

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**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 2018**

**CHARACTERISTICS OF 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**

### **Revenue**

Total revenue of the Group has remained steady. Revenue for the year ended 31 March 2018 amounted to approximately HK\$176.76 million, compared with that of approximately HK\$175.77 million in the corresponding period of 2017. During the year ended 31 March 2018, income from PRC-based customers continued to surge by approximately 6.78% and accounted for approximately 27.57% of the Group's total revenue.

### **Loss for the year attributable to owners of the company**

The Company recorded a loss for the year ended 31 March 2018 amounted to approximately HK\$28.89 million, as compared to that of approximately HK\$16.02 million for the year ended 31 March 2017. The increase in loss attributable to owners of the Company was mainly due to the increase in (i) staff costs; (ii) impairment loss on trade receivables; (iii) depreciation; (iv) rental expenses; and (v) contribution to development of blockchain projects. The Group targets to continue implementing the expenses control policy and to show reduction in loss.

### **Final Dividend**

The Board does not recommend payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

### **Contribution to development of blockchain projects**

During the year ended 31 March 2018, the Group had several contributions to blockchain related projects (“**Blockchain projects**”) with aggregate amount of approximately HK\$4.85 million. After deliberating the risks and rewards of such Blockchain projects, the Group was satisfied with the terms and conditions of the agreements and seized those investment opportunities. On account of conservatism principle, the Group considered that the future economic benefits of the Blockchain projects are uncertain, the aggregate amount of contribution to development of blockchain projects have been recognised as expenses included in the administrative expenses of the Group.

## 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 2018, together with the comparative audited figures for the prior year ended 31 March 2017 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 March 2018*

	NOTES	2018 HK\$'000	2017 HK\$'000
Revenue	3	176,764	175,771
Cost of services		<u>(108,490)</u>	<u>(114,283)</u>
Gross profit		68,274	61,488
Other income, gains or losses	5	1,284	1,583
Selling expenses		(25,863)	(20,973)
Administrative expenses		(72,037)	(57,480)
Share of profit (loss) of associates		69	(366)
Change in fair value of held for trading investments		<u>(33)</u>	<u>(34)</u>
Loss before tax		(28,306)	(15,782)
Income tax expense	6	<u>(583)</u>	<u>(238)</u>
Loss for the year attributable to owners of the Company	7	<u>(28,889)</u>	<u>(16,020)</u>
<b>Other comprehensive income (expense)</b>			
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Change in fair value of available-for-sale investments		195	–
Exchange differences arising on translating foreign operations		<u>1,454</u>	<u>(992)</u>
Other comprehensive income (expense) for the year		<u>1,649</u>	<u>(992)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(27,240)</u>	<u>(17,012)</u>
Loss per share			
Basic and diluted (HK cent)	9	<u>(1.73)</u>	<u>(0.96)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Plant and equipment		10,060	6,009
Investment properties	10	21,318	–
Interests in associates		751	1,186
Held-to-maturity investments	11	–	5,077
Available-for-sale investments	12	27,651	–
Deposits		1,984	1,687
		<b>61,764</b>	13,959
Current assets			
Trade and bills receivables	13	32,748	35,891
Deposits, prepayments and other receivables		7,757	10,817
Amounts due from associates		367	335
Tax recoverable		379	2,214
Held-to-maturity investments	11	6,610	15,235
Held for trading investments		4,308	1,905
Restricted bank balance		–	50
Bank balances and cash		18,565	66,509
		<b>70,734</b>	132,956
Assets classified as held for sale		–	3,689
		<b>70,734</b>	136,645
Current liabilities			
Trade and other payables	14	13,641	14,179
Receipts in advance		14,558	5,732
Accrued expenses		6,777	6,958
Income tax payable		1,092	597
		<b>36,068</b>	27,466
Net current assets		<b>34,666</b>	109,179
Total assets less current liabilities		<b>96,430</b>	123,138
Non-current liability			
Deferred tax liability		–	–
		<b>96,430</b>	123,138
Capital and reserves			
Share capital		16,672	16,672
Reserves		79,758	106,466
Total equity		<b>96,430</b>	123,138

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 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. 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 Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

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 the 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 <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 -2016 Cycle <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 -2017 Cycle <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 19	Employee Benefits <sup>2</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>2</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>4</sup> Effective date not yet been determined.

### 3. 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Social media management services	79,535	90,530
Creative and technology services	59,502	39,229
Digital advertisement placement services	37,727	46,006
Internet marketing platform	-	6
	<u>176,764</u>	<u>175,771</u>

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

#### 4. SEGMENT INFORMATION

Information reported to the executive 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 2018**

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Internet Marketing Platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales and segment revenue	<u>37,727</u>	<u>79,535</u>	<u>59,502</u>	<u>-</u>	<u>176,764</u>
Segment results	<u>11,448</u>	<u>25,854</u>	<u>20,753</u>	<u>(87)</u>	<u>57,968</u>
Unallocated other income, gain or losses					778
Unallocated selling expenses					(25,863)
Unallocated administrative expenses					(61,225)
Share of profit of associates					69
Change in fair value of held for trading investments					<u>(33)</u>
Loss before tax					<u>(28,306)</u>

**For the year ended 31 March 2017**

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Internet Marketing Platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE					
External sales and segment revenue	<u>46,006</u>	<u>90,530</u>	<u>39,229</u>	<u>6</u>	<u>175,771</u>
Segment results	<u>14,129</u>	<u>29,195</u>	<u>13,716</u>	<u>(4,826)</u>	<u>52,214</u>
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 of held for trading investments					<u>(34)</u>
Loss before tax					<u>(15,782)</u>



The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned or loss incurred by each segment without allocation of central administration costs, selling expenses, directors' and chief executive's emoluments, certain other income, gains or losses, change in fair value of financial assets held for trading investments and share of profit (loss) of associates. This is the measure reported to the CODM, for the purposes of resources allocation and performance assessment.

### Other segment information

#### For the year ended 31 March 2018

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Internet Marketing Platform <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Amounts included in the measure of segment results:</b>						
Depreciation of plant and equipment	601	1,266	947	72	-	2,886
Impairment loss recognised in respect of trade receivables	1,274	4,718	1,918	-	-	7,910
Impairment loss reversed in respect of trade receivables	(143)	(363)	-	-	-	(506)
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>						
Depreciation of investment properties	-	-	-	-	403	403
Bank interest income	-	-	-	-	(24)	(24)
Interest income on held-to-maturity investments	-	-	-	-	(315)	(315)
Dividends from held for trading investments	-	-	-	-	(363)	(363)
Impairment loss recognised in respect of available-for-sale investments	-	-	-	-	750	750
Loss on disposal of held for trading investments	-	-	-	-	313	313
Loss on disposal of available-for-sales investments	-	-	-	-	67	67
Income tax expense	-	-	-	-	583	583
Share of profit of associates	-	-	-	-	(69)	(69)

For the year ended 31 March 2017

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Internet Marketing Platform <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Amounts included in the measure of segment results:</b>						
Depreciation of property, plant and equipment	539	1,061	460	72	–	2,132
Impairment loss recognised in respect of trade receivables	535	1,114	852	–	–	2,501
Impairment loss reversed in respect of trade receivables	(13)	(20)	(83)	–	–	(116)
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>						
Bank interest income	–	–	–	–	(104)	(104)
Interest income on held-to-maturity investments	–	–	–	–	(458)	(458)
Gain of disposal of assets classified as held for sale	–	–	–	–	(379)	(379)
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 profit of associates	–	–	–	–	366	366

## Geographical information

The Group's operations are located in Hong Kong (place 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 financial instruments)	
	2018 HK\$'000	2017 HK\$'000	31 March 2018 HK\$'000	31 March 2017 HK\$'000
The PRC	48,728	45,632	513	598
Hong Kong (place of domicile)	128,036	130,139	31,616	6,597
	<u>176,764</u>	<u>175,771</u>	<u>32,129</u>	<u>7,195</u>

## 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 2018 and 2017.

## 5. OTHER INCOME, GAINS OR LOSSES

	2018 HK\$'000	2017 HK\$'000
Exchange gain	653	–
Impairment loss reversed in respect of trade receivables	506	116
Dividends from held for trading investments	363	–
Interest income on held-to-maturity investments	315	458
Rental income from investment properties	94	–
Bank interest income	24	104
Loss on disposal of available-for-sales investments	(67)	–
Loss on disposal of held for trading investments	(313)	(13)
Impairment loss recognised in respect of available-for-sale investments	(750)	–
Gain of disposal of assets classified as held for sale	–	379
Sundry income	459	539
	<u>1,284</u>	<u>1,583</u>

## 6. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	<u>530</u>	<u>203</u>
Under-provision in prior years:		
PRC Enterprise Income Tax	<u>53</u>	<u>35</u>
	<u><u>583</u></u>	<u><u>238</u></u>

Hong Kong Profits Tax is calculated at 16.5% on estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2018 and 2017 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.

## 7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Directors' and chief executive's emoluments	14,597	9,768
Other staff costs (excluding directors' and chief executive's emoluments)	74,979	72,800
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	2,502	2,541
	<hr/>	<hr/>
Total staff costs	92,078	85,109
	<hr/>	<hr/>
Gross rental income from investment properties	(94)	–
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	17	–
Direct operating expenses incurred for investment properties that did not generate rental income during the year	33	–
	<hr/>	<hr/>
	(44)	–
	<hr/>	<hr/>
Auditor's remuneration	430	400
Depreciation of plant and equipment	2,886	2,132
Depreciation of investment properties	403	–
Share-based payment expenses (included in staff costs above)	532	2,487
Impairment loss on trade receivables*	7,910	2,501
Contribution to development of blockchain projects*	4,849	–
Loss on written off of plant and equipment*	–	698
Net foreign exchange (gain) loss	(653)	449
Operating lease rentals in respect of rented premises	8,263	6,395
	<hr/> <hr/>	<hr/> <hr/>

\* Included in administrative expenses

## 8. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

## 9. 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:

<b>Loss</b>	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(28,889)</u>	<u>(16,020)</u>
<b>Number of shares</b>	<b>2018</b> <b>'000</b>	2017 <b>'000</b>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,667,200</u>	<u>1,667,200</u>

The weighted average number of ordinary shares in issue during the years ended 31 March 2018 and 2017 represents 1,667,200,000 ordinary shares in issue.

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 2018 and 2017.

## 10. INVESTMENT PROPERTIES

	<i>HK'000</i>
<b>COST</b>	
At 1 April 2016 and 31 March 2017	–
Additions	18,032
Transferred from assets classified as held for sale	<u>3,689</u>
At 31 March 2018	<u>21,721</u>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2016 and 31 March 2017	–
Provided for the year	<u>403</u>
At 31 March 2018	<u>403</u>
<b>CARRYING VALUES</b>	
At 31 March 2018	<u>21,318</u>
At 31 March 2017	<u>–</u>

## 11. HELD-TO-MATURITY INVESTMENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Debt securities, at amortised cost	<u>6,610</u>	<u>20,312</u>
Analysed for reporting purposes as:		
Non-current assets	–	5,077
Current assets	<u>6,610</u>	<u>15,235</u>
	<u><u>6,610</u></u>	<u><u>20,312</u></u>

## 12. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Unlisted equity securities, at cost	2,250	–
Less: accumulated impairment loss	<u>(750)</u>	<u>–</u>
	1,500	–
Listed fund investments, at fair value	17,379	–
Unlisted fund investments, at fair value	<u>8,772</u>	<u>–</u>
	<u><u>27,651</u></u>	<u><u>–</u></u>

## 13. TRADE AND BILLS RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	45,009	41,049
Less: allowance for impairment of trade receivables	<u>(12,586)</u>	<u>(5,158)</u>
	32,423	35,891
Bills receivables	<u>325</u>	<u>–</u>
	<u><u>32,748</u></u>	<u><u>35,891</u></u>

The Group allows an average credit period of 30 – 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.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
– 0 to 60 days	<b>16,820</b>	18,021
– 61 to 90 days	<b>7,562</b>	8,653
– Over 90 days	<b>8,041</b>	9,217
	<b>32,423</b>	35,891

As at 31 March 2018, included in the Group's trade receivables balances was an aggregate amount of approximately HK\$13,294,000 (2017: HK\$11,942,000) 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 2018, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$19,129,000 (2017: HK\$23,949,000) 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.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current	<b>13,294</b>	11,942
Overdue:		
– within 60 days	<b>13,770</b>	16,690
– 61 – 90 days	<b>1,639</b>	3,230
– 91 – 120 days	<b>836</b>	1,185
– Over 120 days	<b>2,884</b>	2,844
	<b>19,129</b>	23,949
	<b>32,423</b>	35,891



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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At the beginning of the financial year	<b>5,158</b>	2,883
Impairment loss recognised on trade receivables	<b>7,910</b>	2,501
Impairment loss reversed	<b>(506)</b>	(116)
Amount written off as uncollectible	<b>(183)</b>	–
Exchange realignment	<b>207</b>	(110)
	<u><b>12,586</b></u>	<u>5,158</u>
At the end of the financial year	<u><b>12,586</b></u>	<u>5,158</u>

As at 31 March 2018, included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately HK\$12,586,000 (2017: HK\$5,158,000). The individually impaired receivables are recognised based on the credit history of its customers and current market conditions.

#### 14. TRADE AND OTHER PAYABLES

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	<b>11,308</b>	13,886
Other payables	<b>2,333</b>	293
	<u><b>13,641</b></u>	<u>14,179</u>

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 30 days	<b>4,495</b>	3,116
31 to 60 days	<b>1,943</b>	4,806
Over 60 days	<b>4,870</b>	5,964
	<u><b>11,308</b></u>	<u>13,886</u>

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 (2018: nil) which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

## 15. CAPITAL COMMITMENTS

Capital expenditures contracted for at the end of the reporting period but not recognised in the consolidated financial statements:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property and equipment	—	735
	<u>—</u>	<u>735</u>
	<u>—</u>	<u>735</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

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

### Business Review

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

The Group's integrated digital marketing business has continued to steadily grow. During the year ended 31 March 2018 (the "Year"), customers' demand for digital marketing had risen as they generally recognised that marketing via digital platforms is a major trend, mainly due to the rising utilisation rate of the Internet. Hence, it is necessary to include digital platforms in the marketing solutions mix in order to effectively target customer groups. Furthermore, through digital marketing supported by Big Data\*, customers not only can estimate the exposure based on their budget, but can also obtain other important information such as the shifts in sales amount and the preference of target customers. Close communications with customers enabled the Group to tailor our integrated digital marketing services that better address the needs of our customers and meet customers' marketing goals.

During the Year, customers showed a greater interest in innovative digital marketing solutions. This trend enabled the Group's creative and technology services to achieve an outstanding performance. During the Year, the Group embarked on innovative projects such as a campaign for a US cosmetic brand. In this project, our team adopted the facial expression and lip recognition function in the offline promotional activities held in the shops of the customer. Through these efforts, during the marketing campaign period, the customer recorded a 27% growth in same-store sales.

\* Big Data: the information assets characterised by such a high volume, velocity and variety to require specific technology and analytical methods for its transformation into value.

In addition, the Group launched an online “Chatbot” for a luxury cruise brand, so that the brand company could directly interact with its target customers, handle enquiries and communicate through mobile communication tools on the world’s most popular social media platform. Through this tactic, together with other promotion activities implemented by the customer, it succeeded in securing a higher number of monthly average bookings during the year. It handled more than 60,000 enquiries from the target customers in eight different regions within six months and had more than 300,000 traceable interactions. The customer was able to more quickly respond to customers’ enquiries and achieve significant savings in the cost of customer services. We believe that more potential customers would be interested in this type of service in the future.

The Group’s social media management services offer more new functions to customers. During the Year, we have partnered with a local shopping mall customer to launch a live broadcast activity, which has successfully attracted more than 150,000 user views within the first 23 minutes. The Group has also executed similar projects in the PRC. One such projects deployed Virtual Reality (VR) technology to promote tourism and achieved significant results. Its reach was much wider than that of the Hong Kong projects, recording more than 35,000,000 views. It also attracted the attention of oversea media.

Moreover, the Group will continue to develop the Internet tourism market. During the Year, the Group successfully forged a partnership with an official tourism promotion organisation in Hainan Province of the PRC. The Group believes that its performance has achieved market recognition for its past services for the official tourism promotion organisations in different provinces and cities in the PRC. Therefore the Group expects to offer services to more local tourism organisations, to assist them to reach overseas customers and promote the development of their local tourism industry.

## **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\$79.54 million (2017: approximately HK\$90.53 million), accounting for around 45.00% of our total revenue (2017: around 51.50%).

Revenue generated from the provision of the digital advertisement placement services for the Year amounted to approximately HK\$37.73 million (2017: approximately HK\$46.01 million), representing around 21.34% of our total revenue (2017: around 26.18%).

During the Year, revenue generated from the provision of the creative and technology services amounted to approximately HK\$59.50 million (2017: approximately HK\$39.23 million), accounting for around 33.66% of our total revenue (2017: around 22.32%). The significant increase in the revenue generated from creative and technology services was mainly due to (i) the increase in consultation on the integrated digital marketing services in relation to the growth of the PRC market; and (ii) customers tend to spend on creative-related services rather than to place an advertisement solely through digital media.

No revenue was generated from the engagement in an Internet marketing platform during the Year (2017: HK\$6,000).

Overall, the increase of revenue generated from creative and technology services outweighed the decrease of revenue generated from social media management services and digital advertisement placement services. The Group's total revenue was approximately HK\$176.76 million for the Year (2017: approximately HK\$175.77 million).

### ***Other Income, Gains or Losses***

Other income, gains or losses of the Group decreased by around 18.99% from approximately HK\$1.58 million for the year ended 31 March 2017 to approximately HK\$1.28 million for the Year. The decrease was mainly attributable to the impairment loss recognised in respect of available-for-sale investments and loss on disposal of held for trading investments which was partially offset by exchange gain and dividends from held for trading investments during the Year.

### **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 2017 and 2018, our staff costs under selling expenses amounted to approximately HK\$7.57 million and HK\$8.21 million, representing around 4.31% and 4.64% of our revenue, respectively.

#### ***Sales Commission***

For the two years ended 31 March 2017 and 2018, our sales commission amounted to approximately HK\$7.03 million and HK\$5.18 million, representing around 4.00% and 2.93% of our revenue, respectively.

### ***Marketing-related Expenses***

For the two years ended 31 March 2017 and 2018, our marketing-related expenses amounted to approximately HK\$1.27 million and HK\$3.45 million, representing around 0.72% and 1.95% of our revenue, respectively.

### **Administrative Expenses**

The Group's administrative expenses increased by around 25.33% from approximately HK\$57.48 million for the year ended 31 March 2017 to approximately HK\$72.04 million for the Year. The administrative expenses mainly comprised rental expenses, utility expenses, building management fees, recruitment-related expenses, legal and professional fees and listing-related expenses. The increase in administrative expenses for the Year was mainly due to the increase in (i) the administrative staff costs; (ii) impairment loss on trade receivables; (iii) depreciation; (iv) rental expenses in respect of the increased rental rate and overlapped rental period of two months of rented premises for principal place of business in Hong Kong; and (v) contribution to development of blockchain projects.

### **Finance Costs**

The Group did not incur any finance costs for the Year as the Group did not have any loans, borrowings or balances due to related companies or financial institutions (2017: Nil).

### **Income Tax Expense**

The income tax expenses increased from approximately HK\$0.24 million for the year ended 31 March 2017 to approximately HK\$0.58 million for the Year, which was mainly attributable to the increase in taxable income for the Year.

### **Loss for the Year Attributable to Owners of the Company**

For the Year, loss attributable to owners of the Company was approximately HK\$28.89 million, as compared to approximately HK\$16.02 million of loss attributable to owners of the Company for the year ended 31 March 2017. The increase in loss attributable to owners of the Company was mainly due to the increase in (i) staff costs; (ii) impairment loss on trade receivables; (iii) depreciation; (iv) rental expenses; and (v) contribution to development of blockchain projects. The Group targets to continue implementing the expenses control policy and to show reduction in loss.

## **Liquidity and Capital Resources**

As at 31 March 2018, the Group's current ratio was 1.96, compared to 4.98 as at 31 March 2017. The decrease in current ratio was mainly due to acquisition of investment properties and available-for-sale investments as non-current assets. As at 31 March 2018, the Group's bank balances and cash totalled approximately HK\$18.57 million (2017: approximately HK\$66.51 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2018 were nil (2017: 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 2018, there was no amount due to related parties (2017: 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.

Our contractual commitments mainly involve leases of office properties. As at 31 March 2018, the total commitment for future minimum lease payments under non-cancellable operating lease was approximately HK\$14.83 million (2017: approximately HK\$1.95 million).

## **Capital Structure**

On 29 May 2015 (the "**Listing Date**"), 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.

## **Future Plans for Material Investments or Capital Assets**

The details of capital commitments are set out in note 15 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 2018.

## **Significant Investment Held**

### ***Held-to-maturity Investments***

As at 31 March 2018, the Group had held-to-maturity investments in the aggregate initial investment cost of approximately HK\$6.64 million (2017: approximately HK\$20.41 million), which consisted of 2 corporate bonds (2017: 3). The amortised cost of the held-to-maturity investments as at 31 March 2018 was nil (2017: approximately HK\$5.08 million) as non-current assets and approximately HK\$6.61 million (2017: approximately HK\$15.24 million) as current assets. During the Year, the Group purchased a listed corporate bond, classified as a held-to-maturity investment, with an initial investment cost of approximately HK\$1.55 million via an investment bank by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. Two listed corporate bond, with an initial investment cost of approximately HK\$10.12 million and HK\$5.19 million has been matured in October 2017 and March 2018, respectively. The Group intends to hold the held-to-maturity investments until their maturity.

### ***Available-for-sale Investments***

As at 31 March 2018, the Group had available-for-sale investments in the aggregate initial investment cost of approximately HK\$28.21 million, which consists of 4 unlisted investment funds domiciled in Luxembourg and Hong Kong, 26 listed investment funds domiciled in Luxembourg, the Ireland, the United States, the United Kingdom, the Cayman Islands and Hong Kong and 2 unlisted equity securities investment in Hong Kong. During the Year, the Group recorded a loss on disposal of available-for-sales investments with an amount of approximately HK\$0.07 million and impairment loss recognised in respect of available-for-sale investments with an amount of approximately HK\$0.75 million. As at 31 March 2018, the Group had available-for-sale investments, amounted to approximately HK\$27.65 million as non-current assets (2017: Nil), of which HK\$26.15 million was measured at fair value for fund investments and HK\$1.50 million was measured at cost for unlisted equity securities.

### ***Held for Trading Investments***

As at 31 March 2018, the Group had held for trading investments in the aggregate initial investment cost of approximately HK\$4.34 million (2017: approximately HK\$1.94 million), which consists of 6 equity securities listed in Hong Kong and United States (2017: 9 in Hong Kong) purchased by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. During the Year, the Group recorded a loss on disposal of held for trading investments with an amount of approximately HK\$0.31 million. As at 31 March 2018, the fair value of the held for trading investments was approximately HK\$4.31 million (2017: approximately HK\$1.91 million).



### ***Investment Properties***

As at 31 March 2018, the Group had investment properties measured at cost less depreciation, the aggregate carrying amount of which was approximately HK\$21.32 million (2017: Nil), which consists of 10 car parks spaces and 1 leasehold premises (2017: Nil). The investment properties was purchased from different parties with consideration ranging from approximately HK\$1.39 million to HK\$3.05 million. The fair value of the investment properties as at 31 March 2018 was approximately HK\$26.65 million. The Group intends to hold the investment properties for capital appreciation.

### ***Contribution to development of blockchain projects***

During the Year, the Group had several contributions to blockchain related projects (“**Blockchain projects**”) with aggregate amount of approximately HK\$4.85 million. An increasing amount of investors considering blockchain related technology as a way to participate in investment opportunities. After deliberating the risks and rewards of such Blockchain projects, the Group was satisfied with the terms and conditions of the agreements and seized those investment opportunities. On account of conservation principle, the Group considered that the future economic benefits of the Blockchain are uncertain, the aggregate amount of contribution to development of blockchain have been recognised as expenses included in the administrative expenses of the Group.

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 2018 and 2017, respectively.

### **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 March 2018 (2017: Nil).

### **Charge of Assets**

As at 31 March 2018, the Group has no pledged bank deposit (2017: approximately HK\$50,000) to secure the banking facilities granted to the Group. The Group did not have any charges on its assets as at 31 March 2018.

## **Foreign Exchange Exposure**

As at 31 March 2018, 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\$2.77 million as at 31 March 2018 (2017: approximately HK\$0.70 million).

## **Gearing Ratio**

As at 31 March 2018, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable (2017: Nil).

## **Dividend**

The Board has resolved not to recommend a final dividend for the financial year ended 31 March 2018 (2017: 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 held-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 75% and 69% of the total trade receivables as at 31 March 2018 and 2017, 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 considered to be 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, the Group's total revenue was approximately HK\$176.76 million (2017: approximately HK\$175.77 million). Loss attributable to owners of the Company was approximately HK\$28.89 million (2017: HK\$16.02 million). Loss per share attributable to owners of the Company for the Year was HK1.73 cents (2017: HK0.96 cents).

During the Year, the Group resulted a further loss due to the increase in (i) staff costs; (ii) impairment loss on trade receivables; (iii) depreciation; (iv) rental expenses; and (v) contributions to development of blockchain projects. The Company targets to continue implementing the expenses control policy and to show reduction in loss.

As at 31 March 2018, the current ratio was approximately 1.96 (2017: approximately 4.98). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2018 (2017: Nil). The Group's financial position remained solid.

## **Employees and Remuneration Policies**

As at 31 March 2018, the Group employed 262 full-time employees (2017: 268). For the Year, staff costs of the Group (including Directors' emoluments) were approximately HK\$92.08 million (2017: approximately HK\$85.11 million). Remuneration is determined with reference to market terms and 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 is set out below:

<b>Business objectives as stated in the Prospectus</b>	<b>Business strategies up to 31 March 2018 as stated in the Prospectus</b>	<b>Actual business progress up to 31 March 2018</b>
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 and 2 additional staff at the Hong Kong office and Guangzhou office, respectively.
	Expand service teams by approximately 11 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 has expanded the service teams by 17 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.
	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 is developing an information technology system to control and monitor the operation process for the Hong Kong operations. The system was enhanced and to be improved by phases.
	Improve operation process for the Hong Kong operations through implementing information technology systems.	The Group has provided weekly customer relationship-related training programmes to staff members.
	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.	

<b>Business objectives as stated in the Prospectus</b>	<b>Business strategies up to 31 March 2018 as stated in the Prospectus</b>	<b>Actual business progress up to 31 March 2018</b>
Strengthen and broaden the Group's existing range of digital marketing services	<p data-bbox="462 287 997 414">Research and expand existing range of digital marketing services and perform beta and pilot tests.</p> <p data-bbox="462 457 997 585">Update market needs, research on comparable and new technologies through conducting market research.</p> <p data-bbox="462 627 997 840">Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences.</p> <p data-bbox="462 883 997 968">Expand our internal research and development capabilities.</p> <p data-bbox="462 1010 997 1095">Recruit approximately 16 additional technical staff.</p> <p data-bbox="462 1138 997 1527">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.</p>	<p data-bbox="1029 287 1468 500">The Group has established a subsidiary in Nanjing in August 2016, whose principal activity is the provision of marketing services.</p> <p data-bbox="1029 542 1468 883">The Group has established a subsidiary in Hong Kong in August 2015. In September 2017, the subsidiary has been appointed as an advertising representative in Mainland China of The New York Times.</p> <p data-bbox="1029 925 1468 1053">The Group recruited 27 staff for the newly established subsidiaries.</p> <p data-bbox="1029 1095 1468 1223">The Group recruited 5 staff for engaging in the social media management services.</p>

**Business objectives  
as stated in the  
Prospectus**

**Business strategies up to  
31 March 2018 as stated  
in the Prospectus**

**Actual business progress up  
to 31 March 2018**

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.

## 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 (the “**Net Proceeds**”), 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 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.

On 6 July 2017, the Board has resolved to change the proposed use of the Net Proceeds. Set out below are details of the original allocation of the Net Proceeds (after the adjustment as mentioned above), the utilised amount of the Net Proceeds as at 6 July 2017, the original allocation and revised allocation of the unutilised Net Proceeds:

	<b>Original allocation of Net Proceeds</b> <i>HK\$ million</i>	<b>Utilised amount (as at 6 July 2017)</b> <i>HK\$ million</i>	<b>Original allocation of unutilised amount</b> <i>HK\$ million</i>	<b>Revised allocation of unutilised amount</b> <i>HK\$ million</i>
Expanding our client base and business operations	24.0	12.1	11.9	14.3
Strengthening and broadening our existing range of digital marketing services	25.3	13.2	12.1	14.8
Pursuing growth through selective mergers and acquisitions	34.2	1.1	33.1	–
Working capital and general corporate purposes	8.3	8.3	–	28.0
	<u>91.8</u>	<u>34.7</u>	<u>57.1</u>	<u>57.1</u>

The details of the re-allocation of the use of proceeds was set out in the announcement of the Company dated 6 July 2017.

Accordingly, following the above-mentioned adjustment and change in use of the Net Proceeds (collectively the “**Adjustments**”), the plans for application of the Net Proceeds were adjusted as follows (the “**Adjusted Plan**”):

	From	For the six months ended				For the	Approximate percentage of the Net Proceeds	
	15 May 2015 to					six months ending		
	30 September 2015	31 March 2016	30 September 2016	31 March 2017	30 September 2017	31 March 2018		Total
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	
Expanding our client base and business operations	1.4	2.6	3.7	4.5	7.9	6.3	26.4	28.8%
Strengthening and broadening our existing range of digital marketing services	1.8	3.3	3.4	4.4	8.3	6.8	28.0	30.5%
Pursuing growth through selective mergers and acquisitions	-	1.1	-	-	-	-	1.1	1.2%
Working capital and general corporate purposes	8.3	-	-	-	28.0	-	36.3	39.5%
	<u>11.5</u>	<u>7.0</u>	<u>7.1</u>	<u>8.9</u>	<u>44.2</u>	<u>13.1</u>	<u>91.8</u>	<u>100.0%</u>

Up to 31 March 2018, the Group has applied the Net Proceeds as follows:

	<b>Use of Net Proceeds in accordance with the Adjusted Plan up to 31 March 2018</b>	<b>Actual usage up to 31 March 2018</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Expanding our client base and business operations	26.4	26.4
Strengthening and broadening our existing range of digital marketing services	28.0	28.0
Pursuing growth through selective mergers and acquisitions	1.1	1.1
Working capital and general corporate purposes	36.3	36.3
	<u>91.8</u>	<u>91.8</u>



## **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 the settlement of its 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, app 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 is 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 position itself as 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 the 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**

Looking ahead, drivers of growth are readily apparent in the digital marketing market. With the emergence of new media and platforms, companies are changing their strategies of conveying messages to target customers. The Group sees the trend that digital advertising spending will surpass that of traditional advertising in the coming few years. Hence, the Group believes that the success of technology-driven marketing projects will further promote the overall development of digital marketing market, and thus it will allocate greater resources to drive the development of the business in a bid to boost the Group's total revenue.

The business review on Page 19 to 20 of this announcement previously cited how the Group has incorporated innovative technologies such as facial expression and lip recognition and online "chatbot" functions in recent projects. In the future, the Group believes that artificial intelligence will become another potential new technology to be harnessed in marketing activities. In light of this, the Group intends to accelerate its pace of development to capture early opportunities in the market and tailor more creative marketing activities for our customers.

Observing the increasing influence of Key Opinion Leader (KOL), the Group has built solid working relationships with many KOLs in Hong Kong and the PRC and plans to extend this network by cooperating with more overseas KOLs beyond Hong Kong and the PRC in the future. It hopes to offer suitable KOL marketing solutions to customers in different locations.

In addition, the Group's wholly-owned subsidiary has entered into strategic cooperation with The New York Times to become its advertising agency (including online advertisements) in the PRC. The New York Times boasts a huge and loyal reader base with more than 170 million users and more than 3 million paid readers globally. Overseas media is increasingly becoming one of the main channels for Mainland enterprises to reach their target customers. Thus, the Group considers that its strategic cooperation with The New York Times, an influential international media, will generate more new opportunities for both parties.

To summarise, the management has high confidence in the Group's prospects for long-term development. The Group will continue to seize the opportunities in the Internet industry and create greater 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 reviews and improve the quality of corporate governance practices with reference to local and international standards.

For the year ended 31 March 2018, 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. Hong Ming Sang, being the independent non-executive Directors, did not attend the Company’s annual general meeting held on 8 August 2017 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 chairman of the remuneration committee were not able to attend the annual general meeting of the Company held on 8 August 2017 in person, but they have already delegated to one of the executive Directors to answer questions on his 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 were 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 the 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 2018 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 2018 (2017: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events occurring subsequent to 31 March 2018 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, 7 August 2018. 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, 3 August 2018 to Tuesday, 7 August 2018, 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, 2 August 2018.

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

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

Hong Kong, 21 June 2018

*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](http://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](http://www.guruonline.hk).*