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 2017

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (collectively the "**Directors**" and each the "**Director**") 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 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

- Total revenue of the Group has grown steadily. Revenue for the year ended 31 March 2017 amounted to approximately HK$175.77 million, representing an increase of around 9.51% as compared with that of approximately HK$160.51 million in the corresponding period of 2016.

- During the year ended 31 March 2017, income from PRC-based customers continued to surge by approximately 13.28% and accounted for approximately 25.96% of the Group's total revenue. The income from Hong Kong-based customers also increased by approximately 8.25% and accounted for approximately 74.04% of the Group's total revenue.

- The Company recorded an improvement on the loss for the year ended 31 March 2017 which amounted to approximately HK$16.02 million, as compared to that of approximately HK$19.50 million for year ended 31 March 2016. The decrease in loss attributable to owners of the Company for around 17.85% was mainly due to the absence of one-off listing expenses, which is partially offset by (i) an increase in staff costs; and (ii) the write-off of leasehold improvement and the recover and relocation fee in respect of office relocation during the year ended 31 March 2017. The Company targets to continue implementing the expenses control policy and to show further reduction in loss.

- The Board does not recommend payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

ANNUAL RESULTS

The board of Directors (the "**Board**") is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2017, together with the comparative audited figures for the prior year ended 31 March 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	NOTES	**2017** *HK$'000*	2016 *HK$'000*
Revenue	*5*	**175,771**	160,505
Cost of services		**(114,283)**	(103,747)
Gross profit		**61,488**	56,758
Other income, gains or losses	*6*	**1,583**	611
Selling expenses		**(20,973)**	(16,729)
Administrative expenses		**(57,480)**	(59,152)
Share of (loss) profit of associates		**(366)**	36
Finance costs	*7*	**–**	(1)
Change in fair value of held for trading investments		**(34)**	–
Loss before tax		**(15,782)**	(18,477)
Income tax expense	*8*	**(238)**	(1,025)
Loss for the year attributable to owners of the Company	*9*	**(16,020)**	(19,502)
Other comprehensive expense			
Item that will be subsequently reclassified to profit or loss:			
Exchange differences arising on translating foreign operations		**(992)**	(1,288)
Total comprehensive expense for the year attributable to owners of the Company		**(17,012)**	(20,790)
Loss per share			
Basic and diluted (HK cent)	*10*	**(0.96)**	(1.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	NOTES	2017 HK$'000	2016 HK$'000
Non-current assets			
Plant and equipment		**6,009**	5,898
Interests in associates		**1,186**	1,052
Held-to-maturity investments	*13*	**5,077**	–
Deposit paid		**1,687**	185
		13,959	7,135
Current assets			
Trade and bills receivables	*12*	**35,891**	39,555
Deposits, prepayments and other receivables		**10,817**	9,997
Amounts due from associates		**335**	327
Tax recoverable		**2,214**	2,000
Held-to-maturity investments	*13*	**15,235**	–
Held for trading investments		**1,905**	–
Restricted bank balance	*14*	**50**	50
Bank balances and cash	*14*	**66,509**	94,691
		132,956	146,620
Assets classified as held for sale		**3,689**	–
		136,645	146,620
Current liabilities			
Trade and other payables	*15*	**14,179**	7,791
Receipts in advance		**5,732**	2,903
Accrued expenses		**6,958**	4,059
Income tax payable		**597**	1,339
		27,466	16,092
Net current assets		**109,179**	130,528
Total assets less current liabilities		**123,138**	137,663
Non-current liability			
Deferred tax liability		**–**	–
		123,138	137,663
Capital and reserves			
Share capital		**16,672**	16,672
Reserves		**106,466**	120,991
Total equity		**123,138**	137,663

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital	Share premium	Share options reserve	Exchange reserve	Other Reserve *(Note)*	Retained profits (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	32	46,625	–	(36)	–	13,459	60,080
Loss for the year	–	–	–	–	–	(19,502)	(19,502)
Other comprehensive income for the year							
– Exchange differences arising on translating foreign operations	–	–	–	(1,288)	–	–	(1,288)
Total comprehensive income for the year	–	–	–	(1,288)	–	(19,502)	(20,790)
Transfer upon a group reorganisation	(32)	(46,625)	–	–	46,657	–	–
Recognition of equity-settled share-based payment	–	–	3,142	–	–	–	3,142
Share options lapsed	–	–	(196)	–	–	196	–
Issue of shares by capitalisation of share premium account	12,000	(12,000)	–	–	–	–	–
Issue of shares pursuant to public offering	4,672	112,128	–	–	–	–	116,800
Expenses incurred in connection with issue of new shares	–	(8,565)	–	–	–	–	(8,565)
Dividend paid *(Note 11)*	–	(13,004)	–	–	–	–	(13,004)
At 31 March 2016 and 1 April 2016	16,672	78,559	2,946	(1,324)	46,657	(5,847)	137,663
Loss for the year	–	–	–	–	–	(16,020)	(16,020)
Other comprehensive expense for the year							
– Exchange differences arising on translating foreign operations	–	–	–	(992)	–	–	(992)
Total comprehensive expense for the year	–	–	–	(992)	–	(16,020)	(17,012)
Recognition of equity-settled share-based payment	–	–	2,487	–	–	–	2,487
Share options lapsed	–	–	(297)	–	–	297	–
At 31 March 2017	**16,672**	**78,559**	**5,136**	**(2,316)**	**46,657**	**(21,570)**	**123,138**

Note

Other reserve represented the difference between the nominal amount of the share capital and share premium of AdBeyond Holdings Limited and the nominal amount of the share capital issued by the Company pursuant to a group reorganisation completed on 16 May 2015 (the "**Reorganisation**"), as further detailed in note 2.

NOTES TO THE CONSOLIDATED 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. 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 4/F., KOHO, 73-75 Hung To Road, Kwun Tong, 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, provision of marketing services and the engagement in an Internet marketing platform for the travel industry.

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 consolidated 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 CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the Reorganisation of the Company 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 ended 31 March 2016 or since their respective dates of incorporation or establishment to 31 March 2016, whichever is the shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements has been prepared on a consolidated 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 Hong Kong Institute of Certified Public Accountants (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 under "Merger accounting for business combination involving entities under common control".

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 ended 31 March 2016 or since their respective dates of incorporation or establishment to 31 March 2016, whichever is the shorter period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and Interpretations ("**Int(s)**"), issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated 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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 15	Clarification to HKFRS 15[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective date not yet been determined.

The directors of the Company anticipate that the application of the 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 of directors of the Company, being the chief operating decision maker ("**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The directors of the Company have chosen to organise the Group around differences in services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. Specifically, the Group's reportable segments 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;

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; and

4. Internet Marketing Platform – Engagement in an internet marketing platform for the travel industry.

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 2017

	Digital Advertisement Placement Services *HK$'000*	**Social Media Management Services** *HK$'000*	**Creative and Technology Services** *HK$'000*	**Internet Marketing Platform** *HK$'000*	**Total** *HK$'000*
REVENUE					
External sales and segment revenue	**46,006**	**90,530**	**39,229**	**6**	**175,771**
Segment results	**14,129**	**29,195**	**13,716**	**(4,826)**	**52,214**
Unallocated other income, gain or losses					**1,467**
Unallocated selling expenses					**(20,973)**
Unallocated administrative expenses					**(48,090)**
Share of loss of associates					**(366)**
Change in fair value loss of held for trading investments					**(34)**
Loss before tax					**(15,782)**

For the year ended 31 March 2016

	Digital Advertisement Placement Services *HK$'000*	Social Media Management Services *HK$'000*	Creative and Technology Services *HK$'000*	Internet Marketing Platform *HK$'000*	Total *HK$'000*
REVENUE					
External sales and segment revenue	54,465	70,663	35,377	–	160,505
Segment results	17,356	24,118	11,112	(4,777)	47,809
Unallocated other income, gain or losses					338
Unallocated selling expenses					(16,726)
Unallocated administrative expenses					(49,933)
Share of profit of associates					36
Finance costs					(1)
Loss before tax					(18,477)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned or loss incurred by each segment without allocation of central administration costs, selling expenses, directors' and chief executive's emoluments, bank and bond interest income, gain or loss arising from disposal of assets classified as held for sale and financial assets held for trading investments, sundry income, change in fair value of financial assets held for trading investments, share of result of associates and finance costs. This is the measure reported to the board of directors of the Company, being the CODM, for the purposes of resources allocation and performance assessment.

Other segment information

For the year ended 31 March 2017

	Digital Advertisement Placement Services HK$'000	Social Media Management Services HK$'000	Creative and Technology Services HK$'000	Internet Marketing Platform HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	**539**	**1,061**	**460**	**72**	**–**	**2,132**
Impairment loss on trade receivables	**535**	**1,114**	**852**	**–**	**–**	**2,501**
Reversal of impairment loss on trade receivables	**(13)**	**(20)**	**(83)**	**–**	**–**	**(116)**
Internet marketing platform expenses (included in administrative expenses)	**–**	**–**	**–**	**4,757**	**–**	**4,757**
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Bank interest income	**–**	**–**	**–**	**–**	**(104)**	**(104)**
Bond interest income	**–**	**–**	**–**	**–**	**(458)**	**(458)**
Gain of disposal of assets classified as held for sale	**–**	**–**	**–**	**–**	**(379)**	**(379)**
Sundry income	**–**	**–**	**–**	**–**	**(539)**	**(539)**
Loss on written off of plant and equipment	**–**	**–**	**–**	**–**	**698**	**698**
Loss of disposal of held for trading investments	**–**	**–**	**–**	**–**	**13**	**13**
Income tax expense	**–**	**–**	**–**	**–**	**238**	**238**
Share of loss of associates	**–**	**–**	**–**	**–**	**366**	**366**

For the year ended 31 March 2016

	Digital Advertisement Placement Services *HK$'000*	Social Media Management Services *HK$'000*	Creative and Technology Services *HK$'000*	Internet Marketing Platform *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results:						
Depreciation of property, plant and equipment	624	809	405	22	–	1,860
Impairment loss on trade receivables	65	1,011	1,531	–	–	2,607
Reversal of impairment loss on trade receivables	(214)	(46)	(13)	–	–	(273)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:						
Bank interest income	–	–	–	–	(56)	(56)
Sundry income	–	–	–	–	(282)	(282)
Finance costs	–	–	–	–	1	1
Amortisation of intangible assets	–	–	–	–	856	856
Loss on written off of intangible assets	–	–	–	–	2,400	2,400
Income tax expense	–	–	–	–	1,025	1,025
Share of profit of associates	–	–	–	–	36	36

Geographic information

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

The Group's revenue from external customers based on location of customers and information about its non-current assets other than financial instruments by geographical location are detailed as below:

	Revenue from external customers		**Non-current assets (excluding deposit paid and held-to-maturity investments)**	
			31 March	31 March
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**45,632**	40,282	**598**	715
Hong Kong (country of domicile)	**130,139**	120,223	**6,597**	6,235
	175,771	160,505	**7,195**	6,950

Information about major customers

No revenue from a single customer contributed over 10% of the total revenue of the Group during the years ended 31 March 2017 and 2016.

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:

	2017	2016
	HK$'000	*HK$'000*
Digital advertisement placement services	**46,006**	54,465
Social media management services	**90,530**	70,663
Creative and technology services	**39,229**	35,377
Internet marketing platform	**6**	–
	175,771	160,505

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

6. OTHER INCOME, GAINS OR LOSSES

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**104**	56
Reversal of impairment loss on trade receivables	**116**	273
Bond interest income	**458**	–
Gain of disposal of assets classified as held for sale	**379**	–
Sundry income	**539**	282
Loss of disposal of held for trading investments	**(13)**	–
	1,583	611

7. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on finance lease	**–**	1

8. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**203**	1,774
	203	1,774
Under-provision (over-provision) in prior years:		
Hong Kong	**–**	(39)
PRC Enterprise Income Tax	**35**	196
	35	157
Deferred tax	**–**	(906)
	238	1,025

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2017 and 2016 as there was no assessable profit 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.

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 loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$'000	*HK$'000*
Loss before tax	**(15,782)**	(18,477)
Tax at the applicable statutory income tax rate of 16.5%	**(2,604)**	(3,049)
Tax effect of expenses not deductible for tax purpose	**1,258**	3,804
Tax effect of income not taxable for tax purpose	**(17)**	(7)
Tax effect of share of results of associates	**60**	(6)
Tax effect of tax losses not recognised	**1,034**	(130)
Under-provision in prior year	**35**	157
Effect of different tax rates of subsidiaries operating in other jurisdictions	**472**	256
Income tax expense for the year	**238**	1,025

Note:

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

9. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**9,768**	6,606
Other staff costs (excluding directors' and chief executive's emoluments)	**72,800**	61,275
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	**2,541**	2,209
Total staff costs	**85,109**	70,090
Auditor's remuneration	**400**	360
Depreciation of plant and equipment	**2,132**	1,860
Amortisation of intangible assets (included in cost of services)	**–**	856
Share-based payment expenses (included in staff costs above)	**2,487**	3,142
Impairment loss on trade receivables*	**2,501**	2,607
Loss on written off of intangible assets*	**–**	2,400
Loss on written off of plant and equipment*	**698**	–
Listing expenses*	**–**	8,276
Net foreign exchange loss	**449**	271
Operating lease rentals in respect of rented premises	**6,395**	6,574

* Included in administrative expenses

10. LOSS PER SHARE

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

	2017	2016
Loss	***HK$'000***	*HK$'000*
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(16,020)**	(19,502)

	2017	2016
Number of shares	***'000***	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,667,200**	1,667,200

The weighted average number of ordinary Shares in issue during the year ended 31 March 2017 represented 1,667,200,000 ordinary Shares in issue. In the opinion of the Directors, the weighted average number of ordinary Shares in issue during the year ended 31 March 2016 represented 1,667,200,000 ordinary Shares in issue after taking into account the capitalisation issue pursuant to the Reorganisation as stated in note 2 and public offering.

The computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's shares for the years ended 31 March 2017 and 31 March 2016.

11. DIVIDEND

Dividend recognised as distribution during the year:

	2017	2016
	HK$'000	*HK$'000*
2016 Interim – HK0.78 cents per share	**–**	13,004

No final dividend was paid or proposed during the years ended 31 March 2016 and 31 March 2017, nor has any final dividend been proposed since the end of the reporting period.

There was no interim dividend declared from share premium of the Company and paid during the year (2016: HK$13,004,000).

12. TRADE AND BILLS RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**41,049**	41,087
Less: allowance for impairment of trade receivables	**(5,158)**	(2,883)
	35,891	38,204
Bills receivables	**–**	1,351
	35,891	39,555

The Group allows a credit period ranging from 30 days to 60 days to its trade customers. The Group does not hold any collateral over these receivables. The following is an aged analysis of trade and bills receivables net of allowance for impairment of trade receivables presented based on the date of rendering services, which approximates the respective revenue recognition dates, at the end of the reporting period.

	2017	2016
	HK$'000	*HK$'000*
– 0 to 60 days	**18,021**	11,373
– 61 to 90 days	**8,653**	5,585
– Over 90 days	**9,217**	22,597
	35,891	39,555

As at 31 March 2017, included in the Group's trade receivables balances was an aggregate amount of approximately HK$11,942,000 (2016: HK$20,107,000) which has not yet been 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 who did not have any recent history of default.

As at 31 March 2017, included in the Group's trade receivables balances was an aggregate amount of approximately HK$23,949,000 (2016: HK$19,448,000) which was related to debts that were past due as at the reporting date but 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 good track records with the Group. Based on past experience, the management of the Group believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality of these customers and the balances are still considered fully recoverable.

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

	2017	2016
	HK$'000	*HK$'000*
Current	**11,942**	20,107
Overdue:		
– within 60 days	**16,690**	6,464
– 61 – 90 days	**3,230**	3,363
– 91 – 120 days	**1,185**	3,561
– Over 120 days	**2,844**	6,060
	23,949	19,448
	35,891	39,555

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

	2017	2016
	HK$'000	*HK$'000*
At the beginning of the financial year	**2,883**	549
Impairment loss recognised on trade receivables	**2,501**	2,607
Impairment loss reversed	**(116)**	(273)
Exchange realignment	**(110)**	–
At the end of the financial year	**5,158**	2,883

As at 31 March 2017, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK$5,158,000 (2016: HK$2,883,000). The individually impaired receivables are recognised based on the credit history of its customers 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:

	2017	2016
	HK$'000	*HK$'000*
USD	**714**	464
RMB	**1,086**	5,318

13. HELD-TO-MATURITY INVESTMENTS

	2017	2016
	HK$'000	*HK$'000*
Debt securities, at amortised cost	**20,312**	–
Analysed for reporting purposes as:		
Non-current assets *(note a)*	**5,077**	–
Current assets *(note b)*	**15,235**	–
	20,312	–

Notes:

a. carry effective interest rate at 1.88% per annum, and will mature on 25 January 2019;

b. carry effective interest rates of 1.36% and 1.68% per annum, and will mature on 31 October 2017 and 5 March 2018, respectively.

Set out below are the particulars of the held-to-maturity investments as at 31 March 2017:

				At investment cost		**At fair value**		**At amortised cost**		
Name of the Bond Issuers	**Name of the Bonds**	**Listed in**	**Stock code**	**2017**	2016	**2017**	2016	**2017**	2016	**Percentage on total asset**
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	
Bank of Communications Co., Ltd. Hong Kong Branch	Bank of Communications Co., Ltd. HK Branch 2.25% Notes 2019	Hong Kong	5609	**5,091**	–	**5,090**	–	**5,077**	–	3.37%
Hutchison Whampoa International (14) Limited	Hutchi Wham US6$2B 1.625% N171031R	Singapore	20JB	**10,121**	–	**10,105**	–	**10,108**	–	6.71%
Tencent Holdings Limited	Tencent Holdings Ltd. 3.375% Senior Notes 2018	Hong Kong	4562	**5,194**	–	**5,155**	–	**5,127**	–	3.40%
				20,406	–	**20,350**	–	**20,312**	–	

14. RESTRICTED BANK BALANCE/BANK BALANCES AND CASH

At 31 March 2017, the bank balances and cash of the Group denominated in RMB amounted to approximately HK$1,872,000 (2016: HK$6,913,000). 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 2017, the restricted bank balance carried prevailing market interest rate at 1.5% (2016: 1.5%) per annum and represented the deposit for performance guarantee issued by bank to a supplier.

Bank balances carry interest at market rates which range from 0.01% to 0.3% (31 March 2016: 0.01% to 0.3%) per annum.

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:

	2017	2016
	HK$'000	*HK$'000*
HK$	**450**	–
USD	**39,782**	4,507
RMB	**714**	2,218

15. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade payables	**13,886**	7,481
Other payables	**293**	310
	14,179	7,791

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

	2017	2016
	HK$'000	*HK$'000*
Within 30 days	**3,116**	3,552
31 to 60 days	**4,806**	810
Over 60 days	**5,964**	3,119
	13,886	7,481

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30 – 60 days. 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 2017 were aggregate balances of approximately HK$39,000 (2016: HK$104,000) which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

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

	2017	2016
	HK$'000	*HK$'000*
USD	**2,607**	1,284
RMB	**2,140**	126

16. CAPITAL COMMITMENTS

Capital expenditures contracted for at the reporting date but not recognised in the financial statements:

	2017	2016
	HK$'000	*HK$'000*
Commitments for injection of share capital of a subsidiary (南京看團資訊科技有限公司) *(Note)*	**11,281**	–
Capital expenditure in respect of the acquisition of property and equipment	**735**	–
	12,016	–

Note: The Group established a wholly-owned subsidiary in People's Republic of China on 24 August 2016. The Group has to inject RMB10,000,000 (equivalent to HK$11,281,000) to the subsidiary before 31 December 2046.

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Group is principally engaged in the provision of integrated digital marketing services in Hong Kong. The Group mainly utilises digital media such as websites, apps, mobile sites and social media platforms to plan and implement marketing strategies and launch marketing campaigns for its customers. The goal of the Group is to become a sizable and influential Internet enterprise and to revamp traditional industries and enable clients to promote business in different areas of the world through the power of the Internet.

Business Review

The Group offers a range of integrated digital marketing services including mainly (i) social media management services; (ii) digital advertisement placement services, and (iii) creative and technology services.

The Group's integrated digital marketing business has been growing steadily, alongside the power of digital marketing with customers spending more on marketing via digital platforms to promote their brands, products and services. Instead of providing one type of digital marketing service to advertisers, armed with experience, industry knowledge and market understanding, we analyse the background, characteristics, products, services and target audiences of advertisers and tailor our integrated digital marketing services to address their specific needs.

During the year ended 31 March 2017 (the "**Year**"), the Group's social media management services afforded outstanding performance, reflecting the willingness of customers to invest more resources in social platform-related projects. Heeding the fact that our customers' target audiences are inseparable with social media platforms, we introduced innovative functions during the Year. These functions allow customers or brands to directly interact and communicate with their target audience groups and also handle enquiries via messengers in mobile handsets on the world's most popular social media platforms. The smart apps help strengthening connection between these customers or brands with their target groups.

The Group's customers have come to appreciate the power of far-and-wide social media platforms. We had many successes in helping customers during the Year, including a Chinese smartphone brand using our social media management platform, which witness its online fans growing from 10,000 to over 4.3 million spreading over several dozen countries around the world. To achieve that kind of penetration in the past would be costly. Now, it takes only one social media platform for a brand to establish presence in many countries, which means globalising a brand could be done with high cost effectiveness. We expect to launch more distinctive functions to the market in the future. The Group will keep in pace with state-of-the-art technologies and provide highly effective marketing solutions to customers.

In addition, the Group partnered with several large international travel platforms during the Year to develop the Internet tourism market. Although the business is at an early development stage, market response has been positive so far. The Group hopes to develop this line of business into a new growth driver and see it bringing in more notable contributions in the future.

Moreover, the Group has continued to expand its presence in the PRC market. It has established a subsidiary in Nanjing to serve the needs of customers there and in nearby regions, as well as to help speeding up overall development of its business in the PRC market.

Financial Review

Revenue

The Group's revenue was generated from the integrated digital marketing business and the engagement in an Internet marketing platform for the travel industry. The integrated digital marketing business was divided into: (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services.

During the Year, revenue generated from the provision of social media management services amounted to approximately HK$90.53 million (2016: approximately HK$70.66 million), accounting for around 51.50% of our total revenue (2016: around 44.03%). The sharp increase in the revenue generated from the provision of social media management service was contributed by the enhancement of capacity of services rendered and the successful engagement of new clients. It is expected to remain as a major source of our revenue in the future.

Revenue generated from the digital advertisement placement services for the Year amounted to approximately HK$46.01 million (2016: approximately HK$54.47 million), representing around 26.18% of our total revenue (2016: around 33.93%).

During the Year, revenue generated from creative and technology services amounted to approximately HK$39.23 million (2016: approximately HK$35.38 million), accounting for around 22.32% of our total revenue (2016: around 22.04%).

Revenue generated from the engagement in an Internet marketing platform for the Year amounted to approximately HK$6,000 (2016: Nil).

Total revenue of the Group grew by around 9.51% from approximately HK$160.51 million for the year ended 31 March 2016 to approximately HK$175.77 million for the Year, which was mainly attributable to the enhancement of capacity of services rendered and the engagement of new clients.

Other Income, gains or losses

Other income of the Group increased by around 159.02% from approximately HK$0.61 million for the year ended 31 March 2016 to approximately HK$1.58 million for the Year, which was mainly attributable to the bank interest income from fixed deposit, bond interest income, sundry income and gain on disposal of assets classified as held for sale.

Selling Expenses

Staff Costs

Our staff costs mainly comprise the salaries and performance bonus payable to the Directors, service teams, executives and staff of the Group, as well as payments to the Mandatory Provident Fund Scheme.

For the two years ended 31 March 2016 and 2017, our staff costs under selling expenses amounted to approximately HK$7.36 million and HK$7.57 million, representing around 4.59% and 4.31% of our revenue, respectively.

Sales Commission

For the two years ended 31 March 2016 and 2017, our sales commission amounted to approximately HK$5.51 million and HK$7.03 million, representing around 3.43% and 4.00% of our revenue, respectively.

Marketing-related Expenses

For the two years ended 31 March 2016 and 2017, our marketing-related expenses amounted to approximately HK$1.32 million and HK$1.27 million, representing around 0.82% and 0.72% of our revenue, respectively.

Administrative Expenses

The Group's administrative expenses slightly decreased by around 2.82% from approximately HK$59.15 million for the year ended 31 March 2016 to approximately HK$57.48 million for the Year. The administrative expenses were mainly rental expenses, utility expenses, building management fees, recruitment-related expenses and professional fees. Due to the absence of one-off listing expenses during the Year, the Group managed to reduce its administrative expenses which is partially offset by (i) an increase in staff costs; and (ii) the write-off of leasehold improvement and the recover and relocation fee in respect of office relocation.

Finance Costs

The Group did not incur any finance cost for the Year as the Group did not have any loans, borrowings or balances due to related companies or financial institutions (2016: $1,000).

Income Tax Expense

Our income tax expense decreased by around 76.70% from approximately HK$1.03 million for the year ended 31 March 2016 to approximately HK$0.24 million for the Year, which was mainly attributable to the decrease in taxable income for the year ended 31 March 2017.

Loss for the Year Attributable to Owners of the Company

For the Year, loss attributable to owners of the Company was approximately HK$16.02 million, as compared to approximately HK$19.50 million of loss attributable to owners of the Company for the year ended 31 March 2016. The decrease in loss attributable to owners of the Company for around 17.85% was mainly due to the absence of one-off listing expenses, which is partially offset by (i) an increase in staff costs; and (ii) the write-off of leasehold improvement and the recover and relocation fee in respect of office relocation during the year ended 31 March 2017. The Company targets to continue implementing the expenses control policy and to show further reduction in loss.

Liquidity and Capital Resources

As at 31 March 2017, the Group's current ratio was 4.98, compared to 9.11 as at 31 March 2016. The significant decrease in current ratio was due to the long-term held-to-maturity investments acquired by the Group and increase in payables during the Year. As at 31 March 2017, the Group's bank balances and cash totalled approximately HK$66.51 million (2016: approximately HK$94.69 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2017 were nil (2016: nil).

During the Year, 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 2017, there was no amount due to related parties (2016: 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 against 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, the shares of the Company (the "**Shares**") were successfully listed on GEM of the Stock Exchange (the "**Listing**"). Since then, the Group's capital structure has not changed. Our equity consists only of ordinary shares. On the date of this announcement, the Company's issued share capital amounted to HK$16,672,000 and the number of issued ordinary shares is 1,667,200,000 with a par value of HK$0.01. Our contract commitments mainly involve leases of office properties. As at 31 March 2017, the value of the Group's operating leases was approximately HK$1.95 million (2016: approximately HK$7.72 million).

Future Plans for Material Investments or Capital Assets

The details of capital commitments are set out in note 16 to the consolidated financial statements. Save for the business plan disclosed in the prospectus of the Company dated 22 May 2015 (the "**Prospectus**") or otherwise disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at 31 March 2017.

Significant Investment Held

During the Year, the Group had held-to-maturity investments in the aggregate initial investment cost of approximately HK$38.24 million, which consist of eight corporate bonds purchased by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company, on a number of occasions during the period between April 2016 and June 2016 via an investment bank and five of them have been matured up to 31 March 2017. As at 31 March 2017, the Group had held-to-maturity investments in the amounts of approximately HK$5.08 million as non-current assets and approximately HK$15.24 million as current assets. The Group intends to hold the held-to-maturity investments until their maturity. The details of held-to-maturity investments are set out in note 13 to the consolidated financial statements.

During the Year, the Group had held for trading investments in the aggregate initial investment cost of approximately HK$1.94 million, which consist of nine equity securities listed in Hong Kong purchased by AdBeyond (Group) Limited. As at 31 March 2017, the fair value of the held for trading investments was approximately HK$1.91 million.

Save as disclosed above and the investment in subsidiaries and associates by the Company, the Group did not hold any significant investments during the years ended 31 March 2017 and 2016, respectively.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 March 2017 (2016: Nil).

Charge of Assets

As at 31 March 2017, the Group has pledged a bank deposit with a carrying value of approximately HK$50,000 (2016: approximately HK$50,000) to secure the banking facilities granted to the Group. Save as disclosed above, the Group did not have any charges on its assets as at 31 March 2017.

Foreign Exchange Exposure

As at 31 March 2017, the Group had a portion of its bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management monitors the Group's exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above-mentioned bank deposits denominated in RMB amounted to approximately HK$0.70 million as at 31 March 2017 (2016: approximately HK$2.22 million).

Gearing Ratio

As at 31 March 2017, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable. (2016: Nil)

Dividend

The Board has resolved not to recommend a final dividend for the financial year ended 31 March 2017 (2016: Nil).

Treasury Policies

The Group has adopted a conservative approach towards its treasury policies. The credit risk facing the Group is primarily attributable to trade receivables, rental deposits, amounts due from associates, pledged bank deposits, bank balances and hold-to-maturity investments. 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 69% and 78% of the total trade receivables as at 31 March 2017 and 2016, respectively.

Amounts due from associates of the Company are continuously monitored by assessing the creditworthiness of the counterparties, taking into account their financial position, 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 is limited because the counterparties were banks and large corporations, respectively, with high credit ratings assigned by international credit-ratings agencies. Save and except for the pledged bank deposit mentioned above, none of the Group's financial assets were secured by collateral or other credit enhancements.

Financial Key Performance Indicators

For the year ended 31 March 2017, the Group's total revenue increased by approximately 9.51% to approximately HK$175.77 million (2016: approximately HK$160.51 million). Loss attributable to owners of the Company was approximately HK$16.02 million (2016: HK$19.50 million). Loss per share attributable to owners of the Company for the Year was HK0.96 cents (2016: HK1.17 cents).

The Company recorded an improvement on the loss for the Year compared to the year ended 31 March 2016. During the Year, the Group managed to reduce its administrative expenses. The Group's administrative expenses slightly decreased due to the absence of the one-off listing expenses during the Year, which is partially offset by (i) an increase in staff costs; and (ii) the write-off of leasehold improvement and recover and relocation fee in respect of office relocation. The Company targets to continue implementing the expenses control policy and to show further reduction in loss.

As at 31 March 2017, the current ratio was approximately 4.98 (2016: approximately 9.11). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2017 (2016: Nil). The Group's financial position remained solid.

Employees and Remuneration Policies

As at 31 March 2017, the Group employed 268 full-time employees (2016: 258). For the year ended 31 March 2017, staff costs of the Group (including Directors' emoluments) were approximately HK$85.11 million (2016: approximately HK$70.09 million). Remuneration is determined with reference to market terms as well as the performance, qualification and experience of the employees, aiming at attracting and retaining eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the year ended 31 March 2017 is set out below:

Business objectives as stated in the Prospectus	Business strategies up to 31 March 2017 as stated in the Prospectus	Actual business progress up to 31 March 2017
Continue to expand the Group's client base and business operations	Expand sales and proposal team by approximately 8 and 2 additional staff at the Hong Kong office and Guangzhou office, respectively, to improve the level of support and attention provided to each of the existing and potential clients so as to enhance the Group's capability of providing innovative digital marketing strategies, maintaining the relationships with clients and expanding the client base.	The Group has expanded the sales and proposal team by 10 additional staff at the Hong Kong office. The Group has expanded the service teams by 15 and 4 additional staff at the Hong Kong office and Guangzhou office, respectively. The Group aimed at continually maintaining the quality of services by expanding and enhancing our service teams.

Business objectives as stated in the Prospectus	Business strategies up to 31 March 2017 as stated in the Prospectus	Actual business progress up to 31 March 2017
	Expand service teams by approximately 10 additional staff at the Hong Kong and Guangzhou offices to maintain the quality of services and expand the Group's capacity to capitalise on the growing demand in the market.	The Group is developing an information technology system to control and monitor the operation process for the Hong Kong operations. The system is under testing and is expected to be enhanced and improved in the following year.
	Continue to maintain the quality of services to capitalise on the growing demand in the market through our service teams at our Hong Kong and Guangzhou offices.	The Group has provided weekly customer relationship-related training programmes to staff members.
	Improve operation process for the Hong Kong operations through implementing information technology systems.	
	Continue to promote our business and maintain the relationships with our clients through our sales and proposal team at our Hong Kong and Guangzhou offices.	
	Conduct studies on the digital marketing service industry in Eastern China.	
	Provide enhanced customer relationship-related training programmes to our staff members.	

Business objectives as stated in the Prospectus	Business strategies up to 31 March 2017 as stated in the Prospectus	Actual business progress up to 31 March 2017
Strengthen and broaden the Group's existing range of digital marketing services	Research and expand existing range of digital marketing services and perform beta and pilot tests	The Group has established a subsidiary in Nanjing in August 2016, whose principal activity is the provision of marketing services.
	Update market needs, research on comparable and new technologies through conducting market research	The Group has established a subsidiary in Hong Kong in August 2015, whose principal activity is the engagement in an Internet marketing platform for the travel industry
	Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences	The Group recruited 25 staff for the newly established subsidiaries.
	Expand our internal research and development capabilities	
	Recruit approximately 14 additional technical staff	
	Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience	

Business objectives as stated in the Prospectus	Business strategies up to 31 March 2017 as stated in the Prospectus	Actual business progress up to 31 March 2017
Pursue growth through selective mergers and acquisitions	Documentation and due diligence works Review the backgrounds and financials of the potential acquisition targets primarily based in the Greater China region Acquire companies with functional expertise, industry-expertise or regional client-expertise primarily based in the Greater China region Acquire and settle payment for acquisition targets	The Group has acquired an associate whose principal activity is the provision of digital portal and services on part-time and temporary jobs for job seekers and employers in December 2015 and the consideration for such acquisition was fully settled during the Year

Use of Proceeds

Based on the actual placing price of HK$0.25 per placing Share and upon the exercise of the offer size adjustment option, the actual net proceeds received by the Company from the Listing, after deducting the underwriting commission and other estimated expenses, were approximately HK$91.8 million. The amount was higher than the estimated net proceeds of approximately HK$67.0 million as disclosed in the Prospectus, which was based on the placing price of HK$0.23 per placing Share, being the mid-point of the indicative placing price range and did not take into account any exercise of the offer size adjustment option.

In the light of the difference between the actual and estimated amounts of net proceeds, the Group has adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and as a result, approximately HK$24.0 million, HK$25.3 million, HK$34.2 million and HK$8.3 million, representing approximately 26.1%, 27.6%, 37.3% and 9.0%, respectively, of the actual net proceeds, were adjusted for (i) expanding our client base and business operations; (ii) strengthening and broadening our existing range of digital marketing services; (iii) pursuing growth through selective mergers and acquisitions; and (iv) funding of our working capital and general corporate purposes.

Accordingly, the plans for application of such actual net proceeds were adjusted as follow, which are in the same manner and in the same proportion as shown in the Prospectus:

	From 15 May 2015 to 30 September 2015	For the six months ended 31 March 2016	30 September 2016	31 March 2017	For the six months ending 30 September 2017	31 March 2018	Total	Approximate % of the total net proceeds
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
Expanding our client base and business operations	1.4	2.6	3.7	4.5	5.5	6.3	24.0	26.1%
Strengthening and broadening our existing range of digital marketing services	1.8	3.3	3.4	4.4	5.6	6.8	25.3	27.6%
Pursuing growth through selective mergers and acquisitions	–	9.2	–	12.4	–	12.6	34.2	37.3%
	3.2	15.1	7.1	21.3	11.1	25.7	83.5	91.0%

The actual net proceeds from the Listing will be approximately 91.0% utilised by 31 March 2018 as shown above and approximately 9.0% of the actual net proceeds has been used as working capital and funding for other general corporate purposes, which are in the same manner and in the same proportion as disclosed in the Prospectus.

Up to 31 March 2017, the Group has applied the actual net proceeds as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus up to 31 March 2017	Actual usage up to 31 March 2017
	HK$ million	*HK$ million*
Expanding our client base and business operations	12.2	10.7
Strengthening and broadening our existing range of digital marketing services	12.9	12.7
Pursuing growth through selective mergers and acquisitions	21.6	1.1
	46.7	24.5

The unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Hong Kong.

Actual use of proceeds on pursuing growth through selective mergers and acquisition was significantly lower than the planned use of proceeds because the Group is still exploring suitable acquisition targets. The Group has no present intention to change the purposes of the unutilised net proceeds and will continue to apply the remaining net proceeds in accordance with the proposed applications set out above.

Principal Risks and Uncertainties

The Group's key risks and uncertainties are summarised as follows:

(i) The Group's ongoing operations and growth could be affected if it fails to attract, recruit or retain key personnel including the executive Directors, senior management and key employees;

(ii) The Group relies on a major supplier, Viral Digital Studio Limited ("**VDS**") in the provision of online monitoring services, and any disruption in the provision of services from VDS or the Group's inability to identify alternative service providers may affect the Group's business operations and financial results;

(iii) The Group's clients may delay in settlement of their bills, which may result in material adverse impact on the Group's business, financial conditions and results of operations;

(iv) The Group's reputation, brand name and business could be adversely affected by instances of misconduct by third parties, including the Group's partner websites, apps, mobile sites, service providers and advertising agencies, all of whom being independent entities and hence the Group does not have direct control on these third parties in relation to the contents shown on their websites, apps and mobile sites or their activities;

(v) The Group's business and financial performance may be adversely affected and the business sustainability may also be adversely affected if the Group are unable to secure engagements from clients through the tendering process.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

Environmental Policies and Performance

The Directors believe that the digital marketing service industry in which the Group operates its integrated digital marketing business is not a major source of environmental pollution, and the impact of the Group's operations on the environment is minimal.

The Group is committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources, the Group strives to minimise the environmental impact by, *inter alia*, saving electricity and encouraging recycle of office supplies and other materials.

During the Year, the Group is not subject to any major environmental claims, lawsuits, penalties or disciplinary actions.

Compliance with Relevant Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in Hong Kong and the PRC while the Company itself is an investment holding company listed on GEM of the Stock Exchange. Our establishment and operations accordingly shall comply with relevant laws and regulations in Hong Kong and the PRC. During the Year and up to the date of this announcement, the Group has complied with all the relevant laws and regulations in Hong Kong and the PRC in all material respects for the business operations of the Group.

Key Relationships with Employees, Customers and Suppliers

The Directors are of view that employees, customers and suppliers are the keys to the sustainable development of the Group. The Directors believe that the Group maintains good working relations with its employees and suppliers and there has not been any labour strike within the Group during the Year, and it endeavours to improve the quality of services to the customers.

Employees are regarded as the most important and valuable assets of the Group. The Group provides various types of trainings and interest groups to its employees, which include (i) conducting weekly in-house market and company updates and development seminars; (ii) providing weekly customer relationship-related training programmes; (iii) subsidising its staff for pursuing further studies in related fields; and (iv) organising several interest groups for encouraging work-life balance.

The Group also stays connected with its customers and suppliers and has ongoing communication with its customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions.

Outlook and Prospects

We believe income from the Internet digital marketing business will increase steadily. As brands and customers come to recognise the positive impact that Internet digital marketing brings, we expect them to assign a bigger budget to spend on digital marketing in the future.

In fact, many market research findings showed that online advertising spending will surpass that on traditional media in 2017 in some region, as online marketing presents more contact points and wider reach, thus can enhance the effectiveness of marketing and promotion campaigns. Also, digital advertising boasts merits over traditional advertising for customers in that it enables customers to gather data in a more objective manner for analysing the effectiveness of their promotional strategy. Many brand customers agreed that the data collected are helpful to them in optimising online sales and giving them flexibility in allocating budget to more cost effective promotional tools.

The Group also sees the Internet tourism market as a key market to develop. We expanded the business team last year and will continue to promote development of the business.

Looking ahead, the Group will strive to enlarge its market share in Hong Kong and the PRC, as well as to enhance its core competitiveness. Drawing on its abundant experience and expertise in digital marketing and market knowledge built up over the years, the Group will capture the stream of opportunities surfacing in the Internet service market to generate higher value for shareholders.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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. 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 during the Year and up to the date of this announcement.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the Year.

CORPORATE GOVERNANCE CODE

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve higher return for its Shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

For the year ended 31 March 2017, the Company has complied with the code provisions, other than Provision A.2.1, A.6.7 and E.1.2 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. Alan Yip**") is the chairman of the Board and the chief executive officer of the Company and has been managing the Group's business and overall strategic planning since its establishment. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Alan Yip is beneficial to the business operations and management of the Group as it provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Alan Yip. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Alan Yip is the most suitable person to occupy both positions for effective management of the Group. Accordingly, the 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.

Provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung Laam and Mr. Wang Zhong Lei, being the then non-executive Directors and Mr. Tso Ping Cheong, Brian and Mr. Hong Ming Sang, being the then independent non-executive Directors, did not attend the Company's annual general meeting held on 4 August 2016 due to their other unexpected business engagement.

Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee or his duly appointed delegate should be available to answer questions thereat. Due to prior business engagement, the respective chairman of the audit committee and remuneration committee were not able to attend the annual general meeting of the Company held on 4 August 2016 in person, but they have already delegated to one of the executive Directors to answer questions on their behalf.

AUDIT COMMITTEE

The Board has 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 Provisions 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 2017 have been reviewed by the Audit Committee.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 31 March 2017 (2016: Nil).

EVENS AFTER THE REPORTING PERIOD

No significant events occurring subsequent to 31 March 2017 and up to the date of this announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the "**AGM**") will be held on Tuesday, 8 August 2017. 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 4 August 2017 to Tuesday, 8 August 2017, 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 can be registered during the said period. In order to be qualified to attend and vote at the AGM, all completed share transfer form 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 Thursday, 3 August 2017.

By Order of the Board
Guru Online (Holdings) Limited
Yip Shek Lun
Chairman of the Board, Chief Executive Officer
and Executive Director

Hong Kong, 22 June 2017

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. Cheung Laam and Mr. Wang Zhong Lei, 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.