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Guoen Holdings Limited **國恩控股有限公司**

(formerly known as 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 2023

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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 a “**Director**”) of Guoen Holdings Limited (formerly known as Guru Online (Holdings) Limited) (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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. 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 and gross profit

The Group's total revenue decreased by approximately 23.11% from approximately HK\$155.78 million for the year ended 31 March 2022 to approximately HK\$119.78 million for the year ended 31 March 2023. Such decrease was driven by the decrease in revenue generated from social media management services of approximately HK\$6.22 million and creative and technology services of approximately HK\$30.00 million for the year ended 31 March 2023. The Group's gross profit margin remained relatively stable at approximately 21.64% and 21.28% for the year ended 31 March 2022 and year ended 31 March 2023.

Loss for the year attributable to owners of the Company

The Group recorded a loss of approximately HK\$5.90 million for the year ended 31 March 2023, as compared to that of approximately HK\$0.03 million for the year ended 31 March 2022. Such increase was mainly due to the decrease in gain on disposal of a subsidiary, which was offset by the following reasons:

- 1) the continuing implementation of the expense control policy, via which there was a decrease in staff costs incurred in administrative expenses; and
- 2) decrease in marketing-related expenses incurred in selling expenses.

Final Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 March 2023 (2022: nil).

ANNUAL RESULTS

The board (the “**Board**”) of Directors is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2023 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	119,780	155,777
Cost of services		(94,287)	(122,060)
Gross profit		25,493	33,717
Other income and gains, net	5	2,641	2,194
Selling expenses		(8,172)	(12,873)
Administrative expenses		(25,782)	(36,186)
Finance cost	6	(113)	(250)
Impairment loss on amounts due from associates		(24)	(22)
Reversal (provision) of impairment loss on trade receivables, net	8	139	(25)
Change in fair value of financial assets at fair value through profit or loss (“FVTPL”)	8	–	575
Gain on disposal of a subsidiary		–	12,872
(Loss) profit before tax		(5,818)	2
Income tax expense	7	(79)	(33)
Loss for the year attributable to owners of the Company	8	(5,897)	(31)
Other comprehensive income (expense)			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Translation reserve realised upon disposal of a subsidiary		–	(682)
Exchange differences arising on translating foreign operations		377	(831)
Other comprehensive income (expense) for the year		377	(1,513)
Total comprehensive expense for the year attributable to owners of the Company		(5,520)	(1,544)
Loss per share			
Basic and diluted (HK cent)	10	(3.54)	(0.02)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		1,017	1,771
Right-of-use assets		456	5,425
Investment properties		1,182	1,217
Interests in associates		–	–
Deposits		460	1,646
		3,115	10,059
Current assets			
Trade receivables	<i>11</i>	36,114	29,643
Deposits, prepayments and other receivables		3,265	6,629
Amounts due from associates		200	200
Tax recoverable		13	78
Financial assets at fair value through profit or loss		–	–
Bank balances and cash		18,491	12,239
		58,083	48,789
Asset classified as held for sale	<i>13</i>	–	5,627
		58,083	54,416
Current liabilities			
Trade and other payables	<i>12</i>	26,980	21,294
Accrued expenses		5,326	8,887
Tax payable		114	123
Lease liabilities		493	5,117
Contract liabilities		8,010	5,492
		40,923	40,913
Net current assets		17,160	13,503
Total assets less current liabilities		20,275	23,562
Non-current liabilities			
Amount due to a shareholder		256	–
Deferred tax liability		–	–
Lease liabilities		–	269
		256	269
		20,019	23,293
Capital and reserves			
Share capital		16,672	16,672
Reserves		3,347	6,621
Total equity		20,019	23,293

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL

Guoen Holdings Limited (formerly known as Guru Online (Holdings) Limited) (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 Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and Unit 1201 & 16, 12/F, Two Harbour Square, No. 180 Wai Yip Street, Kwun Tong, Hong Kong, respectively.

On 25 April 2023, an Extraordinary General Meeting (“**EGM**”) was held by the Company in which the name of the Company was approved to change to Guoen Holdings Limited and “**國恩控股有限公司**” was approved to be adopted as the secondary name of the Company. The names have been effective on 15 June 2023.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are include investment holding, provision of digital media services, provision of marketing services and engagement in internet marketing platform for the travel industry.

Other than those subsidiaries of the Company established in the People’s Republic of China (the “**PRC**”) and Taiwan whose functional currency are Renminbi (“**RMB**”) and New Taiwan dollars (“**NTD**”), the functional currency of the remaining subsidiaries of the Company is Hong Kong dollars (“**HK\$**”).

The consolidated financial statements are presented in HK\$, which is also 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 amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contraces - Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

1 Effective for annual periods beginning on or after 1 January 2023.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after a date to be determined.

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in HKAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in HKAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples were provided to explain and demonstrate the application of the “four-step materiality process” described in HKFRS Practice Statement 2. The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group’s significant accounting policies. The impacts of application, if any, will be disclosed in the Group’s future consolidated financial statements.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15		
Digital advertisement placement services	9,405	9,175
Social media management services	33,002	39,221
Creative and technology services	77,373	107,381
	<u>119,780</u>	<u>155,777</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Time of revenue recognition		
At a point in time	1,524	6,795
Over time	118,256	148,982
	<u>119,780</u>	<u>155,777</u>

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; and
3. Creative and Technology Services – Provision of integrated marketing solutions services and other creative services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation.

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

Segment revenue and results

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

For the year ended 31 March 2023

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Total HK\$'000
REVENUE				
External sales and segment revenue	<u>9,405</u>	<u>33,002</u>	<u>77,373</u>	<u>119,780</u>
Segment results	<u>2,051</u>	<u>10,127</u>	<u>12,511</u>	<u>24,689</u>
Unallocated other income and gains, net				2,641
Unallocated selling expenses				(8,172)
Unallocated administrative expenses				(24,839)
Unallocated finance cost				(113)
Impairment loss on amounts due from associates				<u>(24)</u>
Loss before tax				<u>(5,818)</u>

For the year ended 31 March 2022

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Total HK\$'000
REVENUE				
External sales and segment revenue	<u>9,175</u>	<u>39,221</u>	<u>107,381</u>	<u>155,777</u>
Segment results	<u>2,629</u>	<u>11,170</u>	<u>17,549</u>	31,348
Unallocated other income and gains, net				2,194
Unallocated selling expenses				(12,873)
Unallocated administrative expenses				(33,842)
Unallocated finance cost				(250)
Impairment loss on amounts due from associates				(22)
Change in fair value of financial assets at FVTPL				575
Gain on disposal of a subsidiary				<u>12,872</u>
Profit before tax				<u>2</u>

Other segment information

For the year ended 31 March 2023

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:					
Depreciation of plant and equipment	74	260	609	–	943
(Reversal) provision of impairment loss in respect of trade receivables, net	(207)	(12)	80	–	(139)
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Depreciation of investment properties	–	–	–	35	35
Depreciation of right-of-use assets	–	–	–	4,949	4,949
Impairment loss on amounts due from associates	–	–	–	24	24
Bank interest income	–	–	–	(26)	(26)
Income tax expense	–	–	–	79	79
Finance cost	–	–	–	113	113
Loss on disposal of asset classified as held for sale	–	–	–	51	51
	<u>–</u>	<u>–</u>	<u>–</u>	<u>51</u>	<u>51</u>

For the year ended 31 March 2022

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment results:					
Depreciation of plant and equipment	134	575	1,573	–	2,282
Provision (reversal) of impairment loss in respect of trade receivables, net	31	(326)	320	–	25
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Depreciation of investment properties	–	–	–	214	214
Depreciation of right-of-use assets	–	–	–	5,170	5,170
Impairment loss on amounts due from associates	–	–	–	22	22
Bank interest income	–	–	–	(34)	(34)
Dividends from financial asset at FVTPL	–	–	–	(49)	(49)
Income tax expense	–	–	–	33	33
Finance cost	–	–	–	250	250
Gain on disposal of investment properties	–	–	–	(441)	(441)
Gain on disposal of asset classified as held for sale	–	–	–	(93)	(93)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>(93)</u>	<u>(93)</u>

Geographic information

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

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

	Revenue from external customers		Non-current assets (excluding financial instruments)	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
The PRC	19,996	28,133	473	1,346
Taiwan	4,423	2,347	32	34
Hong Kong (place of domicile)	95,361	125,297	2,150	7,033
	<u>119,780</u>	<u>155,777</u>	<u>2,655</u>	<u>8,413</u>

Information about major customers

The largest customer constitutes less than 10% of the Group's total revenue for both years.

5. OTHER INCOME AND GAINS, NET

	2023 HK\$'000	2022 HK\$'000
Dividends from financial assets at FVTPL	–	49
Bank interest income	26	34
Gain on disposal of investment properties	–	441
(Loss) gain on disposal of asset classified as held for sale	(51)	93
Government subsidies (<i>note a</i>)	2,371	–
Net exchange gains	–	1,109
Sundry income	295	468
	<u>2,641</u>	<u>2,194</u>

Note:

- (a) Government grant are cash subsidies granted by The Government of the Hong Kong Special Administrative Region under Anti-Epidemic Fund amounting to approximately HK\$2,371,000 from the Employment Support Scheme which subsidised subject to maximum of HK\$8,000 for each staff respectively. The Group has complied with all attached conditions during the year ended 31 March 2023 and recognised the amounts in profit or loss and is included in "Other income and gains, net".

6. FINANCE COST

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on:		
Imputed interest expense on non-current interest-free loan from a shareholder	2	–
Interest on lease liabilities	<u>111</u>	<u>250</u>
	<u><u>113</u></u>	<u><u>250</u></u>

7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	–	33
Taiwan Corporate Income Tax	<u>79</u>	<u>–</u>
	<u><u>79</u></u>	<u><u>33</u></u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2023 and 2022 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.

Corporate Income Tax in Taiwan is charged at 20% for the Year.

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

8. LOSS FOR THE YEAR

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' and chief executive's emoluments	5,479	11,368
Employee benefit expenses (excluding directors' and chief executive's emoluments)		
– Wages and salaries (<i>Note (i)</i>)	31,737	42,770
– Retirement benefits scheme contribution	2,072	2,619
– Other benefits	983	1,298
	<u>40,271</u>	<u>58,055</u>
Total staff cost		
Gross rental income from investment properties	–	–
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	–	–
Direct operating expenses incurred for investment properties that did not generate rental income during the year	26	57
	<u>26</u>	<u>57</u>
Auditor's remuneration	502	497
Depreciation of right-of-use assets	4,949	5,170
Depreciation of plant and equipment	943	2,282
Depreciation of investment properties	35	214
(Reversal) provision of impairment loss on trade receivables, net	(139)	25
Change in fair value of financial assets at FVTPL (<i>Note (ii)</i>)	–	575
Net foreign exchange loss (gains)	<u>1,260</u>	<u>(1,109)</u>

Note: (i) During the year ended 31 March 2023, the Group recognised government subsidies of HK\$2,371,000 (2022: nil) in respect of COVID-19-related subsidies and included in other income and gains, net's line item.

(ii) During the year ended 31 March 2022, the Group has the fair value gain on disposal of listed securities, listed fund investment and unlisted fund investment with approximately HK\$20,000; HK\$526,000 and HK\$29,000, respectively. The Group does not hold any listed securities held for trading and fund investment during the year ended 31 March 2023.

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

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

Loss	2023 HK\$'000	2022 HK\$'000
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(5,897)</u>	<u>(31)</u>
Number of shares	2023 '000	2022 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>166,720</u>	<u>166,720</u>

Weighted average number of ordinary shares in issue and basic earnings per share for the year ended 31 March 2022 were stated after taking into account the effect of the share consolidation on 14 July 2021, every 10 ordinary shares of par value HK\$0.01 each being consolidated into 1 share of par value HK\$0.10.

11. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2022: 30 to 60 days) to its trade customers.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	46,095	39,739
Less: allowance for impairment of trade receivables	<u>(10,443)</u>	<u>(10,891)</u>
	35,652	28,848
Unbilled receivables	<u>462</u>	<u>795</u>
	<u><u>36,114</u></u>	<u><u>29,643</u></u>

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
– 0 to 60 days	25,408	22,037
– 61 to 90 days	1,296	1,817
– Over 90 days	<u>9,410</u>	<u>5,789</u>
	<u><u>36,114</u></u>	<u><u>29,643</u></u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (“ECL”).

The Group recognised lifetime ECL for trade receivables based on individually significant customer.

As at 31 March 2023, the director of the Company considered the ECL rate is insignificant for not credit-impaired debtors (including unbilled receivables) with gross carrying amount of approximately HK\$36,114,000 (2022: HK\$29,643,000) and thus do not recognise the ECL allowance as the amount involved is not significant.

As at 31 March 2023, the director of the Company considered the ECL rate is 100% (2022: 100%) for trade receivables from credit-impaired customers with gross carrying amount of approximately HK\$10,443,000 (2022: HK\$10,891,000) and allowance for impairment of trade receivables of HK\$10,443,000 (2022: HK\$10,891,000) was recognised.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At the beginning of the financial year	10,891	12,503
Provision of impairment loss	352	599
Impairment losses reversed	(491)	(574)
Amount written off as uncollectible	–	(62)
Eliminated on disposal through a subsidiary	–	(1,795)
Exchange realignment	(309)	220
	<hr/>	<hr/>
At the end of the financial year	10,443	10,891
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	24,550	18,869
Other payables	2,430	2,425
	<hr/>	<hr/>
	26,980	21,294
	<hr/> <hr/>	<hr/> <hr/>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	3,282	3,847
31 to 60 days	2,912	3,135
Over 60 days	18,356	11,887
	<hr/>	<hr/>
	24,550	18,869
	<hr/> <hr/>	<hr/> <hr/>

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 2023, included in the balances of the trade payables were aggregate balances of approximately HK\$16,000 (2022: HK\$16,000) which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

13. ASSET CLASSIFIED AS HELD FOR SALE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Carrying amount at the beginning of the year	5,627	3,630
Additions	–	5,627
Disposals	(5,627)	(3,630)
	<hr/>	<hr/>
Carrying amount at the end of the year	–	5,627
	<hr/> <hr/>	<hr/> <hr/>

In March 2022, the Group resolved to dispose an investment property and entered into an estate agency agreement for sale of that investment property. The management of the Group has performed assessments on the availability of the investment property for immediate sale in its present condition and the probability of completing the transaction in accordance with the requirements of HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” and concluded that the investment property meets the definition of an asset classified as held for sale.

On 24 May 2022, the Group entered into a provisional sales and purchase agreement for disposal of an investment property at consideration of approximately HK\$5,650,000.

The disposal was completed in August 2022, and result in a loss on disposal of asset classified as held for sale of approximately HK\$51,000 after considering direct costs to sell amounted to approximately HK\$74,000.

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 sizeable 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, including (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services.

The ongoing pandemic posed significant challenges to the Group during the Year. The pandemic led to various public health emergency measures, including travel restrictions, quarantines, lockdowns, and cancellations of events and activities. As a result, tourism was paralysed, and many industries had to sustain their businesses during the off-season. Several local activities had to be postponed, rescheduled, or cancelled due to the prevailing uncertainty.

Despite the challenges posed by the pandemic, the Group was able to withstand some of the adverse effects due to its balanced portfolio and diversified revenue streams. The digital advertisement placement services benefited from the increasing online spending habits of consumers, leading to an increase in client budgets for digital advertising. The Group was able to secure new customers during the Year, including a large-scale Shenzhen and Hong Kong listed enterprise focusing on home appliance manufacturing, which helped mitigate some of the negative effects of the pandemic.

The performance of social media management services was relatively stable during the pandemic. This was mainly because branded customers wished to maintain interaction with their consumers during the pandemic. Additionally, consumers were spending more time at home, which led to an increase in social media usage and, in turn, created stable demand for social media management services.

The Group has been providing various products and services, such as Chatbot, Big Data, and video solutions, to keep up with the latest consumer trends. The Group has also been improving related technologies to assist customers in launching AR online promotion projects on social media platforms. These efforts have allowed consumers to experience and understand product information in a more practical way, leading to an increase in online sales.

The pandemic has brought irreversible changes to consumption patterns. Effective digital marketing services allow companies to better interact with their target audiences and gain marketing benefits. The Group anticipates that its clients will have an adequate marketing budget and allocate more resources to the segment, which will satisfy the rising demand for its services. The Group foresees a gradual recovery of revenues for its creative and technology services to pre-pandemic levels.

In conclusion, the Group has persevered through the pandemic by leveraging its balanced portfolio and diversified revenue streams. With the lifting of anti-pandemic measures by the government, the Group anticipates a gradual recovery of the economy to pre-pandemic levels. Despite future competition, the Group will continue to develop a variety of products and services to strengthen its position in the market. Effective digital marketing services are crucial for companies to better interact with their target audiences and achieve marketing benefits.

FINANCIAL REVIEW

Revenue and gross profit

The Group's revenue was generated from the integrated digital marketing business which is divided into provision of (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services. For the Year, our total revenue amounted to approximately HK\$119.78 million (2022: approximately HK\$155.78 million).

For the Year, our revenue generated from (i) social media management services amounted to approximately HK\$33.00 million (2022: approximately HK\$39.22 million), representing approximately 27.55% of our total revenue (2022: approximately 25.18%); (ii) digital advertisement placement services amounted to approximately HK\$9.41 million (2022: approximately HK\$9.18 million), representing approximately 7.85% of our total revenue (2022: approximately 5.89%); and (iii) creative and technology services amounted to approximately HK\$77.37 million (2022: approximately HK\$107.38 million), representing approximately 64.60% of our total revenue (2022: approximately 68.93%).

Overall, our total revenue decreased by approximately 23.11% from approximately HK\$155.78 million for the year ended 31 March 2022 to approximately HK\$119.78 million for the Year. Such decrease was driven the decrease in revenue generated from social media management services of approximately HK\$6.22 million and creative and technology services of approximately HK\$30.00 million for the Year. The Group's gross profit margin remained relatively stable at from approximately 21.64% and 21.28% for the year ended 31 March 2022 and the Year, respectively. As a result, the Group's gross profit decreased by approximately 24.39% from approximately HK\$33.72 million for the year ended 31 March 2022 to approximately HK\$25.49 million for the Year.

Other income and gains, net

Our other income or gains of the Group increased slightly from approximately HK\$2.19 million for the year ended 31 March 2022 to approximately HK\$2.64 million for the Year, which was mainly attributable to the increase in subsidy income received from the Hong Kong Government under the Employment Support Scheme. The impact was partially offset by the decrease in net exchange gains.

Selling expenses

Our selling expenses decreased by approximately HK\$4.70 million from approximately HK\$12.87 million for the year ended 31 March 2022 to approximately HK\$8.17 million for the Year. Our selling expenses mainly comprised staff costs, sales commission and marketing-related 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 year ended 31 March 2022 and the Year, our staff cost under selling expenses amounted to approximately HK\$7.98 million and HK\$5.60 million, representing approximately 5.12% and 4.68% of our revenue, respectively.

Sales commission

For the year ended 31 March 2022 and the Year, our sales commission amounted to approximately HK\$1.93 million and HK\$1.15 million, representing approximately 1.24% and 0.96% of our total revenue, respectively.

Marketing-related expenses

For the year ended 31 March 2022 and the Year, our marketing-related expenses amounted to approximately HK\$2.96 million and HK\$1.42 million, representing approximately 1.90% and 1.19% of our revenue, respectively.

Administrative expenses

Our administrative expenses decreased by approximately HK\$10.41 million or 28.75% from approximately HK\$36.19 million for the year ended 31 March 2022 to approximately HK\$25.78 million for the Year. Our administrative expenses mainly comprised administrative staff costs, foreign exchange loss, depreciation of right-of-use assets, utility expenses, building management fees, recruitment-related expenses and legal and professional fees. The decrease in our administrative expenses for the Year was mainly due to the decrease in administrative staff costs.

Finance costs

Our finance costs amounted to approximately HK\$0.13 million for the Year (2022: HK\$0.25 million). This item comprised interest expense on lease liabilities and capital contribution arising from non-current interest-free shareholder's loan.

Income tax expense

The income tax expense increased from HK\$0.03 million for the year ended 31 March 2022 to approximately HK\$0.08 million for the Year, which was mainly attributable to the increase in Taiwan Corporate Income Tax and decrease in PRC Enterprise Income Tax and for the Year.

Loss for the Year attributable to owners of the Company

For the Year, loss attributable to owners of the Company amounted approximately HK\$5.90 million, as compared to approximately HK\$0.03 million for the year ended 31 March 2022. The increase in loss attributable to owners of the Company was mainly due to the decrease in the gain on disposal of a subsidiary, which was offset by the continuing implementation of the expense control policy, via which there was a decrease in staff costs incurred in administrative expenses; and a decrease in marketing-related expenses incurred in selling expenses during the Year.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2023, the Group's current ratio was 1.42, compared to 1.33 as at 31 March 2022. The increase in current ratio was mainly due to increase in trade receivables and bank balances and cash and decrease in accrued expenses. As at 31 March 2023, the Group's bank balances and cash amounted to approximately HK\$18.49 million (2022: approximately HK\$12.24 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2023 were nil (2022: 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 2023, the Group had amount due to a shareholder of approximately HK\$0.26 million (2022: 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 as and when necessary. The Group's financial position remained solid and we have sufficient bank balances and cash denominated in RMB to meet our foreign exchange liabilities as they become due.

CAPITAL STRUCTURE

On 29 May 2015 (the “**Listing Date**”), the shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange. Our equity consists only of ordinary shares. On 16 July 2021, the share consolidation was implemented and the total amount of issued shares of the Company was adjusted from 1,667,200,000 to 166,720,000. After the share consolidation, every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company were consolidated into one (1) consolidated share of HK\$0.10 each; there was no change to the amount of share capital and share premium of the Company. As at the date of this announcement, the Company’s issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares was 166,720,000 with a par value of HK\$0.01 each (2022: Share capital represented HK\$16,672,000 and the number of issued ordinary shares is 166,720,000). Our contract commitments mainly involve leases of office properties.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the business plan as 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 2023.

SIGNIFICANT INVESTMENTS HELD

Investment properties

As at 31 March 2023, the Group had investment properties measured at cost less accumulated depreciation and impairment, and the aggregate carrying amount of which amounted to approximately HK\$1.18 million (2022: approximately HK\$1.22 million), representing approximately 1.9% of total assets (2022: approximately 1.9%). As at 31 March 2023, the Group’s investment properties consisted of 1 car park space (2022: 1 car park space). The fair value of the investment properties as at 31 March 2023 was approximately HK\$1.93 million (2022: approximately HK\$2.00 million). The Group intends to hold the investment properties for capital appreciation.

Save as disclosed above and the investments in subsidiaries and associates by the Company, the Group did not hold any significant investments during the Year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2023 (2022: nil).

CHARGE OF ASSETS

The Group did not have any charges on its assets as at 31 March 2023 (2022: nil).

COMMITMENTS

As at 31 March 2023, the Group had no material commitment (2022: nil).

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2023, 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\$2.56 million as at 31 March 2023 (2022: approximately HK\$0.05 million).

GEARING RATIO

As at 31 March 2023, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable (2022: nil).

DIVIDEND

The Board has resolved not to recommend a final dividend for the Year (2022: 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 and bank balances. In order to minimise the credit risk, the management of the Group regularly reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Through these actions, the Directors considered that the Group's credit risk on trade debts has been significantly reduced. Our concentration of credit risk by geographical locations was mainly in Hong Kong, which accounted for approximately 98% and 95% of the total trade receivables as at 31 March 2023 and 2022, respectively.

Amounts due from associates 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 equity 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, our total revenue amounted to approximately HK\$119.78 million (2022: approximately HK\$155.78 million). Loss attributable to owners of the Company amounted to approximately HK\$5.90 million for the Year (2022: HK\$0.03 million). Loss per share attributable to owners of the Company for the Year was HK\$3.54 cents (2022: HK\$0.02 cents).

During the Year, the Group recorded a increase in loss mainly due to the decrease in the gain on disposal of a subsidiary, which was offset by the continuing implementation of the expense control policy, via which there was a decrease in staff costs incurred in administrative expenses; and a decrease in marketing-related expenses incurred in selling expenses during the Year.

As at 31 March 2023, the current ratio was approximately 1.42 (2022: approximately 1.33). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2023 (2022: nil). The Group's financial position remained solid.

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/she 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.

COMPLIANCE WITH THE 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, the Company has complied with the code provisions, other than Provision C.2.1 and C.1.6 of the CG Code.

Provision C.2.1 of part 2 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 C.2.1 of part 2 of the CG Code.

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 as revised on 31 December 2018 in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee were adopted in compliance with Provisions D.3.3 and D.3.7 part 2 of the CG Code.

The Audit Committee comprises three members, namely, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Bian Wen Cheng, who are independent non-executive Directors. Mr. David Tsoi, 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 have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

The proposed change of company name as set out in the EGM notice (the “**Special Resolution**”) dated 6 April 2023 was duly passed by the Shareholders by way of poll as a Special Resolution at the EGM held on 25 April 2023. The Company has changed its English name its dual foreign name in Chinese from “Guru Online (Holdings) Limited” and “超凡網絡(控股)有限公司” to “Guoen Holdings Limited” and “國恩控股有限公司”, respectively. For further details, please refer to the announcement of the Company dated 9 June 2023.

Save as disclosed above, there was no significant events occurring subsequent to 31 March 2023 and up to the date of this announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) will be held on Tuesday, 8 August 2023. 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 Thursday, 3 August 2023 to Tuesday, 8 August 2023, 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 forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 2 August 2023.

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 2023

As at the date of this announcement, the executive Directors are Mr. Yip Shek Lun, Mr. Ng Chi Fung, Ms. Wan Wai Ting and Mr. Yin Di and the independent non-executive Directors are Mr. Bian Wen Cheng, Mr. David Tsoi, and Mr. Hong Ming Sang.

This announcement will remain on Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” 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.com.hk.