

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



GURU ONLINE

Interim Report 2019

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

GEM has been positioned as a market designed to accommodate 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.

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*This report, for which the directors (collectively the “**Directors**” and each, the “**Director**”) of 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 report 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 report misleading.*

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 (the “**Period**”), together with the unaudited comparative consolidated figures for the corresponding period in 2018 as follows:

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

For the three months and six months ended 30 September 2019

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2019	2018	2019	2018
		(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	4	39,725	50,163	80,709	97,865
Cost of services		(25,867)	(35,678)	(53,193)	(70,060)
Gross profit		13,858	14,485	27,516	27,805
Other income, gains or losses	6	920	896	1,024	1,694
Selling expenses		(5,994)	(6,513)	(12,904)	(14,588)
Administrative expenses		(15,056)	(18,270)	(29,229)	(33,735)
Share of loss of associates		(4)	(17)	(10)	(76)
Reversal of impairment loss on trade receivables		403	–	457	–
Finance costs		(100)	–	(100)	–
Change in fair value of financial assets at fair value through profit or loss/held for trading investments		(159)	(312)	(235)	(667)
Loss before tax		(6,132)	(9,731)	(13,481)	(19,567)
Income tax expense	7	–	(370)	(212)	(370)
Loss for the period attributable to owners of the Company	9	(6,132)	(10,101)	(13,693)	(19,937)
<b>Other comprehensive income (expenses)</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Release of available-for-sale investments reserve upon disposal		–	(112)	–	(49)
Change in fair value of available-for-sale investments		–	(588)	–	(1,034)
Exchange differences arising on translating foreign operations		341	158	622	1,091
Other comprehensive income (expenses) for the period		341	(542)	622	8
Total comprehensive expense for the period attributable to owners of the Company		(5,791)	(10,643)	(13,071)	(19,929)
Loss per Share					
Basic and diluted (HK\$ cent)	10	(0.37)	(0.61)	(0.82)	(1.20)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019 and 31 March 2019

	NOTES	30 September 2019 (unaudited) HK\$'000	31 March 2019 (audited) HK\$'000
<b>Non-current assets</b>			
Plant and equipment		6,928	7,717
Right-of-use assets		2,596	–
Investment properties	11	24,796	26,764
Interests in associates		691	701
Financial asset at fair value through other comprehensive income	12	2,500	2,500
Deposits		–	1,798
		<b>37,511</b>	<b>39,480</b>
<b>Current assets</b>			
Trade receivables	13	36,234	34,294
Deposits, prepayments and other receivables		8,631	11,592
Amounts due from associates		418	410
Tax recoverable		332	564
Financial asset at fair value through profit or loss/Held for trading investments	14	5,461	10,771
Bank balances and cash		10,815	7,956
		<b>61,891</b>	<b>65,587</b>
<b>Current liabilities</b>			
Trade and other payables	15	22,029	21,126
Contract liability/Receipts in advance		6,128	5,652
Accrued expenses		12,277	9,052
Income tax payable		956	1,020
Lease liabilities		2,866	–
		<b>44,256</b>	<b>36,850</b>
Net current assets		<b>17,635</b>	<b>28,737</b>
Total assets less current liabilities		<b>55,146</b>	<b>68,217</b>
<b>Non-current liabilities</b>			
Deferred tax liability		–	–
		<b>55,146</b>	<b>68,217</b>
<b>Capital and reserves</b>			
Share capital		16,672	16,672
Reserves		38,474	51,545
Total equity		<b>55,146</b>	<b>68,217</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Financial asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	16,672	78,559	(1,500)	4	46,657	(72,175)	68,217
Loss for the Period	-	-	-	-	-	(13,693)	(13,693)
Other comprehensive income for the Period – Exchange differences arising on translating foreign operations	-	-	-	622	-	-	622
Total comprehensive income (expenses) for the Period	-	-	-	622	-	(13,693)	(13,071)
Disposal of financial asset at fair value through other comprehensive income	-	-	1,500	-	-	(1,500)	-
At 30 September 2019 (unaudited)	16,672	78,559	-	626	46,657	(87,368)	55,146

Note:

Other reserve represented the difference between the nominal amount of the share capital and share premium of AdBeyond Holdings Limited and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation on 16 May 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2018

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Available- for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	16,672	78,559	5,045	195	(862)	46,657	(49,836)	96,430
Loss for the period	-	-	-	-	-	-	(19,937)	(19,937)
Other comprehensive (expenses) income for the period								
- Change in fair value of available-for-sale investments	-	-	-	(1,034)	-	-	-	(1,034)
- Release of available-for-sale investments reserve upon disposal	-	-	-	(49)	-	-	-	(49)
- Exchange differences arising on translating foreign operations	-	-	-	-	1,091	-	-	1,091
Total comprehensive (expenses) income for the period	-	-	-	(1,083)	1,091	-	(19,937)	(19,929)
Recognition of equity-settled share- based payment	-	-	-	-	-	-	-	-
Share options lapsed	-	-	(5,045)	-	-	-	5,045	-
At 30 September 2018 (unaudited)	16,672	78,559	-	(888)	229	46,657	(64,278)	76,501

Note:

Other reserve represented the difference between the nominal amount of the share capital and share premium of AdBeyond Holdings Limited and the nominal amount of the share capital issued by the Company pursuant to the group reorganisation on 16 May 2015.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019 and 2018

	Six months ended	
	30 September 2019 (unaudited) HK\$'000	30 September 2018 (unaudited) HK\$'000
Net cash used in operating activities	<b>(1,731)</b>	(18,702)
Net cash from investing activities	<b>6,778</b>	4,625
Net cash used in financing activities	<b>(2,810)</b>	–
Net increase (decrease) in cash and cash equivalents	<b>2,237</b>	(14,077)
Cash and cash equivalents at beginning of the period	<b>7,956</b>	18,565
Effect of foreign exchange rate changes	<b>622</b>	1,091
Cash and cash equivalents at end of the period	<b>10,815</b>	5,579

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and six months ended 30 September 2019*

## 1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. Its shares (the “**Shares**”) have been listed on GEM of the Stock Exchange since 29 May 2015 (the “**Listing**”). The addresses of the registered office and principal place of business in Hong Kong of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 4/F., KOHO, 73-75 Hung To Road, Kwun Tong, Hong Kong, respectively.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are investment holding, provision of digital media services and provision of marketing services.

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

The unaudited condensed consolidated financial statements of the Group are presented in HK\$, which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements for the Period have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

The unaudited condensed consolidated financial statements for the Period comprises the Company and its subsidiaries.

## **2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

The accounting policies used in the preparation of this report are consistent with those used in the preparation of the annual report for the year ended 31 March 2019.

This report has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Period in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The Group has adopted HKFRS 16 Leases retrospectively from 1 April 2019. In accordance with the transitional provision under HKFRS 16, the Group has applied the simplified transition approach, and all right-of-use assets were measured at the amount of the lease liabilities on adoption (adjusted for any prepaid or accrued lease expenses). Comparative figures for the 2019 financial year have not been restated.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The lessee’s incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 2.6%.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

	<b>(Unaudited)</b> HK\$'000
Operating lease commitments as at 31 March 2019	7,151
Discounted using the Groups' weighted average incremental borrowing rate of 2.6%	7,107
Less: Commitments relating to leases of low-value assets	(1,123)
Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 March 2020	(408)
Lease liabilities recognised as at 1 April 2019	5,576

All right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unaudited condensed consolidated statement of financial position as at 31 March 2019. The impact on transition is summarised as below.

	<b>As at 1 April 2019</b> <b>(Unaudited)</b> HK\$'000
Right-of-use assets	5,576
Lease liabilities	5,576

In applying HKFRS 16 for the first time, the Group has used the following practical expedient permitted by the standard:

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Upon adoption of HKFRS 16, principal elements of lease payments and related interest portion have been classified within financing activities.

### **3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2019. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements of the Group.

#### **Adoption of HKFRS 16**

The Group has changed its accounting policies following the adoption of HKFRS 16 on 1 April 2019.

The Group leases office under non-cancellable operating leases expiring within 3 years. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

#### **Adoption of HKFRS 16 *(Continued)***

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

## 4. REVENUE

Revenue represents revenue generated from the provision of social media management services, digital advertisement placement services and creative and technology services. The following is an analysis of the Group's revenue for the relevant periods:

	Three months ended		Six months ended	
	30 September		30 September	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	<b>4,653</b>	7,233	<b>10,206</b>	14,161
Social media management services	<b>19,304</b>	17,500	<b>38,435</b>	38,997
Creative and technology services	<b>15,768</b>	25,430	<b>32,068</b>	44,707
	<b>39,725</b>	50,163	<b>80,709</b>	97,865

## 5. SEGMENT INFORMATION

Information reported to the Board, 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 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 and operating 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 services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation.

Segment results represent 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.

## 5. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results

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

For the six months ended 30 September 2019 (unaudited)

	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	10,206	38,435	32,068	80,709
Segment results	2,592	15,299	8,308	26,199
Unallocated other income, gains or losses				1,004
Unallocated selling expenses				(12,904)
Unallocated administrative expenses				(27,435)
Share of loss of associates				(10)
Unallocated finance costs				(100)
Change in fair value of financial assets at fair value through profit or loss				(235)
Loss before tax				(13,481)

## 5. SEGMENT INFORMATION *(Continued)*

### Segment revenue and results *(Continued)*

For the six months ended 30 September 2018 (unaudited)

	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	14,161	38,997	44,707	97,865
Segment results	3,308	13,981	8,305	25,594
Unallocated other income, gains or losses				1,013
Unallocated selling expenses				(14,588)
Unallocated administrative expenses				(30,843)
Share of loss of associates				(76)
Change in fair value of financial assets at fair value through profit or loss				(667)
Loss before tax				(19,567)

Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative expenses, selling expenses, directors' and chief executive's emoluments, bank and bond interest income, gain or loss arising from disposal of financial assets at fair value through profit or loss/held for trading investments, sundry income, change in fair value of financial assets at fair value through profit or loss/held for trading investments and share of result of associates. This is the measure reported to the Board, being the CODM, for the purposes of resource allocation and performance assessment.

## 5. SEGMENT INFORMATION *(Continued)*

### Geographic information

The Group's operations are located in Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets (excluding financial instruments)	
	Six months ended	Six months ended	30 September 2019	31 March 2019
	(unaudited)	(unaudited)	(unaudited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC	<b>25,470</b>	37,894	<b>456</b>	513
Hong Kong	<b>55,239</b>	59,971	<b>31,959</b>	34,669
	<b>80,709</b>	97,865	<b>32,415</b>	35,182

### Information about major customers

The percentage of revenue for the Period attributable to the Group's five largest customers constituted around 17.49% (31 March 2019: around 24.78%) of the Group's total revenue for the Period. Revenue generated from the largest customer constituted around 4.24% (31 March 2019: around 11.04%) of the Group's total revenue for the Period.

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

## 6. OTHER INCOME, GAINS OR LOSSES

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Bank interest income	5	2	10	10
Dividends from financial assets at fair value through profit or loss/held for trading investments	50	97	97	228
Loss on disposal of financial assets at fair value through profit or loss/held for trading investments	-	-	-	(141)
Gain on disposal of available-for- sales investments	-	96	-	711
Interest income on held-to- maturity investments	-	32	-	78
Impairment loss reversed in respect of trade receivables	-	601	-	682
Gain on disposal of investment properties	661	-	661	-
Loss on disposal of plant and equipment	-	-	-	(12)
Rental income from investment properties	38	48	78	91
Sundry income	166	20	178	47
	<b>920</b>	896	<b>1,024</b>	1,694

## 7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Enterprise Income Tax	-	370	212	370
	-	-	212	-
Over-provision in prior periods:				
Hong Kong	-	-	-	-
Deferred tax	-	-	-	-
	-	370	212	370

No provision for Hong Kong Profits Tax has been made for the Period as there was no assessable profits for the Period. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2019 and 2018, respectively.

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 of the Company is 25% for the six months ended 30 September 2019 and 2018, respectively.

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. DIVIDENDS

	Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Interim dividend	-	-

## 9. LOSS FOR THE PERIOD

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

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Directors' and chief executive's emoluments	5,132	6,254	8,780	9,379
Other staff costs (excluding Directors' and chief executive's emoluments)	17,213	20,086	34,514	40,298
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	557	660	1,121	1,292
<b>Total staff costs</b>	<b>22,902</b>	27,000	<b>44,415</b>	50,969
Gross rental income from investment properties	(38)	(48)	(78)	(91)
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	4	6	9	12
Direct operating expenses incurred for investment properties that did not generate rental income during the period	25	24	53	36
	(9)	(18)	(16)	(43)
Depreciation of plant and equipment	724	853	1,458	1,653
Depreciation of investment properties	163	198	336	334
Depreciation of right-of-use assets	1,254	–	2,508	–
Net foreign exchange loss	738	519	1,416	1,690

## 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:

	Three months ended 30 September		Six months ended 30 September	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
<b>Loss</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	<b>(6,132)</b>	(10,101)	<b>(13,693)</b>	(19,937)
<b>Number of Shares</b>	<b>'000</b>	'000	<b>'000</b>	'000
Weighted average number of ordinary Shares for the purpose of basic and diluted loss per Share	<b>1,667,200</b>	1,667,200	<b>1,667,200</b>	1,667,200

The weighted average number of ordinary shares in issue during the six months ended 30 September 2019 and 2018, respectively, represented 1,667,200,000 ordinary shares in issue.

The computation of diluted loss per share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's shares for the six months ended 30 September 2019 and 2018, respectively.

## 11. INVESTMENT PROPERTIES

	<b>HK'000</b>
<b>COST</b>	
At 31 March 2019	27,727
Additions	75
Disposal	(1,793)
<b>At 30 September 2019</b>	<b>26,009</b>
<b>ACCUMULATED DEPRECIATION</b>	
At 31 March 2019	963
Provided for the year	336
Disposal	(86)
<b>At 30 September 2019</b>	<b>1,213</b>
<b>CARRYING AMOUNT</b>	
<b>At 30 September 2019 (unaudited)</b>	<b>24,796</b>
At 31 March 2019 (audited)	26,764

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 30 September 2019 was approximately HK\$28,323,000 (31 March 2019: approximately HK\$32,520,000), which was determined by the Directors. The valuation performed by the Directors was made by reference to recent market prices for properties in the similar locations and conditions.

The following table sets out the basis of which the fair value of the investment properties as at 30 September 2019 was determined:

	<b>Fair value hierarchy</b>	<b>Fair value at 30 September 2019 HK\$'000</b>	<b>Valuation technique and key inputs</b>
Investment properties	Level 2	28,323	Market comparison approach <ul style="list-style-type: none"> <li>– By reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.</li> </ul>

## 12. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Unlisted investments	<b>2,500</b>	2,500

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

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

## 13. TRADE RECEIVABLES

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Trade receivables	<b>46,863</b>	45,795
Less: allowance for impairment of trade receivables	<b>(10,629)</b>	(11,501)
	<b>36,234</b>	34,294

As at 30 September 2019, included in the Group's trade receivables balances was an aggregate amount of approximately HK\$14,853,000 (31 March 2019: approximately HK\$10,736,000) which has not yet been due according to the contract terms as at the end of the reporting period. Trade receivables that were neither past due nor impaired related to a wide range of customers who did not have any recent history of default.

### 13. TRADE RECEIVABLES *(Continued)*

As at 30 September 2019, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$21,381,000 (31 March 2019: approximately HK\$23,558,000) which was related to debts that were past due as at the reporting date but for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have good track records with the Group. Based on past experience, the management of the Group believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality of these customers and the balances are still considered fully recoverable.

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

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Current	<b>14,853</b>	10,736
Overdue:		
– Within 60 days	<b>10,256</b>	13,512
– 61-90 days	<b>3,154</b>	5,171
– 91-120 days	<b>1,951</b>	549
– Over 120 days	<b>6,020</b>	4,326
	<b>21,381</b>	23,558
	<b>36,234</b>	34,294

## 14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS/ HELD FOR TRADING INVESTMENTS

The following table sets out the particular and movement of our financial asset at fair value through profit or loss/held for trading investments at the end of the reporting period:

Name/ fund details	Nature of business	Number of shares/ Units held as at 30 September 2019	Carrying amount as at 31 March 2019 HK\$'000	Disposal during the Period HK\$'000	Unrealised gain (loss) on change in fair value HK\$'000	Realised gain (loss) on disposal during the Period HK\$'000	Carrying amount as at 30 September 2019 HK\$'000	Percentage to the Group's total assets as at 30 September 2019	Dividend received during the Period HK\$'000
SIS International Holdings Limited	Notes A	290,000	1,148	-	(133)	-	1,015	1.02%	20
Tencent Holdings Limited	Notes B	1,000	361	-	(31)	-	330	0.33%	1
ICBC CSOP S&P New China Sectors ETF	Notes C	-	357	(345)	42	(54)	-	-	-
Premia CSI Caixin China Bedrock Economy ETF	Notes D	-	340	(294)	47	(93)	-	-	-
Greenland Hong Kong Holdings Limited	Notes E	-	169	(191)	(12)	34	-	-	-
<b>Listed equity security</b>			<b>2,375</b>	<b>(830)</b>	<b>(87)</b>	<b>(113)</b>	<b>1,345</b>	<b>1.35%</b>	<b>21</b>
BlackRock Global Funds SICAV – Asian Growth Leaders Fund A2- capitalisation	Investment in fund	2,331	342	-	(14)	-	328	0.33%	-
Fidelity Funds Sicav – Asian High Yield Funds A-USD-Midst	Investment in fund	11,686.87	747	-	(17)	-	730	0.73%	-
First Trust Exchange-Traded AlphaDEX Fund II Emerging Markets Small Cap	Investment in fund	-	679	(675)	116	(120)	-	-	23
iShares Edge MSCI Multifactor Emerging Markets ETF	Investment in fund	-	1,064	(1,029)	206	(241)	-	-	5
iShares Edge MSCI Multifactor Global ETF	Investment in fund	-	721	(696)	58	(83)	-	-	7
iShares MSCI India Small Cap Index Fund	Investment in Fund	600	191	-	(25)	-	166	0.17%	1
JPMorgan Vietnam Opportunities Fund USD-acc	Investment in fund	2,298.85	310	-	10	-	320	0.32%	-
UBS (Cay) China A Opportunity A	Investment in fund	208.32	1,921	(1,506)	45	53	513	0.52%	-
WisdomTree Emerging Markets ex- State-Owned Enterprises Fund	Investment in fund	-	361	(339)	35	(57)	-	-	-
<b>Listed fund investments</b>			<b>6,336</b>	<b>(4,245)</b>	<b>414</b>	<b>(448)</b>	<b>2,057</b>	<b>2.07%</b>	<b>36</b>
Manulife Inv Allianz and Growth Fund (dst)	Investment in fund	128,187.25	930	-	(1)	-	929	0.93%	40
UBS (LUX) Equity Fund FCP-China Opportunity (USD) P-acc	Investment in fund	99.66	1,130	-	-	-	1,130	1.14%	-
<b>Unlisted fund investments</b>			<b>2,060</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>2,059</b>	<b>2.07%</b>	<b>40</b>
<b>Total</b>			<b>10,771</b>	<b>(5,075)</b>	<b>326</b>	<b>(561)</b>	<b>5,461</b>	<b>5.49%</b>	<b>97</b>

## 14. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS/ HELD FOR TRADING INVESTMENTS *(Continued)*

Notes A: Distribution of mobile and IT products, investments in promising businesses and investments in real estate.

Notes B: Principally engaged in the provision of value-added services and online advertising services to users in the PRC.

Notes C: It is a physical Exchange Traded Fund (“**ETF**”) which invests directly in the S&P New China Sector Index securities, which is designed to reflect the performance of the new growth China consumption and services-oriented entities selected by float-adjusted market capitalisation.

Notes D: Premia CSI Caixin China New Economy ETF (the “**Sub-Fund**”) is a sub-fund of Premia ETF Series, which is an umbrella unit trust established under Hong Kong law. The units of the Sub-Fund are listed on the Stock Exchange.

Notes E: Greenland has cultivated a multilateral layout of “real estate development as the main business, associated with the other fields of large infrastructure, large finance, large consumption, health care industry, and science and technology” in the world.

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

## 15. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Trade payables	<b>16,630</b>	17,194
Other payables	<b>5,399</b>	3,932
	<b>22,029</b>	21,126

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

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Within 30 days	<b>4,871</b>	5,064
31-60 days	<b>241</b>	1,413
Over 60 days	<b>11,518</b>	10,717
	<b>16,630</b>	17,194

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

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 Group's integrated digital marketing business has continued to grow steadily. More and more customers are adding digital marketing to their budgets when they plan their marketing solutions, mainly because they are realising that they can both monitor the return on advertising spending more precisely and reach their target customers more easily. Besides, new technologies including Big Data\*, the Internet-of-Things (“**IoT**”) and artificial intelligence (“**AI**”) can facilitate the development of digital marketing and include the information about customers' markets, thus improving the chance of reaching their target customers and, ultimately, receiving orders.

During the Period under review, the demand for innovative, customised digital marketing solutions from customers has steadily risen. The Group has secured more tourism-related customers from provinces and cities across China, as well as general consumer business customers domestically in Hong Kong. One of the major projects involved an online-to-offline (O2O) promotion (the “**O2O Project**”). In the O2O Project, the Group assisted a customer from a provincial capital city of China in organising a marketing project together with a film production company, a theme park and a major financial TV station from the United States. This marked the first time that the Group has held a marketing activity with Chinese branding elements with a film production company and a theme park in Los Angeles, the United States, and digital advertisements were also run on the financial TV station and outside the Nasdaq building, together with the promotion on other social media. This O2O Project removed the barrier between online and offline media, achieving a successful multi-dimensional cross-media marketing.

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

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

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

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

## FINANCIAL REVIEW

### Revenue and gross profit

The Group's revenue was generated from the integrated digital marketing business which comprised the provision of (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services.

Total revenue of the Group decreased by around 17.53% from approximately HK\$97.87 million for the six months ended 30 September 2018 to approximately HK\$80.71 million for the Period.

For the Period, revenue generated from the provision of (i) social media management services amounted to approximately HK\$38.43 million (six months ended 30 September 2018: approximately HK\$39.00 million), constituting around 47.62% of our total revenue (six months ended 30 September 2018: around 39.85%); (ii) digital advertisement placement services amounted to approximately HK\$10.21 million (six months ended 30 September 2018: approximately HK\$14.16 million), constituting around 12.65% of our total revenue (six months ended 30 September 2018: around 14.47%); (iii) creative and technology services amounted to approximately HK\$32.07 million (six months ended 30 September 2018: approximately HK\$44.71 million), constituting around 39.73% of our total revenue (six months ended 30 September 2018: around 45.68%). The decrease in revenue was mainly attributable to the decrease in revenue from digital advertisement placement services and creative and technology services while social media management services remain the same.

Overall, the gross profit slightly decreased by around 1.04% from approximately HK\$27.81 million for the six months ended 30 September 2018 to approximately HK\$27.52 million for the Period while the total revenue of the Group decreased by around 17.53% from approximately HK\$97.87 million for the six months ended 30 September 2018 to approximately HK\$80.71 million for the Period. The Group minimises the operation cost incurred in cost of services to achieve reduction in loss. As a result, the Group's gross profit margin increased from approximately 28.41% for the six months ended 30 September 2018 to approximately 34.09% for the Period.

### **Other income, gains or losses**

The Group's other income, gains or losses decreased by around 39.64% from approximately HK\$1.69 million for the six months ended 30 September 2018 to approximately HK\$1.02 million for the Period, which was mainly attributable to the decrease in gain on disposal of available-for-sales investments and dividends from held for trading investments and reversal of impairment loss in respect of trade receivables, offset by the increase in gain on disposal of investment properties.

### **Selling expenses**

The Group's selling expenses decreased by around 11.54% from approximately HK\$14.59 million for the six months ended 30 September 2018 to approximately HK\$12.90 million for the Period. The selling expenses mainly comprised sales staff costs, sales commission and marketing-related expenses. The decrease in selling expenses for the Period was mainly due to the decrease in marketing-related expenses and staff costs.

### **Administrative expenses**

The Group's administrative expenses decreased by around 13.37% from approximately HK\$33.74 million for the six months ended 30 September 2018 to approximately HK\$29.23 million for the Period. The administrative expenses mainly comprised administrative staff costs, foreign exchange loss, rental expenses, utility expenses, building management fees, recruitment-related expenses and legal and professional fees. The decrease in administrative expenses for the Period was mainly due to the decrease in administrative staff costs and foreign exchange loss.

## **Finance costs**

The Group's finance costs increased to approximately HK\$0.10 million for the Period. This item comprises interest expense on lease liabilities.

## **Income tax expenses**

The Group's income tax expense decreased from approximately HK\$0.37 million for the six months ended 30 September 2018 to approximately HK\$0.21 million for the Period, which was mainly attributable to the decrease in PRC Enterprise Income Tax for the Period.

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

For the Period, loss attributable to owners of the Company was approximately HK\$13.70 million (six months ended 30 September 2018: approximately HK\$19.94 million). The decrease in loss attributable to owners of the Company was mainly due to 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.

## **EVENT AFTER THE REPORTING PERIOD**

No significant events occurred subsequent to 30 September 2019 and up to the date of this report.

## **INTERIM DIVIDEND**

The Board resolved not to declare an interim dividend for the Period (six months ended 30 September 2018: Nil).

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2019, the Group's current ratio was 1.40 as compared to 1.78 as at 31 March 2019. As at 30 September 2019, the Group's bank balances and cash amounted to approximately HK\$10.81 million (31 March 2019: approximately HK\$7.96 million). The decrease in current ratio was mainly due to decrease in financial asset at fair value through profit or loss ("FVTPL")/held for trading investments and increase in lease liabilities.

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 30 September 2019 were nil (31 March 2019: nil).

During the Period, 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 30 September 2019, there was no amount due to related parties (31 March 2019: Nil). The Group does not have a foreign currency hedging policy. However, we monitor our exposure to foreign currency risk on an ongoing basis and would consider hedging against significant foreign currency exposure should it be necessary. The Group's financial position remained solid and we have sufficient bank balances and cash denominated in RMB to meet our foreign exchange liabilities as they become due.

## CAPITAL STRUCTURE

Since the Listing, the Group's capital structure has not changed. Our equity consists only of ordinary shares. On the date of this report, the Company's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares is 1,667,200,000 with a par value of HK\$0.01.

## SIGNIFICANT INVESTMENT HELD

### Financial asset at fair value through other comprehensive income

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Unlisted investments	<b>2,500</b>	2,500

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

As at 30 September 2019, the Group had unlisted equity securities at fair value of approximately HK\$2.50 million which had been classified as non-current assets (31 March 2019: approximately HK\$2.50 million). These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments at fair value through other comprehensive income as they believe that recognising short-term fluctuations of these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding them for long-term investment purposes and realising their performance potential in the long run.

### Financial asset at fair value through profit or loss/Held for trading investments

As at 30 September 2019, the Group had the following investments which are classified as FVTPL in current assets:

	<b>As at 30 September 2019 (unaudited) HK\$'000</b>	As at 31 March 2019 (audited) HK\$'000
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong	<b>1,345</b>	2,375
	<b>1,345</b>	2,375
Fund investment, at fair value		
Listed funds	<b>2,057</b>	6,336
Unlisted funds	<b>2,059</b>	2,060
	<b>4,116</b>	8,396
Total	<b>5,461</b>	10,771

As at 30 September 2019, the Group's FVTPL included (i) 2 equity securities (31 March 2019: 5) listed in Hong Kong with fair value of approximately HK\$1.35 million (31 March 2019: HK\$2.37 million); (ii) 5 listed investment funds (31 March 2019: 9) domiciled in Luxembourg and Hong Kong with fair value of approximately HK\$2.06 million (31 March 2019: approximately HK\$6.34 million); and (iii) 2 unlisted investment funds (31 March 2019: 2) domiciled in Luxembourg and Hong Kong with fair value of approximately HK\$2.06 million. (31 March 2019: approximately HK\$2.06 million).

## **Investment Properties**

As at 30 September 2019, the Group had investment properties measured at cost less accumulated depreciation and impairment, the aggregate carrying amount of which amounted to approximately HK\$24.80 million (31 March 2019: approximately HK\$26.76 million), which consisted of 7 car parks spaces and 3 leasehold premises (31 March 2019: 8 car parks spaces and 3 leasehold premises). The Group intends to hold the investment properties for capital appreciation.

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

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

During the Period, the Group has established a subsidiary in Taiwan whose principal activity is the provision of marketing services. Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the Period.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2019, the Group had 224 full-time employees (31 March 2019: 241). For the Period, staff costs of the Group (including Directors' emoluments) amounted to approximately HK\$44.42 million (six months ended 30 September 2018: approximately HK\$50.97 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees aiming at attracting and retaining eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as individual's contribution.

## **CHARGE OF ASSETS**

The Group did not have any charges on its assets as at 30 September 2019.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 September 2019, the Group did not have any significant capital commitments (31 March 2019: Nil). Save for the business plan disclosed in the prospectus of the Company dated 22 May 2015 (the “**Prospectus**”) or otherwise disclosed in this report, the Group did not have any future plans for material investments or capital assets as at 30 September 2019.

## **GEARING RATIO**

As at 30 September 2019, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable. The calculation of gearing ratio is based on the total loans and borrowings divided by total equity.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 September 2019, the Group had a portion of its bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management of the Group monitors the Group’s exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above-mentioned bank deposits denominated in RMB amounted to approximately HK\$0.30 million (31 March 2019: approximately HK\$0.67 million).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2019 (31 March 2019: Nil).

## **PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

- (ii) The Group relies on a major supplier, Viral Digital Studio Limited (“VDS”), for the provision of online monitoring services, and any disruption in the provision of services from VDS or the Group’s inability to identify alternative service providers may affect the Group’s business operations and financial results;
- (iii) The Group’s clients may delay in settlement of its bills, which may result in material adverse impact on the Group’s business, financial conditions and results of operations;
- (iv) The Group’s reputation, brand name and business could be adversely affected by misconducts of third parties, including the Group’s partner websites, apps, mobile sites, service providers and advertising agencies, all of whom being independent entities and hence the Group does not have direct control over those third parties in relation to the contents shown on their websites, app and mobile sites and/or their activities;
- (v) The Group’s business and financial performance may be adversely affected and the business sustainability may also be adversely affected if the Group are unable to secure engagements from clients through the tendering process.

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

## **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 September 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

## Long positions in the Shares of the Company

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Mr. Yip Shek Lun (“ <b>Mr. Alan Yip</b> ”) (Chief executive officer and chairman of the Board)	Interests held jointly with another person (Note 1)	349,460,000	20.96%
	Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	249,120,000	14.94%
Ms. Wan Wai Ting (“ <b>Ms. Karin Wan</b> ”)	Interests held jointly with another person (Note 1)	349,460,000	20.96%
	Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	249,120,000	14.94%
Mr. Ng Chi Fung (“ <b>Mr. Jeff Ng</b> ”)	Interests held jointly with another person (Note 1)	415,700,000	24.93%
	Beneficial owner	182,880,000	10.97%

### Notes:

- Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Wang Lai Man, Liza (“**Ms. Liza Wang**”) are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By a deed of confirmation and undertaking entered into among Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang dated 2 January 2014 (the “**Acting in Concert Confirmation and Undertaking**”), each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that, inter alia, they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.

2. These Shares are held by Cooper Global Capital Limited (“**Cooper Global**”), which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. By virtue of the SFO, Mr. Alan Yip and Ms. Karin Wan are deemed to be interested in the Shares held by Cooper Global.
3. Mr. Alan Yip is the spouse of Ms. Karin Wan. Under the SFO, Mr. Alan Yip is deemed to be interested in all the Shares in which Ms. Karin Wan is interested. Ms. Karin Wan is the spouse of Mr. Alan Yip. Under the SFO, Ms. Karin Wan is deemed to be interested in all the Shares in which Mr. Alan Yip is interested.

Save as disclosed above, as at 30 September 2019, none of the Directors nor chief executive of the Company has registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

So far as the Directors are aware, as at 30 September 2019, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

## Long positions in the Shares of the Company

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Cooper Global	Beneficial owner	249,120,000	14.94%
Ms. Liza Wang	Interests held jointly with another person <i>(Note 1)</i>	432,000,000	25.91%
	Beneficial owner	166,580,000	9.99%
Mr. Luk Ting Kwan, Jerry	Interest of spouse <i>(Note 2)</i>	598,580,000	35.90%
Huayi Brothers International Investment Ltd (" <b>Huayi Brothers</b> ")	Beneficial owner	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED (" <b>Huayi Brothers International</b> ")	Interest in controlled corporation <i>(Note 3)</i>	248,970,000	14.93%
Huayi Brothers Media Corporation (" <b>Huayi Brothers Media</b> ")	Interest in controlled corporation <i>(Note 3)</i>	248,970,000	14.93%
HGI GROWTH CAPITAL LIMITED (" <b>HGI Growth</b> ")	Beneficial owner	132,720,000	7.96%
Mr. Cheung Wing Hon (" <b>Mr. Patrick Cheung</b> ")	Interest in controlled corporation <i>(Note 4)</i>	132,720,000	7.96%
Ms. Lo Wai Kei	Interest of spouse <i>(Note 5)</i>	132,720,000	7.96%
PURE FORCE INVESTMENTS LIMITED (" <b>Pure Force</b> ")	Beneficial owner	109,930,000	6.59%
Mr. Wong Yuet Yeung Harry (" <b>Mr. Harry Wong</b> ")	Interest in controlled corporation <i>(Note 6)</i>	109,930,000	6.59%

Notes:

1. Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting in Concert Confirmation and Undertaking, each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that, inter alia, they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.
2. Mr. Luk Ting Kwan, Jerry is the spouse of Ms. Liza Wang. Under the SFO, Mr. Luk Ting Kwan, Jerry is deemed to be interested in all the Shares in which Ms. Liza Wang is interested.
3. These Shares are held by Huayi Brothers, which is wholly owned by Huayi Brothers International, which is in turn wholly owned by Huayi Brothers Media. By virtue of the SFO, Huayi Brothers International and Huayi Brothers Media are deemed to be interested in all the Shares held by Huayi Brothers.
4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in all the Shares held by HGI Growth.
5. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested.
6. These Share are held by Pure Force, which is wholly owned by Mr. Harry Wong. By virtue of the SFO, Mr. Harry Wong is deemed to be interested in all the Shares held by Pure Force.

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

The Company's share option scheme (the "**Share Option Scheme**") was conditionally approved by the Company pursuant to the written resolutions of all the then shareholders of the Company dated 20 May 2015. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. During the Period, no share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme. As at 30 September 2019, the outstanding number of share options available for grant under the Share Option Scheme is 166,720,000 share options to subscribe for Shares, which, if granted and exercised in full, represent approximately 10% of the Shares in issue as at the date of this report.

## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

Other than the Share Option Scheme disclosed above, at no time during the Period was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## **CHANGES IN INFORMATION OF DIRECTORS**

Mr. Tso Ping Cheong, Brian resigned as an independent non-executive director of Larry Jewelry International Company Limited (a company listed on the Stock Exchange, stock code: 8351) with effect from 1 September 2019.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the Period.

## **DEED OF NON-COMPETITION**

A deed of non-competition dated 20 May 2015 was entered into by Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global, all being the Company's controlling shareholders, in favour of the Company regarding certain non-competition undertakings. The details of the deed of non-competition have been disclosed in the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

## **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 had fully complied with the required standard of dealings as set out in the Model Code during the Period and up to the date of this report.

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 or her 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 or she would be prohibited from dealing by the Model Code as if he or she were a Director.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

During the Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

## **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 has 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 maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

During the Period, the Company has complied with the code provisions, other than Provisions A.2.1 and A.6.7 of the CG Code.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. 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 that 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 of the Company as required by Provision A.2.1 of the CG Code.

Provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung Laam and Mr. Wang Zhong Lei, being the non-executive Directors did not attend the Company's annual general meeting ("**AGM**") held on 7 August 2019 due to their other unexpected business engagements.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 20 May 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises three members, namely, Mr. Tso Ping Cheong, Brian, Mr. David Tsoi and Mr. Hong Ming Sang, who are independent non-executive Directors. Mr. Tso Ping Cheong, Brian, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review financial information, oversee our financial reporting process, internal control, risk management systems and audit process and perform other duties and responsibilities assigned by the Board.

The auditor of the Company has not audited the unaudited condense consolidated results of the Group for the Period but the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that such results complied with HKFRSs, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

**Guru Online (Holdings) Limited**

**Yip Shek Lun**

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

Hong Kong, 13 November 2019

*As at the date of this report, the executive Directors are Mr. Yip Shek Lun, Mr. Ng Chi Fung and Ms. Wan Wai Ting; the non-executive Directors are Ms. Cheung Laam and Mr. Wang Zhong Lei and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Lam Tung Leung.*