

# GURU 2020 INTERIM REPORT



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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



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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 2020 (the “**Period**”), together with the unaudited comparative consolidated figures for the corresponding period in 2019 as follows:

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

For the three months and six months ended 30 September 2020

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Revenue	4	39,194	39,725	69,196	80,709
Cost of services		(28,524)	(25,867)	(49,378)	(53,193)
Gross profit		10,670	13,858	19,818	27,516
Other income, gains or losses	6	4,423	920	4,872	1,024
Selling expenses		(4,033)	(5,994)	(8,618)	(12,904)
Administrative expenses		(10,534)	(15,056)	(21,436)	(29,229)
Share of loss of associates		-	(4)	-	(10)
Reversal of impairment loss on trade receivables		19	403	122	457
Finance cost		(58)	(100)	(102)	(100)
Change in fair value of financial assets at fair value through profit or loss		131	(159)	173	(235)
Profit (loss) before tax		618	(6,132)	(5,171)	(13,481)
Income tax expense	7	(3)	-	(213)	(212)
Profit (loss) for the period attributable to owners of the Company	9	615	(6,132)	(5,384)	(13,693)
<b>Other comprehensive (expense) income</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(521)	341	(168)	622
Other comprehensive (expense) income for the period		(521)	341	(168)	622
Total comprehensive income (expense) for the period attributable to owners of the Company		94	(5,791)	(5,552)	(13,071)
Earnings (loss) per Share					
Basic and diluted (HK\$ cent)	10	0.04	(0.37)	(0.32)	(0.82)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020 and 31 March 2020

	NOTES	30 September 2020 (unaudited) HK\$'000	31 March 2020 (audited) HK\$'000
<b>Non-current assets</b>			
Plant and equipment		<b>4,807</b>	5,883
Investment properties	11	<b>14,776</b>	21,340
Interests in associates		–	–
Right-of-use assets		<b>11,652</b>	1,342
Financial asset at fair value through other comprehensive income	12	<b>2,500</b>	2,500
Deposits		<b>1,707</b>	1,901
		<b>35,442</b>	32,966
<b>Current assets</b>			
Trade receivables	13	<b>17,753</b>	30,849
Deposits, prepayments and other receivables		<b>8,197</b>	4,660
Amounts due from associates		<b>216</b>	200
Tax recoverable		<b>216</b>	337
Financial asset at fair value through profit or loss	14	<b>1,240</b>	1,068
Bank balances and cash		<b>38,240</b>	24,571
		<b>65,862</b>	61,685
<b>Current liabilities</b>			
Trade and other payables	15	<b>21,158</b>	26,447
Contract liability		<b>15,533</b>	11,046
Lease liabilities		<b>5,029</b>	1,041
Accrued expenses		<b>14,982</b>	12,138
Income tax payable		<b>955</b>	1,036
		<b>57,657</b>	51,708
Net current assets		<b>8,205</b>	9,977
Total assets less current liabilities		<b>43,647</b>	42,943
<b>Non-current liabilities</b>			
Lease liabilities		<b>6,433</b>	177
		<b>37,214</b>	42,766
<b>Capital and reserves</b>			
Share capital		<b>16,672</b>	16,672
Reserves		<b>20,542</b>	26,094
Total equity		<b>37,214</b>	42,766

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	16,672	78,559	759	46,657	(99,881)	42,766
Loss for the Period	-	-	-	-	(5,384)	(5,384)
Other comprehensive expense for the Period						
– Exchange differences arising on translating foreign operations	-	-	(168)	-	-	(168)
Total comprehensive expense for the Period	-	-	(168)	-	(5,384)	(5,552)
At 30 September 2020 (unaudited)	16,672	78,559	591	46,657	(105,265)	37,214

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 2019

	Share capital	Share premium	Financial asset revaluation reserve	Exchange reserve	Other reserve (Note)	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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 (expense) 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 CASH FLOWS

For the six months ended 30 September 2020 and 2019

	Six months ended	
	30 September 2020 (unaudited) HK\$'000	30 September 2019 (unaudited) HK\$'000
Net cash from (used in) operating activities	<b>10,347</b>	(1,731)
Net cash from investing activities	<b>6,355</b>	6,778
Net cash used in financing activities	<b>(2,866)</b>	(2,810)
Net increase in cash and cash equivalents	<b>13,836</b>	2,237
Cash and cash equivalents at beginning of the period	<b>24,571</b>	7,956
Effect of foreign exchange rate changes	<b>(167)</b>	622
Cash and cash equivalents at end of the period	<b>38,240</b>	10,815

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and six months ended 30 September 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. 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 unaudited condensed consolidated financial statements has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 March 2020 which have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”). 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.

The accounting policies used in the preparation of this report are consistent with those used in the preparation of the annual report of the Company for the year ended 31 March 2020.

The unaudited condensed consolidated financial statements 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 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.

### 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 2020. 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.

### 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	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	3,788	4,653	5,896	10,206
Social media management services	21,889	19,304	37,078	38,435
Creative and technology services	13,517	15,768	26,222	32,068
	39,194	39,725	69,196	80,709

## 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 2020 (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	5,896	37,078	26,222	69,196
Segment results	1,472	9,420	7,648	18,540
Unallocated other income, gains or losses				4,872
Unallocated selling expenses				(8,618)
Unallocated administrative expenses				(20,036)
Unallocated finance cost				(102)
Change in fair value of financial assets at fair value through profit or loss				173
Loss before tax				(5,171)

## 5. SEGMENT INFORMATION *(Continued)*

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

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 cost				(100)
Change in fair value of financial assets at fair value through profit or loss				(235)
Loss before tax				(13,481)

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 and share of result of associates. This is the measure reported to CODM for the purposes of resources 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 30 September 2020 (unaudited) HK\$'000	Six months ended 30 September 2019 (unaudited) HK\$'000	As at 30 September 2020 (unaudited) HK\$'000	As at 31 March 2020 (audited) HK\$'000
The PRC	11,558	25,470	1,377	1,619
Taiwan	1,325	–	100	56
Hong Kong (place of domicile)	56,313	55,239	29,758	26,890
	<b>69,196</b>	80,709	<b>31,235</b>	28,565

### Information about major customers

The percentage of revenue for the Period attributable to the Group's five largest customers constituted around 18.85% (six months ended 30 September 2019: around 17.49%) of the Group's total revenue for the Period. Revenue generated from the largest customer constituted around 4.78% (six months ended 30 September 2019: around 4.24%) 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 knowledge 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		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	9	5	23	10
Dividends from financial assets at fair value through profit or loss	20	50	39	97
Gain on disposal of investment properties	15	661	305	661
Rental income from investment properties	21	38	59	78
Sundry income	4,358	166	4,446	178
	4,423	920	4,872	1,024

## 7. INCOME TAX EXPENSE

	Three months ended 30		Six months ended 30	
	September		September	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Enterprise Income Tax	3	-	213	212
Taiwan Corporate Income Tax	-	-	-	-
	3	-	213	212
Deferred tax	-	-	-	-
	3	-	213	212

## 7. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made for the Period as there was no assessable profits for the Period. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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 Period.

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

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	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interim dividend	–	–

## 9. LOSS FOR THE PERIOD

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

	Three months ended		Six months ended	
	30 September 2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	30 September 2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Directors' and chief executive's emoluments	4,583	5,132	8,027	8,780
Other staff costs (excluding Directors' and chief executive's emoluments)	13,336	17,213	26,862	34,514
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	458	557	922	1,121
<b>Total staff costs</b>	<b>18,377</b>	22,902	<b>35,811</b>	44,415
Gross rental income from investment properties	(21)	(38)	(59)	(78)
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	4	4	11	9
Direct operating expenses incurred for investment properties that did not generate rental income during the period	17	25	38	53
	-	(9)	(10)	(16)
Depreciation of plant and equipment	679	724	1,400	1,458
Depreciation of investment properties	112	163	242	336
Depreciation of right-of-use assets	1,344	1,254	2,698	2,508
Net foreign exchange (gain) loss	(991)	738	(405)	1,416

## 10. EARNINGS (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		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit (loss)</b>				
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per Share	<b>615</b>	(6,132)	<b>(5,384)</b>	(13,693)
<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 2020 and 2019, respectively, represented 1,667,200,000 ordinary shares in issue.

## 11. INVESTMENT PROPERTIES

	HK'000
<b>COST</b>	
At 31 March 2020	22,656
Additions	21
Disposal	(6,854)
<b>At 30 September 2020</b>	<b>15,823</b>
<b>ACCUMULATED DEPRECIATION</b>	
At 31 March 2020	1,316
Provided for the year	242
Disposal	(511)
<b>At 30 September 2020</b>	<b>1,047</b>
<b>CARRYING AMOUNT</b>	
<b>At 30 September 2020 (unaudited)</b>	<b>14,776</b>
At 31 March 2020 (audited)	21,340

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 2020 was approximately HK\$14,905,000 (31 March 2020: approximately HK\$22,942,000), 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 2020 was determined:

	Fair value hierarchy	Fair value at 30 September 2020 HK\$'000	Valuation technique and key inputs
Investment properties	Level 2	14,905	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 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (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 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 these investments for long-term purposes and realising their performance potential in the long run.

## 13. TRADE RECEIVABLES

	<b>As at 30 September 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Trade receivables	<b>28,944</b>	42,151
Less: allowance for impairment of trade receivables	<b>(11,191)</b>	(11,302)
	<b>17,753</b>	30,849

As at 30 September 2020, included in the Group's trade receivables balances was an aggregate amount of approximately HK\$6,144,000 (31 March 2020: approximately HK\$10,237,000) 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 2020, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$11,609,000 (31 March 2020: approximately HK\$20,612,000) 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 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Current	<b>6,144</b>	10,237
Overdue:		
– Within 60 days	<b>5,780</b>	10,980
– 61-90 days	<b>1,387</b>	1,959
– 91-120 days	<b>1,094</b>	1,590
– Over 120 days	<b>3,348</b>	6,083
	<b>11,609</b>	20,612
	<b>17,753</b>	30,849

## 14. 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 30 September 2020	Carrying amount as at 31 March 2020 HK\$'000	Disposal during the Period HK\$'000	Unrealised gain (loss) on change in fair value during the Period HK\$'000	Realised gain (loss) on disposal during the Period HK\$'000	Carrying amount as at 30 September 2020 HK\$'000	Percentage to the Group's total assets as at 30 September 2020	Dividend received during the Period HK\$'000
SIS International Holdings Limited	Note	50,000	98	-	(22)	-	76	0.07%	1
<b>Listed equity security</b>			<b>98</b>	<b>-</b>	<b>(22)</b>	<b>-</b>	<b>76</b>	<b>0.07%</b>	<b>1</b>
JPMorgan Vietnam Opportunities Fund USD-acc	Investment in fund	2,298.85	202	-	86	-	288	0.28%	-
<b>Listed fund investment</b>			<b>202</b>	<b>-</b>	<b>86</b>	<b>-</b>	<b>288</b>	<b>0.28%</b>	<b>-</b>
Manulife Inv Allianz and Growth Fund (dist)	Investment in fund	128,187.25	768	-	108	-	876	0.87%	38
<b>Unlisted fund investment</b>			<b>768</b>	<b>-</b>	<b>108</b>	<b>-</b>	<b>876</b>	<b>0.87%</b>	<b>38</b>
<b>Total</b>			<b>1,068</b>	<b>-</b>	<b>172</b>	<b>-</b>	<b>1,240</b>	<b>1.22%</b>	<b>39</b>

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

## 15. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Trade payables	<b>18,582</b>	20,319
Other payables	<b>2,576</b>	6,128
	<b>21,158</b>	26,447

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 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Within 30 days	<b>3,990</b>	4,168
31-60 days	<b>2,410</b>	2,643
Over 60 days	<b>12,182</b>	13,508
	<b>18,582</b>	20,319

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.

During the Period 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 solid customer base. Tourism industry constituted less than 3% of our total revenue for the Period. Nevertheless, our overall performance for the Period 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 of its 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 Period, the trend of the customers’ market strategies began to shift. 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 providing pure customer services to customer providing services to customers for managing their relationships as well as driving website traffic, thereby presenting new business opportunities.

Consumers stayed at home to spend money during the Pandemic. Some particular industries reported 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. This includes allowing 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 online solutions in the near future.

Big data is another segment offering huge development potential. The Group has collaborated with a renowned indoor entertainment experience brand in northern Europe and the performance has been satisfactory. This enabled the customer to assess the needs of target consumer groups more accurately and thus enhanced its marketing effectiveness.

In addition, the Group has considered short videos as a new trend in social media content 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 Period, the Group believes that including short videos in the Group's services 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 comprised the provision of (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services.

For the Period, revenue generated from the provision of (i) social media management services amounted to approximately HK\$37.08 million (six months ended 30 September 2019: approximately HK\$38.43 million), accounting for around 53.58% of our total revenue (six months ended 30 September 2019: around 47.62%); (ii) digital advertisement placement services amounted to approximately HK\$5.90 million (six months ended 30 September 2019: approximately HK\$10.21 million), accounting for 8.53% of our total revenue (six months ended 30 September 2019: around 12.65%); (iii) creative and technology services amounted to approximately HK\$26.22 million (six months ended 30 September 2019: approximately HK\$32.07 million), accounting for around 37.89% of our total revenue (six months ended 30 September 2019: around 39.73%).

Overall, the total revenue of the Group decreased by around 14.26% from approximately HK\$80.71 million for the six months ended 30 September 2019 to approximately HK\$69.20 million for the Period. Such decrease was driven by the decrease in revenue generated from social media management services of approximately HK\$1.36 million, digital advertisement placement services of approximately HK\$4.31 million and creative and technology services of approximately HK\$5.84 million for the Period.

### Other income, gains or losses

The Group's other income, gains or losses increased from approximately HK\$1.02 million for the six months ended 30 September 2019 to approximately HK\$4.87 million for the Period, which was mainly attributable to the increase in subsidy of Employment Support Scheme.

## **Selling expenses**

The Group's selling expenses decreased by around 33.18% from approximately HK\$12.90 million for the six months ended 30 September 2019 to approximately HK\$8.62 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 26.65% from approximately HK\$29.23 million for the six months ended 30 September 2019 to approximately HK\$21.44 million for the Period. The administrative expenses mainly comprised administrative staff costs, depreciation of right-of-use assets, 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.

## **Finance cost**

The Group's finance cost amounted to approximately HK\$0.10 million for the Period (six months ended 30 September 2019: approximately HK\$0.10 million). This item comprised interest expense on lease liabilities.

## **Income tax expenses**

The Group's income tax expense amounted to approximately HK\$0.21 million for the Period (six months ended 30 September 2019: approximately HK\$0.21 million), which was mainly attributable to the PRC Enterprise Income Tax.

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

For the Period, loss attributable to owners of the Company amounted to approximately HK\$5.38 million (six months ended 30 September 2019: approximately HK\$13.70 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, a decrease in marketing-related expenses incurred in selling expenses and increase in subsidy of Employment Support Scheme in other income, gains or losses.

## **EVENT AFTER THE REPORTING PERIOD**

No significant events occurred subsequent to 30 September 2020 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 2019: Nil).

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 September 2020, the Group's current ratio was approximately 1.14 as compared to approximately 1.19 as at 31 March 2020. The slight decrease in current ratio was mainly due to increase in lease liabilities and accrued expenses. As at 30 September 2020, the Group's bank balances and cash amounted to approximately HK\$38.24 million (31 March 2020: approximately HK\$24.57 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 30 September 2020 were nil (31 March 2020: 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 2020, there was no amount due to related parties (31 March 2020: 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 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (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 2020, 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 2020: 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 (“FVTPL”)

As at 30 September 2020, the Group had the following investments which are classified as FVTPL in current assets:

	<b>As at 30 September 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Listed security held for trading, at fair value:		
Equity security listed in Hong Kong ( <i>Note</i> )	<b>76</b>	98
	<b>76</b>	98
Fund investments, at fair value		
Listed fund	<b>288</b>	202
Unlisted fund	<b>876</b>	768
	<b>1,164</b>	970
<b>Total</b>	<b>1,240</b>	1,068

As at 30 September 2020, the Group’s FVTPL included (i) 1 equity security (31 March 2020: 1) listed in Hong Kong with fair value of approximately HK\$0.08 million (31 March 2020: HK\$0.10 million); (ii) 1 listed investment fund (31 March 2020: 1) domiciled in Hong Kong with fair value of approximately HK\$0.29 million (31 March 2020: approximately HK\$0.20 million); and (iii) 1 unlisted investment fund (31 March 2020: 1) domiciled in Hong Kong with fair value of approximately HK\$0.87 million (31 March 2020: approximately HK\$0.77 million).

*Note:* 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 at the end of reporting period.

## **Investment Properties**

As at 30 September 2020, the Group had investment properties measured at cost less accumulated depreciation and impairment, the aggregate carrying amount of which amounted to approximately HK\$14.78 million (31 March 2020: approximately HK\$21.34 million), which consisted of 3 car parks spaces and 2 leasehold premises (31 March 2020: 5 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**

As at 30 September 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2020, the Group had 173 full-time employees (31 March 2020: 200). For the Period, staff costs of the Group (including Directors' emoluments) amounted to approximately HK\$35.81 million (six months ended 30 September 2019: approximately HK\$44.42 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 2020.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2020, the Group did not have any significant capital commitments (31 March 2020: 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 2020.

## GEARING RATIO

As at 30 September 2020, 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 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\$6.27 million as at 30 September 2020 (31 March 2020: approximately HK\$1.57 million).

## CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2020 (31 March 2020: 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'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;
- (iii) 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;
- (iv) The Group's business and financial performance may be adversely affected and the business sustainability may also be adversely affected if the Group is 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 2020, 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 ("Mr. Alan Yip") (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 ("Ms. Karin Wan")	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 ("Mr. Jeff Ng")	Interests held jointly with another person (Note 1)	415,700,000	24.93%
	Beneficial owner	182,880,000	10.97%

Notes:

1. 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 2020, 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 2020, 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 (Note 1)	432,000,000	25.91%
	Beneficial owner	166,580,000	9.99%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	598,580,000	35.90%
Huayi Brothers International Investment Ltd. ("Huayi Brothers")	Beneficial owner	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED ("Huayi Brothers International")	Interest in controlled corporation (Note 3)	248,970,000	14.93%
Huayi Brothers Media Corporation ("Huayi Brothers Media")	Interest in controlled corporation (Note 3)	248,970,000	14.93%

<b>Name</b>	<b>Nature of interest</b>	<b>Total number of Shares held</b>	<b>Percentage of shareholding</b>
HGI GROWTH CAPITAL LIMITED ("HGI Growth")	Beneficial owner	132,720,000	7.96%
Mr. Cheung Wing Hon ("Mr. Patrick Cheung")	Interest in controlled corporation (Note 4)	132,720,000	7.96%
Ms. Lo Wai Kei	Interest of spouse (Note 5)	132,720,000	7.96%
PURE FORCE INVESTMENTS LIMITED ("Pure Force")	Beneficial owner	109,930,000	6.59%
Mr. Wong Yuet Yeung Harry ("Mr. Harry Wong")	Interest in controlled corporation (Note 6)	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 2020, 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 2020, 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.

## 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 2020 due to their other unexpected business engagements.

## AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) 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, re-appointment and removal of external auditor, review the financial information, oversee the Group’s 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 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 the 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, 12 November 2020

*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.*