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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8121)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2020

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 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

Total revenue of the Group decreased by approximately 25.94% from approximately HK\$207.13 million for the year ended 31 March 2019 to approximately HK\$153.40 million for the year ended 31 March 2020. Such decrease was mainly driven by the decrease in revenue generated from digital advertisement placement services and creative and technology services. The Group's gross profit margin increased from approximately 31.86% for the year ended 31 March 2019 to approximately 34.41% for the year ended 31 March 2020, mainly because the Group minimised the operation cost incurred in cost of services.

Loss for the year attributable to owners of the Company

The Group recorded a loss of approximately HK\$26.21 million for the year ended 31 March 2020, as compared to that of approximately HK\$27.58 million for the year ended 31 March 2019. The decrease in loss attributable to owners of the Company was mainly due to the following reasons:

- 1) Decrease in operation costs incurred in cost of services.
- 2) Decrease in staff costs incurred in administrative expenses.
- 3) Decrease in marketing-related expenses incurred in selling expenses.

Final Dividend

The Board has resolved not to recommend a final dividend for the year ended 31 March 2020 (2019: Nil).

ANNUAL RESULTS

The board of Directors (the “**Board**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 March 2020 (the “**Year**”), together with the comparative audited figures for the prior year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	153,404	207,130
Cost of services		<u>(100,619)</u>	<u>(141,132)</u>
Gross profit		52,785	65,998
Other income, gains or losses	5	2,079	1,355
Selling expenses		(22,656)	(29,117)
Administrative expenses		(56,303)	(65,722)
Finance cost		(166)	–
Impairment loss on amounts due from associates		(245)	–
(Provision) reversal of impairment loss on trade receivables		(113)	579
Change in fair value of financial asset at fair value through profit or loss		(565)	(622)
Share of losses of associates		(99)	(50)
Impairment loss recognised for interests in associates		<u>(602)</u>	<u>–</u>
Loss before tax		(25,885)	(27,579)
Income tax expense	6	<u>(321)</u>	<u>–</u>
Loss for the year attributable to owners of the Company	7	<u>(26,206)</u>	<u>(27,579)</u>
Other comprehensive income (expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial asset at fair value through other comprehensive income		<u>–</u>	<u>(1,500)</u>
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<u>755</u>	<u>866</u>
Other comprehensive income (expense) for the year		<u>755</u>	<u>(634)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u>(25,451)</u>	<u>(28,213)</u>
Loss per share			
Basic and diluted (HK cent)	9	<u>(1.57)</u>	<u>(1.65)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Plant and equipment		5,883	7,717
Investment properties	10	21,340	26,764
Interests in associates		–	701
Right-of-use assets		1,342	–
Financial asset at fair value through other comprehensive income	11	2,500	2,500
Deposits		1,901	1,798
		<u>32,966</u>	<u>39,480</u>
Current assets			
Trade receivables	12	30,849	34,294
Deposits, prepayments and other receivables		4,660	11,592
Amounts due from associates		200	410
Tax recoverable		337	564
Financial asset at fair value through profit or loss	13	1,068	10,771
Bank balances and cash		24,571	7,956
		<u>61,685</u>	<u>65,587</u>
Current liabilities			
Trade and other payables	14	26,447	21,126
Contract liability		11,046	5,652
Lease liabilities		1,041	–
Accrued expenses		12,138	9,052
Income tax payable		1,036	1,020
		<u>51,708</u>	<u>36,850</u>
Net current assets		<u>9,977</u>	<u>28,737</u>
Total assets less current liabilities		<u>42,943</u>	<u>68,217</u>
Non-current liabilities			
Deferred tax liability		–	–
Lease liabilities		177	–
		<u>177</u>	<u>–</u>
		<u>42,766</u>	<u>68,217</u>
Capital and reserves			
Share capital		16,672	16,672
Reserves		26,094	51,545
Total equity		<u>42,766</u>	<u>68,217</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The addresses of the registered office and principal place of business 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 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 Taiwan dollars respectively, 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 the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA")

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

The adoption of HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The Group has applied HKFRS 16 Leases retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of equity, where appropriate, at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

The Group as lessee

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 (except for lease of low value assets and lease with remaining lease term of twelve months or less). 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 weighted average lessee’s incremental borrowing rates applied to the lease liabilities on 1 April 2019 were 4.96%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group as lessor

The Group leases some of the properties. The accounting policies applicable to the Group as lessor are not different from those under HKAS 17.

The following table summarises the impact of transition to HKFRS 16 at 1 April 2019. Line items that were not affected by the adjustments have not been included.

	<i>Notes</i>	Carrying amount previously reported at 31 March 2019 HK\$'000	Impact on adoption of HKFRS 16 HK\$'000	Carrying amount as restated at 1 April 2019 HK\$'000
Right-of-use assets	(a), (b)	–	5,642	5,642
Accrued expenses	(b)	9,052	(473)	8,579
Lease liabilities	(a)	–	6,115	6,115

Notes:

- (a) As at 1 April 2019, right-of-use assets were measured at an amount equal to the lease liabilities of approximately HK\$6,115,000.
- (b) It represents the accrued lease liabilities for lease where the lessor has provided rent-free period, and was adjusted to right-of-use assets on transition to HKFRS 16.

Differences between operating lease commitment as at 31 March 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 April 2019 are as follows:

	<i>HK\$'000</i>
Operating lease commitment disclosed as at 31 March 2019	7,151
Less: Short-term leases and other leases with remaining lease term ending on or before 31 March 2020	<u>(889)</u>
	6,262
Less: Total future interest expenses	<u>(147)</u>
	6,115
Discounted using the incremental borrowing rate and lease liabilities recognised at 1 April 2019	<u><u>6,115</u></u>
Analysed as:	
Current portion	5,934
Non-current portion	<u>181</u>
	<u><u>6,115</u></u>

2.2 Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases.

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts ²
Amendments to HKFRS 10 and HKAS 28	Sale and Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKAS 1 and HKAS 8	Definition of Material ¹
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ¹
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting ¹
Amendments to HKFRS 16	COVID-19-Related Concessions ⁵

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

The directors of the Company anticipate that the application of new and revised HKFRSs will have no material impact on the results and the consolidated statement of 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:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from contract with customers within the scope of HKFRS 15		
Digital advertisement placement services	17,522	30,108
Social media management services	72,745	79,447
Creative and technology services	63,137	97,575
	<hr/>	<hr/>
Total revenue from contract with customers recognised over time	<u>153,404</u>	<u>207,130</u>

Revenue recognised during the Year that was included in the contract liabilities at the beginning of the Year is approximately HK\$3,346,000 (2019: HK\$13,002,000). There was no revenue recognised in the current year that related to performance obligations that were satisfied in a prior year.

The Group will recognise this revenue as the service is completed, which is expected to occur in next twelve months (2019: next twelve months).

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 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 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 2020

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Total HK\$'000
REVENUE				
External sales and segment revenue	<u>17,522</u>	<u>72,745</u>	<u>63,137</u>	<u>153,404</u>
Segment results	<u>4,468</u>	<u>28,762</u>	<u>16,597</u>	49,827
Unallocated other income, gain or losses				2,079
Unallocated selling expenses				(22,656)
Unallocated administrative expenses				(53,458)
Unallocated finance cost				(166)
Share of losses of associates				(99)
Impairment loss on amounts due from associates				(245)
Impairment loss recognised for interests in associates				(602)
Change in fair value of financial asset at fair value through profit or loss (“FVTPL”)				<u>(565)</u>
Loss before tax				<u>(25,885)</u>

For the year ended 31 March 2019

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

Other segment information

For the year ended 31 March 2020

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation of plant and equipment	349	1,373	1,195	-	2,917
Provision (reversal) of impairment loss in respect of trade receivables, net	280	(785)	618	-	113
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss:					
Depreciation of investment properties	-	-	-	644	644
Depreciation of right-of-use assets	-	-	-	5,886	5,886
Impairment loss on amounts due from associates	-	-	-	245	245
Bank interest income	-	-	-	(25)	(25)
Dividends from financial asset at FVTPL	-	-	-	(160)	(160)
Income tax expense	-	-	-	321	321
Finance cost	-	-	-	166	166
Gain on disposal of investment properties	-	-	-	(788)	(788)
Share of losses of associates	-	-	-	99	99

For the year ended 31 March 2019

	Digital Advertisement Placement Services <i>HK\$'000</i>	Social Media Management Services <i>HK\$'000</i>	Creative and Technology Services <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts included in the measure of segment results:					
Depreciation of plant and equipment	477	1,260	1,547	–	3,284
Impairment loss reversed in respect of trade receivables	(44)	(485)	(50)	–	(579)

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

Depreciation of investment properties	–	–	–	709	709
Bank interest income	–	–	–	(16)	(16)
Interest income on debt investment at amortised cost	–	–	–	(109)	(109)
Dividends from financial asset at FVTPL	–	–	–	(335)	(335)
Income tax expense	–	–	–	–	–
Loss on disposal of plant and equipment	–	–	–	12	12
Gain on disposal of investment properties	–	–	–	(687)	(687)
Share of losses of associates	–	–	–	50	50
	<u>–</u>	<u>–</u>	<u>–</u>	<u>50</u>	<u>50</u>

Geographic information

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

The Group's revenue from external customers based on location of customers and information about 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)	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The PRC	43,996	72,325	1,619	513
Taiwan	1,626	–	56	–
Hong Kong (place of domicile)	107,782	134,805	26,890	34,669
	<u>153,404</u>	<u>207,130</u>	<u>28,565</u>	<u>35,182</u>

Information about major customers

The percentage of sales for the Year attributable to the Group's five largest customers constituting around 16.46% (2019: 24.78%) of the Group's total revenue for the Year. The largest customer constituting around 3.87% (2019: 11.70%) of the Group's total revenue for the Year.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A ¹	<u>N/A²</u>	<u>24,230</u>

¹ Revenue from Creative and Technology Services segment.

² The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER INCOME, GAINS OR LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends from financial assets at FVTPL	160	335
Interest income on debt investment at amortised cost	–	109
Rental income from investment properties	170	202
Bank interest income	25	16
Gain on disposal of investment properties	788	687
Loss on disposal of plant and equipment	–	(12)
Sundry income	936	18
	<u>2,079</u>	<u>1,355</u>

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
PRC Enterprise Income Tax	249	–
Taiwan Corporate Income Tax	63	–
	<u>312</u>	<u>–</u>
Under provision in prior year:		
PRC Enterprise Income Tax	9	–
	<u>321</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2020 and 2019 as there was no assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

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

The income tax expense for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss before tax	<u>(25,885)</u>	<u>(27,579)</u>
Tax at the applicable statutory income tax rate of 16.5% (<i>Note</i>)	(4,271)	(4,551)
Tax effect of expenses not deductible for tax purpose	2,126	1,155
Tax effect of income not taxable for tax purpose	(331)	(259)
Tax effect of share of results of associates	16	8
Utilisation of tax losses previously not recognised	(750)	–
Tax effect of tax losses not recognised	3,556	4,333
Under-provision in prior year	9	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(34)</u>	<u>(686)</u>
Income tax expense for the year	<u><u>321</u></u>	<u><u>–</u></u>

Note:

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

7. LOSS FOR THE YEAR

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Directors' and chief executive's emoluments	17,521	18,597
Other staff costs (excluding directors' and chief executive's emoluments)	63,997	76,320
Retirement benefits scheme contributions (excluding directors' and chief executive's emoluments)	3,704	4,546
	<hr/>	<hr/>
Total staff costs	85,222	99,463
	<hr/>	<hr/>
Gross rental income from investment properties	(170)	(202)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	68	32
Direct operating expenses incurred for investment properties that did not generate rental income during the year	102	89
	<hr/>	<hr/>
	-	(81)
	<hr/> <hr/>	<hr/> <hr/>
Auditor's remuneration	400	460
Depreciation of right-of-use assets	5,886	-
Depreciation of plant and equipment	2,917	3,284
Depreciation of investment properties	644	709
Provision (reversal) of impairment loss on trade receivables, net	113	(579)
Impairment loss on amounts due from associates	245	-
Impairment loss recognised for interests in associates	602	-
Net foreign exchange loss	1,542	1,294
Rental expenses on short term leases in respect of related premises	1,140	-
Operating lease rentals in respect of rented premises	-	7,888
	<hr/> <hr/>	<hr/> <hr/>

8. DIVIDEND

No dividend was paid or proposed during the years ended 31 March 2020 and 2019, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

Loss	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(26,206)</u>	<u>(27,579)</u>

Number of shares	2020 <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,667,200</u>	<u>1,667,200</u>

10. INVESTMENT PROPERTIES

	<i>HK'000</i>
COST	
At 1 April 2018	21,721
Additions	10,127
Disposal	<u>(4,121)</u>
At 31 March 2019	27,727
Additions	75
Disposal	<u>(5,146)</u>
At 31 March 2020	<u>22,656</u>
ACCUMULATED DEPRECIATION	
At 1 April 2018	403
Provided for the year	709
Disposal	<u>(149)</u>
At 31 March 2019	963
Provided for the year	644
Disposal	<u>(291)</u>
At 31 March 2020	<u>1,316</u>
CARRYING VALUES	
At 31 March 2020	<u>21,340</u>
At 31 March 2019	<u>26,764</u>

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

The fair value of the Group's investment properties as at 31 March 2020 was approximately HK\$22,942,000 (2019: HK\$32,520,000), which was determined by the Directors. 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 2020 are determined.

	Fair value hierarchy	Fair value at 31 March 2020 HK\$'000	Fair value at 31 March 2019 HK\$'000	Valuation technique and key inputs
Investment properties	Level 2	22,942	32,520	Market comparison approach – By reference to recent sales price of comparable properties on a price per square foot basis using market data which is publicly available.

11. FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments comprise:

	2020 HK\$'000	2019 HK\$'000
Unlisted investments	<u>2,500</u>	<u>2,500</u>

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

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

During the Year, the Group has disposed of an equity investment designated at FVTOCI with initial investment cost of approximately HK\$1,500,000 at consideration of HK\$18. At the date of disposal, the fair value of such investment was nil and the cumulative gain on disposal was HK\$18. The management considered the investee would be unlikely to be profitable in the future and therefore disposed of the investment during the Year.

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

12. TRADE RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2019: 30 to 60 days) to its trade customers.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	42,151	45,795
Less: allowance for impairment of trade receivables	<u>(11,302)</u>	<u>(11,501)</u>
	<u>30,849</u>	<u>34,294</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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
– 0 to 60 days	21,217	17,443
– 61 to 90 days	1,959	8,248
– Over 90 days	<u>7,673</u>	<u>8,603</u>
	<u>30,849</u>	<u>34,294</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 follows:

As at 31 March 2020

	Weighted average expected loss rate	Gross carrying amount <i>HK'000</i>	Loss allowance <i>HK'000</i>	Net Carrying Amount <i>HK'000</i>
Not credit-impaired	0%	30,849	–	30,849
Credit-impaired	100%	<u>11,302</u>	<u>(11,302)</u>	–
		<u>42,151</u>	<u>(11,302)</u>	<u>30,849</u>

As at 31 March 2019

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At the beginning of the financial year	11,501	12,586
Provision (reversal) of impairment loss, net	113	(579)
Amount written off as uncollectible	(47)	–
Exchange realignment	(265)	(506)
At the end of the financial year	<u>11,302</u>	<u>11,501</u>

Included in trade receivables are the following amounts denominated in currencies other than the functional currency of the respective reporting entities of the Group:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
USD	167	9
RMB	<u>620</u>	<u>1,196</u>

13. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Listed securities held for trading, at fair value:		
Equity securities listed in Hong Kong (<i>Note (a)</i>)	<u>98</u>	<u>2,375</u>
Fund investment, at fair value		
Listed fund (<i>Note (b)</i>)	202	6,336
Unlisted fund (<i>Note (c)</i>)	<u>768</u>	<u>2,060</u>
	<u>970</u>	<u>8,396</u>
Total	<u>1,068</u>	<u>10,771</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. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.
- (b) As at 31 March 2020, the Group's listed funds investments comprised an investment fund domiciled in Hong Kong with a fair value of approximately HK\$202,000, with an aggregate initial investment cost of approximately HK\$391,000.

As at 31 March 2019, the Group's listed funds investments comprised 9 investment funds domiciled in Luxembourg, the United States, the Cayman Islands and Hong Kong with a fair value of approximately HK\$6,336,000, with an aggregate initial investment cost of approximately HK\$7,232,000.

- (c) As at 31 March 2020, the Group's unlisted funds investments comprised an investment fund domiciled in Hong Kong with a fair value of approximately HK\$768,000 with an aggregate initial investment cost of approximately HK\$1,000,000. The investments are measured at fair value derived from observable market values of underlying assets at the end of the reporting period.

As at 31 March 2019, the Group's unlisted funds investments comprised 2 investment funds domiciled in Luxembourg and Hong Kong with a fair value of approximately HK\$2,060,000 with an aggregate initial investment cost of approximately HK\$2,986,000. The investments are measured at fair value derived from observable market values of underlying assets at the end of the reporting period.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
USD	<u>970</u>	<u>8,396</u>

14. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	20,319	17,194
Other payables	<u>6,128</u>	<u>3,932</u>
	<u>26,447</u>	<u>21,126</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	4,168	5,064
31 to 60 days	2,643	1,413
Over 60 days	13,508	10,717
	20,319	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 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 2020, included in the balances of the trade payables were aggregate balances of approximately HK\$16,000 (2019: HK\$39,000) which were payables to the associates of the Group, arising from acquisition of services in general trade credit term.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
USD	130	2,825
RMB	1,165	1,962

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) creative and technology services; and (iii) digital advertisement placement services.

During the Year under review, a variety of uncertainties plagued the global economic development. Consequently, the retail market reported a weak performance and customers reduced their marketing efforts. The outbreak of COVID-19 (the “**Pandemic**”) aggravated the already sluggish economic environment. The tourism industry was the first to be hit hard and has operated under tough conditions, and customers in this industry were forced to suspend marketing campaigns. Fortunately, the Group has previously established a customer base. Our revenue generated from customers in the tourism industry constituted less than 3% of our total revenue for the Year. Nevertheless, our overall performance for the Year was still adversely affected. In facing challenges, the Group adopted a flexible approach to adjust its work arrangement. It implemented remote working procedures when the Pandemic became increasingly severe, so that business operations could be carried out through the Internet. While ensuring the safety and health of our staff, the measure also enabled the Group to maintain close communication with its customers, in order to minimise the impact of the Pandemic.

During the Year, the trend of the customers’ market strategies began to shift. There were signs that resources allocated for digital advertisement were being allocated to other social media management services or creative and technology services. The Group continued to integrate technology into its marketing projects through the adoption of programmable tools and artificial intelligence (“**AI**”). As more and more customers are demanding online products with the “Chatbot” feature, the market will more readily accept the marketing activities powered by an automated system around-the-clock. With the Pandemic, there was an apparent upward trend for the demand of both new and existing customers for online “Chatbot”. As such, the “Chatbot” has enhanced the Group’s role from purely customer services to customer relationship management as well as driving traffic, thereby presenting new business opportunities.

Consumers stayed at home to spend money during the Pandemic. Some particular industries reported a growth in online sales. Customers of the Group had to look for means to provide a meaningful shopping experience for consumers in order to retain their own customers. During the Year, the Group has launched augmented reality (“AR”) online marketing solutions for social media platforms for several Japanese cosmetic and sushi chain brands. This allows consumers to enjoy online shopping safely without having to leave their homes. Since there is still no clear sign as to when the Pandemic will be completely over, it is believed that more customers will be interested in similar solutions in the future.

Big data is another segment offering huge development potential. The Group has collaborated with a renowned indoor entertainment experience brand in northern Europe since the last financial year and the performance has been satisfactory. During the Year under review, the two companies started working on big data-based solutions together by consolidating the data received from both internal and external channels as well as websites through programmable tools. This enabled the customer to assess the needs of target consumer groups more accurately and thus enhanced the marketing effectiveness. The Group has also successfully replicated the algorithm and analysis model of big data-related solutions for a few countries in southeast Asia, including Singapore and Thailand.

In addition, the Group has considered short videos as a new trend in social media content since the last financial year, with enormous development potential. To tap that potential, the Group has signed a cooperation agreement with one of the most popular social video platforms in China. While the revenue generated by short videos was not significant during the Year, we believe that it can enrich its product portfolio in the long term, thereby allowing the Group to offer more comprehensive and diverse digital marketing solutions to our customers.

FINANCIAL REVIEW

Revenue

The Group’s revenue was generated from the integrated digital marketing business which divided from the provision of (i) social media management services; (ii) creative and technology services; and (iii) digital advertisement placement services. For the Year, our total revenue amounted to approximately HK\$153.40 million (2019: HK\$207.13 million).

For the Year, our revenue generated from (i) social media management services amounted to approximately HK\$72.75 million (2019: approximately HK\$79.45 million), representing approximately 47.43% of our total revenue (2019: approximately 38.36%); (ii) digital advertisement placement services amounted to approximately HK\$17.52 million (2019: approximately HK\$30.11 million), representing approximately 11.42% of our total revenue (2019: approximately 14.53%); and (iii) creative and technology services amounted to approximately HK\$63.14 million (2019: approximately HK\$97.57 million), representing approximately 41.15% of our total revenue (2019: approximately 47.11%).

Overall, our total revenue decreased by approximately 25.94% from approximately HK\$207.13 million for the year ended 31 March 2019 to approximately HK\$153.40 million for the Year. Such decrease was mainly driven by the decrease in revenue generated from digital advertisement placement services and creative and technology services. During the Year, the Group minimised the operation cost incurred in cost of services. As a result, the Group's gross profit margin increased from approximately 31.86% for the year ended 31 March 2019 to approximately 34.41% for the Year.

Other income, gains or losses

Our other income, gains or losses increased by approximately 52.94% from approximately HK\$1.36 million for the year ended 31 March 2019 to approximately HK\$2.08 million for the Year, which was mainly attributable to the increase in disposal of blockchain projects.

SELLING EXPENSES

Staff costs

Our staff costs mainly comprised the salaries and performance bonus payable to the Directors, service teams, executives and staff of the Group, as well as payments to the Mandatory Provident Fund Scheme.

For the year ended 31 March 2019 and the Year, our staff cost under selling expenses amounted to approximately HK\$10.08 million and HK\$9.05 million, representing approximately 4.87% and 5.90% of our total revenue, respectively.

Sales commission

For the year ended 31 March 2019 and the Year, our sales commission amounted to approximately HK\$6.59 million and HK\$5.26 million, representing approximately 3.18% and 3.43% of our total revenue, respectively.

Marketing-related expenses

For the year ended 31 March 2019 and the Year, our marketing-related expenses amounted to approximately HK\$4.25 million and HK\$3.44 million, representing approximately 2.05% and 2.24% of our total revenue, respectively.

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by approximately 14.33% from approximately HK\$65.72 million for the year ended 31 March 2019 to approximately HK\$56.30 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 increased to approximately HK\$0.17 million for the Year (2019: Nil) due to the adoption of HKFRS 16. This item comprises interest expense on lease liabilities.

INCOME TAX EXPENSE

The income tax expense increased from nil for the year ended 31 March 2019 to approximately HK\$0.32 million for the Year, which was mainly attributable to the increase in PRC Enterprise Income Tax and Taiwan Corporate Income Tax for the Year.

LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

For the Year, loss attributable to owners of the Company amounted to approximately HK\$26.21 million, as compared to approximately HK\$27.58 million for the year ended 31 March 2019. 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.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 March 2020, the Group's current ratio was 1.19, compared to 1.78 as at 31 March 2019. The decrease in current ratio was mainly due to decrease in financial asset at fair value through profit or loss, increase contract liability and accrued expenses. As at 31 March 2020, the Group's bank balances and cash amounted to approximately HK\$24.57 million (2019: approximately HK\$7.96 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 31 March 2020 were nil (2019: 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 2020, there was no amount due to related parties (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

On 29 May 2015 (the “**Listing Date**”), the shares of the Company (the “**Shares**”) were successfully listed on GEM of the Stock Exchange. Since the Listing Date, the Company’s capital structure has not changed. Our equity consists only of ordinary shares. 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 1,667,200,000 with a par value of HK\$0.01 each. Our contract commitments mainly involve leases of office properties.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the business plan as disclosed in the prospectus of the Company dated 22 May 2015 (the “**Prospectus**”) or otherwise disclosed in this announcement, the Group did not have any future plans for material investments or capital assets as at 31 March 2020.

SIGNIFICANT INVESTMENTS HELD

Financial asset at fair value through other comprehensive income

	As at 31 March 2020 <i>HK\$’000</i>	As at 31 March 2019 <i>HK\$’000</i>
Unlisted investments	<u>2,500</u>	<u>2,500</u>

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

As at 31 March 2020, the Group had unlisted investments at fair value of approximately HK\$2.50 million which had been classified as non-current assets (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.

The details of such investment are set out in note 11 to the consolidated financial statements above.

Financial asset at fair value through profit or loss

The following table sets out the particulars and movement of our financial asset at fair value through profit or loss at the end of the reporting period:

Name/fund details	Nature of business	Number of shares/ Units held as at 31 March 2020	Carrying amount as at 31 March 2019 HK\$'000	Disposal during the Year HK\$'000	Unrealised gain (loss) on change in fair value HK\$'000	Realised gain (loss) on disposal during the Year HK\$'000	Carrying amount as at 31 March 2020 HK\$'000	Percentage to the Group's total assets as at 31 March 2020	Dividend received during the Year HK\$'000
SIS International Holdings Limited	Note A	50,000	1,148	(712)	197	(535)	98	0.10%	20
Tencent Holdings Limited	Note B	-	361	(396)	48	(13)	-	-	1
ICBC CSOP S&P New China Sectors ETF	Note C	-	357	(345)	42	(54)	-	-	-
Premia CSI Caixin China Bedrock Economy ETF	Note D	-	340	(294)	47	(93)	-	-	-
Greenland Hong Kong Holdings Limited	Note E	-	169	(191)	(12)	34	-	-	-
Listed equity securities			2,375	(1,938)	322	(661)	98	0.10%	21
BlackRock Global Funds SICAV – Asian Growth Leaders Fund A2-capitalisation	Investment in fund	-	342	(349)	49	(42)	-	-	-
Fidelity Funds Sicav – Asian High Yield Funds A-USD-Mdist	Investment in fund	-	747	(657)	36	(126)	-	-	46
First Trust Exchange-Traded AlphaDEX Fund II Emerging Markets Small Cap	Investment in fund	-	679	(675)	116	(120)	-	-	5
iShares Edge MSCI Multifactor Emerging Markets ETF	Investment in fund	-	1,064	(1,029)	206	(241)	-	-	8
iShares Edge MSCI Multifactor Global ETF	Investment in fund	-	721	(696)	58	(83)	-	-	-
iShares MSCI India Small Cap Index Fund	Investment in fund	-	191	(176)	36	(51)	-	-	-
JPMorgan Vietnam Opportunities Fund USD-acc	Investment in fund	2,298.85	310	-	(108)	-	202	0.21%	-
UBS (Cay) China A Opportunity A	Investment in fund	-	1,921	(2,046)	37	88	-	-	-
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund	Investment in fund	-	361	(339)	35	(57)	-	-	-
Listed fund investments			6,336	(5,967)	465	(632)	202	0.21%	59
Manulife Inv Allianz and Growth Fund (dist)	Investment in fund	128,187.25	930	-	(162)	-	768	0.81%	78
UBS (LUX) Equity Fund FCP-China Opportunity (USD) P-acc	Investment in fund	-	1,130	(1,233)	(141)	244	-	-	2
Unlisted fund investments			2,060	(1,233)	(303)	244	768	0.81%	80
Total			10,771	(9,138)	484	(1,049)	1,068	1.12%	160

- Note A: Distribution of mobile and IT products, investments in promising businesses and investments in real estate.
- Note B: Principally engaged in the provision of value-added services and online advertising services to users in the PRC.
- Note 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.
- Note 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.
- Note 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.

Investment properties

As at 31 March 2020, the Group had investment properties measured at cost less accumulated depreciation and impairment, and the aggregate carrying amount of which amounted to approximately HK\$21.34 million (2019: approximately HK\$26.76 million), which consisted of 5 car parks spaces and 3 leasehold premises (2019: 8 car parks spaces and 3 leasehold premises). The investment properties were purchased from different parties at consideration ranging from approximately HK\$3.89 million to HK\$6.08 million. The fair value of the investment properties as at 31 March 2020 was approximately HK\$22.94 million (2019: approximately HK\$32.52 million). The Group intends to hold the investment properties for capital appreciation.

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

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2020 (2019: Nil).

CHARGE OF ASSETS

The Group did not have any charges on its assets as at 31 March 2020 (2019: Nil).

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2020, 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\$1.57 million as at 31 March 2020 (2019: approximately HK\$0.67 million).

GEARING RATIO

As at 31 March 2020, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable (2019: Nil).

DIVIDEND

The Board has resolved not to recommend a final dividend for the Year (2019: 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 is mainly in Hong Kong, which accounted for approximately 80% and 76% of the total trade receivables as at 31 March 2020 and 2019, 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\$153.40 million (2019: approximately HK\$207.13 million). Loss attributable to owners of the Company amounted to approximately HK\$26.21 million (2019: HK\$27.58 million). Loss per share attributable to owners of the Company for the Year was HK1.57 cents (2019: HK1.65 cents).

During the Year, the Group recorded a decrease in loss 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.

As at 31 March 2020, the current ratio was approximately 1.19 (2019: approximately 1.78). The Group did not have any interest-bearing debt and hence gearing ratio was not applicable as at 31 March 2020 (2019: Nil). The Group's financial position remained solid.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2020, the Group employed 200 full-time employees (2019: 241). For the Year, our staff costs (including Directors' emoluments) were approximately HK\$85.22 million (2019: approximately HK\$99.46 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees aiming at attracting and retaining eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code during the Year and up to the date of this announcement.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he/she were a Director.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the Year.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve higher return for its Shareholders. The Board will continue to conduct reviews and improve the quality of corporate governance practices with reference to local and international standards.

For the Year, the Company has complied with the code provisions, other than Provision 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. Yip Shek Lun (“**Mr. Alan Yip**”) is the chairman of the Board and the chief executive officer of the Company and has been managing the Group’s business and overall strategic planning since its establishment. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Alan Yip is beneficial to the business operations and management of the Group as it provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Alan Yip. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group’s business and Mr. Alan Yip is the most suitable person to occupy both positions for effective management of the Group. Accordingly, the Company has not segregated the roles of its chairman of the Board and chief executive officer as required by Provision A.2.1 of the CG Code.

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

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 our Audit Committee were adopted in compliance with Provisions C3.3 and C3.7 of the CG Code.

The Audit Committee comprises three members, namely, Mr. Tso Ping Cheong, Brian, Mr. David Tsoi and Mr. Hong Ming Sang, who are independent non-executive Directors. Mr. Tso Ping Cheong, Brian, who has the appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The audited annual results of the Group for the Year have been reviewed by the Audit Committee.

EVENTS AFTER THE REPORTING PERIOD

Disposal of investment properties

In June 2020, the Group disposed of two investment properties in Hong Kong with carrying amount of approximately HK\$3,439,000 for total consideration of approximately HK\$3,759,000, resulting in gain on disposal of investment properties of approximately HK\$320,000.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) will be held on Friday, 7 August 2020. 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, 3 August 2020 to Friday, 7 August 2020, 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 31 July 2020.

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

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

Hong Kong, 18 June 2020

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

This announcement will remain on the GEM’s website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at www.guruonline.hk.