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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8121)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

This announcement, for which the directors (the “Directors”) of Guru Online (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2015 amounted to approximately HK\$140.28 million, representing a increase of 24.59% as compared with that of approximately HK\$112.59 million in 2014.
- Total comprehensive income attributable to owners of the Company for the year ended 31 March 2015 amounted to approximately HK\$9.13 million, representing a increase of 101.10% as compared with that of approximately HK\$4.54 million in 2014.
- Excluding the one-off listing expenses of approximately HK\$4.06 million (2014: HK\$5.15 million), total comprehensive income for the year ended 31 March 2015 attributable to owners of the Company would have been approximately HK\$13.19 million, around 36.12% higher than approximately HK\$9.69 million recorded in 2014.
- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015.

ANNUAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the audited combined annual results of the Group for the year ended 31 March 2015, together with the comparative audited figures for the prior year as follows:

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	5	140,278	112,594
Cost of services		(81,187)	(64,280)
Gross profit		59,091	48,314
Other income	6	444	326
Selling expenses		(14,499)	(13,217)
Administrative expenses		(32,913)	(28,381)
Share of profit of associates		297	74
Finance costs	7	(3)	(2)
Profit before tax		12,417	7,114
Income tax expense	8	(3,299)	(2,513)
Profit for the year attributable to owners of the Company	9	9,118	4,601
Other comprehensive income (expense)			
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		16	(58)
Total comprehensive income for the year attributable to owners of the Company		9,134	4,543
Earnings per share			
Basic and diluted (HK\$ cent)	10	0.55	0.28

COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Plant and equipment	<i>12</i>	5,169	2,550
Intangible assets	<i>13</i>	3,256	1,707
Interests in associates		465	168
Prepayment for acquisition of plant and equipment		–	1,128
Deposit paid		1,481	458
		<u>10,371</u>	<u>6,011</u>
Current assets			
Trade and bills receivables	<i>14</i>	41,027	39,741
Deposits, prepayments and other receivables		12,178	8,099
Amount due from a related company		–	9
Amounts due from associates		327	245
Amounts due from shareholders		–	229
Held-to-maturity investments	<i>15</i>	–	5,033
Tax recoverable		644	–
Restricted bank balance	<i>16</i>	50	50
Bank balances and cash	<i>16</i>	13,355	6,962
		<u>67,581</u>	<u>60,368</u>
Current liabilities			
Trade and other payables	<i>17</i>	9,160	8,724
Receipts in advance		3,180	2,266
Accrued expenses		3,959	2,977
Income tax payable		651	838
Obligation under a finance lease		16	20
		<u>16,966</u>	<u>14,825</u>
Net current assets		<u>50,615</u>	<u>45,543</u>
Total assets less current liabilities		<u>60,986</u>	<u>51,554</u>

	<i>NOTES</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current liabilities			
Obligation under a finance lease		–	16
Deferred tax liability		906	592
		<u>906</u>	<u>608</u>
		60,080	50,946
		<u>60,080</u>	<u>50,946</u>
Capital and reserves			
Share capital	18	32	32
Reserves		60,048	50,914
		<u>60,048</u>	<u>50,914</u>
Total equity		60,080	50,946
		<u>60,080</u>	<u>50,946</u>

COMBINED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company				
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 April 2013	32	46,625	6	13,540	60,203
Profit for the year	–	–	–	4,601	4,601
Other comprehensive expense for the year					
– Exchange differences arising on translating foreign operations	–	–	(58)	–	(58)
Total comprehensive (expense) income for the year	–	–	(58)	4,601	4,543
Dividend paid (Note 11)	–	–	–	(13,800)	(13,800)
At 31 March 2014 and 1 April 2014	32	46,625	(52)	4,341	50,946
Profit for the year	–	–	–	9,118	9,118
Other comprehensive income for the year					
– Exchange differences arising on translating foreign operations	–	–	16	–	16
Total comprehensive income for the year	–	–	16	9,118	9,134
At 31 March 2015	32	46,625	(36)	13,459	60,080

NOTES TO THE COMBINED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. Pursuant to a special resolution passed on 22 January 2014, the name of the Company was changed from AdBeyond International (Holdings) Limited to Guru Online (Holdings) Limited. The addresses of the registered office and principal place of business of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Level 22, AIA Tower, 183 Electric Road, North Point, Hong Kong respectively.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are investment holding, provision of digital media services and provision of marketing services.

Other than those subsidiaries of the Company established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the remaining subsidiaries of the Company is Hong Kong dollars ("HK\$").

The combined financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF COMBINED FINANCIAL STATEMENTS

Pursuant to the group reorganisation (the "Reorganisation") as described in the section headed "History, Development and Reorganisation – Reorganisation" in the prospectus of the Company dated 22 May 2015 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group after the completion of the Reorganisation on 16 May 2015. The companies now comprising the Group have been under the common control of the ultimate controlling shareholders including Mr. Yip Shek Lun, Ms. Wan Wai Ting, Mr. Ng Chi Fung and Ms. Wang Lai Man, Liza throughout the year or since their respective dates of incorporation/establishment of the relevant Group's subsidiaries, up to 31 March 2015. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the combined financial statements has been prepared on a combined basis as if the Company had always been the holding company of the Group by applying the principles of merger accounting with reference to Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as if the Reorganisation had been completed at the beginning of the year as set out in the accounting policy of the Company.

The combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows including the results and cash flows of companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year or since their respective dates of incorporation/establishment of the relevant Group's subsidiaries, up to 31 March 2015. The combined statement of financial position of the Group as at 31 March 2015 and 2014 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at 31 March 2015 and 2014.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND NEW HONG KONG COMPANIES ORDINANCE

The Group has applied all the new HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations (“Int(s)”) (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning on 1 April 2014.

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the combined financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments ⁴
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle ²
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2017.

⁴ Effective for annual periods beginning on or after 1 January 2018.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

1. Digital Advertisement Placement Services – Provision of advertisement placement services through digital media;
2. Social Media Management Services – Provision of set-up, maintenance and monitor services on corporate profile pages through the social media platforms; and
3. Creative and Technology Services – Provision of services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation.

Segment profit represents the gross profit attributable to each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance. Segment assets and liabilities are not reported to the Group’s CODM regularly.

Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segment.

For the year ended 31 March 2015

	Digital Advertisement Placement Services <i>HK\$’000</i>	Social Media Management Services <i>HK\$’000</i>	Creative and Technology Services <i>HK\$’000</i>	Total <i>HK\$’000</i>
REVENUE				
External sales and segment revenue	<u>51,623</u>	<u>58,995</u>	<u>29,660</u>	<u>140,278</u>
Segment profit	<u>17,620</u>	<u>24,108</u>	<u>17,363</u>	59,091
Unallocated other income				444
Unallocated selling expenses				(14,499)
Unallocated administrative expenses				(32,913)
Share of profit of associates				297
Unallocated finance costs				(3)
Profit before tax				<u>12,417</u>

For the year ended 31 March 2014

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>39,974</u>	<u>47,196</u>	<u>25,424</u>	<u>112,594</u>
Segment profit	<u>14,751</u>	<u>20,807</u>	<u>12,756</u>	48,314
Unallocated other income				326
Unallocated selling expenses				(13,217)
Unallocated administrative expenses				(28,381)
Share of profit of associates				74
Unallocated finance costs				<u>(2)</u>
Profit before tax				<u>7,114</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs, directors' and chief executive's emoluments, other income, share of profit of associates and finance costs. This is the measure reported to the Board, being the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Geographic information

The Group's operations are located in Hong Kong (country of domicile) and the PRC.

Based on the Group entities' place of operation, no geographic information for the Group's revenue from external customers has been presented as over 90% of the external revenue is generated from Group entities whose office located in Hong Kong during the years ended 31 March 2015 and 2014.

Information about major customers

No revenue from a customer contributed over 10% of the total revenue of the Group during the years ended 31 March 2014 and 2015.

5. REVENUE

Revenue represents revenue arising on provision of digital advertisement placement services, social media management services and creative and technology services. The following is an analysis of the Group's revenue for the year:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Digital advertisement placement services	51,623	39,974
Social media management services	58,995	47,196
Creative and technology services	29,660	25,424
	<u>140,278</u>	<u>112,594</u>

An analysis of the Group's revenue by segments is set out in note 4.

6. OTHER INCOME

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net exchange gain	–	115
Bank interest income	64	128
Reversal of impairment loss on trade receivables	119	–
Sundry income	261	83
	<u>444</u>	<u>326</u>

7. FINANCE COSTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on:		
Bank overdraft	2	–
Finance lease	1	2
	<u>3</u>	<u>2</u>

8. INCOME TAX EXPENSE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax:		
Hong Kong	1,985	2,651
PRC Enterprise Income Tax	1,000	–
	<u>2,985</u>	<u>2,651</u>
Deferred tax	314	(138)
	<u>3,299</u>	<u>2,513</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

No provision for the PRC Enterprise Income Tax had been made for the year ended 31 March 2014 as there was no assessable profit for that year.

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The income tax expense for the years can be reconciled to the profit before tax per the combined statement of profit or loss and other comprehensive income as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit before tax	<u>12,417</u>	<u>7,114</u>
Tax at the applicable statutory income tax rate of 16.5% (2014: 16.5%)	2,049	1,174
Tax effect of expenses not deductible for tax purpose	937	989
Tax effect of income not taxable for tax purpose	(10)	(20)
Tax effect of share of results of associates	(49)	(12)
Tax effect of tax losses not recognised	32	672
Effect of different tax rates of subsidiaries operating in other jurisdictions	340	(290)
Income tax expense for the year	<u>3,299</u>	<u>2,513</u>

Note:

The domestic tax rate of 16.5% (2014: 16.5%) in the jurisdiction where the operation of the Group is substantially based is used.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Directors' and chief executive's emoluments	3,148	3,396
Other staff costs (excluding directors' and chief executive's emoluments)	48,990	40,107
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	<u>1,809</u>	<u>1,446</u>
Total staff costs	<u>53,947</u>	<u>44,949</u>
Auditor's remuneration	300	56
Depreciation of plant and equipment	1,664	949
Amortisation of intangible assets (included in cost of services)	455	455
Impairment losses on trade receivables	372	–
Professional expenses incurred in connection with the Company's listing	4,059	5,146
Net foreign exchange loss	14	–
Write off of goodwill arising on acquisition of subsidiaries	–	22
Operating lease rentals in respect of rented premises	<u>5,655</u>	<u>3,652</u>

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>9,118</u>	<u>4,601</u>
Number of shares	2015 <i>'000</i>	2014 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,667,200</u>	<u>1,667,200</u>

The diluted earnings per share is equal to basic earnings per share as calculated above as there were no potential dilutive ordinary shares outstanding for the two years ended 31 March 2015 and 2014.

The weighted average number of ordinary shares in issue during the years ended 31 March 2015 and 2014 represents 1,667,200,000 ordinary shares in issue after taking into account the capitalisation issue pursuant to the Reorganisation as stated in note 2.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: HK\$13,800,000 paid by AdBeyond (Group) Limited).

12. PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST			
At 1 April 2013	3,349	447	3,796
Exchange realignment	2	–	2
Additions	1,000	–	1,000
	<hr/>	<hr/>	<hr/>
At 31 March 2014	4,351	447	4,798
Exchange realignment	(2)	–	(2)
Additions	2,430	1,855	4,285
	<hr/>	<hr/>	<hr/>
At 31 March 2015	6,779	2,302	9,081
	<hr/>	<hr/>	<hr/>
ACCUMULATED DEPRECIATION			
At 1 April 2013	1,135	164	1,299
Provided for the year	818	131	949
	<hr/>	<hr/>	<hr/>
At 31 March 2014	1,953	295	2,248
Provided for the year	1,160	504	1,664
	<hr/>	<hr/>	<hr/>
At 31 March 2015	3,113	799	3,912
	<hr/>	<hr/>	<hr/>
CARRYING VALUES			
At 31 March 2015	3,666	1,503	5,169
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2014	2,398	152	2,550
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and equipment	20%
Leasehold improvements	Over the shorter of term of the lease or 5 years

The net book value of plant and equipment of approximately HK\$20,000 (2014: HK\$37,000) in respect of an asset held under finance lease.

13. INTANGIBLE ASSETS

	Development costs <i>HK\$'000</i>
COST	
At 1 April 2013 and 31 March 2014	2,276
Additions	<u>2,004</u>
At 31 March 2015	<u>4,280</u>
AMORTISATION	
At 1 April 2013	114
Provided for the year	<u>455</u>
At 31 March 2014	569
Provided for the year	<u>455</u>
At 31 March 2015	<u>1,024</u>
CARRYING VALUES	
At 31 March 2015	<u><u>3,256</u></u>
At 31 March 2014	<u><u>1,707</u></u>

The intangible assets are internally generated and have finite useful lives and amortised on a straight-line basis over 5 years.

14. TRADE AND BILLS RECEIVABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade receivables	40,213	40,249
Less: allowance for impairment of trade receivables	<u>(549)</u>	<u>(508)</u>
	39,664	39,741
Bills receivables	<u>1,363</u>	<u>–</u>
	<u><u>41,027</u></u>	<u><u>39,741</u></u>

The Group allows an average credit period of 30-60 days to its customers. The Group does not hold any collateral over these receivables.

As at 31 March 2015, included in the Group's trade receivables balances were approximately HK\$14,982,000 (2014: HK\$14,822,000) which was not yet due according to the contract terms as at the end of the reporting period. Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

As at 31 March 2015, included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately HK\$26,045,000 (2014: HK\$24,919,000) which were past due as at the reporting date for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have a good track record with the Group. Based on past experience, the management believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The following is an aged analysis of trade receivables, net of allowance for impairment of trade receivables presented based on the due date at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current	<u>14,982</u>	<u>14,822</u>
Overdue:		
– within 60 days	11,394	8,929
– 61-90 days	1,760	1,728
– 91-120 days	1,692	1,010
– Over 120 days	<u>11,199</u>	<u>13,252</u>
	<u>26,045</u>	<u>24,919</u>
	<u>41,027</u>	<u>39,741</u>

The movement in the allowance for impairment on trade receivables is set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
At the beginning of the financial year	508	669
Impairment losses recognised on trade receivables	372	–
Amounts written off as uncollectible	(212)	(161)
Impairment losses reversed	<u>(119)</u>	<u>–</u>
At the end of the financial year	<u>549</u>	<u>508</u>

As at 31 March 2015, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK\$549,000 (2014: HK\$508,000). The individually impaired receivables are recognised based on the credit history of its customer and current market conditions.

Included in trade and bills receivables are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
USD	–	200
RMB	6,857	12,207

15. HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments include:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Certificate of deposit	–	5,033

At 31 March 2014, held-to-maturity investments represented a deposit with fixed interest of 3.24% per annum and denominated in RMB which other than functional currency of the respective reporting entity of the Group. The investments matured on 7 August 2014.

16. RESTRICTED BANK BALANCE/BANK BALANCES AND CASH

At 31 March 2015, the bank balances and cash of the Group denominated in RMB amounted to approximately HK\$5,405,000 (2014: HK\$2,526,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

At 31 March 2015, the restricted bank balance carried prevailing market interest rate at 1.5% per annum (2014: 1.5% per annum) and represented the deposit for performance guarantee issued by bank to a supplier.

Included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
USD	21	377
RMB	3,760	1,795

17. TRADE AND OTHER PAYABLES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Trade payables	8,807	8,312
Other payables	353	412
	<u>9,160</u>	<u>8,724</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 30 days	2,019	2,493
31 to 60 days	2,010	117
Over 60 days	4,778	5,702
	<u>8,807</u>	<u>8,312</u>

The trade payables were due according to the terms stated in the relevant contracts. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

Included in the balances of the trade payables as at 31 March 2015, aggregate balances of approximately HK\$177,000 (2014: HK\$100,000) were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

Included in trade payables are the following amounts denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
USD	205	42
RMB	1,415	170
	<u>1,620</u>	<u>212</u>

18. SHARE CAPITAL

For the purpose of presenting the share capital of the Group prior to the Reorganisation in the combined statement of financial position, the balances as at 31 March 2014 and 31 March 2015 represented the combined share capital of the Company and AdBeyond Holdings Limited.

The Company was incorporated in Cayman Islands on 10 January 2014. As at the date of its incorporation, the Company had an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each. On the same date, one share of par value of HK\$0.01 was allotted and issued at nil-paid to the initial subscriber and then transferred to Mr. Ng Chi Fung on the same date. At 1 April 2013, 31 March 2014 and 2015, share capital of AdBeyond Holdings Limited was amounted to HK\$32,249, which divided into 20,942 ordinary shares of HK\$1 each and 11,307 preferred shares of HK\$1 each.

Details of the share capital of the Company are as follows:

	Number of shares	Amount HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
At 10 January 2014 (date of incorporation), 31 March 2014 and 31 March 2015	<u>39,000,000</u>	<u>390,000</u>
Issued and allotted:		
At 10 January 2014 (date of incorporation), 31 March 2014 and 31 March 2015	<u>1</u>	<u>0.01</u>

19. CAPITAL COMMITMENTS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Capital expenditure in respect of acquisition of plant and equipment contracted for but not provided in the combined financial statements	–	1,552

20. RELATED PARTY TRANSACTIONS

(a) Transactions

During the years ended 31 March 2014 and 2015, the Group entered into the following transactions with related parties:

Name of the related party	Relationship	Nature of transactions	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
iMinds Interactive Limited	Common shareholder	Service income	N/A	1,138
Qooza Interactive Limited	Associate	Cost of services	280	557
Travellife Limited	Associate	Cost of services	7	89
bMedia Limited	Associate	Cost of services	350	342

The above transactions were carried out at terms determined and agreed by the Group and the relevant parties. iMinds Interactive Limited had become a subsidiary of the Group since 7 March 2014.

(b) Balances

Details of the Group's non-trade outstanding balances with related parties are set out in the combined statement of financial position.

Details of the Group's trade outstanding balances with related parties are set out in the combined statement of financial position and in note 17.

(c) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the respective reporting periods were as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Short-term benefits	3,737	3,849
Post-employment benefits	82	75
	<u>3,819</u>	<u>3,924</u>

21. EVENTS AFTER THE REPORTING PERIOD

i. Increase of share capital and completion of listing

On 20 May 2015, the authorised share capital of the Company was increased from HK\$390,000 to HK\$100,000,000 by the creation of an additional 9,961,000,000 shares of HK\$0.01 each of which the rights are identical to that of the existing shares. Immediately following completion of listing on GEM on 29 May 2015, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each and the issued share capital of the Company was HK\$16,672,000 divided into 1,667,200,000 shares of HK\$0.01 each with 8,332,800,000 shares of HK\$0.01 each remaining unissued.

Pursuant to the written resolutions of the shareholders of the Company passed on 20 May 2015, 1,199,990,000 shares were issued by way of capitalisation of an amount of HK\$11,999,900 standing to the credit of the share premium account of the Company as stated in share capital as detailed in the Prospectus dated 22 May 2015. The Group's shares were listed on the Stock Exchange and 467,200,000 new shares with a nominal value of HK\$0.01 each were issued to the investors by way of placing at HK\$0.25 each.

ii. Reorganisation

The companies comprising the Group underwent a reorganisation to rationalise the Group's structure in preparation for listing of the Company's shares on the Stock Exchange. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation – Reorganisation" in the Prospectus dated 22 May 2015. As a result of the Reorganisation, the Company became the holding company of the Group on 16 May 2015.

iii. Share option scheme

Pursuant to shareholders' written resolution passed on 20 May 2015, a share option scheme has been conditionally adopted by the Company (the "Share Option Scheme"). The principle terms of the Share Option Scheme are summarised in "Statutory and General Information – D. Share Option Scheme" in Appendix V to the Prospectus. No share option has been granted under the Share Option Scheme up to the date of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Guru Online (Holdings) Limited (the “Group”) is one of the leading integrated digital marketing services providers in Hong Kong. The goal of the Group is to become a sizable and influential Internet enterprise and to revamp the traditional industries and enable clients to promote business in different areas of the world through the power of the Internet.

Established in 2007, the Group currently operates in Hong Kong and Mainland China. Our clients include renowned and respected brands across different industries, NGOs and public bodies. The Group has supported our clients to promote their events through a variety of Internet activities such as website, applications, mobile websites and social media platforms, and we also provide additional Internet-related services.

Business Review

The Group’s current range of integrated digital marketing services includes (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services. Our pragmatic and steady development over the years for expanding our range of services has laid a solid foundation for the Group’s growth. We have years of professional and extensive experience in Internet digital marketing, industry-specific expertise and understanding of the market, which enable us to process and analyze the backgrounds, characteristics products or services and target audiences of the advertisers and offer us significant advantage in the development of digital marketing businesses.

During the year under review, the digital marketing segment has grown steadily as clients have preferred to promote their brands, products and services in a cost-effective way. As opposed to providing a single type of digital marketing services to the advertisers, we, based on our experience, industry knowledge and understanding of the market, analyse the backgrounds, characteristics, products or services and target audiences of the advertisers and provide integrated digital marketing services which are customised to address our clients’ needs.

The Group has continued to expand its presence in the China market, and the revenue attributed to our PRC-based clients increased by 55.85% from 31 March 2014 to the corresponding date in 2015, demonstrating the strong potential and demand of the China market. As our operations expanded into China, we had been engaged by press bureau, tourism promotion centre and sporting event organising committee of several provincial capital cities in China in relation to promotion of tourism or international sporting events.

Financial Review

Revenue

Our revenue from integrated digital marketing business was generated from our: (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

For the year ended 31 March 2015, revenue from social media management services amounted to approximately HK\$59.00 million (2014: approximately HK\$47.20 million), accounting for around 42.06% of our total revenue (2014: around 41.92%). It is expected to remain as a major source of revenue in the future.

Revenue from digital advertisement placement services during the year amounted to approximately HK\$51.62 million (2014: approximately HK\$39.97 million), representing around 36.80% of our total revenue (2014: around 35.50%). During the year, revenue from creative and technology services amounted to approximately HK\$29.66 million (2014: approximately HK\$25.42 million), accounting for around 21.14% of our total revenue (2014: around 22.58%).

Total revenue of the Group grew around 24.59% from approximately HK\$112.59 million for the year ended 31 March 2014 to approximately HK\$140.28 million for the year ended 31 March 2015, which was mainly attributable to the rapid growth of China market.

Other income

Other income of the Group increased by around 33.33% from approximately HK\$0.33 million for the year ended 31 March 2014 to approximately HK\$0.44 million for the year ended 31 March 2015, which was mainly attributable to exchange gain and interest income from bank deposits.

Selling expenses

Staff costs

Staff costs mainly comprise the salaries and performance bonus payable to directors, service teams, executives and staff, as well as MPF contributions. For the two years ended 31 March 2014 and 2015, our staff costs represented around 6.62% and 6.36% of our revenues respectively.

Sales commission

For the two years ended 31 March 2014 and 2015, our sales commission amounted to approximately HK\$3.44 million and HK\$3.58 million, representing around 3.06% and 2.55% of our revenue respectively.

Marketing-related expenses

For the two years ended 31 March 2014 and 2015, our marketing-related expenses amounted to approximately HK\$2.32 million and HK\$1.99 million, representing around 2.06% and 1.42% of our revenue respectively.

Administrative expenses

The Group's administrative expenses increased by around 15.96% from approximately HK\$28.38 million for the year ended 31 March 2014 to approximately HK\$32.91 million for the year ended 31 March 2015. Our administrative expenses were mainly rental expenses, utility expenses, building management fees and recruitment-related expenses. The notable increase in administrative expenses was mainly generated from the professional fees used in compliance with the GEM Listing Rules and other applicable laws, rules and regulations.

Finance costs

The Group's finance costs increased by around 50.00% from approximately HK\$2,000 for the year ended 31 March 2014 to approximately HK\$3,000 for the year ended 31 March 2015. This item comprises interest charges on a financial lease and bank charges.

Listing expenses

For the two years ended 31 March 2014 and 2015, the Group recorded one-off listing expenses of approximately HK\$5.15 million and HK\$4.06 million respectively.

Income tax expense

Our income tax expense increased by around 31.47% from approximately HK\$2.51 million for the year ended 31 March 2014 to approximately HK\$3.30 million for the year ended 31 March 2015, which was mainly attributable to the increase in taxable profit for the year ended 31 March 2015.

Profit for the year attributable to owners of the Company and total comprehensive income

For the year ended 31 March 2015, profit for the year attributable to owners of the Company and total comprehensive income was approximately HK\$9.13 million. Excluding the one-off listing expenses of approximately HK\$4.06 million (2014: approximately HK\$5.15 million), profit for the year ended 31 March 2015 attributable to owners of the Company would have been approximately HK\$13.19 million, around 36.12% higher than approximately HK\$9.69 million recorded in the same period in 2014.

Liquidity and capital resources

As at 31 March 2015, the Group's current ratio was 3.98, compared to 4.07 as at 31 March 2014. The decrease was mainly due to the slight decrease of account receivables turnover. As at 31 March 2015, the Group's bank balances and cash totalled approximately HK\$13.36 million (2014: approximately HK\$6.96 million).

During the year ended 31 March 2015, the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, bank borrowing or breach of financial covenants. As at 31 March 2015, there was no amount due to related parties (2014: nil). The Group does not have a foreign currency hedging policy. However we monitor our exposure to foreign currency risk on an ongoing basis and would consider hedging significant foreign currency exposure should it be necessary. The Group's financial position remained solid and we have sufficient bank balances and cash denominated in RMB to meet our foreign exchange liabilities as they become due.

Capital structure

On 29 May 2015, our shares were listed successfully on GEM. Since then, the Group's capital structure has not changed. Our equity only consists of ordinary shares.

On the date of this announcement, the Group's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares was 1,667,200,000 of par value of HK\$0.01.

Commitment

Our contract commitments mainly involve leases of office properties. As at 31 March 2015, the Group's operating leases were approximately HK\$12.01 million (2014: approximately HK\$18.05 million).

As at 31 March 2015, the Group did not have any significant capital commitments (2014: HK\$1.55 million).

Future plans for material investments and capital assets

Save as disclosed above and in the Prospectus, the Group did not have any plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 March 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

Significant investments held

As at 31 March 2015, the Group did not hold any significant investments.

Contingent liabilities

The Group had no material contingent liabilities as at 31 March 2015 (2014: Nil).

Foreign exchange exposure

As at 31 March 2015, we had a portion of our bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management monitors our exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above bank deposits denominated in RMB amounted to approximately HK\$3.76 million (2014: HK\$1.80 million).

Treasury Policies

The Group has adopted a conservative approach towards treasury policies. The credit risk facing the Group is primarily attributable to trade receivables, rental deposits, amounts due from related parties and pledged bank deposits and bank balances. In order to minimise the credit risk, the management of the Group regularly reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Through these actions, the Directors considered that the Group's credit risk on trade debts has been significantly reduced. Our concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for approximately 75.00% and 70.00% of the total trade receivables as at 31 March 2015 and 31 March 2014.

Amounts due from associates/related companies/shareholders of the Company are continuously monitored by assessing the credit worthiness of the counterparts, taking into account their financial positions, payment history and other factors. Where necessary, an impairment loss is made for estimated irrecoverable amounts. The credit risk on bank balances and held-to-maturity investments are limited because the counterparties were banks with high credit ratings assigned by international credit-ratings agencies. None of the Group's financial assets were secured by collateral or other credit enhancements.

Employees and Remuneration Policies

As at 31 March 2015, the Group employed 217 full-time employees (2014: 222). For the year ended 31 March 2015, staff costs of the Group (including Directors' emoluments) were approximately HK\$53.95 million (2014: approximately HK\$44.95 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under our share option scheme to eligible employees by reference to the Group's performance as well as individual's contribution.

Business Objectives

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

Use of Proceeds

Net proceeds from the listing on 29 May 2015 were approximately HK\$91.80 million after deducting related expenses, based on the placing price of HK\$0.25 per placing share. In line with the future plans and the use of proceeds as set out in the Prospectus, the Group plans to allocate the net proceeds for the purposes as outlined below.

Purposes	Approximate Percentage of the Total Net Proceeds
Continue to expand client base and business operations	26.1%
Strengthen and broaden existing range of digital marketing services	27.6%
Pursue growth through selective mergers and acquisitions	37.3%
Used as working capital and other general corporate purposes	9.0%

As at the date of this announcement, the Group has not yet utilised the net proceeds of approximately HK\$91.80 million in accordance with the intended use of proceeds as set out in the Prospectus.

Outlook and Prospects

The Group was listed on the GEM on 29 May 2015. The proceeds from the listing are to be utilised to lay a sound foundation for future development of the Group.

With the popularity of the Internet in China and Hong Kong, the increasing number of mobile devices and volume of online shopping transactions, the spending of customers in the integrated digital marketing area is expected to rise. The Group intends to continue to expand its client base and business operations, and strengthen and broaden the range of its digital marketing services. Based on our extensive experience in professional Internet digital marketing, knowledge of the industry and market insights, our team is capable of efficiently conducting analysis and managing data to meet our clients' business objectives. Thus the Group believes the income from its integrated digital marketing business will continue to increase.

In addition, in view of tremendous new development opportunities presented with the adoption of the digital marketing services, the Group is now actively exploring and evaluating acquisition or investment opportunities which can strengthen its presence and enhance its value so as to address the growing demand of the market. Riding on the Group's Internet experience as well as its information analysis and capabilities, we believe that the implementation of the Group's strategy can enable us to grasp the related opportunities and create new engines of our growth for the future.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code") as its own code governing securities transactions of the Directors. As the shares of the Company were not listed on the GEM Board of the Stock Exchange until 29 May 2015, the Model Code was not applicable to the Company for the year ended 31 March 2015. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since 29 May 2015 (the "Listing Date") and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Since the shares of the Company were listed on the GEM of the Stock Exchange on 29 May 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year.

CORPORATE GOVERNANCE CODE

As the shares of the Company were not listed on the GEM of the Stock Exchange until the Listing Date, the code provisions were not applicable to the Company for the year ended 31 March 2015. Throughout the period since the Listing Date and up to the date of this announcement, the Company has complied with the Corporate Governance Code ("the CG Code") contained in Appendix 15 to the GEM Listing Rules, other than Provision A.2.1 of the CG Code.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yip Shek Lun (“Mr. Yip”) is the Chairman and the chief executive officer of the Company and has been managing our Group’s business and overall strategic planning since its establishment. Our Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Yip is beneficial to the business operations and management of our Group as it provides a strong and consistent leadership to our Group and that the current management has been effective in the development of our Group and the implementation of business strategies under the leadership of Mr. Yip. In allowing the two roles to be vested in the same person, our Directors believe both positions require in-depth knowledge and considerable experience of our Group’s business and Mr. Yip is the most suitable person to occupy both positions for effective management of our Group. Accordingly, our Company has not segregated the roles of its chairman of the Board and chief executive officer as required by Provision A.2.1 of the CG Code.

AUDIT COMMITTEE

The Company established an audit committee (“the Audit Committee”) pursuant to a resolution of the Directors passed on 20 May 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of our Audit Committee was adopted in compliance with paragraphs C3.3 and C3.7 of the CG Code.

The Audit Committee comprises three members, namely, Mr. Tso Ping Cheong, Brian, Mr. David Tsoi and Mr. Hong Ming Sang, who are independent non-executive Directors. Mr. Tso Ping Cheong, Brian, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The audited annual results of the Group for the year ended 31 March 2015 have been reviewed by the audit committee.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: HK\$13.80 million paid by AdBeyond (Group) Limited).

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) will be held on Thursday, 6 August 2015. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 August 2015 to Thursday, 6 August 2015, both days inclusive, for the purpose of determining the entitlement of the members of the Company to attend and vote at the AGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 3 August 2015.

By Order of the Board
Guru Online (Holdings) Limited
Yip Shek Lun

*Chairman of the Board, Chief Executive Officer
and Executive Director*

Hong Kong, 24 June 2015

As at the date of this announcement, the executive Directors are Mr. Yip Shek Lun, Mr. Ng Chi Fung and Ms. Wan Wai Ting; the non-executive Directors are Ms. Wang Lai Man, Liza, Mr. Cheung Wing Hon, Ms. Cheung Laam and Ms. Hu Ming, and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Lam Tung Leung.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.guruonline.hk.