

GURU 2022

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 2022 (the “**Period**”), together with the unaudited comparative consolidated figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2022

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	31,115	36,713	59,482	79,558
Cost of services		(24,491)	(27,824)	(47,763)	(61,599)
Gross profit		6,624	8,889	11,719	17,959
Other income or gains	6	870	161	2,591	390
Selling expenses		(2,221)	(3,477)	(4,566)	(7,300)
Administrative expenses		(6,890)	(7,690)	(14,432)	(19,430)
Reversal of impairment loss on trade receivables		30	107	305	514
Finance cost		(33)	(69)	(77)	(144)
Change in fair value of financial assets at fair value through profit or loss		-	113	-	586
Loss before tax		(1,620)	(1,966)	(4,460)	(7,425)
Income tax expense	7	-	-	-	(15)
Loss for the period attributable to owners of the Company	9	(1,620)	(1,966)	(4,460)	(7,440)
Other comprehensive income (expense) <i>Item that will be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		288	(79)	530	(210)
Other comprehensive income (expense) for the period		288	(79)	530	(210)
Total comprehensive expense for the period attributable to owners of the Company		(1,332)	(2,045)	(3,930)	(7,650)
Loss per Share Basic and diluted (HK\$ cent)	10	(0.97)	(1.18)	(2.67)	(4.46)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022 and 31 March 2022

	NOTES	30 September 2022 (unaudited) HK\$'000	31 March 2022 (audited) HK\$'000
Non-current assets			
Plant and equipment		1,287	1,771
Investment properties	11	1,200	1,217
Right-of-use assets		2,904	5,425
Deposits		1,646	1,646
		7,037	10,059
Current assets			
Trade receivables	12	38,167	29,643
Deposits, prepayments and other receivables		5,397	6,629
Amounts due from associates		200	200
Tax recoverable		88	78
Bank balances and cash		12,891	12,239
		56,743	48,789
Asset classified as held for sale	14	–	5,627
		56,743	54,416
Current liabilities			
Trade and other payables	13	29,394	21,294
Contract liability		6,293	5,492
Lease liabilities		2,690	5,117
Accrued expenses		5,769	8,887
Income tax payable		110	123
		44,256	40,913
Net current assets		12,487	13,503
Total assets less current liabilities		19,524	23,562
Non-current liabilities			
Lease liabilities		161	269
		19,363	23,293
Capital and reserves			
Share capital		16,672	16,672
Reserves		2,691	6,621
Total equity		19,363	23,293

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2022

	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 2022 (audited)	16,672	78,559	(1,187)	46,657	(117,408)	23,293
Loss for the Period	-	-	-	-	(4,460)	(4,460)
Other comprehensive income for the Period						
– Exchange differences arising on translating foreign operations	-	-	530	-	-	530
Total comprehensive income (expense) for the Period	-	-	530	-	(4,460)	(3,930)
At 30 September 2022 (unaudited)	16,672	78,559	(657)	46,657	(121,868)	19,363

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 2021

	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 2021 (audited)	16,672	78,559	(1,250)	326	46,657	(116,127)	24,837
Loss for the period	-	-	-	-	-	(7,440)	(7,440)
Other comprehensive expense for the period							
– Exchange differences arising on translating foreign operations	-	-	-	(210)	-	-	(210)
Total comprehensive expense for the period	-	-	-	(210)	-	(7,440)	(7,650)
Disposal of financial asset at fair value through other comprehensive income	-	-	1,250	-	-	(1,250)	-
At 30 September 2021 (unaudited)	16,672	78,559	-	116	46,657	(124,817)	17,187

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 2022 and 2021

	Six months ended	
	30 September 2022 (unaudited) HK\$'000	30 September 2021 (unaudited) HK\$'000
Net cash used in operating activities	(2,731)	(16,372)
Net cash from investing activities	5,465	9,397
Net cash used in financing activities	(2,612)	(2,578)
Net increase (decrease) in cash and cash equivalents	122	(9,553)
Cash and cash equivalents at beginning of the period	12,239	33,496
Effect of foreign exchange rate changes	530	(210)
Cash and cash equivalents at end of the period	12,891	23,733

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended 30 September 2022

1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Act (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 Windward 3, Regatta Office Park, PO 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**”) and Taiwan dollars (“**TWD**”), 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 2022 which has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the audited consolidated financial statements of the Company for the year ended 31 March 2022.

The unaudited condensed consolidated financial statements has been prepared on the historical cost basis. 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 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 2022. 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 condensed consolidated financial statements and amounts reported for the current period and prior period. 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	
	2022	2021	2022	2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	2,424	2,125	5,066	4,386
Social media management services	9,064	9,232	17,858	19,732
Creative and technology services	19,627	25,356	36,558	55,440
	31,115	36,713	59,482	79,558

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.

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 2022 (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	5,066	17,858	36,558	59,482
Segment results	944	4,884	5,512	11,340
Unallocated other income or gains				2,591
Unallocated selling expenses				(4,568)
Unallocated administrative expenses				(13,746)
Unallocated finance cost				(77)
Loss before tax				(4,460)

For the six months ended 30 September 2021 (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	4,386	19,732	55,440	79,558
Segment results	1,258	6,240	9,644	17,142
Unallocated other income or gains				390
Unallocated selling expenses				(7,300)
Unallocated administrative expenses				(18,099)
Unallocated finance cost				(144)
Change in fair value of financial assets at fair value through profit or loss				586
Loss before tax				(7,425)

Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative expenses, selling expenses, finance costs, directors' and chief executive's emoluments, certain other income, gain or losses, 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.

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)	
	Six months ended 30 September 2022 (unaudited) HK\$'000	Six months ended 30 September 2021 (unaudited) HK\$'000	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
The PRC	9,540	14,303	862	1,225
Taiwan	2,725	995	67	76
Hong Kong	47,217	64,260	4,462	15,422
	59,482	79,558	5,391	16,723

Information about major customers

The percentage of revenue for the Period attributable to the Group's five largest customers constituted approximately 19.80% (six months ended 30 September 2021: approximately 30.14%) of the Group's total revenue for the Period. Revenue generated from the largest customer constituted approximately 4.82% (six months ended 30 September 2021: approximately 8.97%) of the Group's total revenue for the Period.

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

6. OTHER INCOME OR GAINS

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Bank interest income	11	9	22	20
Dividends from financial assets at fair value through profit or loss	-	18	-	37
Gain on disposal of investment properties	-	-	-	93
Government subsidies (Note)	789	-	2,354	-
Sundry income	70	134	215	240
	870	161	2,591	390

Note:

Government subsidies represented cash subsidies granted by Government of the Hong Kong Special Administrative Region under the Anti-Epidemic Fund amounting to approximately HK\$2,353,000 under the Employment Support Scheme.

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Enterprise Income Tax	-	-	-	15
Taiwan Corporate Income Tax	-	-	-	-
	-	-	-	15
Deferred tax	-	-	-	-
	-	-	-	15

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	
	2022	2021
	(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 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Directors' and chief executive's emoluments	1,465	1,511	3,595	6,968
Other staff costs (excluding Directors' and chief executive's emoluments)	8,240	11,467	17,965	22,866
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	289	382	622	765
Total staff costs	9,994	13,360	22,182	30,599
Gross rental income from investment properties	-	-	-	-
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	-	-	-	-
Direct operating expenses incurred for investment properties that did not generate rental income during the period	9	19	21	31
	9	19	21	31
Depreciation of plant and equipment	223	618	640	1,270
Depreciation of investment properties	8	28	17	119
Depreciation of right-of-use assets	1,238	1,287	2,483	2,548
Net foreign exchange loss (gain)	756	(91)	1,342	(429)

10. LOSS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	(1,620)	(1,966)	(4,460)	(7,440)
Number of Shares	'000	'000	'000	'000
Weighted average number of ordinary Shares for the purpose of basic and diluted loss per Share (Note)	166,720	166,720	166,720	166,720

The weighted average number of ordinary shares in issue during the six months ended 30 September 2022 represented 166,720,000 ordinary shares in issue (30 September 2021: 166,720,000 ordinary shares in issue).

11. INVESTMENT PROPERTIES

	HK\$'000
<hr/>	
COST	
At 31 March 2022	1,391
Additions	–
Disposal	–
Transferred to asset classified as held for sale	–
<hr/>	
At 30 September 2022	1,391
<hr/>	
ACCUMULATED DEPRECIATION	
At 31 March 2022	174
Provided for the Period	17
Disposal	–
Transferred to asset classified as held for sale	–
<hr/>	
At 30 September 2022	191
<hr/>	
CARRYING AMOUNT	
At 30 September 2022 (unaudited)	1,200
<hr/>	
At 31 March 2022 (audited)	1,217
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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 2022 was approximately HK\$1,800,000 (31 March 2022: approximately HK\$2,000,000), 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 2022 was determined:

	Fair value hierarchy	Fair value at 30 September 2022 HK\$'000	Valuation technique and key inputs
Investment properties	Level 2	1,800	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.

12. TRADE RECEIVABLES

	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
Trade receivables	47,662	39,739
Less: allowance for impairment of trade receivables	(10,145)	(10,891)
	37,517	28,848
Unbilled receivables	650	795
	38,167	29,643

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (“ECL”). As at 30 September 2022, the ECL rate is 100% (31 March 2022: 100%) for trade receivables from credit-impaired customers with gross carrying amount of approximately HK\$10,145,000 (31 March 2022: approximately HK\$10,891,000) and ECL allowance amount of approximately HK\$10,145,000 (31 March 2022: approximately HK\$10,891,000).

As at 30 September 2022, the 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:

	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
– 0-60 days	25,704	21,242
– 61-90 days	1,103	1,817
– Over 90 days	10,710	5,789
	37,517	28,848
Unbilled receivables	650	795
	38,167	29,643

13. TRADE AND OTHER PAYABLES

	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
Trade payables	27,021	18,869
Other payables	2,373	2,425
	29,394	21,294

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

	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
Within 30 days	6,563	3,847
31-60 days	1,260	3,135
Over 60 days	19,198	11,887
	27,021	18,869

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.

14. ASSET CLASSIFIED AS HELD FOR SALE

	As at 30 September 2022 (unaudited) HK\$'000	As at 31 March 2022 (audited) HK\$'000
Carrying amount at the beginning of the reporting period	5,627	3,630
Additions	–	5,627
Disposals	(5,627)	(3,630)
Carrying amount at the end of the reporting period	–	5,627

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, the ongoing pandemic of COVID-19 continued to pose a huge challenge to the Group. Affected by a number of public health emergency measures such as outbound travel restrictions including quarantines as well as lockdowns, tourism was paralysed. Many industries continued to sustain their businesses through the off-season, and quite a few local activities had to be postponed, rescheduled or cancelled. Customers thus became more cautious, which led to promotional activities being postponed or suspended and inevitably affected the Group, in particular its revenue from creative and technology services as the business is closely related to the promotional activities of customers.

Regarding digital advertisement placement services, the Group has established a broad customer base, therefore its balanced portfolio helped it to withstand some of the adverse effects brought by the pandemic. Some of the Group's customers noting that consumers were spending more time online, decided to increase their budget for digital advertisements, which mitigated the impact of budget cuts. In addition, work-from-home and distance learning arrangements have greatly increased the time that consumers are spending at home and generated a series of related needs. As a result, during the Period, the Group secured new customers, including a branded smart home electronics product.

During the Period, the performance of social media management services was relatively stable. This was mainly because branded customers wished to maintain interaction with their consumers during the pandemic, and consumers are spending longer time at home also spurred them to use social media more frequently, which, in turn, created stable demand for social media management services. The Group has begun to provide products and services such as “Chatbot”, along with Big Data and video solutions several years ago. The Group has also been improving related technologies in order to keep up with the latest consumer trends, such as helping customers to launch AR online promotion projects on social media platforms, thus allowing consumers to experience and understand product information in a more practical way and thereby generate online sales. In these ways, the pandemic has brought irreversible changes to consumption patterns. Effective digital marketing services allow companies to better interact with target audiences and gain marketing benefits.

The Group anticipates that the operating environment would remain challenging with a substantial degree of uncertainty. Nevertheless, the Group will continue to introduce a greater variety of products and services in order to strengthen the Group’s position in its operating segments.

FINANCIAL REVIEW

Revenue and gross profit

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

For the Period, revenue generated from the provision of (i) social media management services amounted to approximately HK\$17.86 million (six months ended 30 September 2021: approximately HK\$19.73 million), accounting for approximately 30.02% of our total revenue (six months ended 30 September 2021: approximately 24.80%); (ii) digital advertisement placement services amounted to approximately HK\$5.07 million (six months ended 30 September 2021: approximately HK\$4.39 million), accounting for approximately 8.52% of our total revenue (six months ended 30 September 2021: approximately 5.52%); (iii) creative and technology services amounted to approximately HK\$36.55 million (six months ended 30 September 2021: approximately HK\$55.44 million), accounting for approximately 61.46% of our total revenue (six months ended 30 September 2021: approximately 69.68%).

The Group's total revenue decreased by approximately 25.23% from approximately HK\$79.56 million for the six months ended 30 September 2021 to approximately HK\$59.48 million for the Period. Such decrease was driven by the decrease in revenue generated from social media management services of approximately HK\$1.87 million and creative and technology services of approximately HK\$18.88 million for the Period. The Group's gross profit margin decreased from approximately 22.57% for the six months ended 30 September 2021 to approximately 19.70% for the Period. The decrease in gross profit margin was mainly because the increase in cost of services outweighed the increase in revenue. As a result, the Group's gross profit decreased from approximately HK\$17.96 million for the six months ended 30 September 2021 to approximately HK\$11.72 million for the Period.

Other income or gains

The Group's other income or gains increased from approximately HK\$0.39 million for the six months ended 30 September 2021 to approximately HK\$2.59 million for the Period, which was mainly attributable to the increase in subsidy income received from Hong Kong Government under the Employment Support Scheme.

Selling expenses

The Group's selling expenses decreased by approximately 37.45% from approximately HK\$7.30 million for the six months ended 30 September 2021 to approximately HK\$4.57 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 approximately 25.73% from approximately HK\$19.43 million for the six months ended 30 September 2021 to approximately HK\$14.43 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\$0.08 million for the Period (six months ended 30 September 2021: approximately HK\$0.14 million). This item comprised interest expense on lease liabilities.

Income tax expenses

The Group's income tax expense was nil for the Period (six months ended 30 September 2021: approximately HK\$0.02 million), which was mainly due to the decrease in taxable income pursuant 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\$4.46 million (six months ended 30 September 2021: approximately HK\$7.44 million). The decrease in loss attributable to owners of the Company was mainly due to (i) the decrease in revenue generated from the provision of creative and technology services; (ii) the continuing implementation of the expense control policy, which there was a decrease in staff costs incurred in administrative expenses; (iii) a decrease in marketing-related expenses incurred in selling expenses, partially offset by an increase in subsidy income received from Hong Kong Government under the Employment Support Scheme.

CHANGE IN INFORMATION OF DIRECTOR

Mr. Chan Pak San retired as executive Director with effect from 5 August 2022. For further details, please refer to the announcement of the Company dated 5 August 2022.

EVENT AFTER THE REPORTING PERIOD

No significant event has occurred subsequent to 30 September 2022 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 2021: Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2022, the Group's current ratio was approximately 1.28 as compared to approximately 1.33 as at 31 March 2022. The slight decrease in current ratio was mainly due to increase in trade and other payable and contract liability. As at 30 September 2022, the Group's bank balances and cash amounted to approximately HK\$12.89 million (31 March 2022: approximately HK\$12.24 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 30 September 2022 were nil (31 March 2022: 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 2022, there was no amount due to related parties (31 March 2022: Nil). The Group does not have a foreign currency hedging policy. However, we monitor our exposure to foreign currency risk on an ongoing basis and would consider hedging against significant foreign currency exposure 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. The Group's equity consists only of ordinary shares. On 16 July 2021, the share consolidation was implemented and the total number of issued shares of the Company was adjusted from 1,667,200,000 to 166,720,000. After the share consolidation, every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company were consolidated into one (1) consolidated share of HK\$0.10 each; there was no change to the amount of share capital and share premium of the Company. As at 30 September 2022, the Company's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares was 166,720,000 with a par value of HK\$0.01 (30 September 2021: Share capital represented HK\$16,672,000 and the number of issued ordinary shares is 166,720,000).

SIGNIFICANT INVESTMENT HELD

Investment Properties

As at 30 September 2022, the Group had investment properties measured at cost less accumulated depreciation and impairment, the aggregate carrying amount of which amounted to approximately HK\$1.20 million (31 March 2022: approximately HK\$1.22 million), which consisted of 1 car park space (31 March 2022: 1 car park space). The Group intends to hold the investment properties for capital appreciation.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2022, the Group had 107 full-time employees (31 March 2022: 152). For the Period, staff costs of the Group (including Directors' emoluments) amounted to approximately HK\$22.18 million (six months ended 30 September 2021: approximately HK\$30.60 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 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2022, the Group did not have any significant capital commitments (31 March 2022: 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 2022.

GEARING RATIO

As at 30 September 2022, 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 2022, the Group had a portion of its bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management of the Group monitors the Group’s exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above-mentioned bank deposits denominated in RMB amounted to approximately HK\$0.79 million as at 30 September 2022 (31 March 2022: approximately HK\$0.05 million).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2022 (31 March 2022: 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; and
- (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 2022, 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) Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	8,000 2,000	0.005% 0.001%
Ms. Wan Wai Ting ("Ms. Karin Wan")	Interests held jointly with another person (Note 1) Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	8,000 2,000	0.005% 0.001%
Mr. Ng Chi Fung ("Mr. Jeff Ng")	Interests held jointly with another person (Note 1) Beneficial owner	2,000 8,000	0.001% 0.005%

Notes:

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

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

Save as disclosed above, as at 30 September 2022, 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 2022, no persons (other than the Directors or chief executive of the Company) 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 2022, 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 Provision C.2.1 of Part 2 of the CG Code.

Provision C.2.1 of Part 2 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. 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 C.2.1 of Part 2 of the CG Code.

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 and Provisions D.3.3 and D.3.7 of Part 2 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 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 or reviewed the unaudited condensed 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 applicable accounting standards, 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, 11 November 2022

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