perform any of its obligations contained in this Agreement; or*

*10.1.3 there is withholding of information of a material nature from the Underwriter which is required to be disclosed pursuant to this Agreement which, in the opinion of the Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group or the success of the IPO; or*

*10.1.4 there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or*

*10.1.5 any matter which arose immediately before the date of the Prospectus, would have constituted a material and adverse omission in the context of the IPO; or*

*10.1.6 any event, act or omission which gives or is likely to give rise to any liability which will have a material and adverse effect on the Company pursuant to the indemnities contained under this Agreement; or*

10.1.7 *there shall have occurred, or happened any of the following circumstances:*

10.1.7.1 *any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or*

10.1.7.2 *any event or series of events beyond the reasonable control of the Underwriter including (without limitation) national disorder, declaration of a state of national emergency, acts of terrorism, respiratory or virus outbreak, acts of government, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, tsunami, civil commotion, sabotage, acts of war or accidents; or*

10.1.7.3 *any change in laws, regulations, directives, policies or rulings in any jurisdiction; or*

10.1.7.4 *the FTSE Bursa Malaysia Kuala Lumpur Composite Index falling below 1,250 points and has stayed below 1,250 points for three (3) consecutive Market Days between the date of this Agreement and the Closing Date, both dates inclusive,*

*which, in the reasonable opinion of the Underwriter would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, or the success of the IPO, or market conditions generally or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.*

10.2 (a) *Upon any such notice(s) being given pursuant to Clause 10.1 (Termination), the Underwriter shall be released and discharged of its obligations without prejudice to their rights under this Agreement, and where the Underwriter has terminated or withdrawn its Underwriting Commitments pursuant to Clause 10.1 (Termination), this Agreement shall be of no further force or effect, save and except that the Company shall remain liable in respect of its obligations and liabilities under Clause 7 (Underwriting Commission), Clause 9.4 (indemnity provision in favour of the Underwriter) and under Clause 8 (Costs and Expenses) for the payment of costs and expenses already incurred up to the date of or in connection with such termination and under Clause 4.3.2 for the payment of any taxes, duties or levies, and for any antecedent breach.*

(b) *The Underwriter shall have the rights to terminate this Agreement by notice in writing served on the Company in the event that the approval of Bursa Malaysia for the admission of the Company to the Official List of the ACE Market and for the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the ACE Market is withdrawn or procured but subject to conditions not acceptable to the Underwriter and upon such termination, the obligations of the Company and the Underwriter shall become null and void and none of the parties shall have a claim against each other and that each party shall return any moneys paid to the other or others under this Agreement save for those paid and remaining payable under Clauses 7 (Underwriting Commission), Clause 9.4 (indemnity provision in favour of the Underwriter) and 9 (Costs and Expenses) within three (3) Market Days of the receipt of such notice."*

## 4. RISK FACTORS

***Notwithstanding the prospects of our Group as outlined in this Prospectus, our business is subject to a number of risk factors, many of which are outside our control. Prior to making an investment decision, you should carefully consider the risk factors set out below (which may not be exhaustive) that may have a significant impact on the future performance of our Group, together with other information contained in this Prospectus.***

***If you are unsure about any of the information contained under this Section on "Risk Factors", you should consult your stockbrokers, bank managers, solicitors, accountants or other professional advisers.***

### 4.1 Risks relating to the Industry in which We Operate

#### 4.1.1 Competition

**(a) Magazine publication industry**

The Magazine Publishers Association Malaysia has sixteen (16) publishing companies as members in the year 2010 *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)*. Although our Directors believe competition from new entrants to the magazine publication industry will be limited, our Group will face competition from existing players. In addition, our Group also faces competition from other forms of non-print media such as television, radio and online media.

Although no assurance can be given that our Group will be able to maintain our competitiveness and existing market share, our Directors believe we are able to continuously improve our Magazine contents and respond rapidly to fast-changing business environments and reader preferences.

**(b) Online media industry**

The internet is a business medium with low barriers to entry. It could be possible for current or new competitors to adopt certain aspects of our Company's business model without great financial expense, thereby reducing our Company's ability to differentiate our services. Competition may arise from a number of sources and may include companies from the traditional print media that may have greater capital resources. Competition may also arise from global online advertising companies, such as ValueClick Inc and 24/7 Real Media Inc, with developed processes, systems, and technology. Such competition may also have greater capital resources and depth of expertise.

As there are approximately twenty (20) players in the market and the online media industry is valued at an estimated RM93.90 million or 1.22% of total Adex of RM7.70 billion in the year 2010, the online media industry in Malaysia is relatively small *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)*. The market consists of local online media companies, foreign online media companies, and local publishers who sell their online Advertising Space directly to brand owners and/or advertising agencies. Currently, the foreign media advertising companies that are present in Malaysia are relatively small. We believe the threat of larger, multinational online media companies entering the Malaysian market is not immediately significant as the market is not yet large enough to justify such moves. However, the market is forecast to grow rapidly at an estimated CAGR of 56.63% from 2011 to 2015 *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)*. We believe that such high growth will spur the entry of new competitors, be they local or foreign, into the market.

Our Group had a market share of approximately 11.71% in 2009, and is estimated to have a market share of approximately 26.62% for 2010 *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)*. Our Directors believe that our track record in the Publishing Business, the internet business experience of our Management, our ability to create content, our international alliance with Microsoft, as well as our existing customer base will enable our Group to remain a major player in the online media industry in Malaysia. Nevertheless, no assurances can be given that our Group will be able to maintain our competitiveness against current and future competitors or that competitive pressures will not have material adverse effects on our business, operating results or financial condition.

### 4.1.2 Acceptance of the internet as a medium for advertising

Our Group's revenue will be adversely affected if the internet does not become widely accepted as a medium for advertising. For the FYE 2010, we have derived approximately 30.54% and 69.46% of our revenue from our Publishing Business and Online Media Business respectively. We believe advertising sales will continue to be the core component of our total revenue for the immediate future. In order for us to grow our revenue, brand owners and advertising agencies in Malaysia must use the internet to advertise or sell their products and services. However, brand owners and advertising agencies may find the internet to be a less effective medium for promoting and selling their products and services than traditional print and broadcast media. We will be adversely affected if the internet fails to be accepted as a medium for advertising.

### 4.1.3 Changes in the legal and regulatory environment for our industry could increase our costs

Government regulation has not restricted the use of the internet to–date, nor materially restricted our ability to publish our Magazines. However, the legal and regulatory environment pertaining to the internet in particular may change due to, amongst others, security and privacy concerns. New laws and regulations could be adopted, and existing laws and regulations could be applied to our industry. These laws and regulations could cover issues that include the following:

- sales and other taxes;
- user privacy;
- pricing controls;
- characteristics and quality of products and services;
- consumer protection;
- cross-border commerce;
- libel and defamation;
- copyright, trademark and patent infringement;
- foreign ownership limitations on Media Businesses; and
- other claims based on nature and content of internet materials.

Our Group's Publishing Business is under the purview of KDN and the Printing Presses and Publications Act, 1984. The Printing Presses and Publications Act, 1984 requires all print media to obtain a publishing permit from KDN. KDN is empowered to restrict or ban any publication which is deemed, amongst others, prejudicial to public order or against national interest. In addition, the said publishing permit issued by KDN is subject to annual renewal. The details of the permits for each of our Magazines are disclosed in Section 6.12 of this Prospectus. Our Group will always endeavour to comply with the relevant legislation, rules and regulations. As at the LPD, our Group has not had any problems in getting renewal of the publishing permits from KDN in the past.

Changes in government regulation could increase our costs such as increase in sales tax and/or prevent us from delivering our services and products such as changes in restrictions of foreign ownerships in Online Media Business. It could also slow the growth of the internet, which could, in turn, delay growth in advertising demand and adversely affect our Group.

As at the LPD, our Group has not been subjected to any legal or regulatory action by the authorities in the past.

Our Directors believe that our experience in managing internet-based business, and Publishing Business should allow us to adapt our businesses to a changing legal and regulatory environment.

### 4.1.4 Rapid technological change

We will be adversely affected if we fail to respond effectively and on a timely basis to rapid technological change. The internet industry is characterised by rapidly changing technology, evolving industry standards, frequent new product and service announcements, introductions and enhancements, and changing consumer demands. Our future success will depend on our ongoing ability to improve the performance, features, reliability and creativity of our advertisement products in response to our competitors' product, feature and service offerings and the evolving demands of the marketplace. New services, products and technologies may be superior to the services and technologies that we use, and may render our services and technologies obsolete or require us to incur substantial expenditures to modify or adapt our services, products and technologies.

As such, we are dependent upon our ability to keep pace with technological changes to address our customers' needs. The objective of our Group's R&D, which is set out in Section 6.16.1 of this Prospectus, is to maintain our Group's edge over our competitors by:

(i) developing new and creative advertisement solutions to meet customer demands; and

(ii) continuously enhancing existing technologies and applications as part of our continuous improvement efforts.

Nevertheless, no assurance can be given that our Group can successfully implement our future plans or that unanticipated expenses or problems will not occur.

## 4.2 Risks relating to our Operations

### 4.2.1 Business risks

Our Group is principally involved in Media Businesses. Risks in Media Businesses include, amongst others, annual renewal of permits, competition, technological changes, shortage in skilled professionals and economic, political and regulatory risks. Although our Group seeks to limit these risks through a continuous search for new local and international alliances by working to obtain more representations and sales rights for their Online Properties and acquisition opportunities as one option to grow both our Publishing Business and Online Media Business, R&D efforts, ongoing recruitment of skilled professionals, all designed to keep us at the forefront of our Media Businesses, no assurance can be given that any changes involving these factors will not have any material adverse effect on our Group's business, operating results or financial conditions.

### 4.2.2 Seasonality and performance of our Group

Our Group was not profitable in the FYE 2008. As such, there is no assurance that our Group will be profitable in the future or that we will achieve increasing or consistent levels of profitability. Our Group's profitability may be adversely affected by many factors, including increasing operating costs, competition and loss of talent.

Our businesses are subject to the normal seasonality associated with Media Businesses, including generally lower financial performance in the first quarter of any calendar year, with particular weakness in January and February as a result of reduced work days arising from the festive holidays.

Nevertheless, our Directors will endeavour to secure our Group's profitability through prudent management and continuously improving our operations. We are also planning to expand our business by obtaining more representation and sales rights for Online Properties.

Nonetheless, no assurance can be given that the above plans can be implemented successfully and if successful, will generate the anticipated profit for our Group.

### 4.2.3 Dependency on the SAA

Our Group is dependent on the SAA. There is no assurance that the SAA will be renewed. **Failure to renew may have an adverse financial impact to our Group.**

Should the SAA be terminated or not renewed, the operations of our Online Media Business may be materially affected as the Online Media Business may no longer be able to generate the same level of revenue.

As part of our business expansion into the online media industry, as at the LPD, our Group also has the exclusive right to sell Advertising Space, promote and monetise Lowyat.net. Further, we are constantly exploring opportunities with other Online Properties owners with the intention for us to obtain representation and sales rights for these other Online Properties, which forms as a natural hedge against reliance on the SAA, which is demonstrated by our ongoing strategies as disclosed in Section 6.21 of this Prospectus. In addition, our Directors are experienced in internet-based business and we believe we have the necessary skills and experiences to expand our business premised on the strategies as set out in Section 6.21 of this Prospectus.

### 4.2.4 Obligation of the SAA and the exclusive sales agreement with Vijandren Ramadass, the owner and operator of Lowyat.net

The SAA requires, amongst others, for Catcha Digital (M) to meet the stipulated commercial targets which is set over six (6) years up to 30 June 2014. In the event that these commercial targets are not met, Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) are liable to meet the obligations stipulated in the SAA.

To mitigate this risk, our Group has secured from Catcha Group (S) the Indemnity Agreement whereby Catcha Group (S) will indemnify Catcha Media Holdings and Catcha Digital (S) of their liability, if any, pursuant to any financial guarantee granted under the terms of the SAA. This Indemnity Agreement will remain valid as long as Catcha Group (S) holds more than 33.00% of the total issued and paid-up share capital of our Company. In the event Catcha Group (S) does dispose of its equity shareholding from 59.20% (after the IPO) to 33.00% or below of the total issued and paid-up share capital of our Company, our Group will have to pay for the shortfall of the commercial targets stipulated in the SAA, if any.

For illustrative purposes, the earliest possible time Catcha Group (S) could sell down its shareholding in our Company to 33.00% or below threshold (taking into account the moratorium requirement) is 21 July 2012 (assuming Catcha Media is listed on 22 July 2011), being 12 months after the listing of our Company on the ACE Market of Bursa Securities.

Further, Catcha Group (S) and Catcha Digital (M) entered into a Master Advertising Agreement whereby Catcha Group (S) will spend a minimum of USD2.00 million on Microsoft's Online Properties in Malaysia which will be satisfied by way of fulfilled advertising bookings on Microsoft Online Properties in Malaysia. This Master Advertising Agreement secures advertising revenue for our Group that would otherwise be spent by Catcha Group (S) with other media owners. The Master Advertising Agreement commenced on 7 October 2010 and will continue until 31 December 2011. Subject always to the necessary shareholders approval required pursuant to the applicable listing requirements of Bursa Malaysia, Catcha Digital (M) and Catcha Group (S) may mutually agree that the terms of the agreement may be extended. In the event that the Master Advertising Agreement is not extended, Catcha Group (S) has no commitment to spend any monies on Microsoft's Online Properties in Malaysia.

In addition to the Indemnity Agreement and Master Advertising Agreement, our Directors believe that the commercial targets are achievable based on the prospective growth in the online media industry in Malaysia to grow at a CAGR of 56.63% from 2011 to 2015, our Online Media Business' estimated market share of total online Adex of approximately 11.71% and 26.62% for the FYE 2009 and FYE 2010 respectively *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)* and the strategies as set out in Section 6.21 of this Prospectus. Our Group has met the commercial targets for the first (1st) year of operation (commencing on 3 July 2009) under the SAA which demonstrate our capacity to meet the commercial targets.

The exclusive sales agreement with Vijandren Ramadass, the owner and operator of Lowyat.net requires amongst others, for Catcha Digital (M) to meet the stipulated commercial targets. In the event the amount payable based on revenue generated is less than the stipulated amount in the exclusive sales agreement, Catcha Digital (M) will be obligated to pay such shortfall amount.

**The outstanding commercial targets of our Online Media Business under the SAA and exclusive sales agreement with Vijandren Ramadass are spread over four (4) years between 2011 to 2014 and in aggregate are not more than RM90.00 million**. Based on all the mitigating factors as mentioned above, our Directors believe that the commercial targets are achievable as this has been demonstrated by the sales achievement of Catcha Digital (M) for the first (1st) year of operation (commencing 3 July 2009).

### 4.2.5 Dependency on our Directors and Management

Our future performance depends, in large part, on the continued service of our Management. We rely, in particular, on the strategic guidance of Patrick Y-Kin Grove, a founding member and Non-Independent Non-Executive Director of our Group, and Kensuke Tsurumaru, a founding member, Non-Independent Executive Director and the Chief Executive Officer of our Group. We also rely on other members of Management such as Voon Tze Khay, the General Manager of our Publishing Business, Diwata Tharan, our Business Development Director, Maimunah Mohd Noor, our Editorial Director, Tee Choon Wee, our Financial Controller, and Damon Shay Rielly, the General Manager of our Online Advertising Business. The loss, for any reason, of the services of any of these individuals could have a material adverse effect on our Company.

Our strategy also requires the hiring and retention of highly qualified personnel. After they are employed, the knowledge, expertise and relationships of our personnel make their retention important to our success. We may enter into share option agreements with key personnel in the future. However, we cannot assure you that we will be able to retain our key personnel or that we will be able to attract and retain additional highly qualified technical and managerial personnel in the future. Any inability to attract and retain the personnel necessary to support our growth could have an adverse effect on our Company.

Our key Management, save for Tee Choon Wee and Damon Shay Rielly who joined our Group in 2010 and 2011 respectively, has been with our Group for more than five (5) years and our employees do not belong to any trade union. Our Group also believes that our Listing will enhance our profile, which will facilitate the retention and recruitment of employees.

### 4.2.6 Close relationship with Catcha Group (S)

Catcha Group (S), our Promoter has over the years rendered their expertise, vision, direction and stewardship which culminated into our Online Media Business pursuant to the SAA where Catcha Group (S) is a party to the agreement. Despite the fact that Catcha Group (S) is a party to the SAA, our Board is of the opinion that in the event that Catcha Group (S) is no longer the controlling shareholder, the SAA will continue to subsist unless the commercial targets stipulated in the SAA are not met or there is a notice of winding-up order, notice of judicial management order or notice of the appointment of a receiver filed against Catcha Media Holdings and/or Catcha Digital (S). Whilst Microsoft has such a right to terminate the SAA in such circumstances, the SAA will continue and will have full legal effect until Microsoft elects to terminate.

As part of the listing exercise, Catcha Group (S) has entered into the Master Advertising Agreement with Catcha Digital (M) to secure advertising revenue for our Group that would otherwise be spent by Catcha Group (S) with other media owners. Catcha Group (S) has also entered into the Indemnity Agreement with Catcha Media Holdings and Catcha Digital (S), which together with the Master Advertising Agreement is intended to mitigate the risk of our Group not being able to meet the commercial targets as stipulated in the SAA, if applicable.

Kensuke Tsurumaru, our Chief Executive Officer and Patrick Y-Kin Grove, our Non-Independent Non-Executive Director, whom has provided strategic guidance and are instrumental to the success of our Group, are also directors and shareholders of Catcha Group (S). There is no assurance that this relationship will subsist in the event that Catcha Group (S) is no longer the controlling shareholder. In the event that Kensuke Tsurumaru and Patrick Y-Kin Grove are no longer our Directors, the strategic expansion of our Media Businesses may be adversely affected.

### 4.2.7 Dependency on the internet infrastructure

Our Group is dependent on the ongoing maintenance of the global, regional and local internet infrastructure to provide the necessary data speed, capacity and security to allow our Group to operate our Online Media Business. There can be no assurance that the internet infrastructure will continue to be able to support the demands placed on it. Viruses, worms and similar programs, as well as problems with providers of telecommunications infrastructure supporting the network and power cuts, may also harm the performance of the internet infrastructure.

Although there are plans to roll out HSBB, there is still a risk in the uncertainty of the success of the roll out and the timeliness of the roll out. The HSBB roll out plan has yet to be fully implemented and have not proven to provide stable connections throughout the country. Should the HSBB infrastructure not provide internet connectivity speeds of about 5.00 megabits per second and above, it is expected that the HSBB demand would not grow adequately due to poor demand for the mediocre internet speed and thus, may affect the expected growing of the online Adex industry *(Source: Independent Market Research report compiled and prepared by Frost & Sullivan)*.

The Malaysian Government has been encouraging the increase in internet penetration through investment in infrastructure such as broadband and wireless services that have also helped to ensure the long-term viability of internet-related businesses in Malaysia. Nevertheless, no assurance can be given that the above will ensure that the performance and reliability of the internet infrastructure will not be affected as internet users or their bandwidth requirements increase.

### 4.2.8 Reliance on Publishing Licences

Publishing Licences are important to our Group's Publishing Business as they allow us to use brand names and/or publish contents from our licensors. Without these Publishing Licenses, we may not be able to attract the same category of brand owners and/or advertising agencies even though contents under alternative brand names could be of a similar quality. Currently, we have four (4) licensing agreements and are subject to renewal. These licence agreements permit our Group to publish contents under the brand names of the respective licensors. The salient terms of these licensing agreements are detailed in Section 6.14 of this Prospectus.

There is no certainty or guarantee that the Publishing Licences will be renewed or brand names and/or contents relating to any new magazines will be licensed to our Group from the existing or other licensors in the future. Our Directors believe our existing portfolio of Magazines inclusive of the ownership of our own magazine brands mitigates this risk. As at the LPD, our Group has not had any problems in getting renewals of publishing licenses in the past.

### 4.2.9 Change in or loss of MSC status

Catcha Digital (M) was granted MSC status on 22 September 2010. By virtue of its MSC status, our Directors expect Catcha Digital (M) to be granted pioneer status for an initial five (5) year period by MDeC pursuant to Section 6 of the Promotion of Investments Act, 1986. Approval of Catcha Digital (M)'s pioneer status can be extended for a further five (5) years upon the expiry of the first five (5) years. This is given at the discretion of MITI with the concurrence of the MoF. By virtue of this pioneer status, certain statutory income of the company from pioneer activities during the pioneer period is exempted from income tax.

Presently, all MSC status companies are granted financial and non-financial incentives. The MDeC is the body responsible for monitoring all MSC designated companies. MDeC has the right to revoke any company's MSC status at any time.

Our Group intends to mitigate this risk by ensuring that all conditions of the MSC and pioneer status are adhered to.

Nevertheless, no assurance can be given that Catcha Digital (M) will be able to retain its MSC and pioneer status, or that Catcha Digital (M) will continue to enjoy or not experience delays in enjoying the MSC and pioneer status incentives, all of which could materially and adversely affect our Group's business, operating results and financial position.

### 4.2.10 Failure to implement successfully our business strategy

Our Group's business strategy will be dependent upon, amongst others, the development and growth of the online media industry in Malaysia and ASEAN, implementation of our Group's future plans and strategies, and our R&D plans. Our Directors are experienced in internet-based business and we believe they have the necessary experiences to oversee the implementation of our business strategies to fruition.

Nevertheless, no assurance can be given that our Group will be able to successfully implement our business strategies successfully and if successfully implemented, will generate the anticipated profit for our Group.

### 4.2.11 Our growth and expansion may strain our ability to manage our operations and our financial resources

We are undergoing growth and plan to continue to grow, mainly in our existing markets. Continuous growth may place significant strains on our financial resources, our Management, technical and creative personnel, and other resources. To support our growth, we will upgrade or implement new operating and financial systems, procedures and controls to our existing operations. If we fail to expand or upgrade our operating and financial systems in an efficient manner, it could materially adversely affect our Group.

Our ability to achieve and to manage planned growth will depend upon, amongst other, our success in:

(i) hiring and retaining qualified and experienced management, technical and marketing personnel;

(ii) maintaining the high level of customer service required to retain customers while undertaking expansion; and

(iii) expanding our representation and sales rights to other Online Properties.

Whilst our Directors are confident that we have the requisite experience to successfully manage this challenge, there can be no guarantee that revenue will increase in response to increases in expenditure. If our Company is unable to manage the expected growth successfully, we may not be able to take advantage of market opportunities, satisfy customer requirements, execute our business strategies or respond to competitive pressure.

**4.2.12 We must increase our revenue from Advertising Space sales to expand our business**

As at the LPD, our Group has been mainly generating revenue from Advertising Space. Our business model is based upon our ability to increase our revenue from Advertising Space. The growth of our advertising sales will depend, amongst other, on:

(i) the level of acceptance of the internet as a medium for advertising;
(ii) the attractiveness of our pricing;
(iii) the effectiveness of our advertising sales personnel;
(iv) the growth of online Adex in Malaysia;
(v) the level of traffic to our Online Properties; and
(vi) our ability to obtain representation and sales rights for other Online Properties.

We believe it is also important for us to leverage our Publishing Business in order to drive growth in our Online Media Business. In that respect, we intend to carry out cross marketing and content sharing between our Publishing Business and Online Media Business, where we will encourage online advertising from our customers of our Publishing Business.

We cannot assure you that we will be able to attract sufficient revenue from Advertising Space to support our business model. Our failure to do so would have a material adverse effect on our Company.

Our Directors believe that our current representation and sales rights for Online Properties and our experience in internet-based business should allow us to increase our sales of Advertising Space going forward.

**4.2.13 Increases in printing and magazine costs**

Printing and magazine costs account for approximately 44.89%, 19.98% and 12.47% of the total cost of sales of our Group for the FYE 2008, FYE 2009 and FYE 2010 respectively. Accordingly, the profitability of our Group is dependent upon our ability to secure competitive printing prices.

Our Group keeps close contact with our suppliers and maintains fixed printing price schedules since 2002 which are reviewed annually, which allows our Group certainty with regards to printing and magazine costs for each year. Our Directors believe that we are not dependent on any single printing supplier and there would not be any difficulty in sourcing printing services from other printing suppliers.

There is no assurance that the supply condition of printing will not change and that the price of printing will not rise, thus having a material adverse effect on our Group's results.

**4.2.14 Lack of long-term contracts limit our ability to secure long-term and consistent streams of income**

Generally, our Group does not enter into any long-term contracts with brand owners and advertising agencies for the sale of Advertising Space. Our Group has relationships with a large number of brand owners and advertising agencies (over 300 customers for the FYE 2010) which we believe will continue to ensure business continuity and growth, and mitigate the lack of long-term contracts.

### 4.2.15 Dependency on brand owners and advertising agencies

We are fairly dependent on our relationships with brand owners and advertising agencies. If we are unable to maintain our relationships with brand owners and advertising agencies, there may be a material impact on our business. However, our Directors are of the opinion that our broad offering of Media Businesses targeting different consumer segments and the network of brand owners and advertising agencies we work with mitigates this risk. For the FYE 2010, our Group worked with 43 advertising agencies and 263 brand owners as our customers.

### 4.2.16 Disruption to the Online Properties

The Online Properties use technology platforms developed by third parties. These technology platforms enable us to upload, edit and manage website content, input advertising orders, and offer efficient solutions to plan, create, manage, deploy, track and report on advertising campaigns.

Any system failure that results in disruption to the Online Properties, including failures affecting our ability to deliver advertisements or report on advertisement delivery without significant delay, may adversely affect our business, operating results and financial condition. To date, our Group has not experienced any major disruption.

In addition, there might be corruption of the Online Properties, which are subject to risks associated with computer viruses, physical or electronic break-ins, loss of data from physical damage or from failures in third party databases or operating systems and similar disruptions, as well as to damage from the introduction onto its systems of incorrect programming language by its employees. Any such disruption may have a material adverse effect on our Group's operations and financial situation, and may damage our reputation and brand.

### 4.2.17 Foreign exchange fluctuation

In the normal course of our business, we have transactions in foreign currencies for commissions and licence fees. No assurance can be given that any future significant exchange rate fluctuations or changes in foreign exchange control regulations will not have a material adverse impact on our Group's business, operating results and financial condition.

Our management will continue to monitor our Group's foreign currency exposures and will take necessary steps to minimize exchange rate exposures whenever deemed appropriate, for example such as implementing a hedging policy.

### 4.2.18 New acquisitions

Our Company may make synergistic acquisitions in circumstances where our Directors believe that those acquisitions would support our Group's strategy such as regional expansion and obtaining representation and sales rights to other Online Properties. However, there can be no assurances that our Company will be able to identify, complete and integrate suitable acquisitions successfully. Acquiring new businesses can place significant strain on our Management, employees, systems and resources. The acquired business may not perform in line with expectations to justify the expense of acquisition. Furthermore, it may not prove possible to achieve the desired level of synergy benefits on integration of new businesses and/or the cost of achieving those benefits may exceed the expected cost.

The synergistic acquisitions made or to be made by our Company may expose us to business risks or liability, including liability which is not fully indemnified. However, our Directors believe that our experience in the media industry should allow us to integrate these acquisitions with our existing businesses seamlessly.

### 4.2.19 Risk of expansion into foreign markets

Our Group has intentions to expand our operations within ASEAN in particular Singapore, Indonesia and Thailand where we plan to set up regional offices overseas. However, there can be no assurance that our Group will be able to successfully penetrate the aforementioned new markets. Furthermore, such future expansion could expose our Group to foreign economic, political, legislative and other risks. Any failure to accurately assess these issues could affect our Group's business, financial condition and operating results.

In mitigating the above, our Group will carefully implement our expansion plans. Our management will continue to monitor closely our Group's operating and financial performance and will only invest in the new markets after feasibility studies have been carried out to determine the viability of such investments.

## 4.3 Risks Relating to our IPO

### 4.3.1 Our Shares have never been publicly traded before and our IPO may not result in an active or liquid market for our Shares

There has been no public market for our Shares prior to our IPO. We have received approval from Bursa Securities to have our Shares listed and quoted on the ACE Market of Bursa Securities. The listing of and quotation for our Shares does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market of our Shares, the ability of holders to sell their Shares or the prices at which holders would be able to sell their Shares. Therefore, we cannot predict whether a trading market for our Shares will be developed or how liquid that market might become.

There also can be no assurance that the Offer Price which has been determined after taking into consideration of the factors as set out in Section 3.6 of this Prospectus will correspond to the price at which our Shares will be traded on the ACE Market of Bursa Securities upon or subsequent to our Listing.

### 4.3.2 Our Share price may be volatile, which could result in substantial losses for investors subscribing for our Shares

The market price of our Shares may be highly volatile and could be subject to wide fluctuations in response to, inter alia, the following factors, some of which are beyond our control:

(i) variation in our operating results;

(ii) success or failure of our Management in implementing business and growth strategies;

(iii) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

(iv) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors;

(v) changes in market valuations and share prices of companies with similar businesses to our Company that may be listed in Malaysia or anywhere else in the world;

(vi) additions or departures of key management;

(vii) fluctuations in stock market prices and volume; or

(viii) involvement in litigation.

In addition, our Share price may be under downward pressure if certain of our Directors, Management, employees or pre-IPO investors sell their Shares immediately after our IPO or upon expiry of the moratorium period, as the case may be.

#### 4.3.3 There may be a delay in or abortion of our Listing

Our Listing is exposed to the risk of potential failure or delay should the following events, amongst others, occur:

(i) our Company or the Underwriter fails to honour its obligations under the Underwriting Agreement;

(ii) the Underwriter, in honouring its obligations, becomes a substantial shareholder of our Company;

(iii) the Issue Shares under the private placement tranche is not fully subscribed;

(iv) identified investors fail to acquire the portion of the Issue Shares allotted to them; and

(v) we are unable to meet the public spread requirements of the Listing Requirements, i.e. at least 25% of our issued and paid-up capital for which listing is sought must be held by a minimum number of 200 public shareholders holding not less than 100 Shares each, at the time of Listing.

In the event we fail to fulfill any of the events above, we will return in full, without interest, monies paid in respect of all applications, in compliance with Section 243(2) of the CMSA.

Nevertheless, we would endeavour to ensure compliance of the various listing requirements for our successful listing on the ACE Market of Bursa Securities.

### 4.4 Other Risks

#### 4.4.1 Changes in the political, economic and regulatory and social conditions

Like all other business entities, adverse developments in political, economic, regulatory and social conditions in Malaysia could materially affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, renegotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Much of the above changes are beyond our control. Whilst we practise prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political and regulatory developments will not materially affect the performance of our Group.

**4.4.2 Government regulations relating to advertising and telecasting services and business**

We are subject to laws and regulation applicable to advertising and telecasting services and business. Laws and regulations with respect to advertising and telecasting services may be modified or adopted which could affect pricing, distribution and quality of products and services. The modifications or adoption of any of these additional laws or regulations may adversely affect the expansion of advertising and telecast services, which could increase our cost of business or decrease the demand for our products and services.

Although we regularly monitor new development to the regulatory environment through dialogues with the relevant authorities, there can be no assurance that any such changes will not have a negative impact to the performance of our Group.

**4.4.3 Actual results, performance and/or achievements may vary significantly from those expressed or implied in forward-looking statements**

This Prospectus contains forward-looking statements, which are statements other than statements of historical facts. These include, without limitation, those regarding our financial position, business strategies, plans and objectives of our Management for future operations. These forward-looking statements are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Directors on their current view with respect to future events. While we may believe them to be reasonable, they are subject to known and unknown risks, uncertainties, contingencies and other important factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, among other things, general economic and business conditions, competition, the impact of new laws and regulations affecting us and the industry in which we operate, as well as changes in the foreign exchange and interest rates. In light of these uncertainties, we wish to caution you that the inclusion of forward-looking statements in this Prospectus should not be regarded as a representation or warranty by our advisers or us in the achievability of our future plans and objectives.

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# 5. INFORMATION ON OUR GROUP

## 5.1 Information on Catcha Media

### 5.1.1 Background and history

We were incorporated in Malaysia under the Act on 5 October 2010 as a private limited company under the name Catcha Media Sdn Bhd. Subsequently, on 19 November 2010, we converted our status from a private limited company to a public limited company to facilitate our listing on the ACE Market of Bursa Securities.

### 5.1.2 Principal activity and products/services

We are principally an investment holding company.

### 5.1.3 Share capital and changes in share capital

As at LPD, our authorised and issued and paid-up share capital are as follows:

| | Number of Shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 250,000,000 | 0.10 | 25,000,000 |
| Issued and fully paid-up | 110,000,020 | 0.10 | 11,000,002 |

The changes in our issued and paid-up share capital since our incorporation are as follows:

| Date of allotment | Number of Shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 05.10.2010 | 20 | 0.10 | Cash | 2 |
| 06.10.2010 | 110,000,000 | 0.10 | Otherwise than cash | 11,000,002 |

As at LPD, there were no outstanding warrants, options, convertible securities or uncalled capital in Catcha Media.

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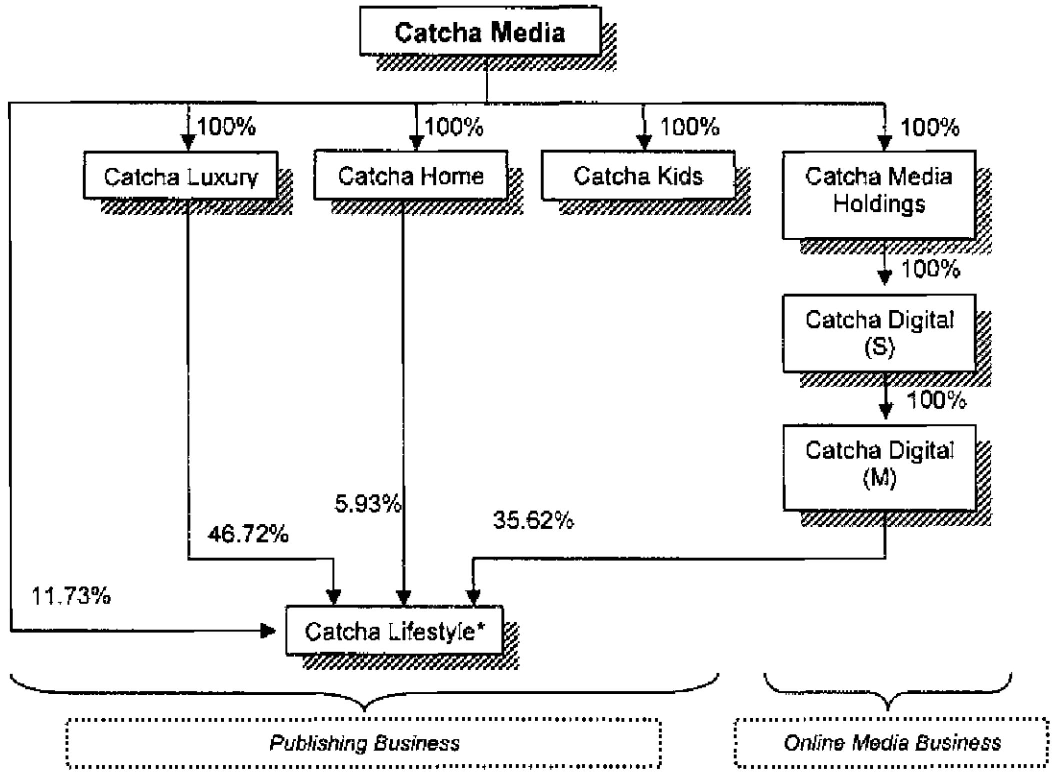
### 5.1.4 Subsidiaries and associate company

As at LPD, our Group structure is set out below:




*Note:*

* *Details of the shareholders of Catcha Lifestyle are set out in Section 5.2.3 of this Prospectus*

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## 5. INFORMATION ON OUR GROUP (Cont'd)

The details of our subsidiaries are summarised as follows:

| Name of company | Date/ Country of incorporation | Issued and paid-up capital | Effective interest (%) | Principal activities |
|---|---|---|---|---|
| Catcha Luxury (571217-X) | 09.02.2002/ Malaysia | RM2,364,100 | 100 | Advertising and publications |
| Catcha Home (770041-T) | 18.04.2007/ Malaysia | RM1,449,002 | 100 | Advertising and publications |
| Catcha Kids (508226-M) | 14.03.2000/ Malaysia | RM2 | 100 | Advertising and publications |
| Catcha Media Holdings (200904924R) | 19.03.2009/ Singapore | SGD2 | 100 | Investment holding |
| Catcha Lifestyle (489026-D) | 20.07.1999/ Malaysia | RM8,522,926 | 100 | Advertising and publications |
| ***Subsidiary of Catcha Media Holdings*** | | | | |
| Catcha Digital (S) (200904932G) | 19.03.2009/ Singapore | SGD2 | 100 | Investment holding |
| ***Subsidiary of Catcha Digital (S)*** | | | | |
| Catcha Digital (M) (701119-M) | 28.06.2005/ Malaysia | RM2 | 100 | Advertising and internet media |

As at the LPD, our Company does not have any associated company.

A subsidiary of Catcha Group (S), Catcha Digital Asia, has the rights to sell Advertising Space, promote and monetize the following Online Properties in the following region:

| Online Properties | Description | Region |
|---|---|---|
| TripAdvisor | Travel website | Taiwan, Hong Kong, Philippines, Vietnam, and South Korea |
| Goal.com | Football website | Hong Kong, Malaysia and Singapore |
| Netshelter | Technology and mobile advertising network of websites/blogs | Asia Pacific |

Catcha Digital Asia was not included as part of our Acquisition as the company has been loss-making since its incorporation. However, we have on 12 November 2010 entered into a call option agreement with Catcha Group (S) whereby Catcha Group (S) has granted our Company the right to purchase 51.00% of the total equity interest in Catcha Digital Asia at a purchase consideration to be determined later subject to the terms and conditions of the call option agreement and subject to the approval of the shareholders of Catcha Media. The call option is for a period of two (2) years commencing from the date of our Listing. We have entered into this agreement as:

(i) the acquisition is in line with our future prospects to provide sustainable growth via synergistic acquisition opportunities as set out in Section 6.22(b) of this Prospectus as Catcha Digital Asia is an internet-based company whose revenue model is advertising which is similar to Catcha Digital (M); and

(ii) Catcha Digital Asia has the rights to sell Advertising Space, promote and monetise various Online Properties specialising in travel, sport, and technology and mobile advertising network of websites/blogs across the Asia region. These Online Properties would enable our Group to expand our footprint beyond Malaysia.

The salient terms of the call option agreement are set out below:

(i) Nature of the agreement

(a) Catcha Group (S) irrevocably grants to Catcha Media during the Option Period (as defined below) the right to require Catcha Group (S) to sell or procure the sale of 51.00% of the total issued and paid up shares in Catcha Digital Asia at the date the call option is exercised ("Option Shares") by Catcha Media ("Call Option") and the transfer of the Option Shares at the completion date must be free from all liens, charges and all other encumbrances, and with all rights attaching to it.

(b) The purchase price for the Option Shares ("Option Price") shall be eight (8) times the Unqualified Audited Net Profit After Tax of Catcha Digital Asia subject to any adjustment in accordance to para (d) below, the Unqualified Audited Net Profit After Tax calculated utilising the net profit of Catcha Digital Asia for the period three (3) full calendar months immediately prior to the notice given by the Purchaser exercising the Call Option ("Option Notice") and annualizing the same ("UANPAT").

(c) The Option Price will be satisfied by Catcha Media paying Catcha Group (S) 50.00% of the Option Price on completion date of the agreement ("Tranche 1") and subject to any adjustment, the balance 50.00% of the Option Price will be paid to Catcha Group (S) within fourteen (14) days after the unqualified audited net profit after tax of Catcha Digital Asia for the Guarantee Period (as defined below) has been determined ("Tranche 2").

(d) In the event the unqualified audited net profit after tax of Catcha Digital Asia for the Guarantee Period is less than 75% of the UANPAT, the Option Price payable for Tranche 2 shall be adjusted and reduced proportionately. In the event the Option Price is adjusted as aforesaid, such that the Option Price payable by Catcha Media is less than Tranche 1, Catcha Group (S) undertakes to refund the difference between the adjusted Option Price and the Tranche 1 payment received within fourteen (14) days after such difference has been determined. In the event the unqualified audited net profit after tax of Catcha Digital Asia for the Guarantee Period is more than 75% UANPAT, no adjustments will be made to the Option Price.

(e) "Guarantee Period" means the period beginning the month of the date of the Option Notice and eight (8) complete calendar months from that date.

(ii) Term

(a) The Call Option is for a period commencing from the listing and quotation of Catcha Media's shares on the ACE Market of Bursa Malaysia Securities Berhad and ending two (2) years thereafter (the "Option Period").

(iii) Consideration

(a) Catcha Group (S) grants the Call Option to Catcha Media in consideration of Ringgit Malaysia One (RM1).

(iv) Completion

(a) Completion of the sale of Option Shares pursuant to the exercise of the Call Option will take place at the registered office of Catcha Digital Asia (or at such other place as Catcha Media will agree in writing) on the completion date in the manner set out para (b) below.

(b) On completion date, Catcha Group (S) will:-

(aa) deliver to Catcha Media the share certificates and the valid and registrable (on unstamped) duly executed share transfer forms in respect of the Option Shares and all other documents within the control/ possession of Catcha Group (S) necessary to effect the legal transfer of the Option Shares;

(bb) as far as reasonably within its control, ensure that all things required to be completed to enable the Option Shares to be transferred to Catcha Media are done;

(cc) procure the resignation of its nominees to the Board of directors of Catcha Digital Asia without compensation, damages, claims or any payment whatsoever, if any and if so required by Catcha Media;

(dd) deliver duly executed resolution of the board of directors of Catcha Digital Asia agreeing to the appointment of directors nominated by Catcha Media, if so required by Catcha Media and the number of such directors to be mutually agreed by Catcha Group (S) and Catcha Media;

(ee) deliver duly executed resolution of the board of directors of Catcha Digital Asia agreeing to the change of mandate of the officers or change of any passwords to operate bank accounts, if so required by Catcha Media; and

(ff) deliver management account for the financial period up to the completion date.

(c) Subject to Catcha Group (S) performance of the obligations set out in para (b) above on completion date, Catcha Media will, on the completion date, cause to pay the Tranche 1 of the Option Price to Catcha Group (S), by way of bank draft or telegraphic transfer or such other methods as may be agreed upon between the Parties.

(v) Governing laws

(a) The agreement is governed in accordance to the laws of Malaysia.

## 5.2 Information on Catcha Lifestyle

### 5.2.1 Background and history

Catcha Lifestyle was incorporated under the Act on 20 July 1999 as a private limited company under the name of Concord Suite (M) Sdn Bhd. On 21 October 1999, it changed its name to Catcha.com Sdn Bhd and subsequently, on 13 February 2003, it changed its name to Catcha Sdn Bhd, before assuming its present name on 23 April 2009.

On 12 February 2007, Catcha Lifestyle disposed its entire equity interest in Catcha TV Sdn Bhd (now known as Catcha Digital (M)) to Catcha Group (S) for a cash consideration of RM2.

On 21 April 2009, Catcha Lifestyle transferred its entire equity interest in Catcha Kids to Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) for no consideration.

### 5.2.2 Principal activity and products/services

Catcha Lifestyle is principally engaged in advertising and publications. Catcha Lifestyle is the publisher of Juice, Stuff, Malaysian Evo, Fairways, Mint, Hanger, Malaysian Evo Supercars, Clive and Performance Heroes magazines.

### 5.2.3 Substantial shareholders

As at the LPD, the substantial shareholders of Catcha Lifestyle are as follows:

| | <------ Direct ------> | | <------- Indirect -------> | |
|---|---|---|---|---|
| **Substantial shareholders** | **No. of ordinary shares** | **%** | **No. of ordinary shares** | **%** |
| Catcha Media | 1,000,000 | 11.73 | 7,522,926 * | 88.27 |
| Catcha Luxury | 3,981,505 | 46.72 | - | - |
| Catcha Home | 505,771 | 5.93 | - | - |
| Catcha Digital (M) | 3,035,650 | 35.62 | - | - |
| **Total** | 8,522,926 | 100.00 | | |

*Note:*

* *Deemed interested through Catcha Luxury, Catcha Home and Catcha Digital (M) pursuant to Section 6A of the Act.*

### 5.2.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Catcha Lifestyle are as follows:

| | Number of shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 10,000,000 | 1.00 | 10,000,000 |
| Issued and fully paid-up | 8,522,926 | 1.00 | 8,522,926 |

The changes in the issued and paid-up share capital of Catcha Lifestyle since its date of incorporation are as follows:

| Date of allotment | Number of shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 20.07.1999 | 2 | 1.00 | Cash | 2 |
| 17.02.2000 | 999,998 | 1.00 | Cash | 1,000,000 |
| 30.08.2010 | 7,522,926 | 1.00 | Cash | 8,522,926 |

As at LPD, there were no outstanding warrants, options, convertible securities or uncalled capital in Catcha Lifestyle.

### 5.2.5 Subsidiary and associate

As at the LPD, Catcha Lifestyle does not have any subsidiary or associate company.

## 5.3 Information on Catcha Luxury

### 5.3.1 Background and history

Catcha Luxury was incorporated in Malaysia under the Act on 9 February 2002 as a private limited company under the name of CR Media Sdn Bhd. On 25 April 2005, Catcha Group (S) acquired the entire equity interest of CR Media Sdn Bhd (now known as Catcha Luxury). It subsequently adopted its present name on 20 April 2009.

### 5.3.2 Principal activity and products/services

Catcha Luxury is principally involved in advertising and publications. Catcha Luxury is the publisher of Prestige Malaysia and Prestige Lifestyle magazines in Malaysia.

### 5.3.3 Substantial shareholder

As at the LPD, Catcha Luxury is our wholly-owned subsidiary.

#### 5.3.4 Share capital and changes in share capital

As at LPD the authorised and issued and paid-up share capital of Catcha Luxury are as follows:

| | Number of shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 5,000,000 | 1.00 | 5,000,000 |
| Issued and fully paid-up | 2,364,100 | 1.00 | 2,364,100 |

The changes in the issued and paid-up share capital of Catcha Luxury since its date of incorporation are as follows:

| Date of allotment | Number of shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 09.02.2002 | 3 | 1.00 | Cash | 3 |
| 27.03.2003 | 97 | 1.00 | Cash | 100 |
| 30.08.2010 | 2,364,000 | 1.00 | Cash | 2,364,100 |

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Catcha Luxury.

#### 5.3.5 Subsidiary and associate

As at the LPD, Catcha Luxury has an associate company, which is Catcha Lifestyle.

### 5.4 Information on Catcha Home

#### 5.4.1 Background and history

Catcha Home was incorporated in Malaysia under the Act on 18 April 2007 as a private limited company under the name of Diversified Hub Sdn Bhd. It subsequently adopted its present name on 21 April 2009.

On 17 May 2007, Catcha Home acquired the business and assets relating to Homepride and Kitchen + Bathroom magazines and "My Home Show" event from Karya Universal Sdn Bhd.

#### 5.4.2 Principal activity and products/services

Catcha Home is principally involved in advertising and publications. Catcha Home is the publisher of Homepride and Kitchen + Bathroom magazines in Malaysia.

#### 5.4.3 Substantial shareholder

As at the LPD, Catcha Home is our wholly-owned subsidiary.

#### 5.4.4 Share capital and changes in share capital

As at the LPD, the authorised and issued and paid-up share capital of Catcha Home are as follows:

| | Number of shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 5,000,000 | 1.00 | 5,000,000 |
| Issued and fully paid-up | 1,449,002 | 1.00 | 1,449,002 |

The changes in the issued and paid-up share capital of Catcha Home since its date of incorporation are as follows:

| Date of allotment | Number of shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 18.04.2007 | 2 | 1.00 | Cash | 2 |
| 30.08.2010 | 1,449,000 | 1.00 | Cash | 1,449,002 |

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Catcha Home.

#### 5.4.5 Subsidiary and associate

As at the LPD, Catcha Home holds a 5.93% equity investment in Catcha Lifestyle.

### 5.5 Information on Catcha Kids

#### 5.5.1 Background and history

Catcha Kids was incorporated in Malaysia under the Act on 14 March 2000 as a private limited company under the name of Midas Web Sdn Bhd. It subsequently changed its name to Bounce Publishing Sdn Bhd on 22 September 2004 before adopting its present name on 21 April 2009.

On 25 October 2004, Catcha Kids obtained a Publishing Licence with Pacific Publication Pty Limited (now known as Pacific Magazines Pty Limited) for K-Zone magazine for a period of five (5) years. This Publishing License has since been renewed three (3) times and shall expire in September 2011.

#### 5.5.2 Principal activity and products/services

Catcha Kids is principally involved in advertising and publications. Catcha Kids is the publisher of K-Zone magazine in Malaysia

#### 5.5.3 Substantial shareholder

As at the LPD, Catcha Kids is our wholly-owned subsidiary.

### 5.5.4 Share capital and changes in share capital

As at the LPD, the authorised and issued and paid-up share capital of Catcha Kids are as follows:

| | Number of shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 100,000 | 1.00 | 100,000 |
| Issued and fully paid-up | 2 | 1.00 | 2 |

The issued and paid-up share capital of Catcha Kids since its date of incorporation are as follows:

| Date of allotment | Number of shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 14.03.2000 | 2 | 1.00 | Cash | 2 |

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Catcha Kids.

### 5.5.5 Subsidiary and associate

As at the LPD, Catcha Kids does not have any subsidiary or associate company.

## 5.6 Information on Catcha Media Holdings

### 5.6.1 Background and history

Catcha Media Holdings was incorporated in Singapore under the laws of Singapore on 19 March 2009 as a private limited company under its present name. On 23 March 2009, Catcha Media Holdings together with Catcha Group (S) and Catcha Digital (S) entered into the SAA with Microsoft for a period of five (5) years which can be extended for another five (5) years.

### 5.6.2 Principal activity and products/services

Catcha Media Holdings is principally an investment holding company.

### 5.6.3 Substantial shareholder

As at the LPD, Catcha Media Holdings is our wholly-owned subsidiary.

#### 5.6.4 Share capital and changes in share capital

As at the LPD, the authorised and issued and paid-up share capital of Catcha Media Holdings are as follows:

| | Number of shares | Par value (SGD) | Amount (SGD) |
|---|---|---|---|
| Authorised | * | * | * |
| Issued and fully paid-up | 2 | * | 2 |

*Note:*

* *Not applicable. The concept of par value and authorised capital was abolished in Singapore since 31 January 2006.*

There has been no change in the issued and paid-up share capital of Catcha Media Holdings since its date of incorporation.

As at LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Catcha Media Holdings.

#### 5.6.5 Subsidiary and associate

As at the LPD, Catcha Digital (S) is a wholly-owned subsidiaries of Catcha Media Holdings. Catcha Digital (M) is a wholly-owned subsidiary of Catcha Digital (S) which in turn is a wholly-owned subsidiary of Catcha Media Holdings.

As at the LPD, Catcha Media Holdings vide its subsidiary company, Catcha Digital (M) has an associate company, which is Catcha Lifestyle.

### 5.7 Information on Catcha Digital (S)

#### 5.7.1 Background and history

Catcha Digital (S) was incorporated in Singapore under the laws of Singapore on 19 March 2009 as a private limited company under its present name. On 23 March 2009, Catcha Digital (S) together with Catcha Group (S) and Catcha Media Holdings entered into the SAA with Microsoft for a period of five (5) years which can be extended for another five (5) years.

On 19 May 2010, Catcha Digital (S) disposed its entire equity interest in Catcha Digital (M) to Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) for a cash consideration of RM2.

On 1 June 2010, Catcha Holding Company Sdn Bhd (then known as Catcha Media Sdn Bhd) disposed its entire equity interest in Catcha Digital (M) to Catcha Digital (S) for a cash consideration of RM1.

Catcha Digital (M) was transferred to Catcha Holding Company Sdn Bhd to align the Malaysian businesses of Catcha Media under a single entity. Subsequently, Catcha Digital (M) was transferred back to Catcha Digital (S) as the management realised that the SAA was signed with Catcha Digital (S) with Catcha Digital (M) as the operating entity of Microsoft's Online Property in Malaysia.

### 5.7.2 Principal activity and products/services

Catcha Digital (S) is principally a holding company.

### 5.7.3 Substantial shareholder

As at the LPD, Catcha Digital (S) is a wholly-owned subsidiary of Catcha Media Holdings which in turn is our wholly-owned subsidiary.

### 5.7.4 Share capital and changes in share capital

As at LPD, the authorised and issued and paid-up share capital of Catcha Digital (S) are as follows:

| | Number of shares | Par value (SGD) | Amount (SDG) |
|---|---|---|---|
| Authorised | * | * | * |
| Issued and fully paid-up | 2 | * | 2 |

*Note:*

* *Not applicable. The concept of par value and authorised capital was abolished in Singapore since 31 January 2006.*

There has been no change in the issued and paid-up share capital of Catcha Digital (S) since its date of incorporation.

As at 14 June 2011, there are no outstanding warrants, options, convertible securities or uncalled capital in Catcha Digital (S).

### 5.7.5 Subsidiary and associate

As at the LPD, Catcha Digital (M) is a wholly-owned subsidiary of Catcha Digital (S).

As at the LPD, Catcha Digital (S) vide its subsidiary company, Catcha Digital (M) has an associate company, which is Catcha Lifestyle.

## 5.8 Information on Catcha Digital (M)

### 5.8.1 Background and history

Catcha Digital (M) was incorporated in Malaysia under the Act on 28 June 2005 as a private limited company under the name of Catcha TV Sdn Bhd. It subsequently adopted its present name on 2 April 2009.

On 28 June 2006, Patrick Y-Kin Grove and Christopher Reilly Callahan transferred their interest in Catcha Digital (M) to Catcha Group (S) for no consideration.

On 21 March 2007 and 18 June 2007, Catcha TV Sdn Bhd (now known as Catcha Digital (M)) acquired in aggregate 40,000 ordinary shares of RM1.00 each in Ailligent Sdn Bhd (now known as iProperty.com Malaysia Sdn Bhd), the owner of the iProperty.com.my website, for an aggregate consideration of RM0.45 million. The 40,000 ordinary shares of RM1.00 each in Ailligent Sdn Bhd was later disposed for RM2 to iProperty Group Asia Pte Ltd, a subsidiary of IPGA Limited, on 10 August 2007 and became an integral part of IPGA Limited, listed by Catcha Group (S) on the Australian Securities Exchange in September 2007.

In September 2009, Catcha Digital (M) entered into an exclusive sales agreement with Vijandren Ramadass, the owner and operator of Lowyat.net website granting it the exclusive rights to sell Advertising Space on the Lowyat.net website. Catcha Group (S) entered into an exclusive marketing agreement with Vijandren Ramadass to provide strategic advice relating to improvements to the Lowyat.net website by advising Vijandren Ramadass on ways to grow the audience of Lowyat.net by way of marketing, new content channel and features, and growing Lowyat.net's revenue by way of introducing new products such as advertising options on the website that can be sold to advertising agencies and/or brand owners. In January 2010, Catcha Group (S) assigned the exclusive marketing agreement to Catcha Digital (M).

### 5.8.2 Principal activity and products/services

Catcha Digital (M) is principally involved in advertising and internet media.

### 5.8.3 Substantial shareholders

As at the LPD, Catcha Digital (M) is a wholly-owned subsidiary of Catcha Digital (S), a wholly-owned subsidiary of Catcha Media Holdings, which in turn is our wholly-owned subsidiary.

### 5.8.4 Share capital and changes in share capital

As at the LPD, the authorised and issued and paid-up share capital of Catcha Digital (M) are as follows:

| | Number of shares | Par value (RM) | Amount (RM) |
|---|---|---|---|
| Authorised | 100,000 | 1.00 | 100,000 |
| Issued and fully paid-up | 2 | 1.00 | 2 |

The issued and paid-up share capital of Catcha Digital (M) since its date of incorporation are as follows:

| Date of allotment | Number of shares | Par value (RM) | Consideration | Total (RM) |
|---|---|---|---|---|
| 28.06.2005 | 2 | 1.00 | Cash | 2 |

As at the LPD, there were no outstanding warrants, options, convertible securities or uncalled capital in Catcha Digital (M).

### 5.8.5 Subsidiary and associate

As at the LPD, Catcha Digital (M) has an associate company, which is Catcha Lifestyle.

## 6. OUR BUSINESS

### 6.1 Our History

Our Company is an investment holding company. Catcha Group (S) holds 81.57% equity interest in our Company. Catcha Group (S), is also the holding company for Catcha Limited (formerly known as Catcha.com Limited), which was formed in June 1999 with the aim of building the largest online search engine/Portal network in South East Asia, with local editions of the Catcha.com Portals launched in key regional markets.

The business model of Catcha.com Limited focused specifically on creating localised search engine/Portals, often in collaboration with other local internet-based and content companies, and presenting the content in a simple, uniform way to internet users in key South East Asian markets. The business further offered local and global search engine services to its users, as well as communication and community products such as free email, forums, chat and games. The profile of the business encouraged its investors, board of directors and advisors to pursue a listing on the Singapore Exchange Limited (SGX), approval for which was granted in 2000 *(Source: Catcha.com Limited's prospectus dated 12 May 2000)*.

In March of 2000, the market for internet-based businesses suffered greatly, with NASDAQ losing approximately 10.00% of its value in a five (5)-day trading period, before continuing its downward trend for the subsequent three (3) years. Such weak sentiment adversely affected Catcha.com Limited's ability to attract continued investments, and it was forced to abort its listing plans and found itself unable to raise money to continue its operations in their existing form.

In view of the above and amid concerns on the global front, the management and directors of Catcha.com Limited concluded that the best way to grow the business was to reduce the reliance on a single product (internet) and to develop new products (Publishing Business) and adopt a focus on a specific target market (i.e. audience aged eighteen (18) and twenty-nine (29) years old).

In June 2002, Catcha Limited launched Juice Magazine in Malaysia through its subsidiary Catcha.com Sdn Bhd (now known as Catcha Lifestyle), and its Publishing Business began. Several years of licence acquisition and business acquisition exercises followed in order to build the scale of our Publishing Business.

In December 2003, Catcha Lifestyle obtained the Publishing License for Stuff magazine from Haymarket Magazines Limited (currently the rights to the Publishing License of Stuff magazine resides with Haymarket Media Group Limited) for a period of five (5) years. The Publishing License of Stuff magazine has since been renewed and will expire in October 2012.

On 25 March 2004, Catcha Lifestyle was served a winding up order by the High Court of Malaya at Kuala Lumpur for an amount of RM49,001 owing to Times Offset (M) Sdn Bhd since March 2003. The amount owing to Times Offset (M) Sdn Bhd was not settled as there was a dispute on the quality of printing done by Times Offset (M) Sdn Bhd for Catcha Lifestyle. On 18 May 2004, Catcha Lifestyle received a stay order from the High Court of Malaya at Kuala Lumpur that the winding up order be stayed absolutely pursuant to Section 243 of the Act. The amount owing to the creditor was subsequently settled by Catcha Lifestyle.

In September 2004, Catcha Lifestyle obtained the Publishing License for Malaysian Evo magazine from Dennis Publishing Limited for a period of five (5) years. The Publishing License of Malaysian Evo magazine has since been renewed and will expire in September 2012.

On 12 March 2004, Catcha Group (S) was incorporated under the laws of Singapore to facilitate the management buy-out of Catcha Limited. Under the management buy-out, Catcha Group (S) acquired 58.63% equity interest in Catcha Limited and its wholly-owned subsidiaries, namely, Catcha Lifestyle, Midas Web Sdn Bhd (now known as Catcha Kids), Catcha.com Holdings Pty Limited, PT Catcha Indonesia, Catcha Dot Com Company Limited and Catcha Dot Com (Thailand) Co. Ltd.

Subsequent to the management buy-out, the following reorganisation occurred within Catcha Group (S)'s subsidiaries:

| Date | Company transferred/ disposed | Transferor | Transferee | Consideration | Notes |
|---|---|---|---|---|---|
| 28 June 2006 | Catcha Digital (M) | Patrick Y-Kin Grove and Christopher Reilly Callahan | Catcha Lifestyle | Nil | (i) |
| 12 February 2007 | Catcha Digital (M) | Catcha Lifestyle | Catcha Group (S) | RM2 | (ii) |
| 12 March 2007 | Catcha Lifestyle and Catcha Kids | Catcha Limited | Catcha Group (S) | SGD300,000 | (iii) |
| 21 April 2009 | Catcha Kids | Catcha Lifestyle | Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) | Nil | (iv) |
| 21 April 2009 | Catcha Lifestyle, Catcha Luxury and Catcha Home | Catcha Group (S) | Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) | Nil | (v) |
| 21 April 2009 | Catcha Digital (M) | Catcha Group (S) | Catcha Digital (S) | SGD1 | (vi) |
| 19 May 2010 | Catcha Digital (M) | Catcha Digital (S) | Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) | RM2 | (vii) |
| 1 June 2010 | Catcha Digital (M) | Catcha Holding Company Sdn Bhd (then known as Catcha Media Sdn Bhd) | Catcha Digital (S) | RM1 | (viii) |
| 2 June 2010 | Catcha Lifestyle, Catcha Luxury, Catcha Kids and Catcha Home | Catcha Holding Company Sdn Bhd (then known as Catcha Media Sdn Bhd) | Catcha Group (S) | RM40,475 | (ix) |

*Notes:*

*(i) On 28 June 2006, Patrick Y-Kin Grove and Christopher Reilly Callahan transferred their interest in Catcha Digital (M) to Catcha Lifestyle for no consideration.*

*(ii) On 12 February 2007, Catcha Lifestyle disposed its entire equity interest in Catcha Digital (M) to Catcha Group (S) for a cash consideration of RM2.*

*(iii) On 12 March 2007, Catcha Limited disposed its entire equity interest in Catcha Lifestyle (which included Catcha Kids as it was a wholly owned subsidiary of Catcha Lifestyle) to Catcha Group (S) for a cash consideration of SGD300,000.*

*(iv) On 21 April 2009, Catcha Lifestyle transferred its entire equity interest in Catcha Kids to Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) for no consideration.*

*(v) On 21 April 2009, Catcha Group (S) transferred its entire equity interest in Catcha Lifestyle, Catcha Luxury and Catcha Home to Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) for no consideration.*

*(vi) On 21 April 2009, Catcha Group (S) disposed its entire equity interest in Catcha Digital (M) to Catcha Digital (S) for a cash consideration of SGD1.*

*(vii) On 19 May 2010, Catcha Digital (S) disposed its entire equity interest in Catcha Digital (M) to Catcha Holding Company Sdn Bhd (then known as Catcha Media Holdings Sdn Bhd) for a cash consideration of RM2.*

*(viii) On 1 June 2010, Catcha Holding Company Sdn Bhd (then known as Catcha Media Sdn Bhd) disposed its entire equity interest in Catcha Digital (M) to Catcha Digital (S) for a cash consideration of RM1.*

*(ix) On 2 June 2010, Catcha Holding Company Sdn Bhd (then known as Catcha Media Sdn Bhd) disposed its entire equity interest in Catcha Lifestyle, Catcha Luxury, Catcha Kids and Catcha Home to Catcha Group (S) for a cash consideration of RM40,475.*

In October 2004, Midas Web Sdn Bhd obtained the Publishing License for K-Zone magazine from Pacific Publications Pty Limited (now known as Pacific Magazines Pty Limited) for a period of five (5) years. The Publishing License of K-Zone magazine has since been renewed and will expire in 2011.

In April 2005, Catcha Group (S) acquired the entire equity interest in CR Media Sdn Bhd (now known as Catcha Luxury), which obtained the Publishing License for Prestige Malaysia and Prestige Lifestyle magazines from CR Media Pte Ltd up to 31 December 2009. The Publishing License for Prestige Malaysia and Prestige Lifestyle magazines has since been renewed and will expire in December 2014.

In July 2005, Catcha Group (S) licensed Juice magazine to PT Media Satu in Indonesia, conferring upon that company the right to publish a magazine under the Juice brand in Indonesia for a period of five (5) years. Catcha Group (S) subsequently assigned the licence agreements with PT Media Satu and Juice Media Pte Ltd to Catcha Sdn Bhd (now known as Catcha Lifestyle) in February 2008. The Publishing License with PT Media Satu was renewed in 2010 and will expire in 2015.

In December 2006, Catcha Sdn Bhd (now known a Catcha Lifestyle) obtained the Publishing Licence for Malaysian Evo Supercars magazine from Dennis Publishing Limited for a period of six (6) months which was published in 2007. The Publishing Licence for Malaysian Evo Supercars was later incorporated into the Publishing Licence for Malaysian Evo magazine as a special edition.

In February 2007, Catcha Group (S) began to pursue a return to online media. Its first step was the acquisition of Ailligent Sdn Bhd (now known as iProperty.com Malaysia Sdn Bhd), the owner of the iProperty.com.my website, by Catcha TV Sdn Bhd (now known as Catcha Digital (M)). The 40,000 ordinary shares of RM1.00 each in Ailligent Sdn Bhd was later disposed in August 2007 to iProperty Group Asia Pte Ltd and became an integral part of IPGA Limited, listed by Catcha Group (S) on the Australian Securities Exchange in September 2007.

Diversified Hub Sdn Bhd (now known as Catcha Home) was incorporated in Malaysia under the Act on 18 April 2007 as a wholly owned subsidiary of Catcha Group (S) and in May 2007, Diversified Hub Sdn Bhd acquired the business and assets of Karya Universal Sdn Bhd relating to the publications of Homepride and Kitchen + Bathroom magazines and "My Home Show" event. In October 2007, Catcha Lifestyle launched Fairways magazine.

In December 2007, Catcha Group (S) licensed Juice magazine to Lumina Looque LLP in Singapore, conferring upon that company the right to publish a magazine under the Juice brand in Singapore for a period of ten (10) years, such right subsequently novated from Lumina Looque LLP to Juice Media Pte Ltd on January 2008. On February 2008, Catcha Group (S) assigned the licence agreement with Juice Media Pte Ltd to Catcha Sdn Bhd (now known as Catcha Lifestyle).

In July 2008, Catcha Lifestyle launched Clive magazine, followed by Mint magazine in March 2009 and Hanger magazine in November 2009. Performance Heroes magazine was launched in April 2010 as a special edition to the Malaysian Evo magazine and was published under the Publishing Licence with Dennis Publishing Limited for Malaysian Evo magazine which was published under the same Malaysian Evo permit granted by KDN.

In March 2009, Catcha Group (S) together with Catcha Media Holdings and Catcha Digital (S) entered into the SAA with Microsoft and in July 2009 commenced the Online Media Business for a period of five (5) years which can be extended for another five (5) years.

In September 2009, Catcha Digital (M) entered into an exclusive sales agreement with Vijandren Ramadass, the owner and operator of Lowyat.net website granting it the exclusive rights to sell Advertising Space on the Lowyat.net website. Catcha Group (S) entered into an exclusive marketing agreement with Vijandren Ramadass to provide strategic advice relating to improvements to the Lowyat.net website. Catcha Group (S) later assigned the exclusive marketing agreement to Catcha Digital (M) in January 2010 as our Promoters were realigning the business of Catcha Group (S) and with the intention to group its subsidiaries into two (2) categories of activities:

(i) Media Businesses; and

(ii) Non-Media Businesses.

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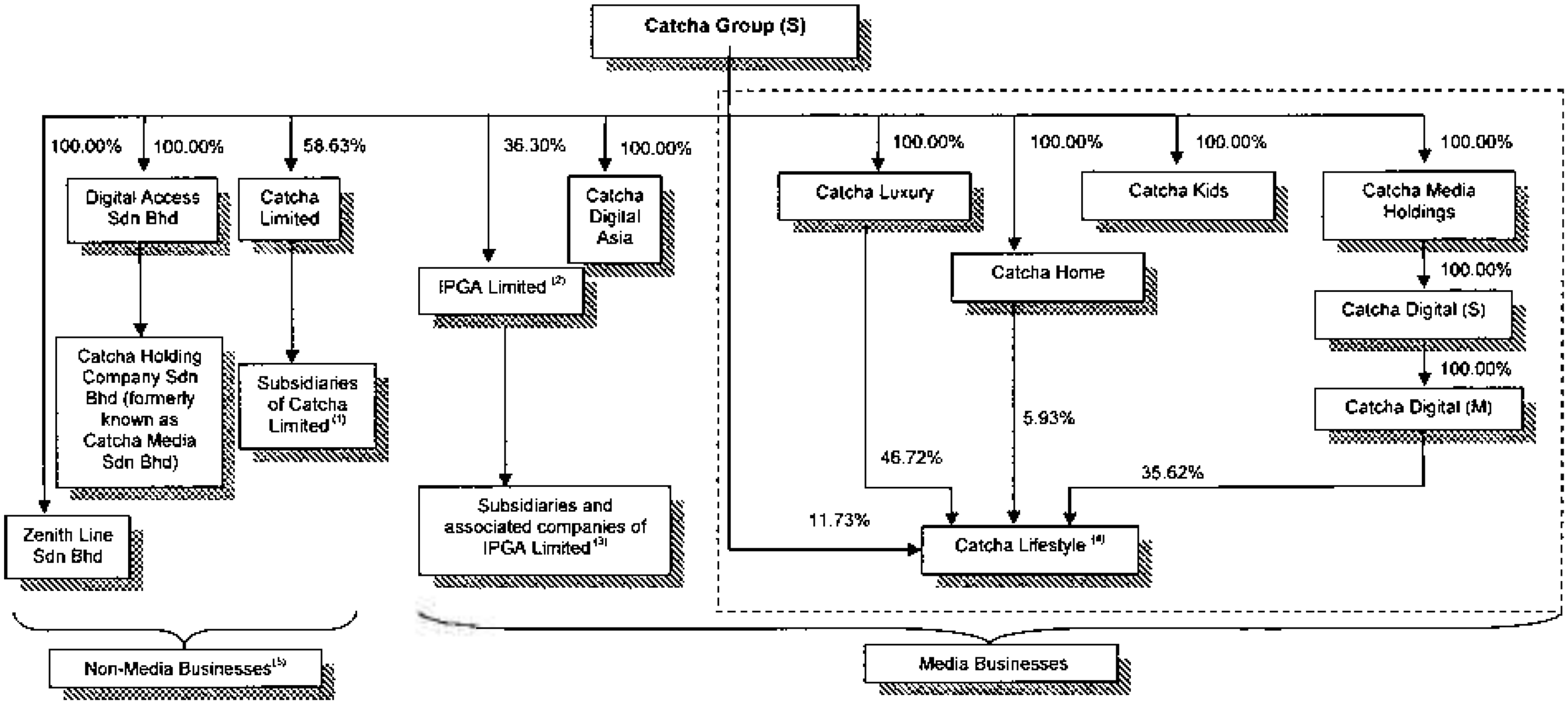
The group structure of Catcha Group (S) before the Acquisition is as follows:




*Notes:*

(1) *Subsidiaries of Catcha Limited comprised of PT Catcha Indonesia.*

(2) *IPGA Limited is an associated company of Catcha Group (S) and is listed on the Australian Securities Exchange.*

(3) *Subsidiaries of IPGA Limited comprised of iProperty Group Asia Pte Ltd, iProperty.com Malaysia Sdn Bhd, iProperty.com Events Sdn Bhd, Think Media Sdn Bhd, Info-Tools Pte Ltd, iProperty.com Singapore Pte Ltd, Finance 18.com Limited, GoHome H.K. Co. Limited, House 18 Service Limited, iProperty.com Pty Ltd and IPGA Share Plan Pty Ltd.*

(4) *Please refer to Section 5.2.3 of this Prospectus for further details of the shareholders of Catcha Lifestyle.*

(5) *All non-Media Businesses subsidiaries of Catcha Group (S) are dormant except for Zenith Line Sdn Bhd which is an online electronic retailer.*

[ ] *Companies acquired by our Company pursuant to the Acquisition.*

The return to the online business has proven effective with the successful listing of IPGA Limited in the Australian Securities Exchange and the profitability achieved arising from the Online Media Business.

In light of the achievements, Catcha Media was incorporated on 5 October 2010 as the listing vehicle and subsequently on 6 October 2010 acquired the subsidiaries from Catcha Group (S) that are involved in the Media Businesses save for Catcha Digital Asia and IPGA Limited. The subsidiaries acquired are Catcha Luxury, Catcha Home, Catcha Kids, Catcha Lifestyle and Catcha Media Holdings Group. The acquisition of these companies are based on the following:

(i) these companies form part of the Media Businesses of Catcha Group (S). The Publishing Business is synergistic with our Online Media Business as the Online Media Business are able to leverage on the contents developed by our Publishing Business and also cross-sell our Advertising Space to brand owners and/or advertising agencies between our Magazines and Online Properties;

(ii) these companies are profitable during the FPE 2010; and

(iii) save for Catcha Digital Asia and IPGA Limited group of companies, the other subsidiaries under Catcha Group (S) were not involved in the Media Businesses.

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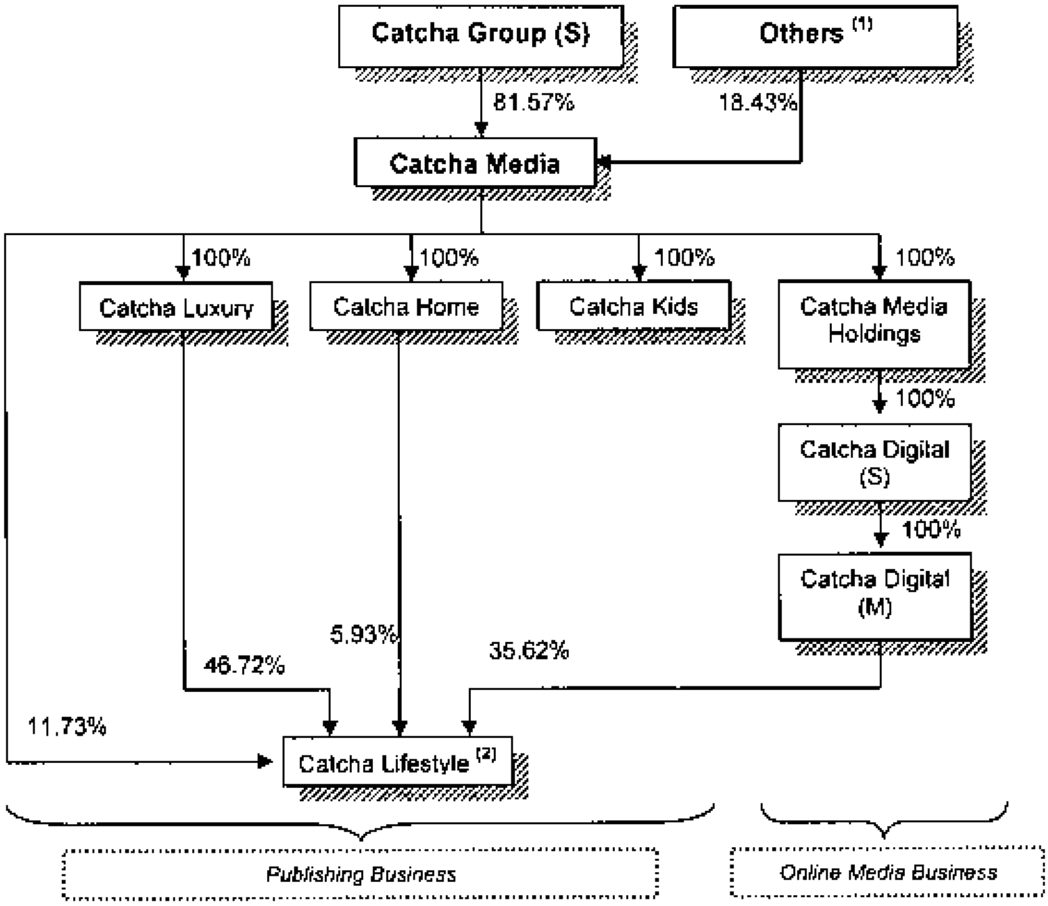
On 6 October 2010, our Company had entered into a share sale agreement with Catcha Group (S) for the Acquired Assets for an aggregate purchase consideration of RM11,000,000 fully satisfied by the issuance of 110,000,000 Catcha Media Shares. Pursuant to the Acquisition, our Group structure is as follows:




*Notes:*

(1) *Others comprised of Dato' Gan Nyap Liou, Mah Yong Sun, Comperio Investment Management Ltd, long-serving employees of our Group, key management of Catcha Group (S) and its subsidiaries and Lim Kah Wui, a founding member of Catcha Group (S) whom collectively holds 18.43% equity interest in our Group.*

(2) *Please refer to Section 5.2.3 of this Prospectus for further details of the shareholders of Catcha Lifestyle.*

Please refer to Section 9.2 of this Prospectus for further information on the Acquisition.

In November 2010, Catcha Group (S) and Catcha Lifestyle entered into a sale and purchase agreement to purchase the rights and trademarks of Juice for a cash consideration of RM2.00 million to be paid over five (5) payments up to 31 December 2011 by Catcha Lifestyle to Catcha Group (S). On 18 May 2011, our Board has resolved and agreed to the settlement of RM2.32 million due by Catcha Group (S) to our Group via netting off of RM1.50 million (being the balance amount due to Catcha Group (S) for the purchase of the rights and trademarks of Juice) and cash receipt of RM0.82 million by 15 June 2011, which has been settled.

Presently, our Group's operations comprised of two key businesses – our Publishing Business and our Online Media Business. Collectively, our Group:

(i) produces fourteen (14) Magazines in sixteen (16) editions, fourteen (14) of which are published in Malaysia, with the editions of Juice published each in Singapore and Indonesia comprising the balance; and

(ii) rights to sell Advertising Space, promote and monetise Microsoft's Online Properties in Malaysia and Lowyat.net.

## 6.2 Our Business Model and Principal Activities

**Media advertising overview**

Typically, a brand owner who is interested in running an advertising campaign targeting a specific audience or demographic segment either engage an advertising agency to manage the campaign or carry out the task itself. Either way, the brand owner or advertising agency has to fulfill the following four functions:

(i) formation of advertising objective and message;

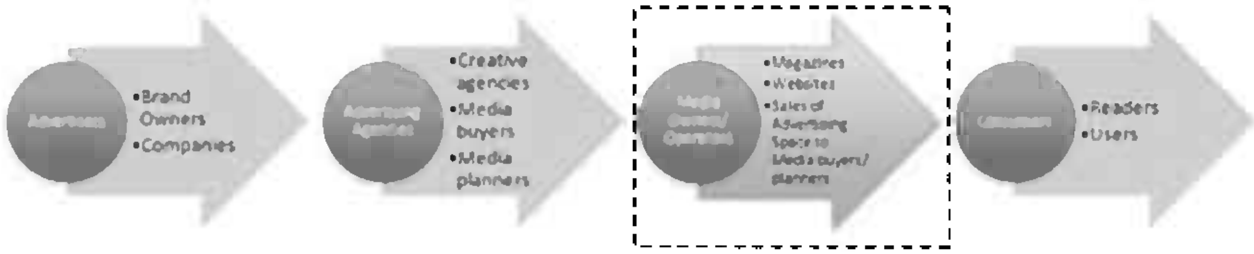
(ii) analysis of the appropriate media for advertising;

(iii) negotiation of price and calculation of expected return on investment from undertaking the chosen media approach; and

(iv) production of advertising creative.

It is possible that an advertising agency will be engaged to take responsibility for all or part of the process. After the formation of the advertising objective and the message that will be communicated, the brand owner or advertising agency would then appoint a media agency to plan and manage the ongoing campaign, including analysis as to the appropriate media and negotiation of price, followed by a determination as to expected return on advertising investment. Finally, the creative is produced in order to fit both the message and specifically for the type of media selected for the campaign.

Our Group's role as a media owner/ operator in the advertising process as described above, both for our Publishing Business and Online Media Business, would include the need to complete sales of Advertising Space and managing the delivery of the advertising campaign's creative execution to our audiences. Our position in the advertising process is depicted as follows:




*Note:*

*Our Group's business activities in the Publishing and Online Media Business.*

### 6.2.1 Business Model

Our Group operates Media Businesses. Our Group relies on advertising revenue as our primary income stream, meaning we derive our revenue from the sale of Advertising Space. Where content is created or purchased for our Media Businesses, it is with the view to attracting consumer interest and audience that will allow us to sell Advertising Space to brand owners and/or advertising agencies.

We believe that the principal growth in our Media Businesses moving forward will come from the growth in our Online Media Business.

We aim to capitalise on our established network of clients and user base in Malaysia by:

(i) leveraging on the Unique Users of the existing Online Properties (approximately 9.78 million Unique Users for the month of October 2010) *(Source: comScore, Inc. and Lowyat.net)* and moving our Magazine brands online; and

(ii) obtaining representation and sales rights for other Online Properties.

In relation thereto, our core revenue streams can be categorised as follows:

(i) Publishing Business – revenue derived from the sale of Advertising Space in our Magazines, the sale of Magazine copies, other Magazine income and licensing income; and

(ii) Online Media Business – online advertisement revenue derived from marketing and sales of Advertising Space on Online Properties and other income derived from production and development of online content.

### 6.2.2 Our Principal Activities

**(a) Publishing Business**

The Publishing Business of our Group operates traditional magazine publishing businesses, where content is produced in magazine format, the said format is then distributed to a readership group, with advertising sold to brand owners and/ or advertising agencies that appears within the pages of our Magazines. We also licenced Juice magazine to publishers in Indonesia and Singapore. Our Publishing Business consist of fourteen (14) magazines titles in sixteen (16) editions, fourteen (14) editions of which are published in Malaysia, with the editions of Juice published each in Singapore and Indonesia comprising the balance. The Publishing Business is a portfolio of magazine brands that we license from international publishers comprising Haymarket Magazines Limited, Dennis Publishing Limited, CR Media Pte Ltd and Pacific Magazines Pty Ltd, and magazine titles owned by our Group.

As at the LPD, our publishing titles are Prestige Malaysia, Juice, Stuff, Mint, Clive, Malaysian Evo, Fairways, Hanger, Homepride, Kitchen + Bathroom, Prestige Lifestyle, K-Zone, Malaysian Evo Supercars and Performance Heroes magazines.

(b) **Online Media Business**

Our Online Media Business operates to develop content for, and to sell Advertising Space, promote and monetise Online Properties for Microsoft's consumer online services in Malaysia. In addition, we also promote, sell and monetise other Online Properties in Malaysia such as Lowyat.net.

## 6.3 Our Products and Services

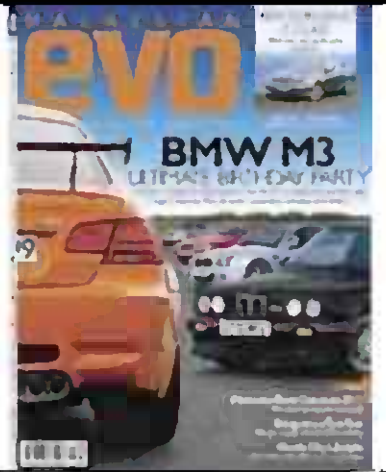
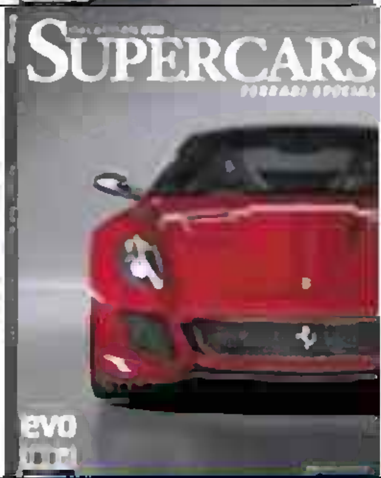
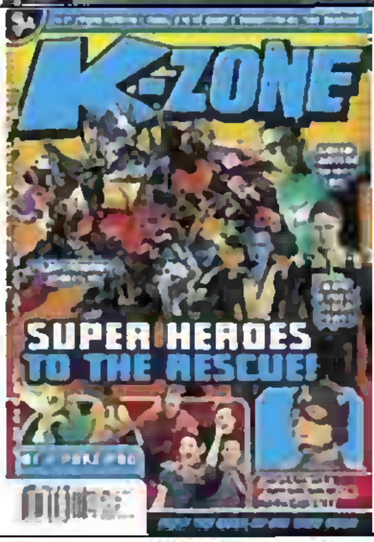
### (a) Publishing Business

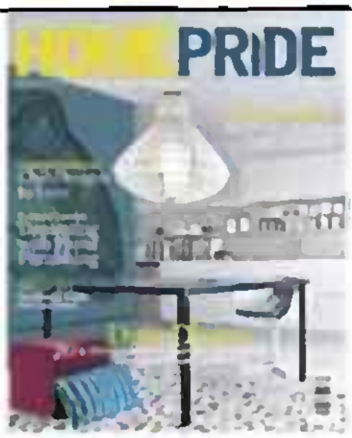
The products of the Publishing Business are Magazines, all of which offer Advertising Space for sale. The sale of Advertising Space and Magazine, inclusive of creative advertising products, Magazine-related events and Magazine subscription sales generates our Publishing Business' revenue. As at the LPD, our Magazine titles are as follows:

| Magazine Title | Magazine Cover | Description |
|---|---|---|
| Prestige Malaysia |   | Monthly luxury lifestyle magazine targeting corporate leaders, business persons and Malaysia's elite. |
| Stuff |   | Monthly gadget and digital lifestyle magazine targeting early technology adopters and enthusiasts. |

Company No. 916943-W



| Magazine Title | Magazine Cover | Description |
|---|---|---|
| Malaysian Evo |  | Monthly motoring magazine devoted to high performance and exotic cars and driving enthusiasts. |
| Malaysian Evo Supercars |  | Annual car magazine focused on covering high performance and exotic cars. |
| K-Zone |  | Monthly entertainment magazine targeting kids aged 7 to 12 years old. |

| Magazine Title | Magazine Cover | Description |
|---|---|---|
| Prestige Lifestyle |  | Annual lifestyle magazine showcasing the glamour, style and luxury worlds of Malaysia's elite. |
| Homepride |  | Home and décor magazine targeting affluent urban homeowners and interior designers. Published six (6) times a year. |
| Kitchen + Bathroom |  | Kitchen and bathroom renovation, and design magazine targeting affluent urban homeowners and interior designers. Published six (6) times a year. |

| Magazine Title | Magazine Cover | Description |
|---|---|---|
| Juice |   | Monthly free-to-reader street culture and clubbing magazine. |
| Performance Heroes |   | Annual magazine highlighting mid-range high performance cars. |
| Mint |   | Monthly entertainment and lifestyle magazine for Chinese readers. |

| Magazine Title | Magazine Cover | Description |
|---|---|---|
| Hanger |   | Street fashion magazine targeting fashion-forward opinion leaders. Published twice a year. |
| Clive |   | Monthly magazine targeting upwardly mobile and professional men. |
| Fairways |   | Free monthly golf broadsheet for golf enthusiasts. |

Our Magazines primarily generate revenue from the sale of Advertising Space to brand owners and/or advertising agencies. Our Magazines also generate revenue from the sale of Magazine copies, sale of creative advertising products, Magazine-related events, Magazine subscriptions and licensing income.

**(b) Online Media Business**

Our Group sells Advertising Space, promotes and monetises Online Properties as well as the production and development of online contents for the Online Properties based on four key areas as described below:

(i) we have approximately 9.78 million Unique Users for the month of October 2010 *(Source: comScore, Inc. and Lowyat.net)*;
(ii) we use online advertising technology that is able to host online advertisements and deliver them to users at optimum speeds. The details are set out in Section 6.10 of this Prospectus;
(iii) we use advertising targeting technology that allows brand owners and/or advertising agencies to focus their advertisements to the criteria that fit the demographic, timing, reach and frequency needs of their campaign; and
(iv) we use analytical and reporting tools that allow our Group to gauge the performance and effectiveness of an advertising campaign.

In addition to the above, our Online Media Business offers two (2) fundamental advertising options to advertising agencies and brand owners:

**(i) Cost Per Mille (CPM) advertising**

Advertisers pay a fixed amount for an advertisement served on one thousand (1,000) web pages that are loaded by users of the Online Properties. The brand owners and/ or advertising agencies are permitted to target such advertisements at increased cost by choosing the section or content area within an Online Properties where their advertisements may appear, by targeting the specific demographic group that will view the advertisement and by determining the frequency that an advertisement may be viewed by an individual user of the Online Properties.

**(ii) Cost Per Click (CPC) advertising**

CPC is also known as Pay Per Click (PPC) advertising. Brand owners and/or advertising agencies pay each time a user clicks on an advertisement to be redirected to the brand owner's specified website from Online Properties. Brand owners and/or advertising agencies do not pay a fee for the display of the advertisement, but only when the advertisement is clicked on. This system allows brand owners and/or advertising agencies to accurately measure return on investment from their advertising and to manage performance of advertising campaigns relative to budget.

## 6.4 Seasonality/Cyclical Effects

Our businesses are subject to the normal seasonality associated with Media Businesses, including generally lower financial performance in the first quarter of any calendar year, with particular weakness in January and February as a result of reduced work days arising from the festive holidays.

### 6.5 Our Strengths

We believe there are four (4) key requirements that must be met for our business to succeed and that we have competitive strength in each of the four (4) key areas:

**(a) Internet expertise**

Given that we expect our Group's growth to come primarily from our Online Media Business, we believe success requires wide-ranging internet and online business expertise and a strong foothold in the internet space in Malaysia. Our Directors believe that traditional media companies may encounter difficulty transitioning their business models into the new online media paradigm, as they continue to pursue traditional media models in a rapidly changing media world, particularly as online media Adex has shown an increasing trend from approximately RM45.73 million for 2007 to approximately RM93.90 million for 2010 *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*.

As at the LPD, we exclusively operate, develop content for, sell Advertising Space, promote and monetise Microsoft's Malaysian consumer online services. This consumer online services includes, the MSN Malaysia portal (msn.com.my), Windows Live Messenger and Windows Live Hotmail. We also exclusively sell Advertising Space, promote and monetise on Lowyat.net.

In addition to the above, our Management has an internationally proven track record in managing internet-based businesses. Our Chief Executive Officer, Kensuke Tsurumaru and Non-Independent Non-Executive Director, Patrick Y-Kin Grove are founders of our Group and each have more than a decade of experience in internet-based business in South East Asia.

Patrick Y-Kin Grove and Kensuke Tsurumaru were principal shareholders of Catcha.com Limited (currently known as Catcha Limited) which was given the approval to list in Singapore Exchange Limited in the year 2000. The listing did not materialize as a result of the unfavourable market condition.

Patrick Y-Kin Grove is currently the Deputy Chairman of IPGA Limited, a company listed in the Australian Securities Exchange and an associate company of Catcha Group (S) which operates amongst others, the iProperty.com websites and has presence in Singapore, Malaysia, Hong Kong, Australia and Phillipines.

Kensuke Tsurumaru was the Chief Executive Officer of IPGA Limited from February 2007 until January 2010.

**(b) Local content**

We believe local content is critical when it comes to capturing the mindshare of the local audience. Local content also allows brand owners and advertising agencies contextual placement (e.g. putting an advertisement of motor oil together with an article of a car engine) for their brand advertisements

As at LPD, our Group has more than forty (40) local employees dedicated to content development and creation, as well as a library of local content created over the past eight (8) years. In addition, we also purchase local content from third party content providers when necessary.

## 6. OUR BUSINESS (Cont'd)

### (c) International alliances

We believe that the infrastructure, R&D, and technical requirements of an internet-based business often require enormous investment, knowledge and experience, the cost of which can be prohibitive. Therefore, partnering with a global player who has access to talent and technology is of advantage to any local player. We are the only Malaysian company to have an alliance with Microsoft on an exclusive basis to sell Advertising Space, promote and monetise Microsoft's Online Properties in Malaysia.

### (d) Local relationships

We have, over the years, via our Publishing Business worked closely with a plethora of local brand owners, advertising agencies and companies. We believe that having a wide base of relationships with such people and companies provides us opportunities to grow our Group's Online Media Business by extending our Publishing Business relationships with brand owners and advertising agencies to our Online Media Business.

## 6.6 Our Key Achievements/Milestones/Awards

Our key milestones over the years are as follows:

| Year | Key milestones |
|---|---|
| 2002 | Publishing Business launched in Malaysia with Juice magazine, published by Catcha.com Sdn Bhd (now known as Catcha Lifestyle) |
| 2003 | Catcha Sdn Bhd (now known as Catcha Lifestyle) obtained the Publishing Licence for Stuff magazine and launched the magazine in Malaysia |
| 2004 | ▪ Midas Web Sdn Bhd (now known as Catcha Kids) obtained the Publishing Licence for K-Zone magazine and launched the magazine in Malaysia<br>▪ Catcha Sdn Bhd (now known as Catcha Lifestyle) obtained the Publishing Licence for Malaysian Evo magazine and launched the magazine in Malaysia |
| 2005 | ▪ Catcha Group (S) acquired CR Media Sdn Bhd (now known as Catcha Luxury) and CR Media Sdn Bhd obtained the Publishing Licence for Prestige Malaysia and Prestige Lifestyle magazines and launched the magazines in Malaysia<br>▪ Catcha Group (S) entered into a licensing agreement with PT Media Satu for Juice magazine Indonesia and subsequently assigned the licensing agreement to Catcha Lifestyle in 2008 |
| 2006 | Catcha Sdn Bhd (now known as Catcha Lifestyle) obtained a Publishing Licence for Malaysian Evo Supercars magazine in Malaysia |
| 2007 | ▪ Diversified Hub Sdn Bhd (now known as Catcha Home) acquired the business and assets relating to Homepride and Kitchen + Bathroom magazines<br>▪ Catcha Sdn Bhd (now known as Catcha Lifestyle) launched Fairways magazine<br>▪ Catcha Group (S) entered into a licensing agreement with Lumina Looque LLP, subsequently novated to Juice Media Pte Ltd, for Juice magazine Singapore and subsequently assigned the licensing agreement to Catcha Lifestyle in 2008<br>▪ Catcha Sdn Bhd (now known as Catcha Lifestyle) launched Malaysian Evo Supercars magazine in Malaysia<br>▪ Silver Award from the Magazine Publishers Association, Malaysia (MPA) Magazine Awards '07 for Best Cover Design for Malaysian Evo magazine for the niche english magazine segment<br>▪ Bronze Award from the MPA Magazine Awards '07 for Best Cover Design for K-Zone magazine for the general english magazine segment |

(Cont'd)

| Year | Key milestones |
|---|---|
| 2008 | ▪ Catcha Sdn Bhd (now known as Catcha Lifestyle) launched Clive magazine<br>▪ Gold Award from the MPA Magazine Awards '08 for Best Cover Design for Juice magazine for the entertainment/music english magazine segment |
| 2009 | ▪ SAA entered into between Microsoft and Catcha Group (S), Catcha Media Holdings and Catcha Digital (S). Catcha Digital (M) established as a result of the SAA<br>▪ Catcha Sdn Bhd (now known as Catcha Lifestyle) launched Mint magazine<br>▪ Catcha Lifestyle launched Hanger magazine<br>▪ Catcha Digital (M) obtained an exclusive rights to sell the Advertising Space of Lowyat.net<br>▪ Catcha Group (S) obtained exclusive rights to provide marketing and strategic assistance to Lowyat.net. This exclusive rights was subsequently assigned to Catcha Digital (M) in 2010 |
| 2010 | ▪ Catcha Lifestyle launched Performance Heroes magazine, as a special edition to Malaysian Evo magazine<br>▪ Catcha Lifestyle entered into a licensing agreement with PT Media Satu Global for Juice magazine Indonesia<br>▪ Gold Award from the MPA Magazine Awards '10 for Best Cover Design for Homepride magazine in home/lifestyle english magazine segment<br>▪ Bronze Award from the MPA Magazine Awards '10 for Best Cover Design for Juice magazine for the entertainment/music english magazine segment<br>▪ Gold Award from the MPA Magazine Awards '10 for Best Cover Design for Mint magazine for the lifestyle/entertainment chinese magazine segment |

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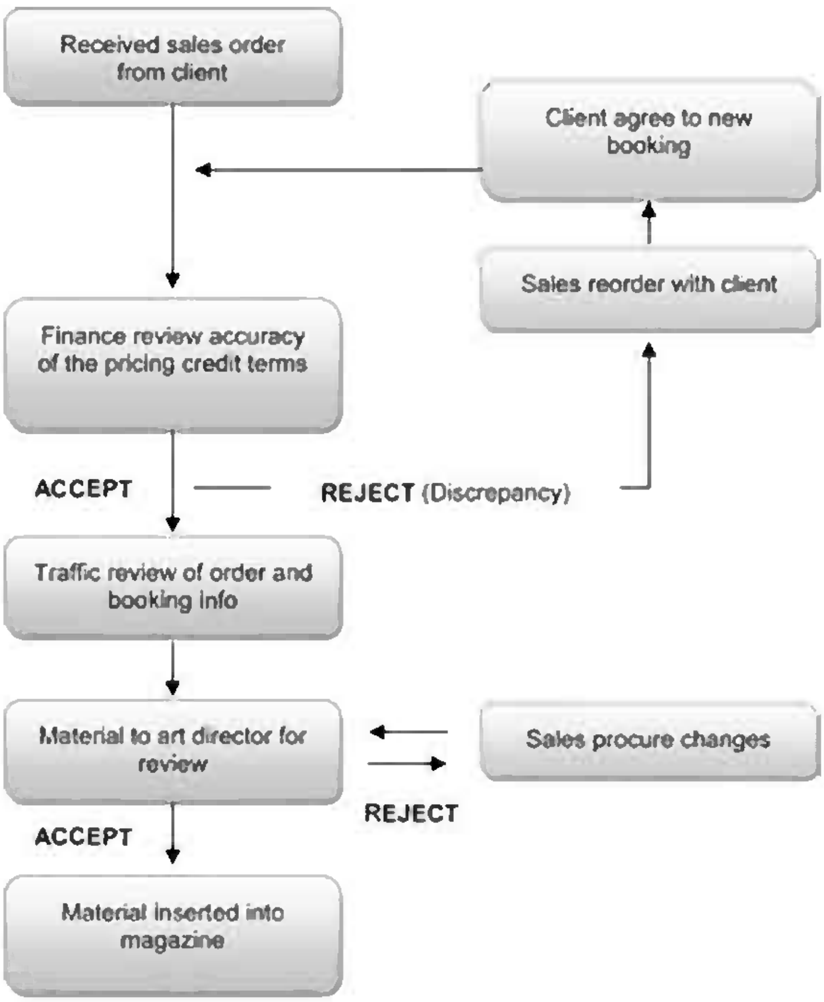
## 6.7 Process Flow

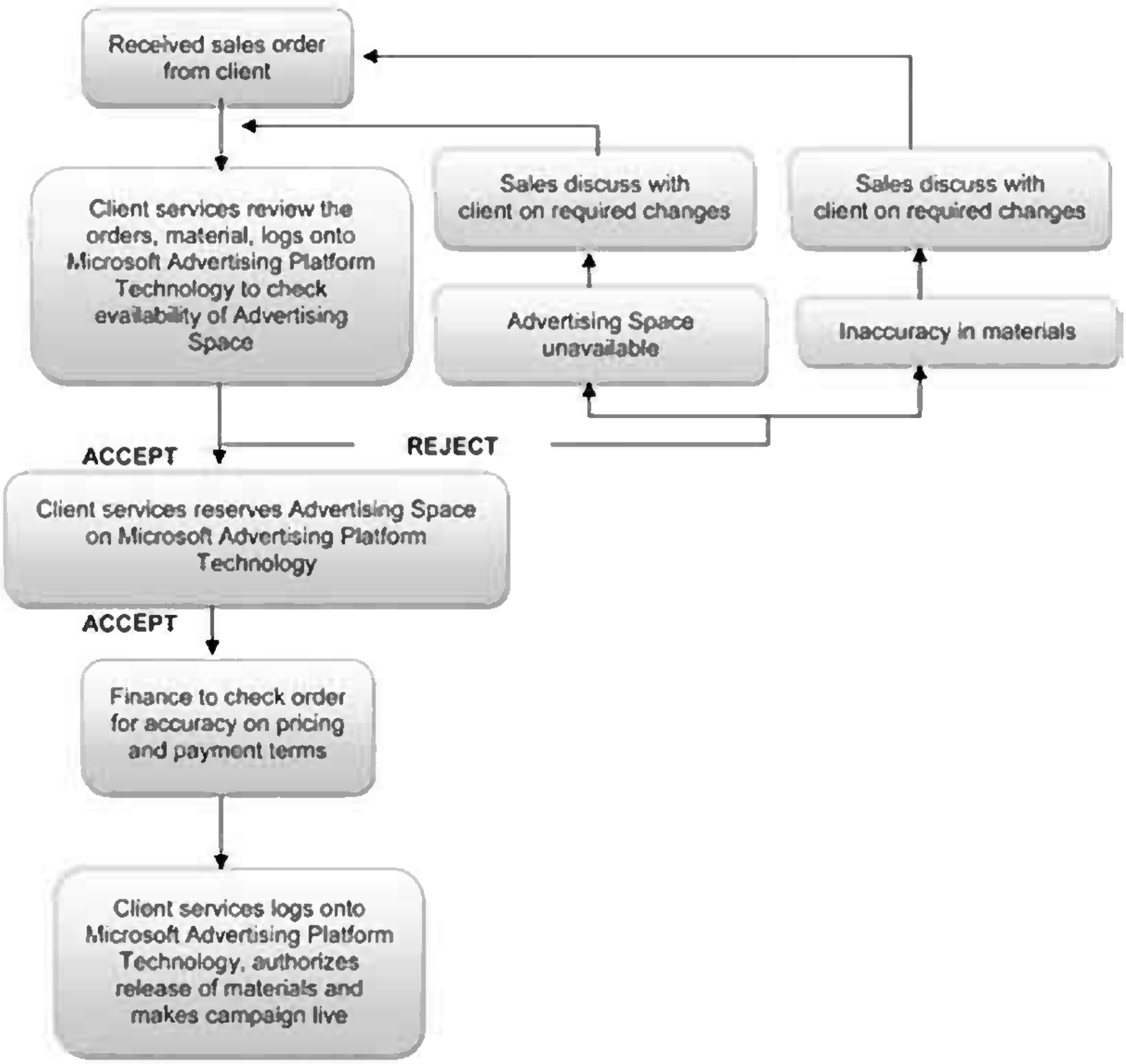
### (a) Magazine advertisement

Our Publishing Business' magazine advertisement process flow sees us receive an order for a magazine advertisement from a brand owner or advertising agency. Our finance department reviews this order and makes a determination as to whether the pricing and credit terms are correct. In the event that there are any problems with the advertisement order, the finance department rejects the order and returns it to the relevant advertising sales representative who renegotiates the order with the brand owner or advertising agency before resubmitting the order to the finance department. Once the order is accepted by the finance department, a copy of the order is passed to the traffic department, which is the department responsible for the positioning of advertisements within the pages of our Magazines. Prior to printing, the advertising materials are sent to the art director who will check the quality of the materials to determine their suitability for printing. In the event that there are problems with the materials, they are returned to the brand owner or advertising agency by the relevant advertising sales representative who will work with them to procure the necessary changes. Once the advertising materials are accepted, they are inserted by the art director into the relevant page position in the Magazine, as booked by the traffic department. This process is illustrated below:



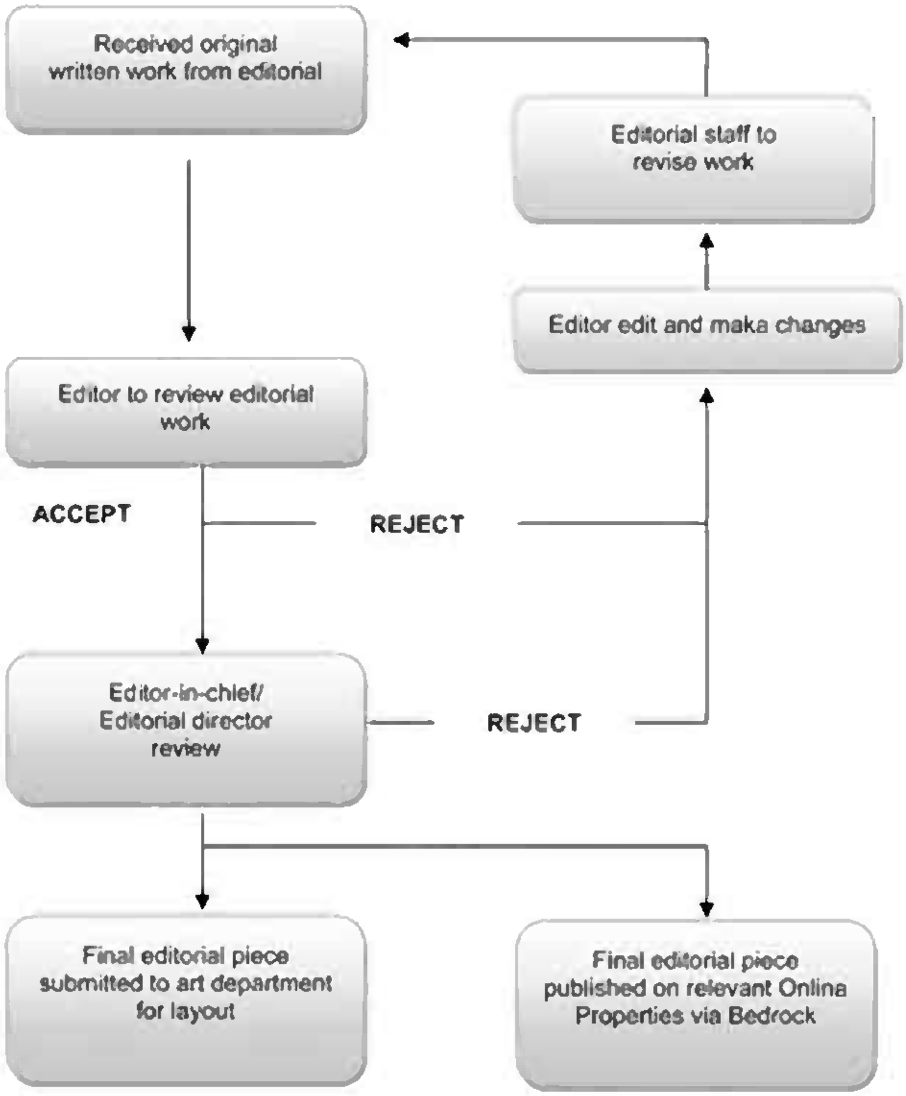
**(b) Online advertisement**

The online advertisement process flow sees us receive an order for an online advertisement from a brand owner or advertising agency. Our client services department reviews this order, logs into the Microsoft Advertising Platform Technology to check whether the Advertising Space requested as per the order is available, or whether it has already been booked by another brand owner or advertising agency. The client services department will also check whether the advertising materials are in the file format required to display correctly on the Online Properties. In the event of failure in either regard, the advertising sales representative discusses the required changes with the brand owner or advertising agency who then re-orders the Advertising Space based on their adjusted requirements or based on recommendations as to what Advertising Space is available, or re-submits their advertising materials. Once accepted by our client services department, the Advertising Space is reserved utilizing the Microsoft Advertising Platform Technology, meaning no other brand owner or advertising agency will be able to book that same Advertising Space. A copy of the online advertising order is then sent to the finance department who reviews this order and makes a determination as to whether the pricing and credit terms are correct. Once accepted by the finance department, our client services department logs into the Microsoft Advertising Platform Technology once more and authorizes the release of the advertisement materials to display on the reserved Advertising Space on the Online Properties and the campaign is live. This process is illustrated below:



(c) **Editorial content – Magazines and Online Properties**

The editorial content process flow is identical for both our Magazines and Online Properties, save for the final publishing of content for Microsoft's Online Properties in Malaysia, which is conducted by way of Bedrock. For content for either Magazines or Online Properties, editorial work is received from editorial staff by the relevant editor who makes any necessary changes or requests for amendment and returns the editorial work to the editorial staff member. Once the editor is satisfied to accept the work, the editorial work is passed to either the editor-in-chief or the editorial director for a final review. If the editor-in-chief or editorial director request further changes, the editorial work is returned to the editor. Once accepted, the editor-in-chief or editorial director either publish the work immediately to Microsoft's Online Properties in Malaysia via Bedrock (in the case of the Online Properties), or deliver the final work to the art director (in the case of a Magazine). This process is illustrated below:



## 6.8 Our Production/Operating Capabilities and Output

As at the LPD, our production capabilities and output are entirely human-based and depend upon the quantum and quality of human resources available. Hence the production capability and output is not applicable to our business.

## 6.9 Types, Sources and Availability of Resources

The resources of our Media Businesses are entirely human-based except for printing-related resources required for our Publishing Business, all of which are managed, sourced and handled by our printing suppliers. Thus far, we have not experienced any shortage in sourcing our Magazines' printing requirements.

## 6.10 Technology

The key technology used for the operation of our Media Businesses is set out below:

### (a) Publishing Business

AJAX

AJAX (Asynchronous JavaScript and XML) is a group of interrelated web development techniques used for creating interactive web applications. A primary AJAX characteristic is the increased responsiveness and interactivity of web pages achieved by exchanging small amounts of data with the server "behind the scenes" so that the entire web page does not have to be reloaded each time the user performs an action. This increases the web page's interactivity, speed, functionality and usability.

Flash

Flash is a software for creating animations and movies commonly used for display on a website. We use this software to create and present animated elements on the Online Properties.

Hypertext Preprocessor (PHP)

PHP is a widely used, general-purpose scripting language that was originally designed for web development, in order to produce dynamic web pages. It can be embedded into Hypertext Markup Language (HTML), the core computer language of the internet and generally runs on a web server, which needs to be configured to process PHP code and create web page content from it. Our Group uses PHP for the creation of websites for our Publishing Business.

Wordpress

Wordpress is an open source content management system powered by PHP and MySQL web database software. It allows users to create, publish and manage content on the internet. Our Group uses Wordpress for the management of content for our Publishing Business' websites.

Google Analytics

Google Analytics is a web analytics and traffic measurement solution that gives insights into website traffic and marketing effectiveness. It allows users to analyse traffic data on websites and creates reports on traffic patterns and modes of use. Our Group uses Google Analytics to analyse our Publishing Business' websites and Lowyat.net's website traffic.

**(b) Online Media Business**

Our Online Media Business uses the following licensed technology from Microsoft pursuant to the SAA and the License and Services Agreement:

**(i) Content Management System**

Bedrock

Bedrock is the content management system used by our Online Media Business to publish content onto Microsoft's Online Properties in Malaysia. Catcha Digital (M) uses Bedrock to manage the structure of web pages (i.e., web page templates) that comprise content channels, select, write, edit and publish content articles to Microsoft's Online Properties in Malaysia.

Shuttle

Shuttle is a content feed management system that accesses, formats, converts, and integrates third-party content feeds into the web page templates managed by Bedrock. Content providers upload content to a File Transfer Protocol (FTP) server in a format consumable by Shuttle. Shuttle then converts the uploaded content into a format that can be published, without further structural revision, by Bedrock. Our Online Media Business utilizes Shuttle to integrate content developed by our Group or by third-parties into Microsoft's Online Properties in Malaysia.

Omniture

Omniture is a suite of third-party tools, which Microsoft has extended for our usage. Omniture provides web analytics to measure usage of various web properties. Our Group uses Omniture to analyse traffic and usage data pertaining to Microsoft's Online Properties in Malaysia.

**(ii) Microsoft Advertising Platform Technology**

Ad Expert 4.5

Ad Expert 4.5 is a predictive tool for the management of Advertising Space for any Online Properties. Our Group uses Ad Expert 4.5:

(a) to predict and review Advertising Space for any Online Properties;
(b) to plan, price, and reserve Advertising Space for any Online Properties;
(c) to review advertisements for any Online Properties before submission to Microsoft;
(d) to submit Advertising Space bookings for any Online Properties to Microsoft for approval; and
(e) to report on advertising campaign performance on the Online Properties.

Atlas

Atlas is a tool used to manage advertising campaigns for any Online Properties. Once Microsoft approves an Advertising Space booking made by us for any Online Properties, we will upload the advertising materials to Atlas which will then display the advertising materials according to the Advertising Space booking made using Ad Expert 4.5.

## 6.11 Quality Assurance Management

We place emphasis on quality service. We have established and implemented stringent quality control measures at various stages of both the content development and sales cycles. This is reflected by the following approaches that we adopt in our operations.

### (i) Publishing Business

(a) Content - Our editorial teams will ensure content is passed from writer to section editor to editorial director or editor-in-chief, with either editorial directors or editors-in-chief signing off on content to be published in our Magazines;

(b) Advertising bookings - All bookings pass from advertising sales personnel to the finance department, which manually issues bookings in respect of advertisements, requiring the double checking and confirmation of advertising intention and contracted amounts; and

(c) Advertising materials - Advertising materials must pass through both an internal art director and thence the publication's print suppliers own quality control process in order to confirm suitability for printing and purpose.

### (ii) Online Media Business

(a) Content - Our editorial teams will ensure content is passed from writer to section editor to editor–in-chief, with the editor-in-chief signing off on content to be published to an Online Properties;

(b) Advertising materials - Prior to the publication of an advertisement on any Online Properties, the advertising materials are required to pass a software check instituted by the Microsoft Advertising Platform Technology. This check confirms the appropriateness of the advertising materials for the Online Properties; and

(c) Advertising tracking - Occasional test checks are done throughout the duration of an advertising campaign to ensure that the advertisement is displaying and being properly tracked by the Microsoft Advertising Platform Technology. Any abnormality will be directed to Microsoft's technical team.

## 6.12 Approvals, Major Licences and Permits

Details of the approvals that we have obtained for the Listing from the relevant authorities, together with the conditions imposed by these authorities and status of compliance, are set out in Section 9.6 of this Prospectus.

We are currently operating under the following approvals, licences and permits:

| Name of subsidiary | Authority | Date of commencement/ (Expiry date) | Licences/permits/approvals | Equity conditions and other major conditions attached | Status of compliance |
|---|---|---|---|---|---|
| Catcha Lifestyle | KDN | 23 July 2010 / (22 July 2011) | Clive magazine publication<br>Permit no.: PP15887/07/2011 (028138) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | Malaysian Evo magazine publication<br>Permit no.: PP14110/08/2011 (028533) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | Malaysian Evo Supercars magazine publication<br>Permit no.: PP16896/08/2011 (028536) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | Fairways magazine publication<br>Permit no.: PP15436/08/2011 (028538) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | JUICE magazine publication<br>Permit no.: PP12397/08/2011 (028537) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | Stuff magazine publication<br>Permit no.: PP12111/08/2011 (028535) | Notes 1 to 14 below | Complied. |

## 6. OUR BUSINESS (Cont'd)

| Name of subsidiary | Authority | Date of commencement/ (Expiry date) | Licences/permits/approvals | Equity conditions and other major conditions attached | Status of compliance |
|---|---|---|---|---|---|
| Catcha Lifestyle | KDN | 7 September 2010 / (6 September 2011) | Mint magazine publication Permit no.: PP16235/09/2011 (028547) | Notes 1 to 14 below | Complied. |
| | KDN | 26 August 2010 / (25 August 2011) | Hanger magazine publication Permit no.: PP16968/08/2011 (028534) | Notes 1 to 14 below | Complied. |
| Catcha Home | KDN | 20 January 2011 / (19 January 2012) | HomePride magazine publication Permit no.: PP10591/01/2012 (026805) | Notes 1 to 14 below | Complied. |
| | KDN | 18 November 2010 / (17 November 2011) | Kitchen + Bathroom magazine publication Permit no.: PP14883/11/2011 (026685) | Notes 1 to 14 below | Complied. |
| Catcha Luxury | KDN | 8 October 2010 / (7 October 2011) | Prestige Malaysia magazine publication Permit no.: PP14638/10/2011 (028548) | Notes 1 to 14 below | Complied. |
| Catcha Kids | KDN | 26 August 2010 / (25 August 2011) | K-Zone magazine publication Permit no.: PP12610/08/2011 (028546) | Notes 1 to 14 below | Complied. |
| | MICA | 21 September 2010 / (25 August 2011) | K-Zone magazine publication MICA (P) 186/09/2010 | Notes a to k below | Complied. |

## 6. OUR BUSINESS (Cont'd)

| Name of subsidiary | Authority | Date of commencement/ (Expiry date) | Licences/permits/approvals | Equity conditions and other major conditions attached | Status of compliance |
|---|---|---|---|---|---|
| Catcha Digital (M) | MDeC | MSC Status dated 22 September 2010 | Certification of MSC Status for the following qualifying activities:<br>1. Research, design, development and commercialisation of the following online advertising and classified solution:<br>• Digital Multimedia Advertising and Content Development Platform<br>2. Provision of implementation, technical services and maintenance related to the above mentioned solution. | Note i | Complied. Note ii |

*Notes:*

1. *The permit number shall be printed immediately below the title of the magazine;*
2. *The second page of the magazine shall print the name and address of the printer and publisher clearly and completely;*
3. *Eight (8) copies of every publication and edition of the magazines shall be forwarded to the Ministry of Home Affairs as soon as printed;*
4. *Most of the contents of the magazine shall be limited to the affairs of Malaysia;*
5. *The format of the magazine shall follow the example/"mockup" that was enclosed together with the application for this permit;*
6. *The field and contents of the magazines shall be limited to what is stated in this permit;*
7. *The magazine should not publish any material, photographs, articles or other matters which jeopadise or may jeopadise public peace, morality, safety, relationships with foreign countries or governments or which may conflict with any laws or otherwise jeopadise or may jeopardise public interest or national interest;*
8. *The magazine shall not in any way misstate facts in relation to public peace and safety events which take place in Malaysia;*
9. *The permit shall not without the prior consent of the Minister in any way transferred, assigned or otherwise placed in the control of any person other than the permit holder;*
10. *(i) If the permit holder is a partnership, no partners may be changed without the prior approval of the Ministry;*
    *(ii) If the permit holder is a company, no directors may be changed without the prior approval of the Ministry;*
11. *Permit holders shall notify the Ministry of Home Affairs of any changes to the members of the board of editors or any changes to the equity of the shareholders;*
12. *Permit holders shall adhere to and not breach any directives issued from time to time by the Home Minister;*
13. *The conditions of the permit may be amended from time to time by notice in writing from the Home Minister to the permit holder; and*
14. *This publishing permit will be automatically cancelled if there is no publication for two (2) years without notice.*

*Notes:*

a. *This permit is not transferable. It will cease to be valid in the event of any change in the Proprietor, Chief Editor, name of the newspaper, nature of contents, language or frequency;*
b. *Every change in the publisher or the printer of the newspaper described shall be notified to the Registrar of Newspapers no later than 7 days after the change has become effective;*
c. *The permit number shall be printed on the title page of every issue of the newspaper described overleaf, beneath the title of the newspaper;*
d. *If the newspaper described is printed in Singapore, any change in the financial holdings of the newspaper shall be notified to the Registrar of Newspapers within 7 days of being required to do so or such longer period as the Registrar may allow;*

e. *The first issue of the newspaper described shall commence within 3 months of the date of this permit and, thereafter, publication shall be made regularly at the intervals shown in this permit;*
f. *The newspaper described shall conform with the nature of contents submitted with the application for this permit and the relevant content guidelines attached; and*
g. *The permit holder shall, at his own expense, send 2 copies of every issue of the newspaper described overleaf to the Registrar of Newspapers immediately upon the commencement of sale or distribution of the newspaper.*
h. *Section 10 of the National Library Board Act (Cap. 197) requires every publisher to deposit 2 copies of every publication published in Singapore with the National Library Board, at the publisher's own expense within 4 weeks from the date of the publication.*
i. *If the newspaper described is printed in Singapore, the names of the printer and the publisher shall be printed legibly on the first and last printed leaf as required under section 5(1) of the Newpaper and Printing Presses Act.*
j. *If the newspaper described is printed in Malaysia, its publication, sale or distribution in Singapore as authorised by this Permit is conditional upon the inclusion on the first or last printed leaf of every issue of the name and address of its printer, its publisher, the place or places where it is printed and published and an address within Singapore for the service of legal process upon the printer and the publisher or of a person or persons authorised by the printer and publisher to accept service on their behalf. All this information must be printed legibly in the English or Malay language.*
k. *The grant of this Permit to the Proprietor or Chief Editor of a newspaper printed or published in Singapore does not absolve the printer and the publisher from their other obligations under the Newspaper and Printing Presses Act.*

*Note i:*

- *Any changes to the MSC qualifying activities as detailed in the business plan must receive the prior consent of MDeC.*
- *The MSC status company shall commence operations within six (6) months from the date of the approval letter and undertake the qualifying activities within six (6) months from the date of the approval letter.*
- *Locate the implementation and operation of the MSC qualifying activities in a designated premise in an MSC Malaysia Cybercentre with minimum office space of 2,000 sq ft by 22 March 2011. The MSC status company shall obtain MDeC's prior written approval in the event of any changes in the location or address of the company,*
- *Ensure that at all times at least 15% of the total number of employees (excluding support staff) of the MSC status company shall be "knowledge workers" (as defined by MDeC). "Knowledge workers" shall be recruited, employed and/or appointed solely for the purpose of undertaking the MSC qualifying activities. The recruitment, employment and/or appointment of foreign "knowledge workers" (if any) shall be the sole responsibility of the MSC status company and MDeC shall not be held responsible for any liability arising from such recruitment, employment and/or appointment;*
- *Ensure that any products produced pursuant to the MSC qualifying activities are original, and that no part or portion of such product is an infringement or violation of any intellectual property or any proprietary rights of any third party, or constitutes a misappropriation of know-how belonging to any third party;*
- *Submit to MDeC a copy of the MSC status company's annual report and audited statements in parallel with submission to the Companies Commission of Malaysia;*
- *Ensure that all information and/or documents furnished by the MSC status company to MDeC or any other authority or agency do not contain any false, untrue or inaccurate statements or omit to state any facts, the omission of which would make any statements made therein in the light of the circumstances under which they are made, misleading;*
- *Inform and obtain in the prior approval of MDeC for any proposed change in the name of the MSC status company;*
- *Inform MDeC of any change in the equity structure or shareholding structure of the MSC status company, or such other changes that may affect the direction or operation of the MSC status company. MDeC must be informed of any change before steps are taken to effect such change.; and*
- *Comply with all such statutory, regulatory and/or licensing requirements as may be applicable, including but not limited to the Transfer Pricing Guidelines issued by the Inland Revenue Board of Malaysia on 2 July 2003, and such amendments as may be applicable from time to time.*
- *The MSC status granted to the MSC status company shall not be transferable or assignable in any way whatsoever without the prior written consent of MDeC.*

*Note ii:*

*On 20 December 2010, MDeC has written to Catcha Digital (M) to acknowledge the change of the equity structure arising from our IPO.*

## 6.13 Our Brand Names, Patents, Trademarks, Technical Assistant Agreement, Francisees and Intellectual Property Rights

Our Directors have confirmed that our business operation is not trading under any trademark, other than the trademarks as disclosed below. As at the LPD, we have filed for the registration of the following trademarks with the relevant authorities in Malaysia where the certificates of registration are pending:

| Logo | Trademark application no. | Application date | Country of registration | Authority/ Regulatory guidelines | Description of trademark |
|---|---|---|---|---|---|
| JUICE | 2010021179 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |
| Mint | 2010021182 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |
| HANGER | 2010021178 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |
| CLIVE | 2010021177 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |

**6. OUR BUSINESS (Cont'd)**

| Logo | Trademark application no. | Application date | Country of registration | Authority/ Regulatory guidelines | Description of trademark |
|---|---|---|---|---|---|
| FAIRWAYS | 2010021180 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |
| homepride stylish living in urban homes | 2010021181 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |
| The Complete KITCHEN+ BATHROOM Magazine | 2010021183 | 4 November 2010 | Malaysia | Intellectual Property Corporation of Malaysia | Class 16 |

*Note:*

*For the purposes of registration of trade marks in Malaysia, the applicant for the trade mark must specify the goods or services in which the trademarks will be used. Goods and services are classified in accordance with the International Classification of Goods and Services for the Purposes of the Registration of Marks (***"Nice Classification"***) established pursuant to the Nice Agreement of 15 June 1957. There are 45 classes of goods and services under the Nice Classification. Class 16 is for registration relating to paper, goods made from that material and office requisites. As our applications for trade marks as set out above are registered for magazines, hence they are classified under Class 16.*

Save as disclosed above, we do not have any other brand names, patents, trademarks, technical assistant agreements, franchisees and other intellectual property.

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## 6.14 Dependency on any Contract, Arrangement, Document or Other Matter

### (a) Dependency on patents and intellectual property rights

Save for the trademarks for which we have applied as disclosed in Section 6.13 of this Prospectus and the intellectual property rights granted under the Licence and Services Agreement, and Content Licence Agreement, our Group is not dependent on any patents or intellectual property rights for our business operations. The salient terms of the Licence and Services Agreement, and Content Licence Agreement are as follows:

| Subsidiary: | Counterparty: | Nature of contract/Scope: |
|---|---|---|
| Catcha Digital (S) | Microsoft | ▪ **Microsoft License and Services Agreement dated 23 March 2009 between Catcha Digital (S) and Microsoft valid until the termination of the SAA**<br><br>Microsoft grants our Company's subsidiary, Catcha Digital (S) (with the right to sub-licence to Catcha Digital (M) only):<br>(a) rights to operate and market, and sell advertising for Microsoft's Online Properties in Malaysia;<br>(b) rights to use Microsoft Advertising Platform Technology for the sale and service of advertisements in Malaysia on Online Properties in Malaysia;<br>(c) rights to use Bedrock for managing and publishing content onto Microsoft's Online Properties in Malaysia; and<br>(d) rights to use Microsoft's trademarks, logos and names for the sole purpose of marketing Microsoft's Online Properties to users in Malaysia.<br><br>This agreement may be terminated upon the following:<br>(a) material breach of any provision of the agreement; and<br>(b) in the event of termination of the SAA |
| Catcha Digital (S) | Microsoft | ▪ **Microsoft Content License Agreement dated 23 March 2009 between Catcha Digital (S) and Microsoft valid until the termination of the SAA**<br><br>Microsoft grant our Company's subsidiary, Catcha Digital (S) (with the right to sub-licence to Catcha Digital (M) only):<br>(a) rights to reproduce, modify, promote, display, distribute, broadcast and transmit Microsoft's content on Microsoft's Online Properties in Malaysia; and<br>(b) rights to sub-license Microsoft's content.<br><br>This agreement may be terminated upon the following:<br>(a) material breach of any provision of the agreement; and<br>(b) in the event of termination of the SAA |

### (b) Dependency on major licences

Save for the permits disclosed in Section 6.12 of this Prospectus and the licences granted under the Licence and Services Agreement, and Content Licence Agreement, salient terms of which are described in Section 6.14(a) above, our Group is not dependent on any other major licences, permits and registrations for our business operations other than our Publishing Licences, the salient terms of which are disclosed below:

| Subsidiary: | Counterparty: | Nature of contracts/Scope: |
|---|---|---|
| Catcha Lifestyle | Dennis Publishing Limited | ▪ **Catcha Lifestyle entered into a licence agreement dated 17 August 2009 with Dennis Publishing Limited for a period of three (3) years commencing from 30 September 2009 which may be extended for an additional three (3) years**<br><br>Dennis Publishing Limited grants Catcha Lifestyle the following in consideration for an annual royalty payment set against a minimum annual guarantee:<br>(a) publish Evo magazine in Malaysia;<br>(b) save for the restricted materials which requires clearance from third parties and Dennis Publishing Limited, we are allowed to use content from the United Kingdom edition of Evo, including without limitation all text, screen-grabs, photographs, graphics and illustrations which are commissioned and controlled by Dennis Publishing Limited and in which the copyright is owned or controlled by Dennis Publishing Limited; and<br>(c) publish a one-off special "Best of" editions of Malaysian Evo magazine.<br><br>This licence agreement may be terminated, amongst others, upon the following:<br>(a) material breach of any provision of the agreement;<br>(b) in the event of any winding up or insolvency proceedings against Catcha Lifestyle;<br>(c) in the event the licensor decides to discontinue the UK edition of the magazine;<br>(d) in the event of certain alteration in the share structure of Catcha Lifestyle; and<br>(e) failure to publish Malaysian Evo magazine for two (2) consecutive month. |
| Catcha Lifestyle | Haymarket Magazines Limited | ▪ **Catcha Sdn Bhd (now known as Catcha Lifestyle) entered into a licence agreement dated 30 October 2007 with Haymarket Magazines Limited for a period of five (5) years**<br><br>Haymarket Magazines Limited grants Catcha Lifestyle the following in consideration for a fixed monthly fee and a yearly royalty payment (payable in two (2) installments):<br>(a) the right to publish Stuff magazine in Malaysia on a monthly basis;<br>(b) the right to use the Stuff trademarks and logos to the extent necessary to publish and promote the magazine in Malaysia; and<br>(c) the right to use editorial and photographic material made available by Haymarket Magazines Limited for publication in Stuff magazine in Malaysia.<br><br>This licence agreement may be terminated, amongst others, upon the following:<br>(a) material breaches of the provisions of the agreement;<br>(b) in the event of any insolvency or similar proceedings against Catcha Lifestyle;<br>(c) in the event the licensor decides to discontinue the magazine; and<br>(d) in the event of any change of control in Catcha Lifestyle. |

| Subsidiary: | Counterparty: | Nature of contracts/Scope: |
|---|---|---|
| Catcha Luxury | CR Media Pte Ltd | ▪ **CR Media Sdn Bhd (now known as Catcha Luxury) entered into a licence agreement dated 23 April 2005 with CR Media Pte Ltd up to 31 December 2009 commencing from 1 January 2005 and automatically renewed for an additional period of five (5) years subject to certain conditions**<br><br>CR Media Pte Ltd grants Catcha Luxury the following in consideration for monthly content (syndication) fee and quarterly royalty set against a minimum annual guarantee:<br>(a) the right to publish Prestige brand of magazine in Malaysia a minimum of eleven (11) times a year;<br>(b) to right to use content made available by CR Media Pte Ltd; and<br>(c) the right to use trademarks and logos of CR Media Pte Ltd in connection with the publication, advertising and promotion of Prestige brand of magazine in Malaysia.<br><br>This licence agreement may be terminated, amongst others, upon the following:<br>(a) failure to pay amount due under the agreement in a timely manner;<br>(b) material breach of any provision of the agreement;<br>(c) in the event of insolvency of either party;<br>(d) in the event the licensor decides to discontinue the magazine;<br>(e) termination of the publication of the magazine not less than 180 days notice by Catcha Luxury to CR Media Pte Ltd; and<br>(f) in the event of certain shortfalls in meeting the minimum annual guarantee. |
| Catcha Kids | Pacific Magazines Pty Ltd | ▪ **Midas Web Sdn Bhd (now known as Catcha Kids) entered into a licence agreement dated 25 October 2004 with Pacific Magazines Pty Ltd for a period of five (5) years, subsequently extended to 30 September 2011**<br><br>Pacific Magazines Pty Ltd grants Catcha Kids the following in consideration for a monthly royalty set against a minimum monthly guarantee:<br>(a) the right to publish one edition of K-Zone magazine in Malaysia in a minimum of eleven (11) months a year;<br>(b) to right to use content, distribution plans and policies of Pacific Magazines Pty Ltd; and<br>(c) the right to use trademarks and proprietary information connected with K-Zone for the purpose of printing and distributing K-Zone magazine.<br><br>This licence agreement may be terminated, amongst others, upon the following:<br>(a) failure to preserve the goodwill/reputation of Pacific Magazine Pty Ltd or K-Zone magazine;<br>(b) material breach of any provision of the agreement; and<br>(c) in the event of any winding up or insolvency proceedings against Catcha Kids. |

**(c) Dependency on commercial and financial contracts**

Save for the Licence and Service Agreement, and Content Licence Agreement and major licences as disclosed in Section 6.14(a) and (b) above, the SAA, exclusive sales agreement and exclusive marketing agreement with Vijandren Ramadass, the owner and operator of Lowyat.net as disclosed below, our Group is not dependent on any material contracts or agreements.

| Subsidiaries: | Counterparty: | Nature of contract/ Scope: |
|---|---|---|
| Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) | Microsoft | ▪ **Strategic alliance agreement dated 23 March 2009 between Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) and Microsoft for a period of five (5) years which may be extended for an additional five (5) years; and**<br>▪ **Amended strategic alliance agreement dated 1 July 2010 and 16 August 2010 between Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) and Microsoft**<br><br>Microsoft grants Catcha Digital (S) (with the right to sub-licence to Catcha Digital (M) only) the exclusive rights to sell Advertising Space, promote and monetise the Microsoft's Online Properties in Malaysia upon the following terms:<br>(a) Catcha Media Holdings procuring the online distribution rights for content from the Magazines;<br>(b) Catcha Media Holdings ensuring it will not run a consumer online business in Malaysia that may be in competition with Catcha Digital (M);<br>(c) Catcha Media Holdings ensuring that Catcha Digital (S) and Microsoft will receive notice of any new ventures related to the business of online content distribution or aggregation, or online advertising that Catcha Media Holdings may pursue, and Catcha Digital (S) will first be offered any opportunity to represent or sell advertising on behalf of any such venture;<br>(d) Microsoft continuing to invest in content acquisition for Malaysia and development, and marketing campaigns for the Microsoft Online Properties in Malaysia;<br>(e) Microsoft hosting and supporting the technical infrastructure for the Microsoft Online Properties in Malaysia, Microsoft Advertising Platform Technology and Bedrock;<br>(f) Catcha Digital (S) and Catcha Digital (M) establishing and operating an online advertising business that sells Advertising Space of Online Properties and utilises Microsoft Advertising Platform Technology on agreed commercial terms;<br>(g) day to day management of Catcha Digital (S) and Catcha Digital (M) will be the responsibility of a General Manager. Appointment and removal of the General Manager is subject to Microsoft's prior written approval;<br>(h) Microsoft's right to approve contracts outside of the ordinary course of business in excess of specified amount and any material transactions between Catcha Digital (M) and its related parties; |

| Subsidiaries: | Counterparty: | | Nature of contract/ Scope: |
|---|---|---|---|
| Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) *(Cont'd)* | Microsoft *(Cont'd)* | (i) | Catcha Media Holdings will be responsible for management and operation of Catcha Digital (S) and Microsoft will not be involved in day to day matters. All other substantive and strategic matters will be decided by a committee whose members shall comprise of representatives from all parties to the SAA; |
| | | (j) | Catcha Digital (M) obtaining commercial general liability insurance that names Microsoft, its subsidiaries and their respective directors, officers and employees as insureds; |
| | | (k) | the revenue of Catcha Digital (M) being shared with Microsoft in an agreed manner set against a minimum annual guarantee, subject to reductions in the event of any material change in Catcha Digital (M)'s ability to monetise the Microsoft Online Properties in Malaysia, such material change resulting from changes in Microsoft's ability to offer its Online Properties; |
| | | (l) | Catcha Group (S) and Catcha Media Holdings guaranteeing the performance of Catcha Digital (S)'s obligations. Catcha Group (S)'s obligation is capped. Catcha Media Holdings indemnifies Microsoft against any claims, actions, damages, losses, liabilities, costs, charges, expenses, outgoings or payments suffered, paid or incurred by Microsoft in relation to the failure of Catcha Digital (S) to perform its obligations or the failure of Catcha Media Holdings to cause Catcha Digital (S) to perform its obligations under the SAA; |
| | | (m) | Catcha Media Holdings granting Microsoft an option to acquire an equity interest in Catcha Digital (S), subject to option agreement dated 23 March 2009; |
| | | (n) | Catcha Media Holdings and/or Catcha Digital (S) granting Microsoft a right of first offer and right of first refusal in relation to the sale of assets and equity in Catcha Media Holdings and Catcha Digital (S); |
| | | (o) | Catcha Digital (S) not alterating, amongst others, its share capital or rights attaching to its shares, or memorandum and articles of association without the consent of Microsoft; |
| | | (p) | Catcha Digital (S) not acquiring assets outside the ordinary course of its business, acquiring property, acquire or dispose, amongst others, any shares in any subsidiary undertaking, or factor any book debts or enter into any invoice discounting arrangements without the consent of Microsoft; |
| | | (q) | Catcha Digital (S) shall not make any change to the nature or scope of its business, business plan, accounting policies, reporting practices or auditors without the consent of Microsoft; |
| | | (r) | Catcha Digital (S) not creating or issuing, amongst others, any charge, debenture, lien mortgage, encumbrance or security over the whole or any part of Catcha Digital (S), its subsidiaries or its business that are outside the ordinary course of business without the consent of Microsoft; |
| | | (s) | Catcha Digital (S) not incurring borrowings of a certain amount without the consent of Microsoft; and |
| | | (t) | Catcha Digital (S) not incurring capital expenditure in excess of the annual budget prepared without the consent of Microsoft. |

| Subsidiaries: | Counterparty: | Nature of contract/ Scope: |
|---|---|---|
| Catcha Group (S), Catcha Media Holdings and Catcha Digital (S) *(Cont'd)* | Microsoft *(Cont'd)* | This SAA may be terminated, amongst others, upon the following:<br>(a) material breach of any provision of the agreement;<br>(b) in the event of any bankruptcy or insolvency proceedings against Catcha Media Holdings and Catcha Digital (S); and<br>(c) in the event that certain commercial targets are not met in the third (3rd) year of the agreement. |
| Catcha Digital (M) | Vijandren Ramadass | • **Exclusive sales agreement dated 2 September 2009 between Catcha Digital (M) and Vijandren Ramadass for a period of three (3) years from 1 October 2009 which may be extended for an additional two (2) years**<br><br>Vijandren Ramadass grants Catcha Digital (M) the rights to sell Advertising Space and monetise on Lowyat.net subject to the revenue from the sale of Advertising Space of Lowyat.net being shared with Catcha Digital (M) in an agreed manner set against a minimum annual guarantee. |
| Catcha Digital (M) | Vijandren Ramadass | • **Exclusive marketing agreement dated 2 September 2009 between Catcha Group (S) and Vijandren Ramadass for a period of three (3) years from 1 October 2009 which may be extended for an additional two (2) years, subsequently assigned to Catcha Digital (M) on 1 January 2010**<br><br>Vijandren Ramadass grants Catcha Digital (M) the rights to promote Lowyat.net and provide strategic advice to the development of Lowyat.net subject to the revenue from the sale of Advertising Space of Lowyat.net being shared with Catcha Digital (M) in an agreed manner. |
| Catcha Digital (M) | Catcha Group (S) | • **Master advertising agreement dated 7 October 2010 between Catcha Digital (M) and Catcha Group (S) up to 31 December 2011 and supplemental agreement dated 26 April 2011**<br><br>Catcha Digital (M) and Catcha Group (S) entered into a Master Advertising Agreement, where Catcha Group (S) will spend a minimum of USD2.00 million on Microsoft Online Properties in Malaysia which will be satisfied by way of fulfilled advertising bookings on Microsoft Online Properties in Malaysia.<br><br>In the event that Catcha Group (S) spend less than USD2.00 million in advertising on Microsoft's Online Properties in Malaysia during the term of the Master Advertising Agreement, Catcha Group (S) will be required to pay any shortfall in cash to Catcha Digital (M) on the final day of the Master Advertising Agreement (i.e. 31 December 2011).<br><br>This Master Advertising Agreement will expire on 31 December 2011 and may be extended subject to the necessary shareholders approval required pursuant to the applicable listing requirements of Bursa Securities upon terms and conditions to be mutually agreed between Catcha Digital (M) and Catcha Group (S). |

## 6.15 Regulatory Requirements and Environmental Issue

Save as disclosed in Section 6.12 and Section 7 of this Prospectus, our Directors are not aware of any other regulatory requirements or environmental regulations that are relevant to and which may materially affect our operations.

## 6.16 Our R&D

### 6.16.1 R&D policy and objectives

We believe that the infrastructure, R&D, and technical requirements of an online business very often require enormous investment, knowledge and experience, the cost of which can be prohibitive. Our strategic alliance with Microsoft allows us to leverage on their technology (i.e. Microsoft Advertising Platform Technology and Bedrock), reducing reliance on our internal R&D function to develop capabilities for the development of our Online Media Business. The objective of our Group's R&D is to maintain our Group's edge over our competitors by:

(i) developing new and creative advertisement solutions to meet customer demands; and

(ii) continuously enhancing existing technologies and applications as part of our continuous improvement efforts.

Therefore, our R&D policy hinges on our belief in the growth prospects of our Online Media Business and is focused on the objective of continuing development of capabilities in respect of online advertising solutions research and deployment.

### 6.16.2 Areas of R&D focus

Our Group's R&D function will be based on the following primary area of focus:

**(a) Product and technology development**

There are numerous online media products that are currently functional and available in the market which we believe are yet to be effectively deployed in a Malaysian context in a manner appropriate for the Malaysian advertiser community. In order to introduce such online media products to Malaysia, our Company may be required to engage in either significant development to customise available technology to suit Malaysian internet users, websites, and advertising agencies and/or brand owners, or to build and develop such technologies on our own. Either way, we intend to develop and refine the following online media products and launch them in the Malaysian market:

**(i) Behavioural targeting technology**

Behavioural targeting allows advertisers to target individuals based on specified interests and adjunct behaviours online. This technology uses information collected on a user's web-browsing behavior, including search terms the user has used, pages within a site the user has read and other such data to make determinations as to the most relevant advertisement to display to that particular user, theoretically creating a more targeted advertisement for the advertiser. This results in the ability for us to charge a higher price for the advertisement owing to an expected higher level of effectiveness.

**(ii) Retargeting technology**

Retargeting is a form of online media product that changes the advertisement shown to a user based on the user's previous response to an advertisement from the same advertiser. For example, if a user has been shown a particular advertisement and has clicked through to the advertiser's website to view a particular product but not made any purchase, a retargeted (new) advertisement may display a special discount for that particular product to that individual user. Retargeting, because of its assessment of actual user behaviours in relation to specific offerings and products, should result in higher conversion of user to sale for the brand owners and/or advertising agencies.

**(iii) Cost Per Action (CPA) advertising technology**

CPA advertising technology facilitates a pricing model where a brand owner and/or advertising agencies pays only for a specific action from a user in respect of an advertisement. Such actions may, for example, be the submission of a form online, signing up for a future communication or a purchase. This technology would allow us to track, record and monitor the origination and completion of any action. The brand owner and/or advertising agencies only pays for each completed action, rather than for the advertisement that initiated the action.

In order to support the products described above, we will be required to invest in the resourcing and development of relevant technologies for the support, deployment and ongoing management of such advertising capabilities.

**6.16.3 R&D expenditures**

As at the LPD, our Company has not yet incurred any R&D expenditure. We intend to commence such expenditures in 2011. The details of our R&D expenditure plan are set out in Section 3.9 of this Prospectus.

## 6.17 Business Interruption

Our Group has not experienced any business interruption which may have had a significant effect on our operations during the twelve (12) months preceding the LPD.

## 6.18 Principal Markets and Marketing Strategies

Our Group derives the majority of our revenue from the sale of Advertising Space in our Media Businesses in Malaysia.

We are of the opinion that marketing play a key role in creating brand awareness and as well as building brand equity for our Media Businesses. We anchor our marketing strategies based on the following three (3) key principles:

(a) market-leading products;

(b) competition on value, not on price; and

(c) continuous review and improvement of our value proposition to our customers.

In our Media Businesses, our Group seeks to only operate or represent marketing-leading products or brands with a clear value proposition. We believe that market-leading products or brands are less vulnerable to fluctuations in advertising expenditure and that market leadership allows a brand to command a price premium from its customers. As such, we conduct quarterly competitor analysis to determine where our customers and potential customers are spending their advertising budgets. Such analysis allows us to make determinations as to the specific brand owners and advertising agencies we can target for increased advertising expenditure with our Media Businesses and the companies from whom we must take market share. This also allows us to tailor marketing and Advertising Space packages specifically to attract individual brand owners and advertising agencies and their budgets. Further, we conduct reviews of the relative market position of our Magazines and Online Properties and make decisions as to whether further investment is required to retain or increase market share.

As a general rule, our Group does not compete on price. We do, however, seek to add value to our customers as part of our advertising process, whether by way of additional bonus Advertising Space, value-added services such as improved positioning of the brand owner or advertising agency's advertisement at no extra cost by moving the advertisement, for example, closer to the front of a Magazine or to a more prominent position in an Online Properties. We are willing to offer preferred Advertising Space rates and terms to brand owners and advertising agencies depending on their level of Advertising Space commitment and set clear floor prices to our advertising sales teams so as to avoid the possibility of unprofitable customers.

Pricing and strategic decisions in respect of our Media Businesses are made at both monthly and detailed quarterly business reviews conducted by our Management. Such reviews involve a review of the previous period of operation (month or quarter) and the setting of objectives for the coming period (month or quarter). These reviews tend to focus specifically on improving sales efficiency, whereby more revenue is sought from the deployment of an identical level of resources. Strategic assessments, such as how our Media Businesses may be more competitive or obtain greater market share, are made based on our assessment as to their current market position, the competitor landscape and the market opportunity. Such assessments may result in the focus on a new category of brand owners or advertising agencies representing brand owners from that new category. This may result in the amending of our Magazine or Online Properties content to allow for that customer category to have appropriate editorial context for their advertisements.

Our Group continuously seeks to improve both the quality of our products and service in order to compete more effectively in the market place on value rather than price.

### 6.19 Major Customers

Our target customers are mainly brand owners and advertising agencies. As at the LPD, we are not dependent on any major customers as we have approximately 300 different customers spanning the food and beverage, telecommunications, automotive products, fashion, retail, and banking and finance industries for the FYE 2010.

Our major customers, those individually contributing ten percent (10%) or more of our Group's total revenue, for the FYE 2008, FYE 2009 and FYE 2010 are set out below:

| Customers | Length of business relationship | Product | % of total revenue | | |
|---|---|---|---|---|---|
| | | | **FYE 2008** | **FYE 2009** | **FYE 2010** |
| Mindshare (M) Sdn Bhd | 10 years | Advertising Space | 6.65 | 17.79 | 8.97 |
| Carat Media Services (M) Sdn Bhd | 7 years | Advertising Space | 5.61 | 10.43 | 9.53 |
| Catcha Group (S) * | 1 year | Advertising Space | - | - | 25.68 |

*Note:*

* *Since June 2010, Catcha Group (S), a Promoter and substantial shareholder of our Group, purchased Advertising Space from the Online Media Business of Catcha Digital (M), which commenced operations in July 2009. The Advertising Space was utilised by other subsidiary/ associate companies and investments of Catcha Group (S).*

Mindshare (M) Sdn Bhd and Carat Media Services (M) Sdn Bhd are customers for both the Publishing Business and Online Media Business. Catcha Group (S) is the customer for the Online Media Business only.

In the FYE 2010, the percentage contribution of Mindshare (M) Sdn Bhd and Carat Media Services (M) Sdn Bhd has reduced as a result of our Group's Online Media Business recording twelve (12) months of operations as compared to six (6) months in the FYE 2009 and the revenue contribution from Catcha Group (S) in the FYE 2010.

Save for the disclosure made in the table above, no individual brand owner or advertising agency's expenditure contributed ten percent (10%) or more of our Group's total revenue for the FYE 2008, FYE 2009 and FYE 2010.

### 6.20 Major Suppliers

Our Group's major suppliers, from whom we have purchased ten percent (10%) or more of our Group's total purchases, for the FYE 2008, FYE 2009 and FYE 2010 are set out below:

| Suppliers | Length of relationship | Service rendered | % of total purchases | | |
|---|---|---|---|---|---|
| | | | **FYE 2008** | **FYE 2009** | **FYE 2010** |
| KHL Printing Co Sdn Bhd | 7 years | Magazine printing | 16.71 | 16.38 | 14.45 |
| Percetakan Osacar Sdn Bhd | 3 years | Magazine printing | 25.57 | 24.58 | 22.10 |
| Setiakawan Printers Sdn Bhd | 8 years | Magazine printing | 11.08 | 12.65 | 1.99 |

We are fairly dependent on our continued ability to secure competitive print pricing from our printing suppliers.

The following factors help to mitigate our dependency on our top printing suppliers:

(i) dividing printing of Magazines across multiple printers;

(ii) conducting a consistent and permanent review of print prices; and

(iii) managing printing cost versus Magazine revenue.

All of our major suppliers have been dealing with our Group for more than three (3) years and KHL Printing Co Sdn Bhd, a wholly-owned subsidiary company of KHL Printing Co Pte Ltd, one of our major suppliers has been dealing with our Group since the commencement of our Publishing Business in 2001. Our Group has in the FYE 2010 discontinued the service of Setiakawan Printers Sdn Bhd which has led to the decrease in percentage contribution of purchases from Setiakawan Printers Sdn Bhd. In addition, we have established and have maintained good rapport and reputation with our suppliers and have not experienced any difficulty in obtaining material supplies. Hence, our Directors are of the opinion that our Group is not dependent on any particular supplier.

### 6.21 Our Future Plans and Strategies

In view of our competitive strengths as detailed in Section 6.5 of this Prospectus as well as the outlook of the online media industry as set out in Section 7 of this Prospectus, we are optimistic about our business prospects in particular our Online Media Business in the long-term and shall continue to strive to be at the forefront of the industry that we are involved in.

As Malaysia is our home market, it will be in Malaysia that we intend to refine our business model, grow our customer base and access capital. We intend to focus on increasing our Online Media Business' share of Malaysian online Adex, with a view to being the clear market leader. We also intend to grow our Online Media Business by establishing operations in other regional markets starting with Singapore, Indonesia and Thailand. Our Group believes that Singapore, Indonesia and Thailand are currently developing markets which have potential for growth as:

(i) the online Adex currently contributes a small percentage to the total Adex of Singapore (4.00%), Indonesia (0.60%) and Thailand (0.50%) markets and is expected to increase in the future; and

(ii) our Directors have experience evaluating, advising and managing business in the ASEAN market.

The expansion to Singapore, Indonesia and Thailand market will allow us to market our Online Media Business to brand owners and/or advertising agencies which have presence in Malaysia, Singapore, Indonesia and/or Thailand. In order to best serve brand owners and/or advertising agencies in Singapore, Indonesia and/or Thailand, it would be in our best interest to set up offices that will allow us to communicate effectively with them and as a platform for our Group to understand the markets of the respective countries.

The expenses incurred will be mainly for the establishment of regional offices in Singapore, Indonesia and Thailand including rental, deposits, location scouting, renovations, equipments and furniture and fittings.

We expect the expansion to Singapore, Indonesia and Thailand markets to be completed within two (2) years.

Our Group has earmarked RM13.15 million of the proceeds for working capital of the Catcha Media Group which includes the establishment of offices in Singapore, Indonesia and Thailand. However, should there be any surplus funding requirement for the working capital, it will be funded through our internally generated funds.

For the other future plans of the Catcha Media Group, it will be funded from internally generated funds.

The central components of our strategy to achieve our goal as a market leader in the industry we are involved in are set out below:

**(i) more local and international representation and sales rights**

In order to grow our market share further, we intend to obtain more representation and sales rights for local and international Online Properties in both Malaysia and across the ASEAN region starting with Singapore, Indonesia and Thailand. Currently, we have local representation for Microsoft Online Properties in Malaysia and Lowyat.net. We plan to have an additional two (2) Online Properties in the FYE 2011.

We may obtain such rights either through direct negotiations with owners of Online Properties or through the acquisition of entities that currently (or will in future) hold such representation and sales rights.

**(ii) leverage off our Publishing Business to grow our Online Media Business**

We believe it is important for us to leverage off our Publishing Business aggressively in order to drive growth in our Online Media Business. Such leverage will be in the form of cross-marketing, content sharing, and relationships, where we will introduce and encourage online media from the customers of our Publishing Business. We believe we are positioned to assist brand owners and advertising agencies to move more of their advertising online.

**(iii) being a content owner**

Though we intend to obtain more representation and sales rights for local and international Online Properties in both Malaysia and across the ASEAN region starting with Singapore, Indonesia and Thailand, we believe it is important to continue to create and develop our own content. Our Group creates contents for the Microsoft Online Properties in Malaysia as well as our own magazines.

These contents can then be used for the creation of our own online brands that we can leverage through our existing Media Businesses. As such, we believe we must continue to invest in content development. As at the LPD, we have more than forty (40) staff creating contents for our Media Businesses.

**(iv) being an industry catalyst**

As the industry is still in the nascent stage *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*, we believe we must act as both a market leader and a catalyst to drive online media's share of total Adex in Malaysia and ASEAN over the coming years. We believe this will involve a significant time investment on the part of our Management, whom we believe must spend efforts educating, encouraging and developing the industry.

We will continue to invest in the education of brand owners and advertising agencies, as well as in the continued marketing of online media as an effective advertising medium in order to drive online media's share of total Adex in Malaysia and ASEAN starting with Singapore, Indonesia and Thailand. To achieve this goal we have conducted three (3) seminars or digital workshops as part of our effort to educate brand owners and advertising agencies and will continue to conduct these seminars in the future. The three (3) seminars/digital workshops conducted by our Group are as follows:

| | | |
|---|---|---|
| (a) | Digital mums | - Presentation of online consumer habits of mothers in Malaysia. Study conducted in association with Starcom Mediavest Group Sdn Bhd and held in August 2010. |
| (b) | Agency workshop | - Workshop conducted in collaboration with Microsoft Singapore Pte Ltd to educate agency personnels on Microsoft's advertising. |
| (c) | Digital speed dating workshop | - Workshop conducted to communicate online marketing concepts and address questions from customers. |

**(v) business expansion via synergistic acquisition**

As a general principle, we will seek synergistic acquisitions that satisfy one or more of the following three (3) goals:

(a) give us immediate (or place us in a stronger position within twelve (12) months) access to double digit percentage share of online Adex in a new market;

(b) companies that are currently breaking-even or profitable or add value to our Group; or

(c) reinforce a leading position or increase market share we already have in a given market.

## 6.22 Our Prospects

We are of the opinion that the prospects of our Group are favourable in light of the following factors:

**(a) Competitive strengths**

We are primarily operators of Media Businesses. As at the LPD, we have 9.78 million Unique Users in Malaysia for the month of October 2010 *(Source: comScore, Inc. and Lowyat.net)*, fourteen (14) Magazines with various contents and the exclusive rights to sell Advertising Space, promote and monetise Microsoft's Online Properties in Malaysia and Lowyat.net. We have teams that create local content on a daily basis. We have Management who are experienced in operating and strategising for Media Businesses, in particular internet-based businesses. As such, we believe that our competitive strengths will provide us with a platform for the continued growth and success of our Group. For further detail on our competitive strengths, see Section 6.5 of this Prospectus.

**(b) Future prospects to provide sustainable growth**

Our future prospects are divided into two distinct opportunities, the organic growth opportunities and the synergistic acquisition opportunities.

**(i) Organic growth opportunities**

**Market growth**

As compared to all other mass media, online media is the only major media that has grown its market share over the past ten (10) years globally. The global online media's share of total Adex grew from 4.53% in 2005 to 14.13% in 2010 at a CAGR of 26.80%. *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*

Malaysia's online Adex was RM66.71 million in 2009, and is estimated to be RM93.90 million in 2010 based on the revenue from industry players that generate income from online advertising in 2010. *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*

However, the online media in Malaysia remained relatively small where online Adex of total Adex only increased from 0.83% in 2007 to 1.22% in 2010. *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*

According to Frost & Sullivan, the improved broadband service and penetration should see Malaysian online Adex grow from current 1.22% of total Adex in 2010 to 7.23% by 2015. We currently have approximate market share of 11.71% of total online Adex in Malaysia in 2009 *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*, with such forecast growth in online Adex representing our organic growth opportunity.

According to Frost & Sullivan, our Group currently has approximately 11.71% of total online Adex in Malaysia in 2009 and is estimated to have a market share of 26.62% in 2010 based on our estimated revenue and the estimated revenue from industry players that generate income from online advertising in 2010. In order to increase our market share, we intend to pursue the representation and sales rights for other Online Properties in Malaysia, which would see our Group able to sell Advertising Space that reaches an increased number of Unique Users in Malaysia on a monthly basis.

Our Online Media Business already exclusively represents Microsoft and Lowyat.net, with approximately 9.78 million Unique Users for month of October 2010 *(Source: comScore, Inc. and Lowyat.net)*. We intend to pursue the representation of other Online Properties that fulfill the following criteria:

(a) more than one (1) million Unique Users per month; and

(b) strong local content.

We believe our Online Media Business and its existing scale, as well as the experience of our Management provides us an advantage in obtaining additional rights to sell Advertising Space, promote and monetise other Online Properties.

(ii) **Synergistic acquisition opportunities**

As a general principle, we will seek synergistic acquisitions that satisfy one or more of the following three (3) goals:

(a) give us immediate (or place us in a stronger position within twelve (12) months) access to double digit percentage share of online Adex in a new market;

(b) companies that are currently breaking-even or profitable or add value to our Group; or

(c) reinforce a leading position or increase market share we already have in a given market.

Whilst our primary focus will be internet-based companies whose revenue model is advertising, we will also consider alternative options such as content creation companies which we believe may be of value to our Group in the longer term.

It is our intention to focus our immediate attention on Malaysian internet-based companies and operations, with a secondary view to regional internet-based businesses with Malaysian operations, before we move to commence pursuing internet-based companies in other regional markets.

We believe that our future prospects provide us with a platform for the continued growth and success of our business.

(c) **Favourable industry outlook**

Based on global online Adex patterns as well as the expected successful rollout of HSBB, the online Adex in Malaysia is forecast to reach RM710.98 million by 2015, with a CAGR of 56.63% from 2011 to 2015. This growth is expected to be driven by Telekom Malaysia Berhad's roll out of Unifi as well as the plans of other internet service providers such as YTL Communications Sdn Bhd, Time dotCom Bhd and U Mobile Sdn Bhd to offer competitive HSBB services. With the increase in average download speeds due to the HSBB infrastructure, the demand for HSBB is expected to increase, resulting in a rise in penetration rate of HSBB. This would allow for the growth in the online media industry as the increase in internet usage rate would attract brand owners and/or advertising agencies to place advertisements on online media. Besides that, other factors such as the changes in consumer behavior and decision making due to the young population, and the increasing accessibility to the internet are expected to encourage the growth of online media. *(Source: Independent Market Research report prepared and compiled by Frost & Sullivan)*

At present, the online media industry has already a vast target reach. For example, MSN and Google, both of which currently hosts visitors in Malaysia on its website portals or search engines, exceeded 7 million Unique Users to its website monthly (as at October 2010). As compared to the print media, the online media has a wider reach as the annual English, Malay and Chinese newspaper circulation for the year 2010 was a combined 4.54 million. Television viewership currently has the highest number of reach, with approximately 28.23 million individuals in 2010. With the factors above driving the online media industry, online media show potential to significantly increase its audience in the future. *(Source: Independent Market Research report compiled and prepared and by Frost & Sullivan)*

Our Board is of the opinion that, as one of the industry players, we have the opportunities to reap the benefits of the growing online media industry. From 2009 to 2010, our market share is expected to grow from 11.71% to 26.62% based on Catcha's estimated revenue and the estimated revenue from industry players that generate income from online advertising in 2010. Our alliance with Microsoft to sell, develop and market all Microsoft's Online Properties in Malaysia, we are expected to remain as a prominent player in the industry. Furthermore, we also have Publishing Business in which resources such as content, brand introduction, client/supplier relationship can be utilised for our Online Media Business.

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FROST & SULLIVAN

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The Board of Directors
Catcha Media Berhad
45-7 The Boulevard
Mid Valley City
59200 Kuala Lumpur
Malaysia

Dear Sirs,

**EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT ON THE ONLINE MEDIA INDUSTRY FOR CATCHA MEDIA BERHAD ("CATCHA MEDIA" OR "COMPANY")**

We, Frost & Sullivan Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared the Executive Summary of the Independent Market Research report on the Online Media Industry ("**Report**") for inclusion in the Prospectus of Catcha Media in relation to the Initial Public Offering exercise of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

This research is undertaken with the purpose of providing an overview and future prospects of the online media industry.

For and on behalf of Frost & Sullivan Malaysia Sdn Bhd:

Dennis Tan
*Director*

EXECUTIVE SUMMARY

June 2011 Frost & Sullivan

The market research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research, which involves discussing the status of the industry with leading industry participants and industry experts. The research methodology used is the *Expert Opinion Consensus Methodology*. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate.

This market research was completed in June 2011.

This report is prepared for inclusion in the Prospectus of Catcha Media Berhad for submission to the Securities Commission Malaysia and other relevant parties.



Frost & Sullivan has prepared this report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report or otherwise.

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# 1.0 Definitions and Industry Segmentation

## 1.1 Definition

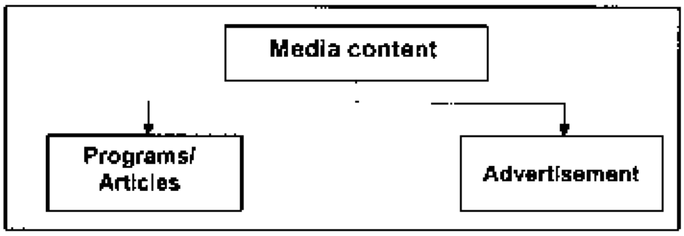
The media industry is an industry where information and messages to a mass audience are transmitted publicly through different types of communication media such as, but not limited to, print, radio, and television. Generally, the media industry carries two types of content:

(i) articles and programs

(ii) advertisement

The media industry typically generates revenue from companies that advertise their products through advertisements on a media channel (i.e., television, print, online, etc.). This spending on advertisements, known as advertising expenditure ("Adex") is thus commonly used as a measure of performance for the media industry.

**Type of media content**

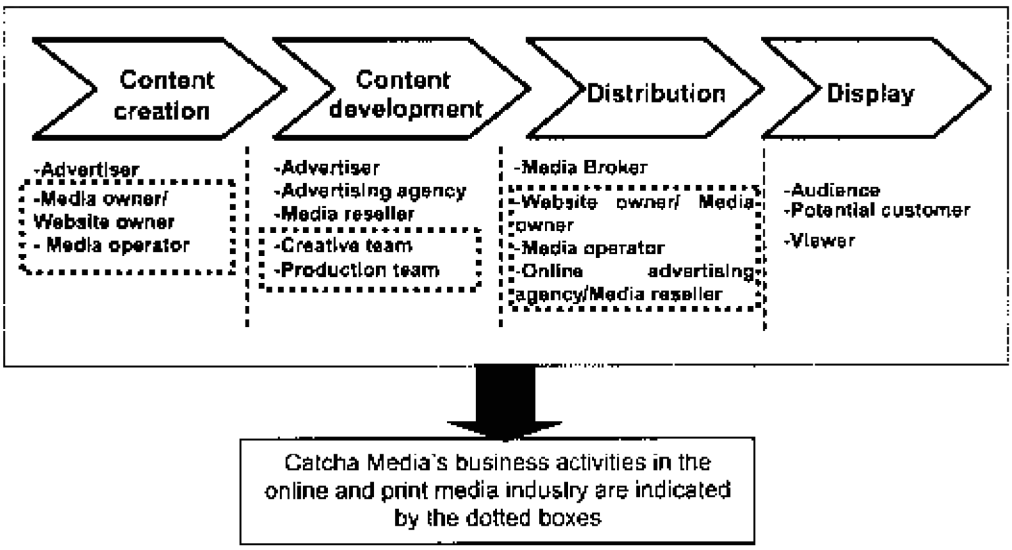



*(Extracted from the Independent Market Research by Frost & Sullivan)*

## 1.2 Industry Value Chain and Segmentation

This media content value chain comprises four stages. It begins with content creation at the start of the value chain, then undergoes content development, then distribution, and finally reaches the display stage where it reaches the audience who views the media content.

**Media industry value chain**




*(Extracted from the Independent Market Research by Frost & Sullivan)*

EXECUTIVE SUMMARY

Catcha Media's operations comprise of two key businesses – Publishing Business and Online Media Business. Collectively, Catcha Media produces fourteen (14) Magazines in sixteen (16) editions; and rights to sell Advertising Space, promote and monetise Microsoft and Lowyat.net Online Properties.

This media content value chain comprises four stages:

**Content creation**

Content creation is carried out by the content owner who wants to advertise a product or create an article or program that will be shown on a media channel. The content owner may be an advertiser, media owner, website owner or a media operator. Typically at this stage, content owners will decide what content they want to put on the media as well as the media in which would be most suitable to be used in order to attract the greatest number of viewers that will hopefully lead to a purchase of that product or service.

**Content development**

The advertiser and the media broker decides on the form of media campaign to use at this stage - whether it is print, television, online media or other media. A "media broker" is a firm that serves as a third party agent between a media owner/operator and an advertiser. A media broker aggregates advertising demand from advertisers and sells advertising space to these advertisers on behalf of media owners/operators.

For the online media industry, media brokers and advertisers can choose to distribute their advertisements directly to media owners and operators, or to distribute the advertisements through media resellers.

Developing a program or article for a media owner or operator in a publishing company is a relatively straightforward process and is a recurrent activity for production and creative teams that are in print and website publishing companies.

**Distribution**

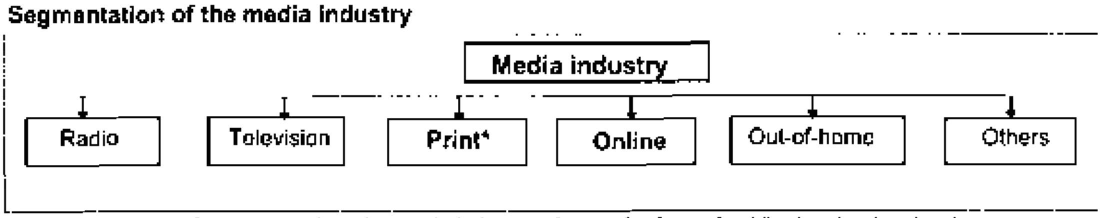
Once content has been developed and all the necessary licenses related to broadcasting the content has been obtained, then the content is ready for distribution. Advertising content is typically distributed to media owners or operators directly, or through media brokers.

In the online media industry, the advertising content will normally be distributed through online media network agencies directly by content owners or through media brokers. Online media network agencies and resellers partner with website owners to run the Advertisement Spaces on their websites. Advertisers purchase this advertisement space through online media network agencies who place advertisements on websites according to the advertisers' specifications on audience reach and budget.

**Display**

The final stage in the media industry value chain is the display with which an audience views the content. Media content that is distributed by media owners, operators, agencies and resellers is displayed through many forms such as the television, radio, online, prints and others. Television ("TV") includes free-to-air ("FTA") TV and pay TV.

**Segmentation of the media industry**




*For the purpose of this report, the print media industry refers to the form of publication that is printed on paper and generates revenue from advertising, and is limited to the publishing of printed newspapers and magazines.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

The two media platforms that are of interest in this report are print (specifically magazines) and online as these are the segments in which Catcha Media is involved in.

## 2.0 Overview of the Global Media Industry

### 2.1 The Global Media Industry

Media growth is commonly measured by Adex. The global media industry Adex grew from approximately USD406.25 billion (RM1,533.33 billion[1]) in 2005 to about USD486.75 billion (RM1,534.43 billion[2]) in 2010 with a Compound Annual Growth Rate ("CAGR") of 3.68 percent.

Globally, the CAGR for newspapers and magazines from 2005 to 2010 stood at -4.33 percent and -3.49 percent respectively. The Adex for radio also decreased with a CAGR of -1.30 percent from 2005 to 2010. Cinema and out-of-home media both registered growth with CAGRs of 6.02 percent and 6.21 percent respectively, while Adex for TV grew at a CAGR of 3.59 percent.

Online media is the fastest growing media platform, with a global CAGR of 26.80 percent from 2005 to 2010 and is an indication of how interactive mediums such as internet advertising are fast becoming accepted by the advertising community.

Between 2005 and 2010, Adex captured by traditional media has shifted towards Adex spent on digital media. Global Adex market share for newspapers decreased from 28.00 percent in 2005 to 21.35 percent in 2010. Likewise, the global Adex market share for magazines also declined from 12.32 percent in 2005 to 9.81 percent in 2010. Radio had a slight fall in market share from 8.05 percent in 2005 to 7.17 percent in 2010.

Conversely, digital media showed growth in market share. Online Adex recorded the highest growth rate in market share from 2005 to 2010 as it expanded nearly three times from capturing 4.53 percent of total Adex in 2005 to 14.13 percent of total Adex in 2010. Online Adex has been capturing market share away from other media types, especially newspapers, magazines and radio and has now surpassed cinema, out-of-home, radio and magazines in terms of market share globally. In 2010, online Adex represented the third highest contribution of total Adex after TV and newspapers.

**Market share for each media relative to total Adex (Global), 2005-2010**

| Medium | 2005 | 2010 |
|---|---|---|
| Television | 35.62% | 40.42% |
| Newspapers | 28.00% | 21.35% |
| **Online** | **4.53%** | **14.13%** |
| Magazines | 12.32% | 9.81% |
| Radio | 8.05% | 7.17% |
| Outdoor | 5.14% | 6.60% |
| Cinema | 0.41% | 0.52% |

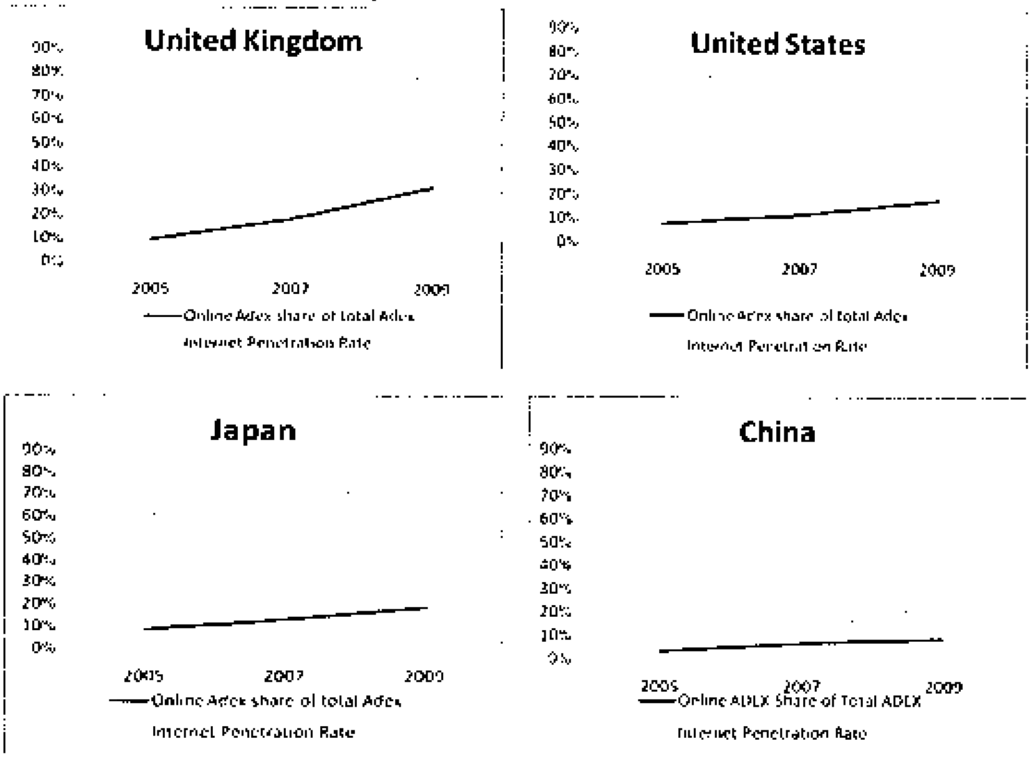
*(Extracted from the Independent Market Research by Frost & Sullivan)*

[1]Currency converted at prices as at 1 December 2005
[2]Currency converted at prices as at 1 December 2010

## 2.2 The Global Online Media Industry

The growth of online media and how it grows in step with internet infrastructure developments can be seen especially in countries in which the online media industry is well established such as the United States, the United Kingdom, Japan and China. In these four countries, the proportion of online Adex relative to total Adex mirrors the growth of internet penetration rate.

**Historical growth rate of internet penetration and online Adex (United States of America, United Kingdom, Japan and China)**




*(Extracted from the Independent Market Research by Frost & Sullivan)*

As internet infrastructure becomes more established, then typically the online media industry grows. Countries with broadband infrastructure that allow higher internet connectivity speeds give rise to greater demand for broadband services and higher penetration rates. As internet connectivity speeds improve and become faster, content is transmitted ever more quickly to internet users. With that, broadband penetration further increases with increasing demand for content, including online advertisements.

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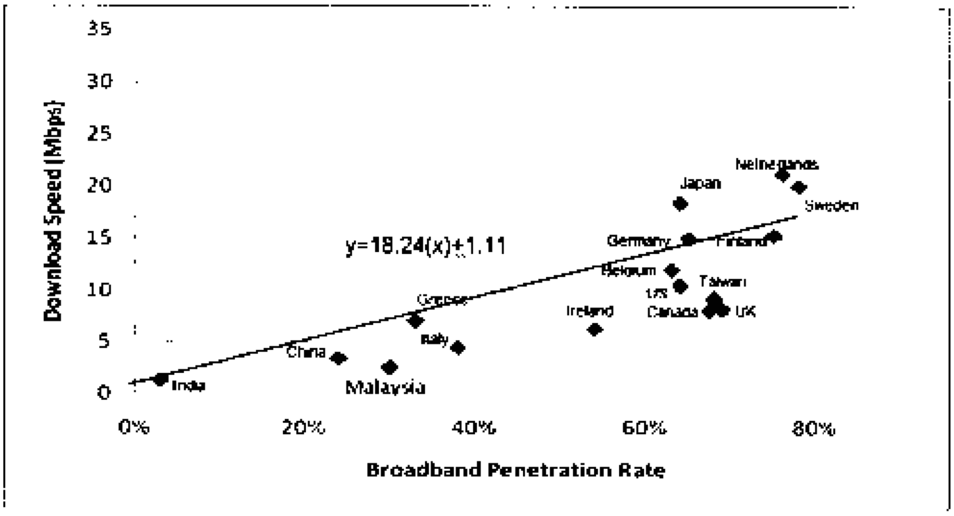
**Relationship between download speed and broadband penetration rate (Global)**

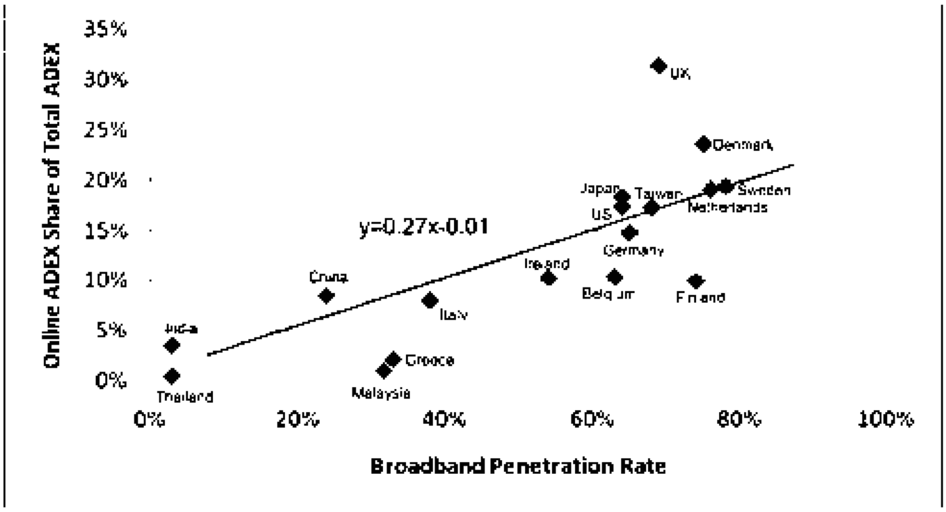



NOTE:
Download speeds of the above countries are as at 10 October 2010
Broadband penetration rates of the above countries are as of 2009.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

Not only had the increase in internet connectivity speed caused a rise in the number of internet users, it has also allowed for online advertising to develop and include media applications that enhance users' experience. This has been creating greater interest amongst advertisers to make a shift towards utilizing online media as a medium for advertising, causing an increase in online Adex share. The Importance of broadband infrastructure for the growth of the online media industry has also been demonstrated in various other countries.

**Relationship between online Adex share and broadband penetration rate (Global)**




NOTE:
Online Adex share of total Adex of the above countries are as of 2009.
Broadband penetration rates of the above countries are as of 2009.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

The global online media industry has been showing an upward growth in online Adex from 2005 to 2010. Global online Adex grew from approximately USD19.24 billion in 2005 to approximately USD63.05 billion in 2010 with a CAGR of 26.80 percent. There was a slight fall in the annual growth rate from about 51.25 percent in 2007 to about 20.10 percent in the year 2008 and 9.82 percent in 2009 and this was mainly attributed to the global financial crisis. Despite this crisis, Adex generated by online media still fared better than other forms of media.

## 3.0 Overview of the Media Industry in Malaysia

Adex in Malaysia has recorded strong growth over the last two decades, rising from a mere RM500.00 million in 1988 to approximately RM7.70 billion by 2010, with a CAGR of about 13.19 percent between 1988 and 2010.

Adex for media channels such as television and radio continue to show an upward trend. Television Adex showed a strong CAGR of 18.29 percent from 2006 to 2010, while radio Adex demonstrated stronger growth from 2006 to 2010 with CAGR of 19.01 percent. Point-of-sale and online Adex also showed strong growths with a CAGR of 26.13 percent between 2006 and 2010 and 27.11 percent between 2007 and 2010 respectively.

Media channels that showed lower CAGR in Adex between 2006 and 2010 are newspapers with only 9.10 percent growth, magazines which are decreasing at -0.64 percent, out-of-home media with a CAGR of 2.30 percent, and cinema with a CAGR of 5.07 percent between 2006 and 2010.

Online media is the fastest growing media over the last four years, after radio, with a CAGR of 27.10 percent from 2007 to 2010. Adex for online grew from approximately RM45.73 million in 2007 to an estimated RM93.90 million in 2010.

**Estimated historical Adex by media type (Malaysia), 2006-2010**

| Medium | Adex (RM million) | | | | | CAGR |
|---|---|---|---|---|---|---|
| | 2006 | 2007 | 2008 | 2009 | 2010 | |
| Newspapers | 2,746.62 | 3,065.29 | 3,320.83 | 3,407.28 | 3,890.83 | 9.10% |
| Television | 1,477.55 | 1,799.08 | 2,161.20 | 2,446.38 | 2,892.47 | 18.29% |
| Radio | 203.82 | 241.09 | 291.34 | 361.82 | 408.87 | 19.01% |
| Magazines | 155.67 | 166.16 | 156.12 | 138.86 | 151.74 | (0.64%) |
| Out-of-home | 109.33 | 108.16 | 95.69 | 112.25 | 119.75 | 2.30% |
| Point of Sale | 48.84 | 57.86 | 73.94 | 85.88 | 123.62 | 26.13% |
| Online | N/A | 45.73 | 54.87 | 66.71 | 93.90 | 27.10%* |
| Cinema | 19.54 | 26.63 | 27.40 | 22.50 | 23.81 | 5.07% |
| **Total Adex** | **4,761.37** | **5,509.99** | **6,181.58** | **6,641.66** | **7,704.98** | |

N/A. Data for this is unavailable as the online media industry in Malaysia was only tracked from 2007 onwards.
*CAGR is from 2007-2010.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

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## 4.0 Overview of the Print Media Industry (ie: Publishing) in Malaysia

### 4.1 The Print Media Industry (ie: Publishing) in Malaysia

Overall, the Adex for print media (ie: publishing) in Malaysia is increasing with a CAGR of 8.64 percent from 2006 to 2010, growing from approximately RM2.90 billion in 2006 to approximately RM4.04 billion in 2010. However, print Adex for magazines, specifically, declined from approximately RM155.67 million in 2006 to about RM151.74 million in 2010 with a CAGR of -0.64 percent. Print Adex for newspapers on the other hand increased from approximately RM2.75 billion in 2006 to approximately RM3.89 billion with a CAGR of 9.10 percent.

### 4.2 Magazine Print Media (ie: Magazine Publishing)

Apart from the global financial crisis affecting advertising expenditure in the print media, another reason that the print media, particularly the magazine industry, has been recording a decrease in annual growth is due to the decreasing number of players in the industry.

It should also be noted that many media industry players considering publishing titles today would most likely consider using digital print instead of traditional pnnt media because of its lower overhead costs and no printing costs. Additionally, print media companies who have the experience, brand clout and resources to deliver media content would find it easy to move from the traditional print space to the digital print space.

Nevertheless, despite the reduction in magazine titles, the print industry remains sizeable enough for the more competitive players who continue to operate to remain profitable, and will continue to co-exist with the online media industry.

4.2.1 Industry players in the magazine print media industry

There are 16 magazine publishers listed as members of the Magazine Publisher Association Malaysia in 2010. Below is a list of key industry players. This list is not an exhaustive list and is arranged in alphabetical order:

- Art Square Creation Sdn Bhd
- Berita Publishing Sdn Bhd
- Blu Inc Media Sdn Bhd
- Catcha Media
- Kasehdia Sdn Bhd
- Life Publishers Berhad
- Measat Publications Sdn Bhd
- MMP Communications Sdn Bhd
- Mongoose Publishing Sdn Bhd
- MPH Group Magazine (M) Sdn Bhd
- Utusan Karya Sdn Bhd

**<u>Profile of selected key industry players in the magazine print media industry</u>**

*Art Square Creation Sdn Bhd ("Art Square")*

Art Square, also known as GempakStarz, is a publishing company that publishes comic magazines and entertainment as well as lifestyle magazines. Art Square publishes their own comic artists' graphic novels and translations of overseas graphic novels for the Malaysian market. In terms of magazines, they produce 9 semi-monthly magazines, namely Gempak, Utopia, Comic King, Hype!, Starz, Star Talk, Little Monitor, Elemen and Popcorn.

EXECUTIVE SUMMARY

*Berita Publishing Sdn Bhd ("Berita")*
Berita is a subsidiary of the News Straits Times Press (Malaysia) Berhad and was set up to publish the group's magazines. Berita publishes magazine titles such as Anjung Seri, Malaysian Business, and Jelita.

*Blu Inc Media Sdn Bhd ("Blu Inc.")*
Blu Inc. owns magazine titles that cover women's issues such as Her World, Female, and Seventeen as well as magazine titles that are pertaining to the interests of men, that is Men's Health. Their magazine title, Icon, mostly publishes about luxury fashion. Blu Inc. is also a publisher in the United States, France, Singapore, Indonesia and Thailand.

*Catcha Media*
Catcha Media has a publishing business in Malaysia as well as in Singapore. Catcha Media has 14 magazine titles, that is, Prestige Malaysia, Stuff, Malaysian Evo, Malaysian Evo Supercars, K-Zone, Prestige Lifestyle, Homepride, Kitchen + Bathroom, Juice, Performance Heroes, Mint, Hanger, Clive, and Fairways.

*Kasehdia Sdn Bhd ("Kasehdia")*
Kasehdia specialises in creative developmental frameworks aimed at the betterment of society. Kasehdia consists of an exceptional mix of communication platforms with research and training and lobby efforts done at international level. Kasehdia has been publishing 'The Halal Journal' since 2004. This magazine title is mostly for the industry and trade community in which topics related to Halal and Muslim markets worldwide including manufacturing, trade, regulations and finance are covered.

*Life Publishers Berhad. ("Life")*
Life is a subsidiary of a Chinese-language media owner, Media Chinese International Limited, which is a merger between Sin Chew Media Corporation Berhad and Nanyang Press Holdings Berhad. Life's portfolio of magazines cover three languages, with an extensive range of Chinese magazine titles such as Feminine, New Tide, New Life Post and Rod & Line.

*Measat Publications Sdn Bhd ("Measat")*
Measat produces a number of magazine titles which cover a variety of interests. IFeel, InTrend and Style which are magazines that cover women's interests; Men's Uno that publishes issues of interest to men; TopGear, which provides entertainment news on automobiles; as well as FourFourTwo, targeted at football fans.

*MMP Communication Sdn Bhd ("MMP")*
MMP is a publishing arm of IMAGNIA Holdings Sdn. Bhd. MMP publishes three distinctive titles, that is Milenia Muslim, Aniqah and Forward. All of these magazines discuss issues from an Islamic point of view.

*Mongoose Publishing Sdn Bhd ("Mongoose")*
Mongoose publishes magazine titles which promote lifestyle such as Expatriate Lifestyle, Time Out Kuala Lumpur, Arrivals, The Circular, Golf Vacations, and Al Musafir.

*MPH Group Magazine (M) Sdn Bhd ("MPH")*
MPH publishes 4 magazine titles, that is MPH Quill, HOMEDEC Magazine, Heritage Asia magazine and Seni Hias. MPH Quill is a magazine in Malaysia on books and other literary materials, where else HOMEDEC Magazine covers issues pertaining to renovation, redecoration and refurbishment. MPH is also the new publisher of Heritage Asia magazine, which focuses on Asian heritage, arts, culture and travel. Seni Hias is also a magazine that provides creative ideas for the home.

EXECUTIVE SUMMARY

*Utusan Karya Sdn Bhd ("Utusan")*

Utusan, which is a subsidiary of Utusan Melayu (Malaysia) Berhad, has publication businesses in Malaysia as well as in Singapore. Examples of Utusan's magazine titles are Hai, Al-Islam,Friend, Harmoni, Mangga, Thinker, Food, URTV and Infiniti.

For the print media industry, the following companies are selected for comparative analysis as they operate similar magazine publishing businesses as Catcha Media. The table below shows the comparative analysis of selected key industry players according to the latest available audited financial statements filed at Suruhanjaya Syarikat Malaysia:

**Financial Comparative Analysis of Selected Key Industry Players**

| Competitors (alphabetical) | Latest Financial Year | Revenues (RM) | Profit after Tax (RM) |
|---|---|---|---|
| Art Square Creation Sdn Bhd | 31st December 2009 | 4,564,251.63 | 575,384.98 |
| Berita Publishing Sdn Bhd | 31st December 2009 | 11,926,131.00 | 672,828.00 |
| Blu Inc Media Sdn Bhd | 31st August 2009 | 38,800,453.00 | 764,150.00 |
| Catcha Media | 31st December 2009 | 11,884,000.00 | 270,000.00 |
| Kasehdia Sdn Bhd | 31st December 2009 | 4,360,818.00 | (305,078.00) |
| Life Publishers Berhad | 31st March 2009 | 36,000.00 | 4,095.00 |
| Measat Publications Sdn Bhd | 31st January 2009 | 30,082,802.00 | (6,634,058.00) |
| MMP Communications Sdn Bhd | 30 September 2009 | 0 | 1,036,013.00 |
| Mongoose Publishing Sdn Bhd | 31st August 2009 | 3,841,197.00 | (909,744.00) |
| MPH Group Magazine (M) Sdn Bhd | 31st March 2009 | 979,154.00 | (581,855.00) |
| Utusan Karya Sdn Bhd | 31st December 2009 | 32,296,694.00 | 256,128.00 |

NOTE:

The above companies are identified comparable companies with FY2009 financial statements available at Suruhanjaya Syarikat Malaysia (SSM). The SSM financial statements for FY2010 for most of the above companies are not yet available.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

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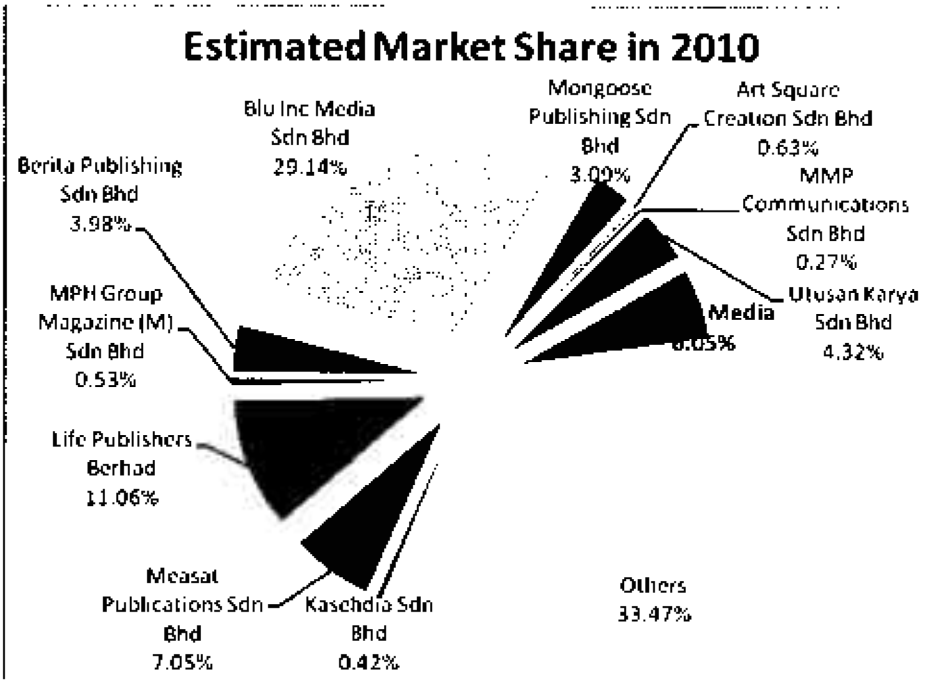
The chart below shows the market share for key industry players in the print magazine industry that are listed as members of the Magazine Publishers Association:

**Market Share of Key Industry Players in 2010**




*This list is not exhaustive and does not represent market ranking of the industry players

*(Extracted from the Independent Market Research by Frost & Sullivan)*

4.2.2 Outlook and Prospects

Although the traditional magazine print media industry (i.e. magazine publishing) has recorded a negative CAGR from 2006 to 2010, it remains a sizeable industry serving as a complement to the digital media industry and a trusted advertising medium. Catcha Media has been in the industry since 2002 and is a magazine publisher with a portfolio that consists of a total of 14 magazine titles. Catcha Media projects a modest growth for its magazine Publishing Business which is in line with the overall industry growth projections.

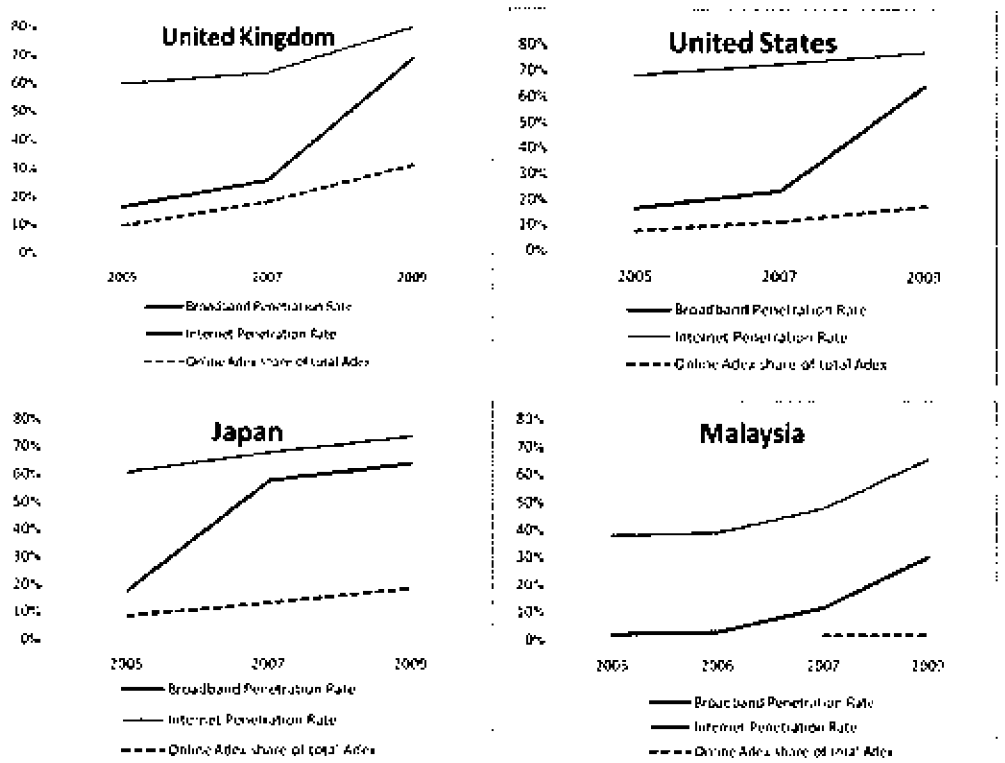
## 5.0 Overview of the Online Media Industry in Malaysia

### 5.1 The Online Media Industry in Malaysia vis-à-vis the Global Online Media Industry

Online media consists of any content that is transmitted through the internet. Similar to any form of media, advertisements are the main source of revenue for online media.

Similar to global trends, the growth and development of the Malaysian online media industry relies on the growth of fast internet speeds imparted by high speed broadband (HSBB). To examine how the evolution of the internet in Malaysia relates to online Adex, we reexamine the relationship between broadband and online media globally. In the United States, the United Kingdom and Japan, where the online media industry is established, we find that the rise of internet penetration rate was followed by a rise in broadband infrastructure and demand, as measured by its penetration rate, which eventually led to the growth of the internet community in those countries. As the internet community grew, the online media became an increasingly attractive media channel for advertisers and this led to an increase in online Adex.

**Historical growth rate of broadband penetration rate, internet penetration rate, and online Adex (United States of America, United Kingdom, Japan, Malaysia)**




*(Extracted from the Independent Market Research by Frost & Sullivan)*

The growth of online media Adex in Malaysia however has not followed suit, according to the global patterns observed in many other countries. Online media in Malaysia remained small despite the relatively high broadband penetration rates. In fact, while the broadband penetration rate in Malaysia grew from 15.20 percent to 31.70 percent from 2007 to 2009, online Adex of total Adex only increased from 0.83 percent in 2007 to 1.00 percent in 2009.

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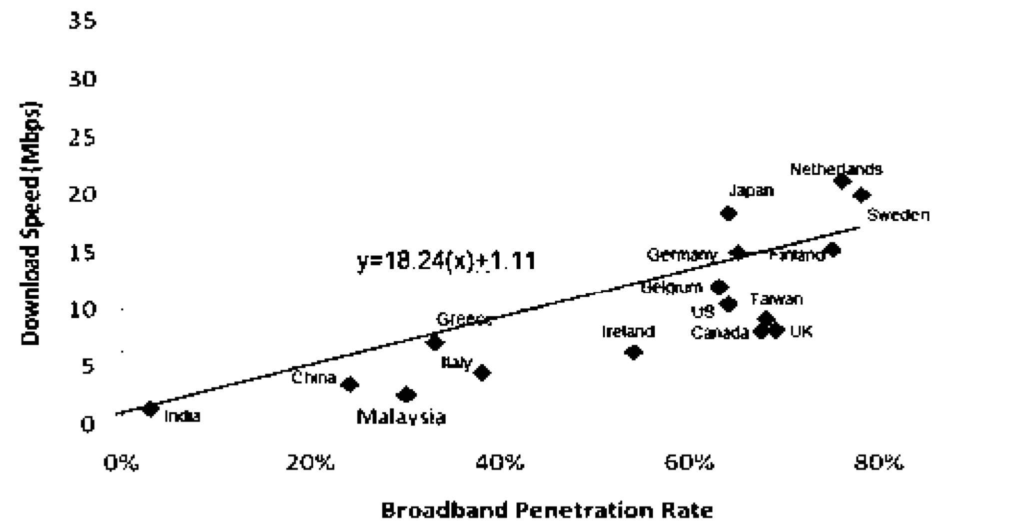
To understand why the online Adex share in Malaysia did not grow in tandem with its broadband penetration rates, it is beneficial to examine the broadband penetration rates and download speeds in Malaysia.

Malaysia, with its 31.70 percent broadband penetration rate in 2009, should have a corresponding download speed of at least 6.90 Mbps according to the global correlation between broadband penetration rates and download speeds. However, referring to the graph indicating the global relationship between broadband penetration rate and download speeds, the download speeds for Malaysia on average is only 2.54 Mbps (as at 15[th] October 2010), illustrating that Malaysia is outside the global correlation pattern.

**Broadband penetration rate and download speeds (Global, Malaysia)**




NOTE:
Download speeds for the countries are as at 15[th] October 2010
Broadband penetration rates of the above countries are as of 2009.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

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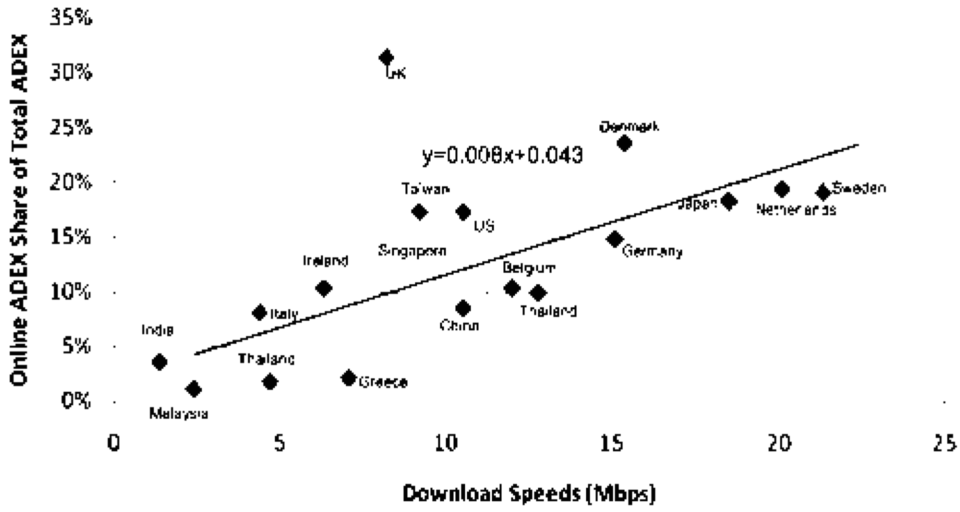
The generally slower internet speeds in Malaysia has impeded Malaysian internet users from being able to fully enjoy the internet and its content. This slower download speeds have discouraged advertisers from utilizing the online media for advertisements due to the diminished effectiveness of the online media to reach its audience without lags in loading time and streaming.

There is a positive correlation between online Adex share of total Adex and download speeds seen globally, including in Malaysia. Countries such as Japan, Sweden, and Denmark with high download speeds have correspondingly high online Adex of total Adex share as well. Thus, since the download speeds in Malaysia is relatively low (i.e., 2.54 Mbps as at 15th October 2010), Malaysia's online Adex of total Adex is correspondingly rather small as well, that is, at about 1.22 percent in 2010.

**Download speeds and online Adex share of total Adex (Global, Malaysia)**




NOTE:
Download speeds for the countries are as at 15th October 2010
Online Adex share of total Adex of the above countries are as of 2009.

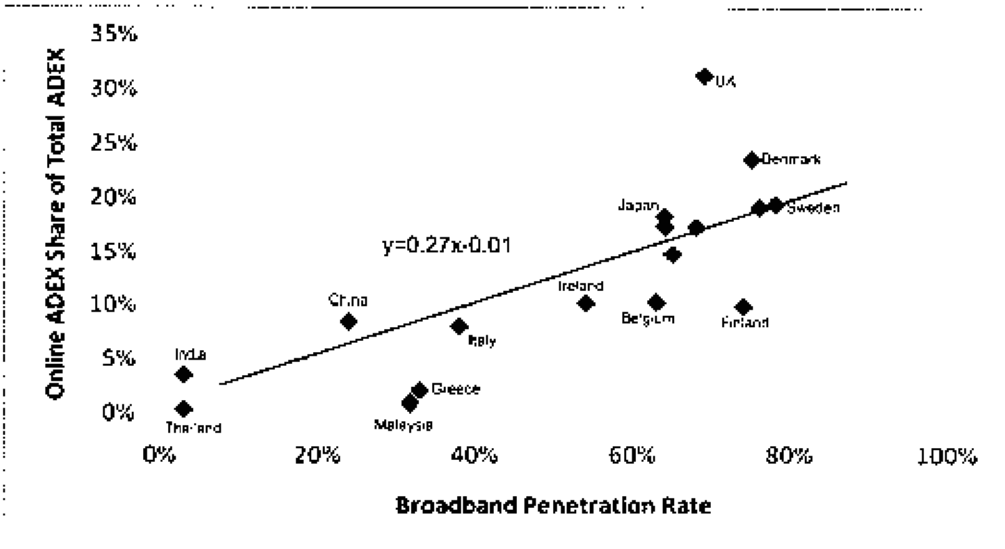
*(Extracted from the Independent Market Research by Frost & Sullivan)*

In Malaysia, with a broadband penetration rate of 31.70 percent should have an expected corresponding online Adex share of 7.23 percent based on the general relationship between broadband penetration rates and online Adex share. However, the online Adex share of total Adex in Malaysia is only 1.22 percent, as seen in the graph illustrating the global relationship between broadband penetration rates and online Adex share of total Adex.

Many countries with high download speeds, such as Japan, Sweden and Denmark mentioned previously, also have high broadband penetration rates, and many have higher online Adex share as well. This indicates that Malaysia does not follow the global trend between broadband penetration rates and online Adex share.

This further emphasizes the fact that the current broadband infrastructure available in Malaysia does not seem to match the international standards of broadband and thus, has hindered the uptake of online media in Malaysia.

**Broadband penetration rate and online Adex share of total Adex (Global, Malaysia)**




NOTE:
Broadband penetration rates of the above countries are as at 2009.
Online Adex share of total Adex of the above countries are as of 2009.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

## 5.2 Past Performance of the Online Media Industry in Malaysia

The online media industry is a fairly young industry in Malaysia and online Adex in the country only began to be tabulated in 2007. In 2007, the online media Adex industry was estimated to be RM45.73 million in Malaysia, which was about 0.83 percent of total Adex. In 2010, the online media industry in Malaysia remained a relatively small proportion of total Adex (1.22%), translating to about RM93.90 million in online Adex. Even with this small proportion, the online media industry was able to demonstrate relatively high growth rates, with a CAGR of 27.11 percent from 2007 to 2010.

**Historical online Adex (Malaysia), 2007-2010**

| | | | |
|---|---|---|---|
| 2007 | 45.73 | - | 0.83% |
| 2008 | 54.87 | 20.00% | 0.89% |
| 2009 | 66.71 | 21.57% | 1.00% |
| 2010(e) | 93.90 | 40.77% | 1.22% |
| CAGR 2007-2010 | | 27.11% | |

*(Extracted from the Independent Market Research by Frost & Sullivan)*

# 6.0 Demand Conditions

## 6.1 Industry Growth Drivers

**HSBB initiatives**

Online media requires high bandwidth for users to view and connect with the online product in formats such as in-stream, in-text, and in-banner advertisements. Thus, the need for efficient broadband services to ensure the growth of the online industry is vital. Given that Malaysia's current average download speeds are low (i.e., 2.54 Mbps as at 15th October 2010), the increase in HSBB penetration is expected to spur the online media industry for higher growth.

The Government of Malaysia has partnered with Telekom Malaysia Berhad to promote Unifi, a HSBB service. Telekom Malaysia Berhad reported that it has already rolled out Unifi in at least 48 areas by the end of 2010 connecting more than 750,000 premises, including those in Bangsar, Taman Tun Dr Ismail, Subang Jaya, Shah Alam and Cyberjaya in the Klang Valley; Sentul, San Peng, Bintang and Taman Midah in the Federal Territory; Kulim Hi-Tech Park in Kedah; Bayan Baru in Penang; as well as Senai and Permas in Johor. Unifi is expected to reach 1.30 million by 2012. In December 2010, Telekom Malaysia Berhad announced a ten-year agreement with Maxis Bhd. which would allow Maxis to offer fixed broadband and Internet Protocol Television (IPTV) services by leveraging on Telekom Malaysia's HSBB network.

Competitors such as YTL Communications Sdn Bhd, Time dotCom Bhd and U Mobile Sdn Bhd raced to make announcements in 2010. YTL Communications Sdn Bhd, which was one of the operators that has been granted the Wimax license, launched YES which is a 4G broadband infrastructure with speeds of approximately 100.00 Mbps for mobile access and about 1Gbps for stationary access in November 2010. Meanwhile, Time dotCom Bhd had already begun rolling out its fibre-to-the-home (FTTH) service in Klang Valley and Penang with offering of speeds up to 1 Gbps in 2010. Time dotCom Bhd has deployed its services in all Sunrise Bhd owned-properties around Mont' Kiara and Dutamas as well as Bangsar and Penang in 2010. U Mobile Sdn Bhd, on the other hand, announced the launch of its High Speed Packet Access (HSPA) connection which would bring internet speeds up to 42.00 Mbps. U Mobile has already covered Berjaya Times Square and is expected to cover other areas in Klang Valley such as Subang Jaya and Sunway by the end of 2010.

Based on the global relationship between broadband penetration rate and online Adex share of total Adex, it is expected that as HSBB is rolled out in Malaysia through these HSBB service providers, internet connectivity is expected to significantly improve, which is then expected to result in greater demand for HSBB to replace basic broadband.

As the relationship between download speeds and online Adex is positively correlated, it is expected that with the successful rollout of Unifi, YES, and the other emerging HSBB service providers in Malaysia, the average download speeds is expected to increase to 5.00 Mbps and above, resulting in more internet users in Malaysia demanding HSBB and a positive impact on online Adex.

If the HSBB rollout plans through Unifi, YES, and the like take place successfully, and the average download speeds increase in Malaysia, then the higher speeds would allow more efficient and faster data streaming with minimal lag in loading websites. With these improvements, advertisers are more likely to be persuaded to utilize the online media to stream their advertisements to their audience in Malaysia. As more advertisers are encouraged to use the online media as a viable, quick and reliable advertising medium, the online Adex share of total Adex is expected to increase.

**Changes in consumer behaviour and decision making due to a younger population**

According to the Department of Statistics Malaysia, about half of the population in Malaysia is under the age of 35 years. It is important to note that younger individuals, especially those below the age of 35, are more inclined to regularly utilize the internet. With a large population of young Malaysians who are more inclined to accept the usage of the internet, the acceptance rate of advertisers towards utilizing the online media as an advertising medium is expected to increase, and this would drive the growth of the online media industry.

In addition to being more accepting of online media, these young individuals in Malaysia will become future decision makers in the next 10 to 20 years. With their greater understanding of the internet, they are expected to be more open-minded towards online media and subscribe to online Adex compared to the current generation of decision makers.

**Accessibility to the internet**

In order to access the internet, there is a need for hardware such as personal computers, laptops and connectivity peripherals. Hardware is decreasing in price and becoming more affordable to the greater public. The IT industry has been growing in terms of expenditure in hardware, software and IT services from about RM3.4 billion in 2000 to about RM17.00 billion in 2010.

Besides cheaper hardware, accessibility to the internet is also increasing with the availability of hardware that promotes internet mobility. Internet access is no longer restricted to computers as devices such as the iPad, tablet PCs and smart phones also allow internet access now.

With internet "hotspots"[3] becoming more commonplace in Malaysia, individuals may not even need their own connectivity peripherals in order to connect to the internet as they are able to connect to the internet through these "hotspots". According to the Malaysian Communications and Multimedia Commission (MCMC), the number of "hotspots" subscriptions in Malaysia increased from 20,300 in 2005 to 437,800 in 2010. Taken together, these cheaper devices, greater mobility, and wider internet coverage allow greater internet accessibility for individuals and thus, a higher internet usage rate, which in turn is expected to accelerate online media Adex in Malaysia.

## 6.2 Industry Restraints

**Currently low internet connectivity speeds**

Higher internet connectivity speeds would lead to increases in internet usage, allowing for the growth of the online media industry. With the increase in target audience, the rate of acceptance of advertisers towards online media as a form of mainstream advertising medium would also increase. Presently, the internet connectivity speed in Malaysia is on average only 2.54 Mbps (as at 15th October 2010). So long as internet speeds in Malaysia remain relatively low and below the 5.00 Mbps required for more seamless streaming of internet content, then the restraint on online Adex is expected to continue.

**Competition with other media channels**

Currently, online media competes against other advertising media including TV and newspaper for advertisement spending. TV and radio have both shown Adex growth and remain strong alternative channels for Adex. Compared to these traditional media, online media is still perceived as new and is unfamiliar to many content owners, who may also be uncertain of the ability of online media advertising to reach out effectively to the general public.

With the increase in internet usage, it is expected that there will be a greater shift in advertising from traditional media to online media. These alternative media channels, especially highly established ones such as radio, television, and print which either show high growth rates, high total Adex or both, are expected to remain present in the industry in the long term. As such, they will continue acting as alternatives to online media, and serve as a restraint to the growth of the online media industry.

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[3] "Hotspot" is a term for a site (e.g., restaurants, hotels, shopping malls, etc) that offers internet access.

## 7.0 Industry's Reliance and Vulnerability to Imports

Online media advertising is not vulnerable to imports because advertisers based in Malaysia can be served by local service providers that provide localized services that cater to local advertising needs and trends. Similarly, media content is also not reliant on imports as the content has to appeal to the local audience. The software required in the online media industry need not be imported as well as it is readily available in Malaysia.

## 8.0 Product Substitution

While online media usage amongst advertisers is expected to increase, online must continue competing against other media which serve as alternative media for advertisements and content.

Traditional media for advertising such as TV and newspapers is still relatively more popular as they have a longer history of use as an advertising medium in Malaysia; and is expected to continue as a substitute media for online advertising.

## 9.0 Future Outlook of the Online Media Industry in Malaysia

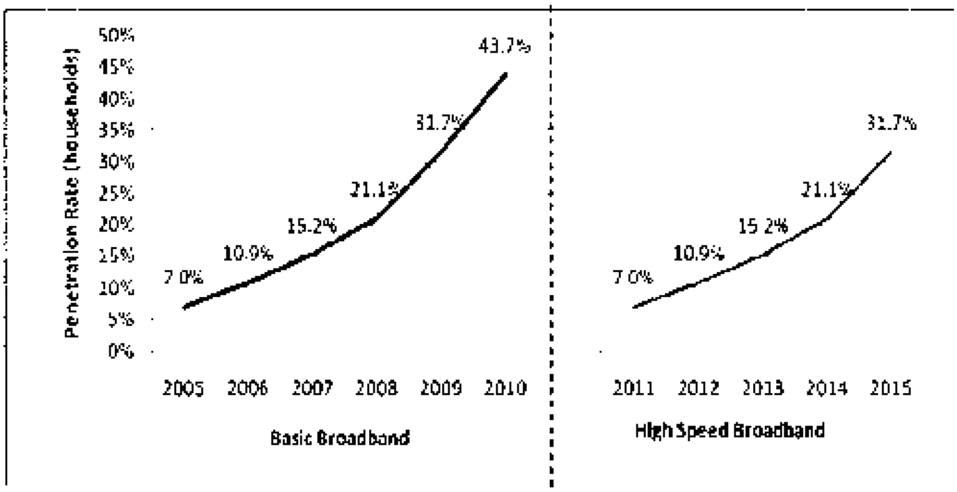
Based on global trends, countries that have relatively high online Adex share of total Adex tend to have average download speeds of higher than 5.00 Mbps. For example, in 2009, the average download speeds for the United Kingdom, Japan and the United States were all above 5.00 Mbps, and the online Adex share of total Adex for each of these countries were all above 10.00 percent.

If Malaysia were to have average download speeds of 5.00 Mbps or greater, then the online share of total Adex can be expected to follow similar patterns. Malaysia's average download speed is 2.54 Mbps as at 15th October 2010, but with the successful rollout of the HSBB, the average download speed is expected to increase.

To estimate the growth in online Adex in relation to HSBB penetration rate, we have assumed the following:

*Assumption 1*: Based on the historical J-growth pattern of basic broadband rollout in Malaysia which progressively gets faster as the years pass, Frost & Sullivan assumes that the rate of penetration for HSBB over the next five to six years (2010-2015) in Malaysia would follow similar growth rates as demonstrated during the basic broadband rollout from 2005-2009. Assuming that the HSBB rollout follows this similar pattern, then Malaysia's HSBB penetration would reach a 31.70 percent penetration rate by about 2015.

**Historical and forecast of basic broadband and HSBB broadband rates (Malaysia), 2005-2015**

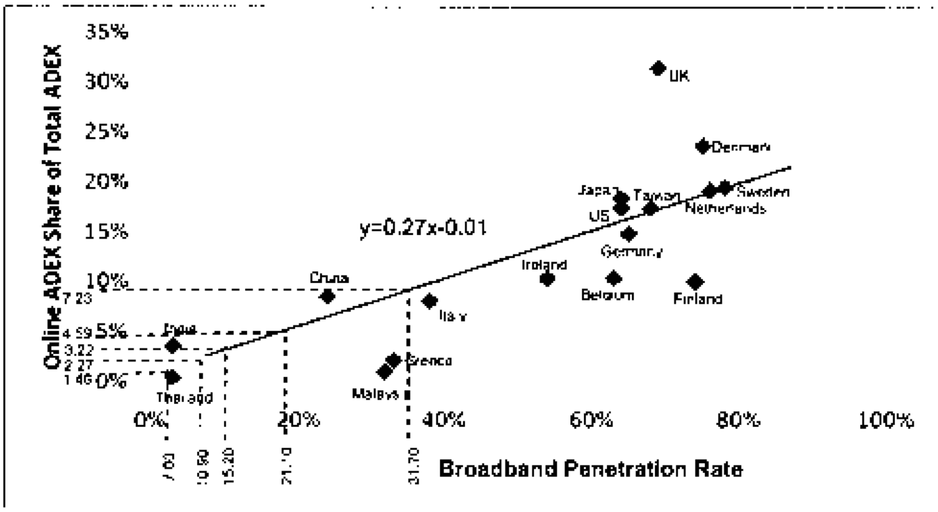



*(Extracted from the Independent Market Research by Frost & Sullivan)*

EXECUTIVE SUMMARY

*Assumption 2:* With the HSBB infrastructure, the growth rate of online Adex share of total Adex in Malaysia could potentially follow the global relationship between broadband penetration rates and online Adex share. Based on the assumption that the HSBB penetration rates are 7.00, 10.90, 15.20, 21.10 and 31.70 percent in the years 2011 to 2015 respectively and the assumption that the online Adex share follows global patterns, the online Adex share of total Adex is expected to be 1.46, 2.27, 3.22, 4.59 and 7.23 percent respectively from 2011 to 2015.

**Estimated online Adex share (Malaysia) based on global relationship between broadband penetration rate and online Adex share of total Adex**




| Year | Assumed HSBB penetration | Estimated online Adex share assuming global correlation relationship above is obeyed |
|---|---|---|
| 2011 | 7.00% | 1.46% |
| 2012 | 10.90% | 2.27% |
| 2013 | 15.20% | 3.22% |
| 2014 | 21.10% | 4.59% |
| 2015 | 31.70% | 7.23% |

*(Extracted from the Independent Market Research by Frost & Sullivan)*

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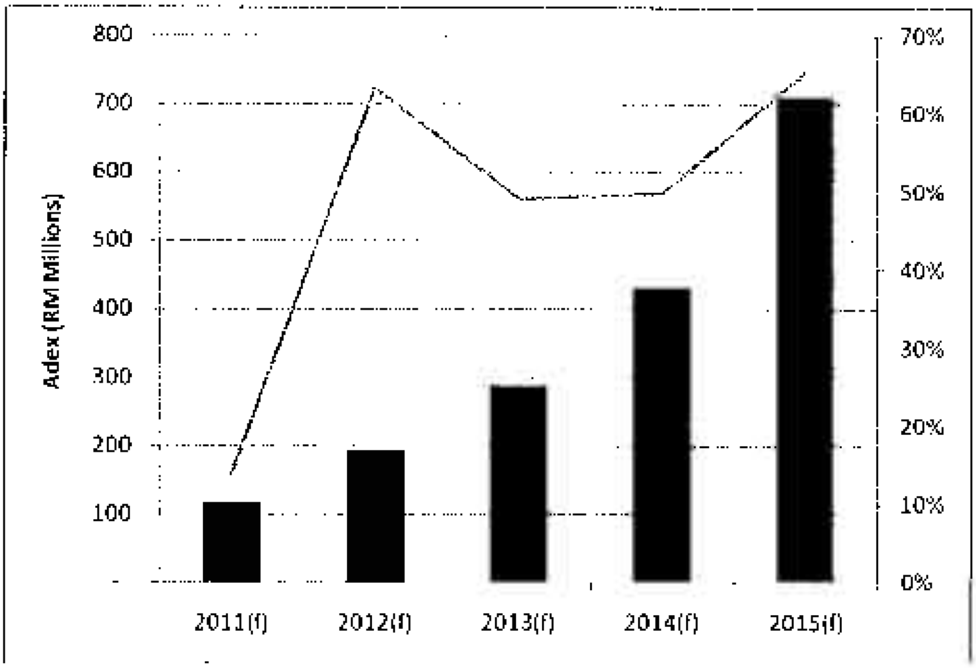
*Assumption 3:* To estimate the future market size of the online media industry, the market size of online Adex is calculated as a proportion of the total Adex. Frost & Sullivan has assumed a year-on-year growth rate of 5.00 percent in total Adex in Malaysia between 2011 and 2015, which brings total Adex in 2011 to an estimated RM8.09 billion, then RM8.49 billion by 2012, RM8.92 billion in 2013, RM9.37 billion in 2014 and finally RM9.83 billion by 2015.

Therefore, based on the above three assumptions, the estimated online Adex share of 1.46 percent of the estimated RM8.09 billion in 2011 translates to an estimated online media market size of RM118.12 million. Similarly, the estimated online Adex share of 7.23 percent of the estimated RM9.83 billion in 2015 translates to an estimated online media market size of RM710.98 million. The estimated CAGR of online Adex between 2011 and 2015 is 56.63 percent.

**Forecast for online Adex (Malaysia), 2011-2015**




| Year | Estimated online Adex share | Estimated total Adex* (RM Million) | Estimated online Adex (RM Million) | Online Adex Growth Rate |
|---|---|---|---|---|
| 2011 | 1.46% | 8,090.23 | 118.12 | 13.85% |
| 2012 | 2.27% | 8,494.74 | 192.83 | 63.25% |
| 2013 | 3.22% | 8,919.48 | 287.21 | 48.94% |
| 2014 | 4.59% | 9,365.46 | 429.87 | 49.67% |
| 2015 | 7.23% | 9,833.73 | 710.98 | 65.39% |
| CAGR (2011 – 2015) | | | 56.63% | |

* Total Adex growth based on 5 percent annual growth rate

*(Extracted from the Independent Market Research by Frost & Sullivan)*

# 10.0 Industry Players and Competition

## 10.1 Description of Industry Structure

The online media industry is a moderately fragmented industry. Although there are only about 20 industry players in the online media industry currently, the number of new entrants in the online media industry is expected to increase as the Industry has relatively low barriers to entry.

Although it is relatively easy for new entrants to enter into the industry, the continuous success of an industry player would depend on its strategic partnership with popular, established websites. In the online media industry, the source of differentiation is mainly dependent on the websites that they own or partner with. Thus, the success of the industry players highly depends on the audience reach of these websites. For example, partnerships with high traffic websites such as Yahoo, Microsoft and Google would result in higher revenue earned for the industry player.

The industry is a relatively new industry with many of the industry players having entered the industry less than 5 years ago. Most Malaysian online media industry players are based in Malaysia and many of the key industry players have also ventured into the online media market in other countries, particularly in Asia.

## 10.2 Key online media owners and profiles

The industry landscape within the online media industry consists of all industry participants who are media owners and create revenues by placement of advertisements online.

Below is a non-exhaustive list of selected key industry players arranged in alphabetical order:

- Admax Network Sdn Bhd
- Advertlets Sdn Bhd
- Better Sdn Bhd
- Catcha Media
- Digital Five Sdn Bhd
- Innity Corporation Berhad
- Nuffnang Sdn Bhd
- Sin Chew-I Sdn Bhd
- Pixel Media Sdn Bhd

**Profile of selected key industry players in the online media industry**

*Admax Network Sdn Bhd ("Admax")*

Admax was established in 2006. Admax deals with multimedia advertising and other related activities. Admax partnered with over 2,900 local and international websites, such as 701 Panduan and Adoi Magazine. It acts as the online media advertising network agency that operates the Advertising Spaces within these websites.

*Advertlets Sdn Bhd ("Advertlets")*

Advertlets was established in 2007. It provides digital media advertising solutions. Advertlets mostly partners with blogssites to offer targeted advertising to advertisers.

*Better Sdn Bhd ("Better")*

Better is a recently formed online media company incorporated in 2010 as a result of a merger between Media Two Point Zero, Primetime Anytime, Travel dot Consult and Over 3 Hours. Their main services are digital media representation, mainly in media reselling and online advertising network. Some of the websites that they partner with include Fox Interactive Media, BBC.com, Cartoon Network, ESPN STAR Sports, MySpace, Lonely Planet, and Travelocity.

*Catcha Media*

Catcha Media began its online media business in 2009. Catcha Media is a media owner of several online websites including JuiceOnline.com and Prestige-asia.com. Catcha Media has the online rights to develop and sell its magazine brands and content as well as rights to sell Advertising Space, promote and monetise Microsoft and Lowyat.net Online Properties.

*Digital Five Sdn Bhd ("Digital Five")*
Digital Five began in 2008 and was formerly known as Multimedia Interactive Technologies Sdn Bhd. Digital Five is a subsidiary of Astro All Asia Networks ("Astro") and is the media operator that publishes content across mobile content and applications, interactive TV and online services for Astro. Digital Five utilizes the content of the Astro in conjunction with external partners, such as Stadiumastro.com and Murai.com.my. Moreover, Digital Five also continuously develops additional branded content streams on its own and partnering websites.

*Innity Corporation Berhad ("Innity")*
Innity was incorporated in 1999. Innity's main principal activity is to provide technology-based advertising solutions that facilitate online advertising using an in-house developed technology programme, namely the AdVenue Platform. Innity provides online marketing technologies and services mainly to newspaper portals such as The Star Online, SinChew-I and The Edge Daily Online.

*Nuffnang Sdn Bhd ("Nuffnang")*
Established in 2007, Nuffnang is a media reseller and online media advertising network. Nuffnang deals especially with blogs to provide online advertising solutions as well as advertisement spaces to their clients. Its parent company, Nom Nom Media, has an exclusive partnership with Twitter to sell and develop its Advertising Space.

*Sin Chew-I Sdn Bhd ("Sin Chew-I")*
Sin Chew-I is an online newspaper portal that started in 2000. Sin Chew-I's nature of business involves providing content to web and mobile users, web hosting and designing, web advertising and web audio video broadcasting. In terms of web advertising, Sin Chew-I provides its own media content as well as run its own online Advertising Spaces. However, Sin Chew-I also allows other online advertising network agencies such as Innity and Pixel Media to sell some of its allocated Advertising Spaces as well.

*Pixel Media Sdn Bhd ("Pixel")*
Pixel started as a media reseller in 2003 and launched Adsfactor, its online media advertising network agency, in 2009. Pixel has partnerships with websites such as Paultan.org, ebay, Friendster, OhBulan!, VOCM, Wedding Guide Asia, Shopping Lifestyle, and Mobile World. Pixel Media also deals with other publishers or newspaper portals such as Utusan Online, Sin Chew-I, and Kosmo.

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The table below shows the financial comparative analysis of selected key industry players according to the latest available audited financial statements filed at Suruhanjaya Syarikat Malaysia:

**Financial Comparative Analysis of Selected Key Industry Players**

| Competitors (alphabetical) | | Latest Financial Year filed at SSM | Revenue (RM) | Profit After Tax (RM) |
|---|---|---|---|---|
| Better Sdn Bhd | Media Two Point Zero Sdn Bhd* | 31st December 2009 | 7,734,893.00 | 301,029.00 |
| | Yellow Brick Road Sdn Bhd* | 31st December 2009 | 4,966,547.00 | 91,478.00 |
| Catcha Media | | 31st December 2009 | 7,814,000.00 | (34,000) |
| Digital Five Sdn Bhd | | 31st January 2009 | 23,734,402.00 | (15,258,985.00) |
| Innity Corporation Berhad | | 31st December 2009 | 13,047,000.00 | (1,552,000.00) |
| Interactive Hub Sdn Bhd | | 31st December 2009 | 6,891,418.00 | 111,436.00 |
| Nuffnang Sdn Bhd | | 30th June 2009 | 3,460,981.00 | 352,278.00 |
| Sin Chew-I Sdn. Bhd. | | 31st March 2009 | 4,579,294.00 | 2,004,569.00 |

NOTE.
*Media Two Point Zero Sdn. Bhd. and Yellow Brick Road Sdn. Bhd. merged in 2010 to form Better Sdn. Bhd.
The above companies are identified comparable companies with FY2009 financial statements available at SSM.
The SSM financial statements for FY2010 for most of the above companies are not yet available.

*(Extracted from the Independent Market Research by Frost & Sullivan)*

## 11.0 Barriers to Entry

As compared to many other media industries such as television, radio and print, the online media has relatively low barriers to entry due to its low capital expenditure costs. Nevertheless, to enter this industry, industry players must be familiar and competent at utilizing the technology involved in developing content for online media.

Online media requires industry players to possess technological skills with IT hardware and software in order for the online media to function and be savvy in the creative demands for the online content industry. Industry players must possess the skillsets or at least have the necessary resources that can provide these skills to generate online media content that will generate interest from the advertisers to spend in this medium. Presently, Malaysia is lacking skilled professionals who are experienced in the ICT and advertising industry that can create online media content suitable for generating online Adex. The absence of these skillsets poses as a barrier for new industry players to enter into the industry.

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## 12.0 Industry Risks and Challenges

**Shortage of skilled personnel**

In the online media industry, it is critical to have a team of dedicated sales personnel that understand online media and can persuade the advertising community to spend Adex online. Sales personnel are critical for creating awareness and increasing the acceptance rate of advertisers and advertising agencies to positively subscribe to online media advertising. Presently, it is difficult to recruit sales personnel that have the relevant experience and technical knowledge to adequately support the online media industry. Another challenge faced by the industry is the shortage of personnel in software expertise that are creatively skilled in the development of online content.

**The need for constant innovation**

As the online media industry is dynamic and constantly evolving, there is a need for industry players to continuously innovate to meet competitive demands. As the online advertising revenue is dependent on the amount of traffic the particular website acquires, websites that do not innovate and keep up with the latest trend will begin to lose its audience reach and this would lead to a decrease in online advertising revenue for the particular website. Thus, industry players need to ensure that their websites or partnering websites offer media content that is relevant and is of current interest to its audience in order to ensure the longevity of the website.

Online advertising has also evolved with online innovation and evolution. Online advertisements began as just clicks on banners that led users to a specific website showing the advertisement, but has evolved to a variety of enhanced media applications such as keyword targeted search engine advertising, animated page takeovers, streaming audio and video, interactive on-page and permission email and other social networking tools embedded with advertising content. Thus, industry players must constantly ensure that their online advertising services are competitive and current in order to ensure their continued presence in the industry.

**Dependence on advertisers placing online advertisements**

The growth of the online media industry depends on advertisers' choosing to spend their advertising dollars on the online media. In 2010, the proportion of money spent on online advertising in Malaysia is only approximately 1.22 percent and is comparably lower as compared to other traditional media. This is mostly due to the lack of confidence and negative perception that advertisers have about the effectiveness of the online media as a mainstream form of advertising. Advertisers in Malaysia are very comfortable advertising on traditional media and it is a challenge to persuade advertisers away from these media. Hence, educating and creating awareness among advertisers of the effectiveness and measurability of online advertising is a challenge that industry players must overcome to strengthen the online media industry.

**Uncertainty on the success of the HSBB rollout**

Although there are plans to rollout HSBB, there is still a risk in the uncertainty of the success of the rollout and the timeliness of the rollout. The HSBB rollout plan has yet to be fully implemented and is not proven to provide stable connections throughout the country. Should the HSBB infrastructure not provide internet connectivity speeds of about 5.00 Mbps and above, it is expected that the HSBB demand would not grow adequately due to poor demand for the mediocre internet speed and thus, may affect the expected growth of the online media industry.

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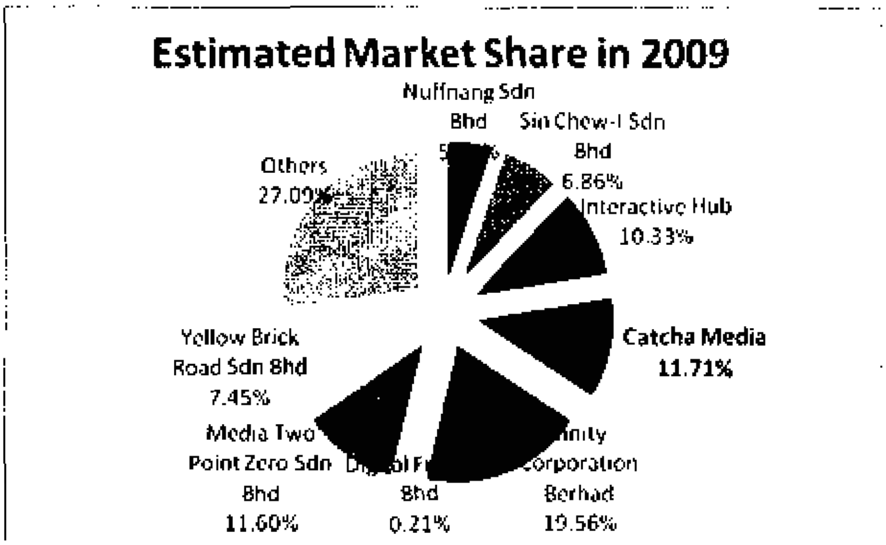
## 13.0 Market Coverage, Position and Share

Catcha Media held about 11.71 percent of the online media industry in Malaysia in 2009 based on its revenue, while all other players combined accounted for the remaining 88.29 percent. This segment includes all key players that generate revenue from online advertising expenditure.

**Market share of the key industry players in the online media industry**




* Market shares of Digital Five Sdn Bhd, Interactive Hub Sdn Bhd, Media Two Point Zero Sdn Bhd, Nuffnang Sdn Bhd, Sin Chew-I Sdn Bhd and Yellow Brick Road Sdn Bhd are based on revenues extracted from their FY2009 financial statements recorded with Suruhanjaya Syarikat Malaysia.
** Market share of Innity Corporation Berhad is based on revenue extracted from the Innity Corporation Berhad Consolidated Income Statements 2009
*** Market share of Catcha Media is based on revenue of its online media business in FY2009.
**** Revenues of other players in the industry are not publicly available.
***** This list is not exhaustive and does not represent market ranking of the industry players

*(Extracted from the Independent Market Research by Frost & Sullivan)*

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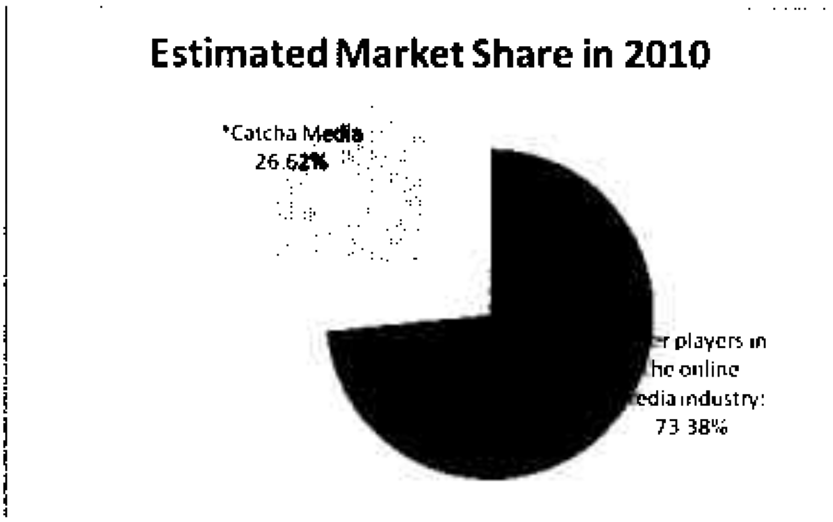
Based on the estimated revenue of the online media industry in 2010 and Catcha Media's estimated revenue for FY2010, Catcha Media was estimated to have captured about 26.62 percent of the online media industry in Malaysia in 2010.

**Estimated market share for the online media industry (Malaysia), 2010**




Note:
*The basis of estimation for the market share in 2010 is as follows:
The numerator is Catcha Media's estimated revenue from their online media business in FY2010 (i.e. RM25.00 million), and the denominator is the estimated online Adex in 2010 (i.e. RM93.90 million)

*(Extracted from the Independent Market Research by Frost & Sullivan)*

## 14.0 Supply Conditions

The online media industry is supported by several supply conditions.

**Human capital**

To be able to create and publish online content effectively, a team comprising of creative personnel that are able to create online content and technical personnel able to publish, maintain, and operate the content online is necessary. Without this team, suitable material for online publishing may not be created and the effective use of technology may not be appropriated to publish these materials for viewing by an audience. While there are technical and creative personnel working in Malaysia, a combination of skilled professionals familiar in both these areas and with adequate direct experience in this relatively young industry in Malaysia poses as a short-term limiting supply condition to this industry.

**Online media equipment**

The physical equipment required for creating and transmitting online content such as computers and servers is easily available through local distributors at competitive prices. The software required to produce online content and manage the online advertisements displayed on the screens are also easily available locally. In general, the supply of online media equipment is readily available and is not assumed to be a limiting factor for this industry.

**Availability of content**

Suitable content that can attract the interest of an online audience is a crucial supply condition. Without content on a website that is attractive to an audience, then demand for online Adex on that website would be minimal. It is critical for industry players to be able to provide the necessary content that would be able to capture the attention of an online audience, and subsequently be appealing as a location for online advertising. Websites with high online audience volume such as MSN and Facebook are examples of websites with content that are highly attractive to an online audience and serve as a magnet for online Adex. The supply of online content that is interesting to an audience is generally available and is not assumed to be a limiting factor for this industry.

## 15.0 Relevant Laws and Regulations

The MCMC governs the communications and multimedia industry. With respect to the media industry in general, a key act of law that is of concern is the Communications and Multimedia Act 1998 ("the Act"). The Act seeks to provide a generic set of regulatory provisions based on generic definitions of market and service activities. The Malaysian Communications and Multimedia Content Code was introduced in compliance with the Act and formulates guidelines and requirements for content programs which comprises the following parts:

- Guidelines on content;
- Specific advertisement code;
- Specific broadcasting guidelines;
- Specific online guidelines;
- Specific audiotext hosting service guidelines;
- Specific limited content guidelines;
- Consumer protection;
- Public education; and
- Code administration.

The Malaysian media industry is monitored by a self-regulatory system set up by industry players themselves. Self-regulatory systems help to protect the consumers' interest and ensure fair play among the industry players in the media industry in Malaysia.

## 16.0 Overview of the Online Media Industry in Southeast Asia

### 16.1 Singapore

Presently, the online media industry in Singapore is rather developed, with an online Adex share of 4.00 percent. In fact, Singapore is the regional hub for online advertisements in ASEAN as a whole. This is probably because its established broadband infrastructure had allowed its online media industry to develop earlier than the other ASEAN countries. Singapore's internet infrastructure is rather established with a broadband penetration surpassing 100.00 percent and an average download speed of 12.09 Mbps (as at 15$^{th}$ October 2010). This shows that there is on average more than one broadband subscription in a single household. Singapore began to launch its first broadband initiative program, that is "Singapore One" (one network for everyone) in 1999. It was preceded by two other initiatives plans. The aim of these initiatives was to cover Singapore entirely with broadband service and to reach 900,000 households by 2001. However, due to lack of competitors in the broadband service provider industry, the high costs and lack of HSBB services, only about 20.00 percent of individuals of the intended broadband penetration were reached. This broadband adoption rate only started to rise after 2001, when broadband competitors entered industry and provided broadband services and lowering service price to more competitive rates.

## 16.2 Indonesia

The online media industry in Indonesia has only just begun to pick up in growth and is still relatively small compared to other countries in Asia, with an online Adex share of total Adex of approximately 0.60 percent. This is probably due to the fact that Indonesia's current internet penetration in 2010 is only 16.10 percent and its broadband penetration rate is only about 2.00 percent. The average download speed in Indonesia is 1.13 Mbps as at 15th October 2010. At present, the internet service provider industry is mainly dominated by only two key players, that is, PT Telcom and PT Indosat. Although there have previously been no concerted effort on the Government of Indonesia's part to efficiently develop the broadband infrastructure, the Government of Indonesia is beginning to take action to support the ICT infrastructure by establishing the National ICT Association to research, develop and coordinate a strategy to develop the infrastructure in Indonesia.

## 16.3 Thailand

Similar to Indonesia, the online media industry is still a rather new industry at present, with an online Adex share of total Adex of about 0.50 percent. It is expected that the development of broadband infrastructure would drive the growth of the online media industry as well. Although internet penetration in Thailand began to increase when the Thailand Ministry of Information and Technology imposed a reduction of broadband internet tariffs by 50.00 percent in 2005, the penetration rate of the internet was only at 26.30 percent in 2010, with broadband penetration in 2010 at approximately 3.00 percent. Thailand's average download speed is at 5.45 Mbps (as at 15th October 2010). Nevertheless, the internet infrastructure is expected to continue to improve as the players in the broadband service provider industry such as True Corporations, Telecom Asia, TT&T Public Corporations, Telecom Organization of Thailand Corporation and Communications Authority of Thailand are competing to offer better broadband services. The Meaningful Broadband Working Group that is a coalition of the key players in the service provider industry and the National Telecommunications Union has plans to encourage the roll out of broadband and aims to increase the broadband penetration rate to 54.00 percent by 2015.

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## 17.0 Prospects and Outlook for Catcha Media

The online media industry had an industry size of RM66.71 million in 2009 and RM93.90 million in 2010. Based on global online Adex patterns as well as the assumed successful rollout of the HSBB, the online Adex in Malaysia is forecast to grow rapidly to reach RM710.98 million by 2015, with a CAGR of 56.63 percent from 2011 to 2015. This growth is expected to be driven by Telekom Malaysia Berhad's rollout of Unifi as well as the plans of other internet service providers such as YTL Communications Sdn Bhd, Time dotCom Bhd and U Mobile Sdn Bhd to offer competitive HSBB services with download speeds of more than 5.00 Mbps. With the increase in average download speeds due to the HSBB infrastructure, the demand for HSBB is expected to increase, resulting in a rise in penetration rate of HSBB. This would allow for the growth in the online media industry as the increase in internet usage rate and fast download speeds would attract advertisers to place advertisements on online media. In addition, other factors such as the changes in consumer behavior and decision making due to the young population and the increasing accessibility to the internet are expected to encourage the growth of online media. However, the growth of the online media industry is dependent on the success of the HSBB rollout, and assuming that the advertisers in Malaysia follow the global pattern in online Adex.

At present, the online media industry has already a vast target reach. For example, MSN and Google, both of which currently hosts visitors in Malaysia on its website portals or search engines, exceeded 7 million Unique Users to its website monthly (as at October 2010). As compared to the print media, the online media has a wider reach as the annual English, Malay and Chinese newspaper circulation for the year 2010 was a combined 4.54 million. Television viewership currently has the highest number of reach, with approximately 28.23 million individuals in 2010. With the factors above driving the online media industry, online media show potential to significantly increase its audience in the future.

Catcha Media, as one of the key industry players, shows potential to reap the benefits of the growing online media industry. From 2009 to 2010, Catcha Media's market share grew from 11.71 percent to 26.62 percent based on Catcha Media's estimated revenue and the estimated revenue from industry players that generate income from online advertising in 2010. With its strong partnership with Microsoft Inc. to sell, develop and market all Microsoft's Online Properties in Malaysia, Catcha Media is expected to remain a strong player in the industry in the future. Furthermore, Catcha Media also has a print Publishing Business in which resources such as content, brand introduction and client/supplier relationship can be utilized as leverage for its digital business.

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# 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

## 8.1 Promoters, Selling Shareholder and Substantial Shareholders

### 8.1.1 Shareholdings

Based on our Register of Substantial Shareholders and Register of Members as at LPD, the table below sets out the direct and indirect interests of our Promoters and substantial shareholders before and after the IPO:

| | | Before the IPO | | | | After the IPO | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Direct | | Indirect | | Direct | | Indirect | |
| Name | Country of incorporation/ Nationality | Number of Shares | % | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Catcha Group (S) [1] | Singapore | 89,732,558 | 81.57 | - | - | 78,732,558 | 59.20 | - | - |
| Patrick Y-Kin Grove [2] | Australian | - | - | 89,732,558 * | 81.57 | - | - | 78,732,558 * | 59.20 |
| Kensuke Tsurumaru [2] | Japanese | - | - | 89,732,558 * | 81.57 | - | - | 78,732,558 * | 59.20 |
| Lucas Robert Elliott [2][3] | Australian | - | - | 89,732,558 * | 81.57 | - | - | 78,732,558 * | 59.20 |
| Comperio Investment Management Ltd [4] | Cayman Island | 6,484,740 | 5.90 | - | - | 6,484,740 | 4.88 | - | - |

*Notes:*

* *Deemed interested through Catcha Group (S) pursuant to Section 6A of the Act.*

(1) *Promoter, Selling Shareholder and substantial shareholder.*

(2) *Promoters and substantial shareholders by virtue of their interest in Catcha Group (S).*

(3) *Lucas Robert Elliott is an employee of Catcha Lifestyle.*

(4) *Substantial shareholder.*

Save as disclosed above, our Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over our Company.

### 8.1.2 Profile of our Promoters, Selling Shareholder and/or substantial shareholders

**Catcha Group (S)**, a substantial shareholder of our Group, was incorporated in Singapore under the laws of Singapore on 12 March 2004.

The principal activity of Catcha Group (S) is investment holding.

As at the LPD, Catcha Group (S)'s issued and paid-up share capital is SGD360,002 comprising 3,600,020 ordinary shares each in Catcha Group (S).

The particulars of Catcha Group (S)'s directors as at the LPD are set out below:

| Director | Nationality | <------ Direct ------> No. of ordinary shares | % | <------- Indirect -------> No. of ordinary shares | % |
|---|---|---|---|---|---|
| Patrick Y-Kin Grove ^ | Australian | 2,207,271 | 61.31 | - | - |
| Kensuke Tsurumaru ^ | Japanese | 827,733 | 22.99 | - | - |

*Note:*

^ *Promoter and substantial shareholder of our Company by virtue of his interest in Catcha Group (S).*

The registered address of Catcha Group (S) is 14 Robinson Road, #06-01 Far East Finance Building, Singapore 048545.

**Patrick Y-Kin Grove**, an Australian, aged 36, is a Promoter, indirect substantial shareholder of our Group and our Non-Independent Non-Executive Director and was appointed to our Board on 6 October 2010. In 1997, he graduated with a Bachelor of Commerce in Finance from University of Sydney, Australia and he is also a chartered accountant, a member of the Institute of Chartered Accountants of Australia. After graduation, Patrick began his career with Arthur Andersen, Sydney, Australia in the corporate finance division. While working in Arthur Andersen, he specialised in mergers and acquisitions and extraction of investment value in high growth, media, new media and technology environments. He resigned from Arthur Andersen in 1999 and co-founded Catcha.com Limited in 1999.

Over the years, Patrick has built a number of media and internet-based businesses in Asia and has been independently recognised with numerous international awards such as in 2001 he was awarded as a Global Leader of Tomorrow by the World Economic Forum, in 2003 he was awarded as a New Asian Leader by the World Economic Forum, in 2004 he was awarded as a Young Entrepreneur by the Australian Chamber of Commerce, Singapore and in 2008 he was awarded as a Top Entrepreneur under 40 by Business Week Asia.

Currently, he is the group chief executive officer and a major shareholder of Catcha Group (S) and he is also the deputy chairman of IPGA Limited.

**Kensuke Tsurumaru**, a Japanese, aged 35, is a Promoter, indirect substantial shareholder of our Group and the Chief Executive Officer of our Group and was appointed to our Board on 6 October 2010. In 1998, he graduated with a Bachelor of Commerce in Accounting and Marketing from University of Sydney, Australia. In 1998, he began his career at ICM Marketing Japan K.K., a business-to-business event management company in Tokyo, Japan as a senior project manager.

In 1999, he joined Patrick Y-Kin Grove and Lucas Robert Elliott in the formation of Catcha.com Limited and in 2004 became a founding member of Catcha Group (S). He is responsible for the day-to-day operations of our Group. Prior to joining our Company, Kensuke was the chief executive officer of IPGA Limited and he was instrumental in the development, growth and success of IPGA Limited including its listing on the Australian Securities Exchange. He is also a non-executive director of and a major shareholder of Catcha Group (S).

**Lucas Robert Elliott**, an Australian, aged 35, is a Promoter, indirect substantial shareholder and an employee of our Group. In 1998, he graduated with a Bachelor of Commerce in Finance from University of Sydney, Australia.

In 1999, he joined Patrick Y-Kin Grove and Kensuke Tsurumaru in the formation of Catcha.com Limited and in 2004 became one of the founding members of Catcha Group (S) and was the head of our Publishing Business from its inception in 2002 until 2006, maintaining an advisory position within the Publishing Business since. He has over ten (10) years of online media experience, focusing on developing fast moving internet-based business, monetising media assets and executing corporate transactions including mergers and acquisitions, capital raisings and public listings. An example of such corporate transaction is the purchase of Ailligent Sdn Bhd (now known as iProperty.com Malaysia Sdn Bhd), which became an integral part of IPGA Limited, listed by Catcha Group (S) on the Australian Securities Exchange in September 2007. Currently, he is a non-executive director of IPGA Limited. In addition, Lucas also oversees Catcha Group (S)'s corporate activities.

**Comperio Investment Management Ltd**, a substantial shareholder of our Group, was incorporated in the Cayman Island on 18 November 2005 as Frontier Asia Capital Limited and assumed its current name on 17 September 2010.

The principal activity of Comperio Investment Management Ltd is that of private investment company.

As at the LPD, Comperio Investment Management Ltd's issued and paid-up share capital is USD100 comprising 100 ordinary shares each in Comperio Investment Management Ltd.

The registered address of Comperio Investment Management Ltd is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands.

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### 8.1.3 Changes in substantial shareholders' shareholdings

The changes in the shareholdings of our substantial shareholders since our incorporation are as follows:

| | | Shareholdings in our Company prior to changes | | Shares acquired/ (disposed) | | Shareholdings in Company after changes | | % | |
|---|---|---|---|---|---|---|---|---|---|
| Name | Date | Direct | Indirect | Direct | Indirect | Direct | Indirect | Direct | Indirect |
| Catcha Group (S) | 6 October 2010 | - | - | 110,000,020 # | - | 110,000,020 | - | 100.00 | - |
| | 27 October 2010 | 110,000,020 | - | (6,484,740) (1) | - | 103,515,280 | - | 94.10 | - |
| | 27 October 2010 | 103,515,280 | - | (6,484,740) (2) | - | 97,030,540 | - | 88.21 | - |
| | 27 October 2010 | 97,030,540 | - | (7,297,982) (3) | - | 89,732,558 | - | 81.57 | - |
| Patrick Y-Kin Grove | 6 October 2010 | - | - | - | 110,000,020 * | - | 110,000,020 * | - | 100.00 |
| | 27 October 2010 | - | 110,000,020 * | - | (6,484,740) *(1) | - | 103,515,280 * | - | 94.10 |
| | 27 October 2010 | - | 103,515,280 * | - | (6,484,740) *(2) | - | 97,030,540 * | - | 88.21 |
| | 27 October 2010 | - | 97,030,540 * | - | (7,297,982) *(3) | - | 89,732,558 * | - | 81.57 |
| Kensuke Tsurumaru | 6 October 2010 | - | - | - | 110,000,020 * | - | 110,000,020 * | - | 100.00 |
| | 27 October 2010 | - | 110,000,020 * | - | (6,484,740) *(1) | - | 103,515,280 * | - | 94.10 |
| | 27 October 2010 | - | 103,515,280 * | - | (6,484,740) *(2) | - | 97,030,540 * | - | 88.21 |
| | 27 October 2010 | - | 97,030,540 * | - | (7,297,982) *(3) | - | 89,732,558 * | - | 81.57 |
| Lucas Robert Elliott | 6 October 2010 | - | - | - | 110,000,020 * | - | 110,000,020 * | - | 100.00 |
| | 27 October 2010 | - | 110,000,020 * | - | (6,484,740) *(1) | - | 103,515,280 * | - | 94.10 |
| | 27 October 2010 | - | 103,515,280 * | - | (6,484,740) *(2) | - | 97,030,540 * | - | 88.21 |
| | 27 October 2010 | - | 97,030,540 * | - | (7,297,982) *(3) | - | 89,732,558 * | - | 81.57 |

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

| Name | Date | Shareholdings in our Company prior to changes | | Shares acquired/ (disposed) | | Shareholdings in Company after changes | | % | |
|---|---|---|---|---|---|---|---|---|---|
| | | Direct | Indirect | Direct | Indirect | Direct | Indirect | Direct | Indirect |
| *Comperio* Investment Management Ltd | 27 October 2010 | - | - | 6,484,740 (1) | - | 6,484,740 | - | 5.90 | - |

*Notes:*

* *Deemed interested through Catcha Group (S) pursuant to Section 6A of the Act.*

\# *Being Shares issued by our Company to Catcha Group (S) for the total purchase consideration of the Acquired Assets.*

(1) *Being Shares acquired by Comperio Investment Management Ltd from Catcha Group (S). Details are set out in Section 9.8 of this Prospectus.*

(2) *Being Shares acquired by Dato' Gan Nyap Liou and Mah Yong Sun from Catcha Group (S). Details are set out in Section 9.8 of this Prospectus.*

(3) *Being Shares transferred by Catcha Group (S) to our long-serving employees of our Group, key employees of Catcha Group (S) and its subsidiaries, and Lim Kah Wui, a founding member of Catcha Group (S). Details are set out in Section 9.8 of this Prospectus.*

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## 8.2 Directors

Our Board comprises the following members:

| Name | Designation | Date of appointment | Date of expiration of current term of office |
|---|---|---|---|
| Dato' Gan Nyap Liou | Independent Non-Executive Chairman | 19 November 2010 | 30 June 2014* |
| Kensuke Tsurumaru | Chief Executive Officer | 6 October 2010 | 30 June 2012* |
| Patrick Y-Kin Grove | Non-Independent Non-Executive Director | 6 October 2010 | 30 June 2013* |
| Mah Yong Sun | Independent Non-Executive Director | 19 November 2010 | 30 June 2014* |

*Note:*

* *At the First Annual General Meeting of the Company held on 13 June 2011, all Directors retired and being eligible for re-election, were re-elected to the Board. The dates of expiration of current term of office stated above are on the assumption that the Annual General Meetings of the Company are held on 30 June in each of the subsequent years, in compliance with Section 143 and 169 of the Companies Act, 1965*

In accordance with our Articles of Association, one third (1/3) of our Board will retire by rotation at every annual general meeting of our Company. Each Director shall retire at least once in every three (3) years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next annual general meeting and shall then be eligible for re-election. None of the Directors has been appointed for a fixed term.

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### 8.2.1 Shareholdings

Based on our Register of Directors' shareholdings as at LPD, the table below sets out the direct and indirect interests of our Directors before and after the IPO:

| | | Before the IPO | | | | After the IPO | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Direct | | Indirect | | Direct | | Indirect | |
| **Name** | **Nationality / Country of incorporation** | **Number of Shares** | **%** | **Number of Shares** | **%** | **Number of Shares** | **(%)** | **Number of Shares** | **(%)** |
| Dato' Gan Nyap Liou | Malaysian | 5,187,792 | 4.71 | - | - | 5,187,792 | 3.90 | - | - |
| Kensuke Tsurumaru | Japanese | - | - | 89,732,558 * | 81.57 | - | - | 78,732,558 * | 59.20 |
| Patrick Y-Kin Grove | Australian | - | - | 89,732,558 * | 81.57 | - | - | 78,732,558 * | 59.20 |
| Mah Yong Sun | Malaysian | 1,296,948 | 1.18 | - | - | 1,296,948 | 0.97 | - | - |

*Note:*

* *Deemed interested through Catcha Group (S) pursuant to Section 6A of the Act.*

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**8.2.2 Profile of our Board**

The profiles of **Patrick Y-Kin Grove** and **Kensuke Tsurumaru** have been set out in Section 8.1.2 of this Prospectus.

**Dato' Gan Nyap Liou**, a Malaysian, aged 57, is the Independent Non-Executive Chairman of our Group and was appointed to our Board on 19 November 2010. Dato' Gan Nyap Liou obtained his accounting qualification in 1982 and was admitted to be a fellow member of the Chartered Association of Certified Accountants on 24 May 1987 and a member of the Malaysian Institute of Accountants on 28 June 2001. Dato' Gan Nyap Liou is a chartered accountant and a certified management consultant, and has extensive experience in the consulting, technology and investment communities across the Asian region. Upon obtaining his accounting qualification, he joined Accenture, a global management and technology consulting firm, where he served for 26 years until his retirement in December 2004. Dato' Gan Nyap Liou held many global leadership roles including managing partner for Asia, Chairman of the International Advisory Committee and member of the Global Management Council. Dato' Gan Nyap Liou also managed Accenture's multi-billion dollar venture capital fund in Asia Pacific from 1999 to 2003, where he travelled extensively to evaluate innovative technologies and high-growth markets, concluding several investments in China, Japan, Australia and Singapore.

Dato' Gan Nyap Liou has previously served as the chairman of the Association of Computer Industry Malaysia (PIKOM) and the vice president of the Association of Asian Oceania Computer Industry Organisation, was a member of the Malaysia US Business Council, Ministry of Science and Technology Think Tank, Malaysia Copyright Tribunal and The Labuan International Financial Exchange Committee.

Currently, Dato' Gan Nyap Liou is a board member of Tanjong Public Limited Company, Ambank (M) Berhad, Amcorp Properties Berhad, AmIslamic Bank Berhad, Tien Wah Press Holdings Berhad, Cuscapi Berhad, British Malaysian Chamber of Commerce and Badan Pengawas Pemegang Saham Minoriti Berhad (Minority Shareholder Watchdog Group).

**Mah Yong Sun**, a Malaysian, aged 49, is an Independent Non-Executive Director of our Group and was appointed to our Board on 19 November 2010. In 1984, he graduated with a Bachelor of Science (Engineering) in Computing Science from University of London's Imperial College of Science and Technology, United Kingdom. After graduation, he joined Accenture, a global management and technology consulting firm, where he served for 25 years until his retirement in 2009. Mah was a partner in Accenture for 12 years and held many leadership roles including change management competency group lead for Asia, communication and high technology lead for ASEAN and Indonesia and communication sector lead for greater China.

He has extensive experience in the media and communication industries, strategic information planning, complex systems implementation and business operations. He is currently a non-executive director of Cuscapi Consulting Services Sdn Bhd, Prosten Technology Holdings Limited, Hong Kong, and Celcom Axiata Berhad.

### 8.2.3 Representative of corporate shareholders

Save as disclosed below, there are no other representatives of corporate shareholders on our Board:

| Name of Director | Designation | Representing |
|---|---|---|
| Kensuke Tsurumaru | Chief Executive Officer | Catcha Group (S) |
| Patrick Y-Kin Grove | Non-Independent Executive Director | Catcha Group (S) |

### 8.2.4 Directors' remuneration and benefits

The aggregate remuneration and benefits paid or to be paid/accrued or to be accrued to our Directors for services rendered in all their capabilities within our Group according to bands of RM50,000 for the financial years ended/ending 31 December 2010 and 2011 are as follows:

| | Remuneration band of our Directors for the financial years ended/ending 31 December | |
|---|---|---|
| Director | 2010 (RM) | 2011 (RM) |
| Dato' Gan Nyap Liou | - | 100,000 – 150,000 |
| Kensuke Tsurumaru | 0 – 50,000 | 500,000 – 550,000 |
| Patrick Y-Kin Grove | - | 50,000 – 100,000 |
| Mah Yong Sun | - | 50,000 – 100,000 |

The remuneration, which includes our Directors' salaries, bonus, fees and allowances as well as other benefits to our Directors, must be considered and recommended by our Nomination and Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

## 8.3 Committees

### 8.3.1 Audit Committee

Our Audit Committee comprises the following members:

| Name | Designation | Directorship |
|---|---|---|
| Dato' Gan Nyap Liou | Chairman | Independent Non-Executive Chairman |
| Patrick Y-Kin Grove | Member | Non-Independent Non-Executive Director |
| Mah Yong Sun | Member | Independent Non-Executive Director |

Our Audit Committee is principally responsible for, amongst others, the review of audit plans and audit reports with our auditors, review of the auditors' evaluation of internal accounting controls and management information systems, review of the scope of internal audit procedures, review of the financial statements, and nomination of the auditors.

### 8.3.2 Nomination and Remuneration Committee

Our Nomination and Remuneration Committee comprises the following members:

| Name | Designation | Directorship |
|---|---|---|
| Mah Yong Sun | Chairman | Independent Non-Executive Director |
| Dato' Gan Nyap Liou | Member | Independent Non-Executive Chairman |

Our Nomination and Remuneration Committee is principally responsible for, amongst others, the following:

(a) recommending candidates for appointments to our Board, members of board committees, key management positions, assessing the effectiveness of the Board and board committees, as well as arranging orientation programs for new Directors; and

(b) establishing performance criteria to evaluate the performance of each member of our Board, developing our Group's remuneration policy for our Chief Executive Officer for our Board's approval and recommending the remuneration packages and terms of employment of our Chief Executive Officer to our Board.

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## 8.4 Key Management

Our Management is headed by Kensuke Tsurumaru, our Chief Executive Officer. He is supported by a team of experienced qualified management personnel, who are responsible for our Group's day-to-day management and operations.

### 8.4.1 Shareholdings

Based on our Register of Members as at LPD, the table below sets out the direct and indirect interests of our key management personnel before and after our IPO:

| | | Before the IPO | | | | After the IPO | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Direct | | Indirect | | Direct | | Indirect | |
| Name | Designation | Number of Shares | % | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Voon Tze Khay | General Manager | 1,100,000 | 1.00 | - | - | 1,100,000 | 0.83 | - | - |
| Diwata Tharan | Business Development Director | - | - | - | - | - | - | - | - |
| Maimunah Mohd Noor | Editorial Director | 313,778 | 0.29 | - | - | 313,778 | 0.24 | - | - |
| Tee Choon Wee | Financial Controller | - | - | - | - | - | - | - | - |
| Damon Shay Rielly | General Manager, Online Media Business | - | - | - | - | - | - | - | - |

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### 8.4.2 Profile of our key management personnel

**Voon Tze Khay**, a Malaysian, aged 34, is the General Manager of our Publishing Business. In 1997, he graduated with a Bachelor of Management in Marketing from University of South Australia, Australia. After graduation, Tze Khay began his career with Emap Malaysia Sdn Bhd as an advertising executive, before joining Catcha.com Sdn Bhd in 2000. Since 2001, he has worked to spearhead the development of our Publishing Business.

Tze Khay has over 12 years experience managing a diverse and rapidly growing publishing business environment. He is responsible for all aspects of our Publishing Business.

**Diwata Tharan**, a Malaysian, aged 33, is the Business Development Director of our Online Media Business. In 2000, she graduated with a Bachelor of Arts in Economics and Politics from University of Sydney, Australia. After graduation, Diwata began her career with Worldwide Business Research Pte Ltd as a conference sales executive. In 2002, she worked at GCI Worldwide Sdn Bhd as a senior account executive, consulting on projects with global brands and clients such as Nike, Proctor & Gamble and Eli Lilly. In 2005, she joined our Group as marketing manager for our Publishing Business.

In 2009, Diwata assumed the role of Business Development Director of our Online Media Business. She is responsible for developing new business opportunities, content and syndication partnerships and online channel arrangements for our Online Media Business. Diwata Tharan works to find partners who will:

(i) provide content for the channels (e.g. travel channel) on Catcha Media's Online Properties;

(ii) new Online Properties for Catcha Media to market and promote and sell Advertising Space; and

(iii) provide services that can be sold on Microsoft's Online Properties in Malaysia.

**Maimunah Mohd Noor**, a Malaysian, aged 40, is the Head of Editorial and Consumer for our Online Media Business. In 1997, she graduated with a Bachelor in Psychology from University of Stirling, Scotland. From 1998 to 2001, Maimunah was a writer and journalist for The Sun, Men's Review, Getasia.com, Cosmos Discovery and TONE magazines. She joined our Group in 2002 as an editor and subsequently in 2005 she was promoted to the position of editor-in-chief, before being promoted to the position of Editorial Director in 2007, where she was responsible for the editorial and design direction of our Magazines. Maimunah was been instrumental in spearheading the creation of spin-offs, special issues and supplements as well as the launch of new titles and properties in our Publishing Business. In 2011, Maimunah assumed the position of Head of Editorial and Consumer for our Online Media Business, where she is responsible for audience growth and all editorial content.

**Tee Choon Wee**, a Malaysian, aged 34, is the Financial Controller of our Group. In 2000, he graduated from Universiti Teknologi Malaysia with a Bachelor of Management in Accounting. He became a member of the Association of Chartered Certified Accountants in 2003 and a member of the Malaysian Institute of Accountants in 2007. After graduation, he commenced his career with KPMG in the audit department, before joining Landmarks Berhad as the assistant group accountant in 2005. In 2006, he joined Mexter Technology Berhad as the group financial controller and head of the finance department where he was responsible for all finance and reporting functions. In 2009, he joined Huawei Technologies (Malaysia) Sdn Bhd as the senior project finance manager, where he assumed responsibility for sourcing and creating finance and financing solutions for new projects in the South Pacific region. In 2010, he joined our Group as Financial Controller and he is responsible for all aspects of our Group's finance, accounting and reporting functions.

**Damon Shay Rielly**, an Australian, aged 36, is the General Manager of our Online Advertising Business. In 1996, he graduated from Martin College with an Advanced Diploma of Business (Marketing). From 1997 to 2002, Damon joined PMP Limited as an account manager. In 2002, Damon joined Austereo Ltd, a radio broadcaster based in Australia, as an account manager. He left Austereo Limited in 2008 where his last position was as director of sales. From 2008 to 2011, Damon was the Head of the Media Business for the REA Group, an online advertising business specialising in real estate based in Australia.

Damon joined our Group as the General Manager of our Online Media Business in 2011. He has over fifteen (15) years of experience in the media industry spanning online, radio, and print media, and was a representative to the Internet Advertising Bureau of Australia. He is responsible for executing the business strategy of our Online Media Business.

### 8.5 Involvement in Other Businesses/Corporations

As at the LPD, save as disclosed in Section 8.6 of this Prospectus pertaining to our Directors' involvement in principal business activities outside our Company, neither our Chief Executive Officer nor key management personnel are involved in activities or operations of any other businesses or corporations outside our Group.

### 8.6 Principal Business Activities Outside Our Company and Principal Directorships

Saved as disclosed below and directorship held in our Company, none of our Directors has had any other directorships outside our Group during the past five (5) years up to LPD:

| Name | Directorships | Involvement in business activities other than as a Director |
|---|---|---|
| Dato' Gan Nyap Liou | **Present directorships:** | |
| | ▪ Tanjong Public Limited Company | None |
| | ▪ Tien Wah Press Holdings Berhad | None |
| | ▪ Cuscapi Berhad | Shareholder |
| | ▪ Amcorp Properties Berhad | None |
| | ▪ Badan Pengawas Pemegang Saham Minoriti Berhad | None |
| | ▪ Hong Leong Assurance Berhad | None |
| | ▪ Cuscapi Malaysia Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi Consulting Services Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi Hospitality Solutions Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi Network Solutions Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi International Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi Innovation Lab Sdn Bhd | Indirect shareholder |
| | ▪ Cuscapi Solutions Sdn Bhd | Indirect shareholder |
| | ▪ AmBank (M) Berhad | None |
| | ▪ AmIslamic Bank Berhad | None |
| | ▪ Saujana Resort (M) Berhad | Shareholder |
| | ▪ Littledrops Sdn Bhd | Shareholder |
| | ▪ ET2 Sdn Bhd | Shareholder |
| | ▪ Macroscope Sdn Bhd | Shareholder |
| | ▪ Carikar (M) Sdn Bhd | Indirect shareholder |
| | ▪ Eiro Sdn Bhd | Shareholder |
| | ▪ JIA Associates Sdn Bhd | Shareholder |
| | ▪ JIA Holdings Sdn Bhd | Shareholder |
| | ▪ The House Projects Sdn Bhd | Shareholder |
| | ▪ Uma Sdn Bhd | Shareholder |
| | ▪ LaraG Sdn Bhd | Shareholder |
| | ▪ Larry Gan Capital Sdn Bhd | Shareholder |
| | ▪ Wei Xian Capital Sdn Bhd | Shareholder |
| | ▪ Wei Le Capital Sdn Bhd | Shareholder |
| | ▪ Heritage Factory Sdn Bhd | Shareholder |
| | ▪ Kindergolf (M) Sdn Bhd | Shareholder |
| | ▪ Tadika Cita Cita Sdn Bhd | Shareholder |
| | ▪ Prestariang Berhad | None |
| | ▪ The Hill F&B Group Sdn Bhd | Shareholder |
| | ▪ Kindergolf Pte Ltd, Singapore | Shareholder |
| | ▪ Yakimbi Sdn Bhd | None |

## 8. INFORMATION ON OUR PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

| Name | Directorships | Involvement in business activities other than as a Director |
|---|---|---|
| Dato' Gan Nyap Liou *(cont'd)* | **Past directorships:** | |
| | ▪ MIMOS Berhad | None |
| | ▪ Jaring Communications Sdn Bhd | None |
| | ▪ AmInvestment Group Berhad | None |
| | ▪ AmInvestment Bank Berhad | None |
| | ▪ Digicert Sdn Bhd | None |
| | ▪ Marco Acquisition Corporation, United States of America | None |
| | ▪ IPGA Limited, Australia | None |
| | ▪ REDtone International Berhad | None |
| | ▪ Lotus Group International Ltd, United Kingdom | None |
| | ▪ Group Lotus Plc, United Kingdom | None |
| | ▪ Lotus Cars Limited, United Kingdom | None |
| | ▪ Lotus Engineering Ltd, United Kingdom | |
| | ▪ Lotus Holdings Inc, Unites States of America | None<br>None |
| | ▪ Lotus Engineering Inc, United States of America | None |
| | ▪ Lotus Cars USA Inc, United States of America | None |
| | ▪ Lotus Cars Australia Pty Ltd, Australia | None |
| | ▪ Lotus Body Engineering Ltd, United Kingdom | None |
| | ▪ Lotus Lightweight Structures Ltd, United Kingdom | None |
| | ▪ Lotus Lightweight Structures Holdings Ltd, United Kingdom | None |
| | ▪ Lotus Motorsport Ltd, United Kingdom | None |
| | ▪ Lotus Engineering Co Ltd, Shanghai, China | None |
| | ▪ Lotus Engineering Malaysia Sdn Bhd | None |
| | ▪ Longan FC Sdn Bhd | Shareholder |
| | ▪ Noble Builders Sdn Bhd | Indirect shareholder |
| Kensuke Tsurumaru | **Present directorships:** | |
| | ▪ iProperty.com Sabah Sdn Bhd | Shareholder |
| | ▪ Ultra Inspirasi Sdn Bhd | Shareholder |
| | ▪ Catcha Group Pte Ltd, Singapore | Shareholder |
| | ▪ Catcha Holding Company Sdn Bhd (formerly known as Catcha Media Sdn Bhd) | Indirect shareholder |
| | ▪ Digital Access Sdn Bhd | Indirect shareholder |
| | ▪ Zenith Line Sdn Bhd | Indirect shareholder |
| | ▪ Catcha Ltd, Singapore | Indirect shareholder |
| | ▪ Catcha Digital Asia Pte Ltd, Singapore | Indirect shareholder |
| | ▪ Looque Agency Sdn Bhd | None |
| | ▪ Deal Mates Sdn Bhd (formerly known as Virtual Accent Sdn Bhd) | Indirect shareholder |
| | ▪ Glorious Rainbow Limited, Hong Kong | Indirect shareholder |

| Name | Directorships | Involvement in business activities other than as a Director |
|---|---|---|
| Kensuke Tsurumaru *(cont'd)* | **Past directorships:** | |
| | ▪ iProperty.com Malaysia Sdn Bhd | Indirect shareholder |
| | ▪ iProperty.com Events Sdn Bhd | Indirect shareholder |
| | ▪ Info-Tools Pte Ltd, Singapore | Indirect shareholder |
| | ▪ iProperty Group Asia Pte Ltd, Singapore | Indirect shareholder |
| | ▪ iProperty.com Singapore Pte Ltd, Singapore | Indirect shareholder |
| | ▪ Go Home H.K. Co. Ltd, Hong Kong | Indirect shareholder |
| | ▪ House 18 Service Ltd, Hong Kong | Indirect shareholder |
| | ▪ Finance18.com Ltd, Hong Kong | Indirect shareholder |
| | ▪ InfoPortal Tech Co. Ltd, Taiwan | Indirect shareholder |
| Patrick Y-Kin Grove | **Present directorships:** | |
| | ▪ iProperty.com Sabah Sdn Bhd | Shareholder |
| | ▪ Ultra Inspirasi Sdn Bhd | Shareholder |
| | ▪ IPGA Limited, Australia | Shareholder |
| | ▪ Catcha Group (S), Singapore | Shareholder |
| | ▪ Catcha Holding Company Sdn Bhd (formerly known as Catcha Media Sdn Bhd) | Indirect shareholder |
| | ▪ Digital Access Sdn Bhd | Indirect shareholder |
| | ▪ Zenith Line Sdn Bhd | Indirect shareholder |
| | ▪ Catcha Ltd, Singapore | Indirect shareholder |
| | ▪ Catcha Digital Asia Pte Ltd, Singapore | Indirect shareholder |
| | ▪ Looque Agency Sdn Bhd | Indirect shareholder |
| | ▪ iProperty.com Malaysia Sdn Bhd | Indirect shareholder |
| | ▪ iProperty.com Events Sdn Bhd | Indirect shareholder |
| | ▪ Go Home H.K. Co. Ltd, Hong Kong | Indirect shareholder |
| | ▪ House 18 Service Ltd, Hong Kong | Indirect shareholder |
| | ▪ Finance18.com Ltd, Hong Kong | Indirect shareholder |
| | ▪ Horizon InfoVentures Pvt Ltd, India | Indirect shareholder |
| | ▪ Deal Mates Sdn Bhd (formerly known as Virtual Accent Sdn Bhd) | Indirect shareholder |
| | ▪ Glorious Rainbow Limited, Hong Kong | Indirect shareholder |
| | **Past directorships:** | |
| | ▪ Info-Tools Pte Ltd, Singapore | Indirect shareholder |
| | ▪ iProperty Group Asia Pte Ltd, Singapore | Indirect shareholder |
| | ▪ iProperty.com Singapore Pte Ltd, Singapore | Indirect shareholder |
| | ▪ InfoPortal Tech Co. Ltd, Taiwan | Indirect shareholder |
| | ▪ @live Group Sdn Bhd | Indirect shareholder |
| Mah Yong Sun | **Present directorships:** | |
| | ▪ Prosten Technology Holdings Limited, Hong Kong | None |
| | ▪ Cuscapi Consulting Services Sdn Bhd | None |
| | ▪ Celcom Axiata Berhad | None |
| | **Past directorship:** | |
| | ▪ Accenture Solutions Sdn Bhd | None |

Kensuke Tsurumaru devotes almost all of his time and effort to his executive functions in our Group. As such, his involvements in other businesses and corporations are not expected to have any material effect on his capacity within our Group. Besides, our Board is of the view that his involvement in other business activities outside our Group does not effect his contribution to our Group and would not be expected to affect the operations of our Group.

Further, involvement in other business activities outside our Company held by our Directors may give rise to a conflict of interest situation with our businesses. On matters or transactions requiring the approval of our Board, Directors who are deemed interested or conflicted in such matters shall be required to abstain from deliberations and voting on the resolutions relating to these matters or transactions.

## 8.7 Declaration

None of our Promoters, Directors and key management personnel, is or has been involved in the following events, whether in or outside Malaysia:

(i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he/she was a partner or any corporation of which he/she was a director of key personnel;

(ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(iii) charged on/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;

(iv) a judgment entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

(v) an order, judgement or ruling of any court, government or regulatory authority or body temporarily enjoining him/her from engaging in any type of business practice or activity.

## 8.8 Family Relationships and Associations

As at the LPD, there is no other family relationship between our Promoters, substantial shareholders, Directors and key management personnel.

## 8.9 Amounts/Benefits Paid or Intended to be Paid or Given to any Promoter, Director or Substantial Shareholder

Save for the Directors' remuneration and benefits as set out in Section 8.2.4 of this Prospectus, as at the LPD, there have been no amounts or benefits paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders, within the two (2) years preceding the date of this Prospectus.

## 8.10 Service Agreements

Save for Damon Shay Rielly, the General Manager of our Online Advertising Business, all our employees have standard employment contracts. As at the LPD, save as disclosed below, none of our Directors and key management has any existing or proposed service agreements with our Group:

On 30 December 2010, Catcha Digital (M) entered into an executive service agreement with Damon Shay Rielly as its general manager for a fixed period of two (2) years (the "Term") commencing 14 February 2011 and will not be extended for any further period until and unless a new agreement is entered into. The remuneration package payable to Damon Shay Rielly includes a base salary and cash incentive arrangements. The service agreement may be terminated by:

(a) either party giving three (3) months notice; or

(b) such other periods as agreed by both parties in writing; or

(c) Catcha Digital (M) without notice in circumstances amounting to serious misconduct or breach of obligations under the agreement.

The Service Agreement also include terms prohibiting Damon Shay Reilly from competing in similar business and or soliciting business contacts and personnels of Catcha Digital (M) upon termination of the Service Agreement.

## 8.11 Our Employees

As at LPD, we have total of 102 employees, of which 99 are local permanent employees and three (3) are foreign employees. The table below sets forth the number of employees by category as at the end of each of the past three (3) financial years:

| | <------------- No. of employees as at -------------> | | | |
|---|---|---|---|---|
| **By categories** | **FYE 2008** | **FYE 2009** | **FYE 2010** | **LPD** |
| Managerial and professional | 4 | 4 | 5 | 6 |
| Technical professionals | 27 | 31 | 36 | 36 |
| Sales and marketing personnel | 23 | 26 | 31 | 33 |
| Clerical and administrative | 4 | 6 | 7 | 9 |
| General workers | 10 | 14 | 17 | 18 |
| | **68** | **81** | **96** | **102** |

None of our Group's employees are members of any union and there have not been any major disputes between the management and our employees in the past. We have always enjoyed cordial relationships with our employees. Our Directors have confirmed that our foreign employee has valid working permits and are not in breach of any immigration laws.

**Training and development**

We believe that our ability to retain a team of highly skilled and knowledgeable workforce is instrumental to our success. Hence, we emphasize on the importance of providing development programmes for our employees.

We provide practical and management training to our employees. Our training programmes are in line with our objective to equip our employees with the necessary knowledge and skill, and to ensure that our employees are proficient in performing their respective job responsibilities.

We also provide a number of job related courses, seminars and workshops organised by external professional trainers to our managers and staff so that they will be continually kept abreast and updated with the relevant knowledge, skills, rules and regulations and development of their respective fields. The courses, seminars and workshops organised includes sales training courses, editorial training courses, system training courses and product training courses.

**Management succession plans**

Our businesses are organised along functional lines where functional/department managers are responsible for the execution of their duties. Our Group practises management empowerment whereby functional/department managers are relatively autonomous and have significant decision-making authority within their span of control and within clearly defined boundaries. As such, there is no over reliance on our Chief Executive Officer to be involved in all the details and aspects of the operational and functional areas. This allows our Chief Executive Officer to focus on strategic matters and on further developing the business for growth and success.

Nevertheless, to ensure business continuity, our Group has put in place a management succession plan which includes:

(i) identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management positions in line with the business goals, strategies and culture of our Group; and

(ii) taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available from a capability perspective to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision-making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

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