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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8121)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**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**

Revenue grew by approximately 17.18% from approximately HK\$176.76 million for the year ended 31 March 2018 to approximately HK\$207.13 million for the year ended 31 March 2019. Revenue from PRC-based customers continued to surge and increased by 48.43% as compared to 31 March 2018 to approximately HK\$72.33 million for the year ended 31 March 2019.

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

Loss for the year ended 31 March 2019 decreased to approximately HK\$27.58 million, as compared to that of approximately HK\$28.89 million for the year ended 31 March 2018. The Group targets to continue its expenses control policy and to achieve reduction in loss.

### **Final Dividend**

The Board does not recommend payment of a final dividend for the year ended 31 March 2019 (2018: 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 2019, together with the comparative audited figures for the prior year ended 31 March 2018 as follows:

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

*For the year ended 31 March 2019*

	NOTES	2019 HK\$'000	2018 HK\$'000
Revenue	3	207,130	176,764
Cost of services		<u>(141,132)</u>	<u>(108,490)</u>
Gross profit		65,998	68,274
Other income, gains or losses	5	1,355	1,284
Selling expenses		(29,117)	(25,863)
Administrative expenses		(65,722)	(72,037)
Share of (loss) profit of associates		(50)	69
Reversal of impairment loss on trade receivables		579	–
Change in fair value of financial asset at fair value through profit or loss/held for trading investments		<u>(622)</u>	<u>(33)</u>
Loss before tax		(27,579)	(28,306)
Income tax expense	6	<u>–</u>	<u>(583)</u>
Loss for the year attributable to owners of the Company	7	<u>(27,579)</u>	<u>(28,889)</u>
<b>Other comprehensive (expense) income</b>			
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Change in fair value of available-for-sale investments		–	195
Change in fair value of financial asset at fair value through other comprehensive income		(1,500)	–
Exchange differences arising on translating foreign operations		<u>866</u>	<u>1,454</u>
Other comprehensive (expense) income for the year		<u>(634)</u>	<u>1,649</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><u>(28,213)</u></u>	<u><u>(27,240)</u></u>
Loss per share			
Basic and diluted (HK cent)	9	<u><u>(1.65)</u></u>	<u><u>(1.73)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Plant and equipment		7,717	10,060
Investment properties	10	26,764	21,318
Interests in associates		701	751
Available-for-sale investments	12	–	27,651
Financial asset at fair value through other comprehensive income	12	2,500	–
Deposits		1,798	1,984
		<u>39,480</u>	<u>61,764</u>
Current assets			
Trade and bills receivables	13	34,294	32,748
Deposits, prepayments and other receivables		11,592	7,757
Amounts due from associates		410	367
Tax recoverable		564	379
Held-to-maturity investments	11	–	6,610
Financial asset at fair value through profit or loss/Held for trading investments	12	10,771	4,308
Bank balances and cash		7,956	18,565
		<u>65,587</u>	<u>70,734</u>
Current liabilities			
Trade and other payables	14	21,126	13,641
Contract liability/Receipts in advance		5,652	14,558
Accrued expenses		9,052	6,777
Income tax payable		1,020	1,092
		<u>36,850</u>	<u>36,068</u>
Net current assets		<u>28,737</u>	<u>34,666</u>
Total assets less current liabilities		<u>68,217</u>	<u>96,430</u>
Non-current liability			
Deferred tax liability		–	–
		<u>68,217</u>	<u>96,430</u>
Capital and reserves			
Share capital		16,672	16,672
Reserves		51,545	79,758
Total equity		<u>68,217</u>	<u>96,430</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

### 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 and provision of marketing services.

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

The 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied for the first time the following new and amendments to HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration

Except as described below, the application of the new and amendments to HKFRSs, HKASs and Int 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.

#### HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 April 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application are recognised in accumulated losses.

## Classification and measurement of financial instruments

The directors of the Company (the “**Directors**”) reviewed and assessed the Group’s existing financial assets and liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of HKFRS 9 has had the following impact on the Group’s financial assets and liabilities as regards their classification and measurement:

(a) *Fund investments previously classified as available-for-sale investments carried at fair value:*

For certain available-for-sale fund investments amounting to HK\$26,151,000 do not meet the criteria to be classified either as financial assets at fair value through other comprehensive income (“**FVTOCI**”) or at amortised cost under HKFRS 9 and were reclassified to financial assets at fair value through profit or loss (“**FYTPL**”) upon its initial application. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognized profit or loss. As such, available-for-sale investment reserve relating to these financial assets amounting to HK\$195,000 was transferred to accumulated losses as at 1 April 2018.

(b) *Unlisted equity investments previously classified as available-for-sale investments carried at cost less impairment:*

The Group had elected to present in other comprehensive income for the fair value changes in respect of certain of the Group’s unlisted equity investment amounting to approximately HK\$1,500,000, net of accumulated impairment loss of approximately HK\$750,000, as they are held for medium or long term strategic purpose, and reclassified them to financial assets at FVTOCI upon initial application of HKFRS 9. The Group measures them at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the financial asset revaluation reserve, which will not be reclassified to profit or loss when they are derecognised. On initial application of HKFRS 9, an impairment loss of approximately HK\$750,000 previously recognised on these investments was transferred from accumulative losses to financial asset revaluation reserve at 1 April 2018.

(c) *Debt investments previously classified as held-to-maturity investments*

The listed debentures previously classified as held-to-maturity investments amounting to HK\$6,610,000 which are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these investments continue to be subsequently measured at amortised cost and were reclassified to financial assets at amortised cost upon adoption of HKFRS 9.

(d) In respect of the Group’s trade and bills receivables, deposits and other receivables and bank balances and cash that were previously classified as loans and receivables and carried at amortised costs, they were reclassified to financial assets at amortised costs without any impact to the carrying value upon adoption of HKFRS 9.

## Loss allowance for expected credit losses (“ECL”)

The adoption of HKFRS 9 has changed the Group’s accounting for impairment losses for financial assets by replacing HKAS 39’s incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the Directors reviewed and assessed the Group’s existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

It is concluded that, as at 1 April 2018, no additional credit loss allowance has been recognised against retained earnings as the estimated allowance under the ECL model were not significantly different to the impairment losses previously recognised under HKAS 39.

## Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group’s financial assets and reconciles the carrying amounts of financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 April 2018.

	Carrying amount at 31 March 2018 (HKAS 39) <i>HK\$’000</i>	Adoption of HKFRS 9 <i>HK\$’000</i>	Carrying amount as at 1 April 2018* <i>HK\$’000</i>
<b>Assets</b>			
Loans and receivables			
– Trade and bills receivables	32,748	(32,748)	–
– Deposits and other receivables	6,210	(6,210)	–
– Amounts due from associates	367	(367)	–
– Bank Balance and cash	18,565	(18,565)	–
Financial assets at amortised cost			
– Trade and bills receivables	–	32,748	32,748
– Deposits and other receivables	–	6,210	6,210
– Amounts due from associates	–	367	367
– Bank balance and cash	–	18,565	18,565
– Held to maturity investments	–	6,610	6,610
Held-to-maturity investments	6,610	(6,610)	–
Held for trading investments	4,308	(4,308)	–
Available-for-sale investments			
– Unlisted equity investments	1,500	(1,500)	–
– Fund investments	26,151	(26,151)	–
Financial asset at fair value through profit or loss			
– Equity securities held for trading	–	4,308	4,308
– Fund investments	–	26,151	26,151
Financial assets at fair value through other comprehensive income			
– Unlisted equity investments	–	1,500	1,500
<b>Total</b>	<b>96,459</b>	<b>–</b>	<b>96,459</b>

\* The amounts in this column are before the adjustments from application of HKFRS 15.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

The table below summarises the impact of transition to HKFRS 9 on accumulated losses at 1 April 2018.

	<b>Available-for-sale investments reserve</b> <i>HK\$'000</i>	<b>Financial asset revaluation reserve</b> <i>HK\$'000</i>	<b>Accumulated losses</b> <i>HK\$'000</i>
Balance at 31 March 2018 as originally stated	195	–	(49,836)
Fair value gain transferred from available-for-sale investments reserve to accumulated losses	(195)	–	195
Impairment loss transferred from accumulated losses as the financial assets measured at FVTOCI	–	(750)	750
	<u>–</u>	<u>(750)</u>	<u>750</u>
Balance at 1 April 2018 as restated	<u>–</u>	<u>(750)</u>	<u>(48,891)</u>

### **HKFRS 15 Revenue from Contracts with Customers**

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 April 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of accumulated losses and comparative information is not restated.

The major sources of revenue of the Group are provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have assessed the timing, progress measurement and amounts of revenue recognition and concluded that no material impact on adoption of HKFRS 15 to the consolidated financial statement.

Upon adoption of HKFRS 15, the “receipts in advance” were reclassified as “contract liabilities” for both 1 April 2018 and 31 March 2019.

### **New and revised HKFRSs issued but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs, which include HKASs and Int, that have been issued but are not yet effective:

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contract <sup>2</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>5</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</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 1 and HKAS 8	Definition of Material <sup>3</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>



- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2021
- <sup>3</sup> Effective for annual periods beginning on or after 1 January 2020
- <sup>4</sup> Effective for annual periods beginning on or after a date to be determined
- <sup>5</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

The Directors anticipate that, except as described below, the application of other new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

#### *HKFRS 16 Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK\$7,151,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The Director plan to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will not restate the comparative information. The Directors expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

### 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:

	<b>2019</b>	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15 for the year ended 31 March 2019		
Digital advertisement placement services	<b>30,108</b>	37,727
Social media management services	<b>79,447</b>	79,535
Creative and technology services	<b>97,575</b>	59,502
	<u>207,130</u>	<u>176,764</u>
Total revenue from contract with customers recognised over time	<b>207,130</b>	176,764

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

### 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

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 2019

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>30,108</u>	<u>79,447</u>	<u>97,575</u>	<u>207,130</u>
Segment results	<u>8,323</u>	<u>30,711</u>	<u>24,259</u>	<u>63,293</u>
Unallocated other income, gain or losses				1,162
Unallocated selling expenses				(29,117)
Unallocated administrative expenses				(62,245)
Share of loss of associates				(50)
Change in fair value of financial assets at fair value through profit or loss				<u>(622)</u>
Loss before tax				<u>(27,579)</u>

#### 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>	Total <i>HK\$'000</i>
REVENUE				
External sales and segment revenue	<u>37,727</u>	<u>79,535</u>	<u>59,502</u>	<u>176,764</u>
Segment results	<u>11,448</u>	<u>25,854</u>	<u>20,753</u>	57,968
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>

## Other segment information

For the year ended 31 March 2019

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <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	477	1,260	1,547	-	3,284
Impairment loss reversed in respect of trade receivables	(44)	(485)	(50)	-	(579)
<b>Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:</b>					
Depreciation of investment properties	-	-	-	709	709
Bank interest income	-	-	-	16	16
Interest income on debt investment (at amortised cost)	-	-	-	109	109
Dividends from financial asset at FVTPL	-	-	-	335	335
Loss on disposal of plant and equipment	-	-	-	(12)	(12)
Gain on disposal of investment properties	-	-	-	687	687
Share of loss of associates	-	-	-	(50)	(50)

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)

**Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:**

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)

**Geographic 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)	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	31 March 2019 <i>HK\$'000</i>	31 March 2018 <i>HK\$'000</i>
The PRC	<b>72,325</b>	48,728	<b>513</b>	513
Hong Kong (place of domicile)	<b>134,805</b>	128,036	<b>34,669</b>	31,616
	<b>207,130</b>	176,764	<b>35,182</b>	32,129

## Information about major customers

The percentage of sales for the Period attributable to the Group's five largest customers constituting around 24.78% (31 March 2018: around 15.36%) of the Group's total revenue for the Period. The largest customer constituting around 11.70% (31 March 2018: around 3.63%) of the Group's total revenue for the Period.

To the best knowledge of the Directors, none of the Directors, their respective close associates nor any Shareholders (who or which, to the acknowledge of the Directors, owns more than 5% of the issued share capital of the Company), had any interest in any of the Group's top five customers.

## 5. OTHER INCOME, GAINS OR LOSSES

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Exchange gain	–	653
Impairment loss reversed in respect of trade receivables	–	506
Dividends from financial assets at FVTPL	<b>335</b>	363
Interest income on debt investment at amortised cost/held-to-maturity investments	<b>109</b>	315
Rental income from investment properties	<b>202</b>	94
Bank interest income	<b>16</b>	24
Loss on disposal of available-for-sales investments	–	(67)
Loss on disposal of held for trading investments	–	(313)
Impairment loss recognised in respect of available-for-sale investments	–	(750)
Gain on disposal of investment properties	<b>687</b>	–
Loss on disposal of plant and equipment	<b>(12)</b>	–
Sundry income	<b>18</b>	459
	<u><b>1,355</b></u>	<u>1,284</u>

## 6. INCOME TAX EXPENSE

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	<u>–</u>	<u>530</u>
Under-provision in prior years:		
PRC Enterprise Income Tax	<u>–</u>	<u>53</u>
	<u><b>–</b></u>	<u>583</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2019 and 2018 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:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss before tax	<u>(27,579)</u>	<u>(28,306)</u>
Tax at the applicable statutory income tax rate of 16.5%	(4,551)	(4,670)
Tax effect of expenses not deductible for tax purpose	1,155	1,944
Tax effect of income not taxable for tax purpose	(259)	(232)
Tax effect of share of results of associates	8	(11)
Tax effect of tax losses not recognised	4,333	3,685
Under-provision in prior year	–	53
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(686)</u>	<u>(186)</u>
Income tax expense for the year	<u>–</u>	<u>583</u>

*Note:*

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

## 7. LOSS FOR THE YEAR

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

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Directors' and chief executive's emoluments	<b>18,597</b>	14,597
Other staff costs (excluding directors' and chief executive's emoluments)	<b>78,365</b>	74,979
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	<b>2,501</b>	2,502
	<u>99,463</u>	<u>92,078</u>
Total staff costs		
Gross rental income from investment properties	<b>(202)</b>	(94)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	<b>32</b>	17
Direct operating expenses incurred for investment properties that did not generate rental income during the year	<b>89</b>	33
	<u>(81)</u>	<u>(44)</u>
Auditor's remuneration	<b>460</b>	430
Depreciation of plant and equipment	<b>3,284</b>	2,886
Depreciation of investment properties	<b>709</b>	403
Share-based payment expenses (included in staff costs above)	–	532
Impairment loss on trade receivables	–	7,910
Contribution to development of blockchain projects	–	4,849
Net foreign exchange loss (gain)	<b>1,294</b>	(653)
Operating lease rentals in respect of rented premises	<b>7,888</b>	8,263

## 8. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2019 and 2018, 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>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(27,579)</u>	<u>(28,889)</u>
<b>Number of shares</b>	<b>2019</b> <b>'000</b>	2018 <b>'000</b>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>1,667,200</b></u>	<u>1,667,200</u>

## 10. INVESTMENT PROPERTIES

	<i>HK'000</i>
<b>COST</b>	
At 1 April 2017	–
Additions	<u>21,721</u>
At 31 March 2018	21,721
Additions	10,127
Disposal	<u>(4,121)</u>
<b>At 31 March 2019</b>	<u><b>27,727</b></u>
<b>ACCUMULATED DEPRECIATION</b>	
At 1 April 2017	–
Provided for the year	<u>403</u>
At 31 March 2018	403
Provided for the year	709
Disposal	<u>(149)</u>
<b>At 31 March 2019</b>	<u><b>963</b></u>
<b>CARRYING VALUES</b>	
<b>At 31 March 2019</b>	<u><u><b>26,764</b></u></u>
At 31 March 2018	<u><u>21,318</u></u>

The above investment properties are depreciated on a straight-line basis over shorter of the term of the lease and 40 years.

The fair value of the Group's investment properties as at 31 March 2019 was approximately HK\$32,520,000, which was determined by the directors of the Company. The valuation performed by the directors of the Company was made by reference to recent market prices for properties in the similar locations and conditions.

The following table gives information about how the fair values of the investment properties as at 31 March 2019 are determined.

	<b>Fair value hierarchy</b>	<b>Fair value at 31 March 2019</b>	<b>Valuation technique and key inputs</b>
		<i>HK\$'000</i>	
Investment properties	Level 2	32,520	Market comparison approach – By reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

## 11. HELD-TO-MATURITY INVESTMENTS

	<b>2019</b>	2018
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Debt securities, at amortised cost	–	6,610

Set out below are the particulars of the held-to-maturity investments as at 31 March 2019 and 2018:

Name of the Bond issuers	Name of the Bonds	List in	Stock code	Maturity date	Effective interest rate	At investment cost		At fair value		At amortised cost	
						2019	2018	2019	2018	2019	2018
						<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank of communications Co., Ltd. Hong Kong Branch	Bank of communications Co., Ltd. HK Branch 2.25% Notes 2019	Hong Kong	5609	25/1/2019	1.88%	-	5,091	-	5,068	-	5,059
Wanda Properties Overseas Limited	DALWAN 4.875% 21 Nov 2018 Corp (USD)	Hong Kong	5997	21/11/2018	5.55%	-	1,548	-	1,570	-	1,551
						-	6,639	-	6,638	-	6,610
						-	6,639	-	6,638	-	6,610

**12. AVAILABLE-FOR-SALE INVESTMENTS, FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS/HELD FOR TRADING INVESTMENTS**

**a) AVAILABLE-FOR-SALE INVESTMENTS**

Available-for-sale investments comprise:

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

Included in available-for-sale investments are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2018 <i>HK\$'000</i>
USD	<u><u>26,151</u></u>

**b) FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

Investments comprise:

	<b>31/3/2019</b> <b><i>HK\$'000</i></b>	1/4/2018 <i>HK\$'000</i>
Unlisted investments	<u><b>2,500</b></u>	<u>1,500</u>

The above unlisted equity investments represent investment in unlisted equity securities issued by private entities incorporated in Hong Kong and investment in unlisted fund investments incorporated in Cayman Islands.

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

c) **FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS/HELD FOR TRADING INVESTMENTS**

	<b>31/3/2019</b>	1/4/2018	31/3/2018
	<b>HK\$'000</b>	HK\$'000	HK\$'000
Listed securities held for trading at fair value:			
Equity securities listed in Hong Kong	<b>2,375</b>	2,903	2,903
Equity securities listed in the United States	–	1,405	1,405
	<u><b>2,375</b></u>	<u>4,308</u>	<u>4,308</u>
Fund investment, at fair value			
Listed fund	<b>6,336</b>	17,379	–
Unlisted fund	<b>2,060</b>	8,772	–
	<u><b>8,396</b></u>	<u>26,151</u>	<u>–</u>
Total	<u><b>10,771</b></u>	<u>30,459</u>	<u>4,308</u>

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

During the year ended 31 March 2019, the Group has disposed of one equity investment designated at FVTOCI with initial investment cost of approximately HK\$750,000 at consideration of HK\$25. At the date of disposal, the fair value of such investment was nil and the cumulative gain on disposal was HK\$25. The management considered the investee would be unlikely to be profitable in the future and therefore disposed of the investment during the year.

### 13. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2018: 30 to 60 days) to its trade customers.

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	<b>45,795</b>	45,009
Less: allowance for impairment of trade receivables	<b>(11,501)</b>	(12,586)
	<b>34,294</b>	32,423
Bills receivables	<b>–</b>	325
	<b>34,294</b>	32,748

The Group does not hold any collateral over these receivables.

The following is an ageing analysis of trade receivables, net of impairment, presented based on the date of rendering services, which approximates the respective revenue recognition dates, at the end of the reporting period.

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
– 0 to 60 days	<b>17,443</b>	16,820
– 61 to 90 days	<b>8,248</b>	7,562
– Over 90 days	<b>8,603</b>	8,041
	<b>34,294</b>	32,423

As at 31 March 2018, included in the Group's trade receivables balances was an aggregate amount of approximately HK\$13,294,000 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 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.

	2018 <i>HK\$'000</i>
Current	<u>13,294</u>
Overdue:	
– within 60 days	13,770
– 61 – 90 days	1,639
– 91 – 120 days	836
– Over 120 days	<u>2,884</u>
	<u>19,129</u>
	<u><u>32,423</u></u>

The Group measures the loss allowance for trade and bills receivables at an amount equal to lifetime ECL. The Group recognised lifetime ECL for trade and bills receivables based on individually significant customer as follows:

	<b>Weighted average expected loss rate</b>	<b>Gross carrying amount <i>HK'000</i></b>	<b>Loss allowance <i>HK'000</i></b>	<b>Net Carrying Amount <i>HK'000</i></b>
Not credit-impaired	0%	34,294	–	34,294
Credit-impaired	100%	<u>11,501</u>	<u>(11,501)</u>	<u>–</u>
		<u>45,795</u>	<u>(11,501)</u>	<u>34,294</u>

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

	<b>2019 <i>HK\$'000</i></b>	2018 <i>HK\$'000</i>
At the beginning of the financial year	<b>12,586</b>	5,158
Impairment loss recognised on trade receivables	–	7,910
Reversal of impairment loss	<b>(579)</b>	(506)
Amount written off as uncollectible	–	(183)
Exchange realignment	<b>(506)</b>	207
	<u><b>11,501</b></u>	<u>12,586</u>

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:

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
USD	<b>9</b>	650
RMB	<b>1,196</b>	124

#### 14. TRADE AND OTHER PAYABLES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables	<b>17,194</b>	11,308
Other payables	<b>3,932</b>	2,333
	<b>21,126</b>	13,641

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	<b>5,064</b>	4,495
31 to 60 days	<b>1,413</b>	1,943
Over 60 days	<b>10,717</b>	4,870
	<b>17,194</b>	11,308

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30 to 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

As at 31 March 2018, included in the balances of the trade payables were aggregate balances of approximately HK\$39,000 which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
USD	<b>2,825</b>	904
RMB	<b>1,962</b>	404

## MANAGEMENT DISCUSSION AND ANALYSIS

### Introduction

The Group is principally engaged in the provision of integrated digital marketing services in Hong Kong. To formulate and implement marketing strategies and launch marketing campaigns for its customers, the Group mainly utilises digital media such as social media platforms, apps, mobile sites and websites. 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 offers a range of integrated digital marketing services mainly 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. More and more customers are adding digital marketing to their budgets when they plan their marketing solutions, mainly because they are realising that they can both monitor the return on advertising spending more precisely and reach their target customers more easily. Besides, new technologies including Big Data\*, IoT and AI can facilitate the development of digital marketing and include the information about customers' markets, thus improving the chance of reaching their target customers and, ultimately, receiving orders.

During the Year under review, the demand for innovative, customised digital marketing solutions from customers has steadily risen, so the Group's creative and technological services have performed particularly well. The Group has secured more tourism-related customers from provinces and cities across China, as well as general consumer business customers domestically. One major project involved an online-to-offline (O2O) promotion. Here, the Group helped a tourism customer from a provincial capital city of China organise a marketing project with a film production company, a theme park and a major financial TV station from the United States. This marked the first time that the Group has held a marketing activity with Chinese branding elements at a film production company and theme park in Los Angeles, and digital advertisements were also run on the financial TV station and outside the Nasdaq building, together with the promotion on other social media. This project shattered the barrier between online and offline media, achieving a successful multi-dimensional cross-media marketing project.

\* 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 has used a facial expression recognition and lip recognition application as part of an offline activity at the stores of its customers since the previous financial year. In the Year under review, the Group has further upgraded the technology to include a smile recognition feature, and introduced the application into a marketing project for a leading mobile payment and transfer platform in Hong Kong. Various technologies and services including smile recognition and a robotic preparation and serving coffee function were added at the first unmanned store in Hong Kong organised by the customer, allowing more consumers to appreciate the convenience of this brand new mobile payment platform. The project has gained high praise from the customers. Furthermore, the Group introduced an online “Chatbot” with application automation and AI technology for a customer last year, achieving direct interaction with target groups through a mobile communication tool within the most popular social platform in the world. The “Chatbot” will gradually replace traditional customer services enabling more effective customer relationship management and marketing activities. This service has been well-received by more customers. To maintain its industry-leading presence, the Group has added the upgraded features into the solution such as voice and facial expression recognition to provide a truly unique experience for consumers.

The Group has strived to integrate innovative technologies into its marketing projects in order to provide more customised solutions with a personal touch for customers. In the Year under review, the Group has launched marketing projects that complement customer’s internal data analysis for a luxury vehicle brand from Germany and a famous indoor amusement park for a company with headquarters in Finland. The designs of these projects included a data system that allows real-time management, such as observing the response of marketing activities in real-time and conducting multi-dimensional analysis comprising data optimisation, sorting and classification. This capability enables the company to launch individualised special offers based on the habits and preferences of target customers, improve customer interaction, enhance their spending sentiment effectively and, ultimately, achieve the objective of increasing orders.

In addition to innovation and technology services, the Group’s digital advertisement placement service has also achieved significant business advances. In the Year under review, the Group’s wholly-owned subsidiary has engaged in strategic cooperation with the New York Times to become its advertising agency (including online advertisements) in China. Overseas media is one of the main channels for Mainland enterprises to reach their target customers. The New York Times is major newspaper and media with international influence and boasts a huge and loyal reader base with more than 172 million users and more than 3 million paid readers globally, so it is believed that the strategic partnership will benefit the long-term development of both parties.

## **Financial Review**

### ***Revenue***

The Group’s revenue was generated from the integrated digital marketing business which divided from the provision of (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services. During the Year, total revenue of the Group grew by approximately 17.18% from approximately HK\$176.76 million for the year ended 31 March 2018 to approximately HK\$207.13 million for the Year.

For the Year, revenue generated from (i) social media management services amounted to approximately HK\$79.45 million (2018: approximately HK\$79.54 million), accounting for approximately 38.36% of our total revenue (2018: approximately 45.00%); (ii) digital advertisement placement services for the Year amounted to approximately HK\$30.11 million (2018: approximately HK\$37.73 million), representing approximately 14.53% of our total revenue (2018: approximately 21.34%); (iii) creative and technology services amounted to approximately HK\$97.58 million (2018: approximately HK\$59.50 million), constituting approximately 47.11% of our total revenue (2018: approximately 33.66%).

Overall, the increase in revenue generated from creative and technology services outweighed the decrease in revenue generated from digital advertisement placement services. The revenue generated from creative and technology services has significantly increased by around 64% for the Year because of higher demands on the integrated digital marketing consultancy services in the PRC market.

### ***Other Income, gains or losses***

Other income, gains or losses of the Group increased by approximately 6.25% from approximately HK\$1.28 million for the year ended 31 March 2018 to approximately HK\$1.36 million for the Year, which was mainly attributable to the increase in gain on disposal of investment properties during the Year.

### **Selling Expenses**

#### ***Staff costs***

Our staff costs mainly comprised 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 2018 and 2019, our staff cost under selling expenses amounted to approximately HK\$8.21 million and HK\$10.08 million, representing approximately 4.64% and 4.87% of our revenue, respectively.

#### ***Sales commission***

For the two years ended 31 March 2018 and 2019, our sales commission amounted to approximately HK\$5.18 million and HK\$6.59 million, representing approximately 2.93% and 3.18% of our revenue, respectively.

#### ***Marketing-related expenses***

For the two years ended 31 March 2018 and 2019, our marketing-related expenses amounted to approximately HK\$3.45 million and HK\$4.25 million, representing approximately 1.95% and 2.05% of our revenue, respectively.

## **Administrative Expenses**

The Group's administrative expenses decreased by approximately 8.77% from approximately HK\$72.04 million for the year ended 31 March 2018 to approximately HK\$65.72 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 decrease in administrative expenses for the Year was mainly due to the decrease in 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 (2018: Nil).

## **Income Tax Expenses**

The income tax expenses decreased from approximately HK\$0.58 million for the year ended 31 March 2018 to nil for the Year, which was mainly attributable to the decrease in PRC Enterprise Income Tax 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\$27.58 million, as compared to approximately HK\$28.89 million of loss attributable to owners of the Company for the year ended 31 March 2018. The decrease in loss attributable to owners of the Company was mainly due to continue implementing the expenses control policy.

## **Liquidity and Capital Resources**

As at 31 March 2019, the Group's current ratio was 1.78, compared to 1.96 as at 31 March 2018. The decrease in current ratio was mainly due to decrease in held-to-maturity investments. As at 31 March 2019, the Group's bank balances and cash totalled approximately HK\$7.96 million (2018: approximately HK\$18.57 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2019 were nil (2018: 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 2019, there was no amount due to related parties (2018: 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 2019, the total commitment for future minimum lease payments under non-cancellable operating lease was approximately HK\$7.15 million (2018: approximately HK\$14.83 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**

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 2019.

## **Significant Investment Held**

### *Held-to-maturity Investments*

As at 31 March 2019, the Group do not have any 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, which consists of 2 corporate bonds. The amortised cost of the held-to-maturity investments as at 31 March 2018 was approximately HK\$6.61 million.

### *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. The Group had available-for-sale investments, amounted to approximately HK\$27.65 million as non-current assets 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. Upon adoption of HKFRS 9, the Group had reclassified the available-for-sale investments to Financial Asset at Fair Value Through Other Comprehensive Income (“**FVTOCI**”) and Financial Asset at Fair Value Through Profit or Loss (“**FVTPL**”), therefore no available-for-sale investments as at 31 March 2019.

## ***FVTOCI***

As at 31 March 2019, the Group had unlisted fund investment at fair value of approximately HK\$2.50 million which had been classified as non-current assets (2018: Nil). The investment is not held for trading. Instead, it is held for medium to long-term strategic purposes.

## ***FVTPL/Held for trading investments***

As at 31 March 2019, the Group had the following investments which are classified as FVTPL in current assets: (i) 5 (2018: 6) equity securities listed in Hong Kong with a fair value of approximately HK\$2.37 million (2018: HK\$4.34 million); (ii) 9 listed investment funds domiciled in Luxembourg and Hong Kong with a fair value of approximately HK\$6.34 million and (iii) 2 unlisted investment funds domiciled in Luxembourg and Hong Kong with a fair value of approximately HK\$2.06 million. For (ii) and (iii), those fund investments were classified as available-for-sale investments as at 31 March 2018 and reclassified as FVTPL upon adoption of HKFRS 9.

## ***Investment Properties***

As at 31 March 2019, the Group had investment properties measured at cost less depreciation and impairment, the aggregate carrying amount of which was approximately HK\$26.76 million (2018: approximately HK\$21.32 million), which consisted of 8 car parks spaces and 3 leasehold premises (2018: 10 car parks spaces and 1 leasehold premises). The investment properties were purchased from different parties at consideration ranging from approximately HK\$3.89 million to HK\$6.08 million. The fair value of the investment properties as at 31 March 2019 was approximately HK\$32.52 million (2018: approximately HK\$26.65 million). The Group intends to hold the investment properties for capital appreciation.

## **Contingent Liabilities**

The Group had no material contingent liabilities as at 31 March 2019 (2018: Nil).

## **Charge of Assets**

The Group did not have any charges on its assets as at 31 March 2019 (2018: Nil).

## **Foreign Exchange Exposure**

As at 31 March 2019, 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 of the Group 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\$0.67 million as at 31 March 2019 (31 March 2018: approximately HK\$2.79 million).

## **Gearing Ratio**

As at 31 March 2019, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable (2018: Nil).

## **Dividend**

The Board has resolved not to recommend a final dividend for the financial year ended 31 March 2019 (2018: 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 for trading 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 76% and 75% of the total trade receivables as at 31 March 2019 and 2018, 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 for trading 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\$207.13 million (2018: approximately HK\$176.76 million). Loss attributable to owners of the Company was approximately HK\$27.58 million (2018: HK\$28.89 million). Loss per share attributable to owners of the Company for the Year was HK1.65 cents (2018: HK1.73 cents).

During the Year, the Group resulted a decrease in loss due to the decrease in contribution 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 2019, the current ratio was approximately 1.78 (2018: approximately 1.96). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2019 (2018: Nil). The Group's financial position remained solid.

## **Employees and Remuneration Policies**

As at 31 March 2019, the Group employed 241 full-time employees (2018: 262). For the Year, staff costs of the Group (including Directors' emoluments) were approximately HK\$99.46 million (2018: approximately HK\$92.08 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.

## **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 2019, 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 7 August 2018 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 7 August 2018 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 2019 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 2019 (2018: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events occurring subsequent to 31 March 2019 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 2019. 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, 2 August 2019 to Wednesday, 7 August 2019, 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 1 August 2019.

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

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

Hong Kong, 20 June 2019

*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).*