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Guoen Holdings Limited

國恩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8121)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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 slightly by approximately 3.05% from approximately HK\$119.78 million for the year ended 31 March 2023 to approximately HK\$116.13 million for the year ended 31 March 2024. Such decrease was driven by the decrease in revenue generated from social media management services and digital advertisement placement services, partially offset by the increase in revenue from creative and technology services for the year ended 31 March 2024. The Group's gross profit margin remained relatively stable at approximately 21.28% and 22.40% for the year ended 31 March 2023 and year ended 31 March 2024.

Profit or loss for the year attributable to owners of the Company

The Group recorded a profit of approximately HK\$3.17 million for the year ended 31 March 2024, as compared to that a loss of approximately HK\$5.90 million for the year ended 31 March 2023. Such improvement in our financial performance was mainly due to 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;
- (2) decrease in marketing-related expenses incurred in selling expenses; and
- (3) partially offset by a decrease in subsidy income received from Hong Kong Government under the Employment Support Scheme.

Final Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 March 2024 (2023: 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 2024 (the “**Year**”), together with the comparative audited figures for the year ended 31 March 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	3	116,129	119,780
Cost of services		(90,113)	(94,287)
Gross profit		26,016	25,493
Other income or gains, net	5	315	2,641
Selling expenses		(4,900)	(8,172)
Administrative expenses		(18,627)	(25,782)
Finance cost	6	(185)	(113)
Impairment loss on amounts due from associates		(16)	(24)
Reversal of impairment loss on trade receivables, net		627	139
Change in fair value of financial assets at fair value through profit or loss (“ FVTPL ”)		(63)	–
Profit (loss) before tax		3,167	(5,818)
Income tax expense	7	–	(79)
Profit (loss) for the year attributable to owners of the Company	8	3,167	(5,897)
Other comprehensive income			
<i>Item that will be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		337	377
Other comprehensive income for the year		337	377
Total comprehensive income (expense) for the year attributable to owners of the Company		3,504	(5,520)
Earnings (loss) per share			
Basic and diluted (<i>HK cent</i>)	10	1.90	(3.54)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Plant and equipment		1,268	1,017
Right-of-use assets		2,852	456
Investment properties	11	1,148	1,182
Interests in associates		–	–
Deposits		460	460
		<u>5,728</u>	<u>3,115</u>
Current assets			
Trade receivables	12	34,535	36,114
Deposits, prepayments and other receivables		4,328	3,265
Amounts due from associates		200	200
Tax recoverable		–	13
Financial assets at fair value through profit or loss	13	2,283	–
Bank balances and cash		20,958	18,491
		<u>62,304</u>	<u>58,083</u>
Current liabilities			
Trade and other payables	14	21,197	26,980
Accrued expenses		4,436	5,326
Tax payable		129	114
Lease liabilities		1,679	493
Contract liabilities		12,822	8,010
		<u>40,263</u>	<u>40,923</u>
Net current assets		<u>22,041</u>	<u>17,160</u>
Total assets less current liabilities		<u>27,769</u>	<u>20,275</u>

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities		
Amount due to a shareholder	713	256
Lease liabilities	<u>1,384</u>	<u>–</u>
	<u>2,097</u>	<u>256</u>
	<u>25,672</u>	<u>20,019</u>
Capital and reserves		
Share capital	16,672	16,672
Reserves	<u>9,000</u>	<u>3,347</u>
Total equity	<u>25,672</u>	<u>20,019</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

Guoen 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.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries 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**”) AND CHANGES IN OTHER ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, the following new and 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 on 1 April 2023:

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and 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.

Impact on application of Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 narrow the scope of the initial recognition exemption of deferred tax liabilities and deferred tax assets so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained earnings at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

The amendments had no material impact on the consolidated financial statements of the Group.

New HKICPA guidance on the accounting implications of the abolition of the mandatory provident fund (“MPF”) – long service payment (“LSP”) offsetting mechanism

In June 2022, the Hong Kong SAR Government (the “**Government**”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to MPF scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

The Group has considered the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP. Historically, the Group accounted for the offsetting mechanism by applying the practical expedient in HKAS 19.93(b). Based on the HKICPA guidance, upon the enactment of the Amendment Ordinance in June 2022, these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit applying HKAS 19.93(a).

The Group is currently assessing the impact of the LSP obligation due to Amendment Ordinance.

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:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
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 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKAS 21	Lack of Exchangeability ²

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

² Effective for annual periods beginning on or after 1 January 2025.

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.

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15		
Digital advertisement placement services	9,077	9,405
Social media management services	28,325	33,002
Creative and technology services	78,727	77,373
	<u>116,129</u>	<u>119,780</u>

Disaggregation of revenue from contracts with customers by timing of recognition

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Time of revenue recognition		
At a point in time	3,234	1,524
Over time	112,895	118,256
	<u>116,129</u>	<u>119,780</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 2024

	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>9,077</u>	<u>28,325</u>	<u>78,727</u>	<u>116,129</u>
Segment results	<u>2,375</u>	<u>10,632</u>	<u>13,026</u>	26,033
Unallocated other income or gains				315
Unallocated selling expenses				(4,900)
Unallocated administrative expenses				(18,017)
Unallocated finance cost				(185)
Change in fair value of financial assets at fair value through profit or loss				(63)
Impairment loss on amounts due from associates				<u>(16)</u>
Profit before tax				<u>3,167</u>

For the year ended 31 March 2023

	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>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>	24,689
Unallocated other income or gains				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>

Other segment information

For the year ended 31 March 2024

	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	48	149	413	–	610
Reversal of impairment loss in respect of trade receivables, net	–	(267)	(360)	–	(627)

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

Depreciation of investment properties	–	–	–	34	34
Depreciation of right-of-use assets	–	–	–	1,698	1,698
Impairment loss on amounts due from associates	–	–	–	16	16
Bank interest income	–	–	–	(182)	(182)
Dividends from financial assets at FVTPL	–	–	–	(18)	(18)
Finance cost	–	–	–	185	185

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

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)	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
The PRC	19,851	19,996	478	473
Taiwan	2,974	4,423	31	32
Hong Kong (place of domicile)	93,304	95,361	4,759	2,150
	<u>116,129</u>	<u>119,780</u>	<u>5,268</u>	<u>2,655</u>

Information about major customers

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

5. OTHER INCOME OR GAINS, NET

	2024 HK\$'000	2023 HK\$'000
Dividends from financial assets at FVTPL	18	–
Bank interest income	182	26
Loss on disposal of asset classified as held for sale	–	(51)
Government subsidies (<i>note a</i>)	–	2,371
Gain on early termination of lease	19	–
Sundry income	96	295
	<u>315</u>	<u>2,641</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 in which the subsidy is at the 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on:		
Imputed interest expense on non-current interest-free loan from a shareholder	56	2
Interest on lease liabilities	129	111
	<u>185</u>	<u>113</u>

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax:		
Taiwan Corporate Income Tax	–	79

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2023 as there was no assessable profit.

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2024 as assessable profits were absorbed by tax losses.

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. PROFIT (LOSS) FOR THE YEAR

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' and chief executive's emoluments	2,887	5,479
Employee benefit expenses (excluding directors' and chief executive's emoluments)		
– Wages and salaries	26,708	31,737
– Retirement benefits scheme contribution	1,742	2,072
– Other benefits	607	983
	<u>31,944</u>	<u>40,271</u>
Direct operating expenses incurred for investment properties that did not generate rental income during the year	<u>10</u>	<u>26</u>
Auditor's remuneration	505	502
Depreciation of right-of-use assets	1,698	4,949
Depreciation of plant and equipment	610	943
Depreciation of investment properties	34	35
Impairment loss on amount due from associates	16	24
Loss on disposal of asset classified as held for sale	–	51
Net foreign exchange loss	<u>1,425</u>	<u>1,260</u>

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS (LOSS) PER SHARE

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

Earnings (loss)	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Earnings (loss) for the purpose of basic and diluted loss per share, representing profit (loss) for the year attributable to owners of the Company	<u>3,167</u>	<u>(5,897)</u>
Number of shares	2024 <i>'000</i>	2023 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted earnings or loss per share	<u>166,720</u>	<u>166,720</u>

The diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding for the years ended 31 March 2024 and 2023.

11. INVESTMENT PROPERTIES

HK\$'000

COST

At 1 April 2022, 31 March 2023 and at 31 March 2024 1,391

ACCUMULATED DEPRECIATION

At 1 April 2022 174

Provided for the year 35

At 31 March 2023 209

Provided for the year 34

At 31 March 2024 **243**

CARRYING VALUES

At 31 March 2024 **1,148**

At 31 March 2023 1,182

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 2024 was approximately HK\$2,200,000 (2023: HK\$1,930,000), 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 2024 are determined.

Investment properties	Fair value hierarchy	Fair value at 31 March 2024	Fair value at 31 March 2023	Valuation technique and key inputs	Significant Unobservable inputs	Range	Relationship of key inputs and significant unobservable inputs to fair value
		HK\$'000	HK\$'000				
Investment properties	Level 2	2,200	1,930	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.	N/A	N/A	N/A

12. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2023: 30 to 60 days) to its trade customers.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	41,689	46,095
Less: allowance for impairment of trade receivables	<u>(7,789)</u>	<u>(10,443)</u>
	33,900	35,652
Unbilled receivables	<u>635</u>	<u>462</u>
	<u><u>34,535</u></u>	<u><u>36,114</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.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
– 0 to 60 days	20,544	25,408
– 61 to 90 days	797	1,296
– Over 90 days	<u>13,194</u>	<u>9,410</u>
	<u><u>34,535</u></u>	<u><u>36,114</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 2024, 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\$34,535,000 (2023: HK\$36,114,000) and thus do not recognise the ECL allowance as the amount involved is not significant.

As at 31 March 2024, the directors of the Company considered the ECL rate is 100% (2023: 100%) for trade receivables from credit-impaired customers with gross carrying amount of approximately HK\$7,789,000 (2023: HK\$10,443,000) and allowance for impairment of trade receivables of HK\$7,789,000 (2023: HK\$10,443,000) was recognised.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the financial year	10,443	10,891
Provision of impairment loss	993	352
Impairment losses reversed	(1,620)	(491)
Amount written off as uncollectible	(1,860)	–
Exchange realignment	(167)	(309)
	<u>7,789</u>	<u>10,443</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong (<i>Notes a, b</i>)	<u>2,283</u>	<u>–</u>

Notes:

- (a) The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.
- (b) During the year ended 31 March 2024, the net fair value loss in respect of the investments in quoted equity securities recognised in profit or loss amounted approximately to HK\$63,000 (2023: nil).

14. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	18,308	24,550
Other payables	<u>2,889</u>	<u>2,430</u>
	<u>21,197</u>	<u>26,980</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	4,979	3,282
31 to 60 days	1,606	2,912
Over 60 days	11,723	18,356
	<u>18,308</u>	<u>24,550</u>

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30 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 2024 included in the balances of the trade payables were aggregate balances of approximately HK\$16,000 (2023: HK\$16,000) which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

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.

As the pandemic concludes and we begin navigating through the aftermath, we are pleased to announce an improvement in our financial performance from a loss for the year ended 31 March 2023 to a profit for Year. However, looking ahead, we anticipate significant challenges in the advertising industry due to the ongoing innovation in artificial intelligence. This innovation poses long-term challenges, with rising labor costs and intensifying competition.

The Group has maintained a balanced portfolio and diversified revenue stream, and the performance of social media management services and creative and technology services recovered attributed to the reopening of the border. However, it is foreseeable that the demand for Hong Kong clients will decrease due to the reallocation of advertising investment and budgets. This is primarily driven by shifts in consumer behavior, in which the pattern of mainland Chinese tourists spending in Hong Kong has transformed, with Hong Kong tourists now venturing north to mainland cities like Shenzhen for their consumption needs.

At the same time, the Group is encountering increasing competition as barriers to in-house advertising creation and brand image marketing have decreased with the adoption of AI tools. This trend has led to cost reductions, with a growing number of clients opting to employ internal staff for their advertising and social media management needs. Furthermore, we foresee a continuous rise in labor costs and wages in the foreseeable future, adding to the operational challenges faced by businesses in our sector.

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.

In conclusion, while we have experienced some positive trends in our business this year, we are mindful of the evolving landscape shaped by technological advancements, changing consumer preferences, and competitive pressures. Our focus remains on adapting to these changes, enhancing our service offerings, and maintaining operational efficiency to navigate through these challenges successfully.

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\$116.13 million (2023: approximately HK\$119.78 million).

For the Year, our revenue generated from (i) social media management services amounted to approximately HK\$28.33 million (2023: approximately HK\$33.00 million), representing approximately 24.39% of our total revenue (2023: approximately 27.55%); (ii) digital advertisement placement services amounted to approximately HK\$9.08 million (2023: approximately HK\$9.41 million), representing approximately 7.82% of our total revenue (2023: approximately 7.85%); and (iii) creative and technology services amounted to approximately HK\$78.73 million (2023: approximately HK\$77.37 million), representing approximately 67.79% of our total revenue (2023: approximately 64.60%).

Overall, our total revenue decreased slightly by approximately 3.05% from approximately HK\$119.78 million for the year ended 31 March 2023 to approximately HK\$116.13 million for the Year. The slight decrease in total revenue was mainly attributable to the decrease in revenue from social media management services and digital advertisement placement services, partially offset by the increase in revenue from creative and technology services for the Year. The gross profit margin remained relatively stable at from approximately 21.28% to 22.40%. As a result, the Group's gross profit increased by approximately 2.05% from approximately HK\$25.49 million for the year ended 31 March 2023 to approximately HK\$26.02 million for the Year.

Other income and gains, net

Our other income or gains of the Group decreased from approximately HK\$2.64 million for the year ended 31 March 2023 to approximately HK\$0.32 million for the Year, which was mainly attributable to the decrease in subsidy income received from the Hong Kong Government under the Employment Support Scheme.

Selling expenses

Our selling expenses decrease by approximately HK\$3.27 million from approximately HK\$8.17 million for the year ended 31 March 2023 to approximately HK\$4.90 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 2023 and the Year, our staff cost under selling expenses amounted to approximately HK\$5.60 million and HK\$2.20 million, representing approximately 4.68% and 1.89% of our revenue, respectively.

Sales commission

For the year ended 31 March 2023 and the Year, our sales commission amounted to approximately HK\$1.15 million and HK\$1.33 million, representing approximately 0.96% and 1.15% of our total revenue, respectively.

Marketing-related expenses

For the year ended 31 March 2023 and the Year, our marketing-related expenses amounted to approximately HK\$1.42 million and HK\$1.37 million, representing approximately 1.19% and 1.18% of our revenue, respectively.

Administrative expenses

Our administrative expenses decreased by approximately HK\$7.15 million or 27.75% from approximately HK\$25.78 million for the year ended 31 March 2023 to approximately HK\$18.63 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\$0.19 million for the Year (2023: approximately HK\$0.11 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 decreased from HK\$0.08 million for the year ended 31 March 2023 to nil for the Year, which was mainly attributable to the decrease in Taiwan Corporate Income Tax for the Year.

Profit or loss for the Year attributable to owners of the Company

For the Year, profit attributable to owners of the Company amounted approximately HK\$3.17 million, as compared loss attributable to owners of the Company amounted approximately HK\$5.90 million for the year ended 31 March 2023. The decrease in loss attributable to owners of the Company was mainly due to (i) the continuing implementation of the expense control policy, via which there was a decrease in depreciation of right-of-use assets and staff costs incurred in administrative expenses; and (ii) a decrease in marketing-related expenses incurred in selling expenses, and partially offset by a decrease in subsidy income received from Hong Kong Government under the Employment Support Scheme during the Year.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2024, the Group's current ratio was 1.55, compared to 1.42 as at 31 March 2023. The increase in current ratio was mainly due to increase in bank balances and cash. As at 31 March 2024, the Group's bank balances and cash amounted to approximately HK\$20.96 million (2023: approximately HK\$18.49 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2024 were nil (2023: 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 2024, the Group had amount due to a shareholder of approximately HK\$0.71 million (2023: approximately HK\$0.26 million). 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 8,336,000 with a par value of HK\$2.00 each. As at 31 March 2024, 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 (2023: 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.

As disclosed in the Company’s announcement dated 21 February 2024 (the “**Announcement**”), the Company proposed to implement the capital reorganization and right issues. For details, please refer to the Announcement. The proposed capital reorganization and rights issues were duly passed by the Shareholders by way of poll as a Special Resolution at the extraordinary general meeting held on 24 April 2024. For further details, please refer to the announcement of the Company dated 24 April 2024.

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 2024.

SIGNIFICANT INVESTMENTS HELD

Investment properties

As at 31 March 2024, the Group had investment properties measured at cost less accumulated depreciation and impairment, and the aggregate carrying amount of which amounted to approximately HK\$1.15 million (2023: approximately HK\$1.18 million), representing approximately 1.69% of total assets (2023: approximately 1.93%). As at 31 March 2024, the Group’s investment properties consisted of 1 car park space (2023: 1 car park space). The fair value of the investment properties as at 31 March 2024 was approximately HK\$2.20 million (2023: approximately HK\$1.93 million). The Group intends to hold the investment properties for capital appreciation.

Financial assets at fair value through profit or loss

The following table sets out the particulars and movement of our financial asset at FVTPL at the end of the reporting period:

Name/fund details	Nature of business	Number of shares held as at 31 March 2024	Acquisition during the Year HK\$'000	Disposal during the Year HK\$'000	Unrealised	Realised gain (loss) on disposal during the Year HK\$'000	Carrying amount as at 31 March 2024 HK\$'000	Percentage	Dividend received during the Year HK\$'000
					gain (loss) on change in fair value during the Year HK\$'000			to the Group's total assets as at 31 March 2024	
Hong Kong Exchange and Clearing Limited	Note A	4,500	1,139	-	(114)	-	1,025	1.51%	18
Meituan	Note B	9,000	2,714	(1,536)	221	(141)	1,258	1.85%	-
Alibaba Group Holding Limited	Note C	-	1,057	(1,062)	-	5	-	-	-
JD.com, Inc.	Note D	-	776	(742)	-	(34)	-	-	-
Listed equity security			5,686	(3,340)	107	(170)	2,283	3.36%	18
Total			5,686	(3,340)	107	(170)	2,283	3.36%	18

Notes:

- Hong Kong Exchange and Clearing Limited (“**HKEx**”) is a recognised exchange controller under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). HKEx operates the only recognised stock and futures markets in Hong Kong through its wholly-owned subsidiaries and is the frontline regulator of listed issuers in Hong Kong.
- Meituan is a Chinese technology platform that provides various online services and operates in multiple business sectors.
- Alibaba Group Holding Limited is a multinational conglomerate based in China, with business operations including e-commerce services, cloud computing, digital entertainment, digital payments, logistics and supply chain management and digital marketing.
- JD.com, Inc. is a company incorporated in the Cayman Islands with limited liability. It is a supply chain based technology and service provider and is principally engaged in the businesses of e-commerce including online retail and online marketplace, marketing, logistics and other value-added services in the People’s Republic of China.

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 are based on closing quoted market prices on the last market day of the reporting date.

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 2024 (2023: Nil).

CHARGE OF ASSETS

The Group did not have any charges on its assets as at 31 March 2024 (2023: Nil).

COMMITMENTS

As at 31 March 2024, the Group had no material commitment (2023: Nil).

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2024, 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\$0.77 million as at 31 March 2024 (2023: approximately HK\$2.56 million).

GEARING RATIO

As at 31 March 2024, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable (2023: Nil).

DIVIDEND

The Board has resolved not to recommend a final dividend for the Year (2023: 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 95% and 98% of the total trade receivables as at 31 March 2024 and 2023, 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\$116.13 million (2023: approximately HK\$119.78 million). Profit attributable to owners of the Company amounted to approximately HK\$3.17 million for the Year (2023: Loss attributable to owners of the Company amounted to approximately HK\$5.90 million). Profit per share attributable to owners of the Company for the Year was HK\$1.90 cents (2023: Loss per share attributable to owners of the Company was HK\$3.54 cents).

During the Year, the Group recorded a decrease in loss mainly due to (i) the continuing implementation of the expense control policy, via which there was a decrease in depreciation of right-of-use assets and staff costs incurred in administrative expenses; and (ii) a decrease in marketing-related expenses incurred in selling expenses, and partially offset by a decrease in subsidy income received from Hong Kong Government under the Employment Support Scheme during the Year.

As at 31 March 2024, the current ratio was approximately 1.55 (2023: approximately 1.42). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2024 (2023: 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 C1 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 a higher return for the Shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

For the Year, the Company has complied with the CG Code, other than Provision C.2.1 of part 2 and C.1.6 of the CG Code, which is explained in the paragraph below.

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. Yin Di is the chairman of the Board and the chief executive officer of the Company and is responsible for managing the Group's business and overall strategic planning. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Yin Di is can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. 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. In addition, under the supervision of the Board which is comprised of five executive Directors, and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

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 of part 2 of the CG Code.

The Audit Committee comprises three members, namely, Ms. Fu Hongzhi, Mr. Hong Ming Sang and Mr. Bian Wencheng, who are independent non-executive Directors. Ms. Fu Hongzhi, 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

As disclosed in the Company’s announcement dated 21 February 2024 (the “**Announcement**”), the Company proposed to implement the capital reorganization and right issues. For details, please refer to the Announcement.

The proposed capital reorganization and rights issues were duly passed by the Shareholders by way of poll as a Special Resolution at the extraordinary general meeting held on 24 April 2024. For further details, please refer to the announcement of the Company dated 24 April 2024.

Save as disclosed above, there was no significant events occurring subsequent to 31 March 2024 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 Thursday, 8 August 2024. 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 Monday, 5 August 2024 to Thursday, 8 August 2024, 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 Friday, 2 August 2024.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.guruonline.com.hk). The 2024 annual report for the year ended 31 March 2024 of the Company, containing information required by the GEM Listing Rules, will be despatched to shareholders of the Company who wish to receive a printed copy of the corporate communication and will also be published on the above websites in due course in compliance with the requirements under the GEM Listing Rules.

By Order of the Board
Guoen Holdings Limited
Yin Di

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

Hong Kong, 20 June 2024

As at the date of this announcement, the executive Directors are Mr. Yin Di, Mr. Yip Shek Lun, Mr. Ng Chi Fung, Mr. Liu Liping and Ms. Wan Wai Ting; and the independent non-executive Directors are Ms. Fu Hongzhi, Mr. Bian Wencheng 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.