

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8121



GURU ONLINE

Third Quarterly Report 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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 three months ended 31 December 2019 and nine months ended 31 December 2019 (the "Period"), together with the unaudited consolidated comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2019

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Revenue	4	44,092	62,630	124,801	160,495
Cost of services		(29,661)	(40,009)	(82,853)	(110,070)
Gross profit		14,431	22,621	41,948	50,425
Other income, gains or losses	5	195	1,126	1,219	2,821
Selling expenses		(4,941)	(7,249)	(17,846)	(21,837)
Administrative expenses		(14,565)	(16,491)	(43,794)	(50,226)
Share of loss of associates		(5)	(6)	(15)	(82)
Reversal of impairment loss on trade receivables		433	–	890	–
Finance costs		(26)	–	(126)	–
Change in fair value of held for trading investments		22	(182)	(213)	(849)
Loss before tax		(4,456)	(181)	(17,937)	(19,748)
Income tax expense	6	–	370	(212)	–
(Loss) profit for the period attributable to owners of the Company	8	(4,456)	189	(18,149)	(19,748)
Other comprehensive (expenses) income					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Release of available-for-sale investments reserve upon disposal		–	(129)	–	(178)
Change in fair value of available-for-sale investments		–	(707)	–	(1,741)
Exchange differences arising on translating foreign operations		(32)	(15)	589	1,074
Other comprehensive (expenses) income for the period		(32)	(851)	589	(845)
Total comprehensive expenses for the period attributable to owners of the Company		(4,488)	(662)	(17,560)	(20,593)
Earnings (loss) per Share					
Basic and diluted (HK\$ cent)	9	0.27	0.01	(1.09)	(1.18)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Share capital HK\$'000	Share premium HK\$'000	Financial asset revaluation reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2019 (audited)	16,672	78,559	(1,500)	4	46,657	(72,175)	68,217
Loss for the Period	-	-	-	-	-	(18,149)	(18,149)
Other comprehensive income for the Period							
– Exchange differences arising on translating foreign operations	-	-	-	589	-	-	589
Total comprehensive income (expenses) for the Period	-	-	-	589	-	(18,149)	(17,560)
Disposal of financial asset at fair value through other comprehensive income	-	-	1,500	-	-	(1,500)	-
At 31 December 2019 (unaudited)	16,672	78,559	-	593	46,657	(91,824)	50,657

Note:

Other reserve represented the difference between the nominal amount of the share capital and share premium of AdBeyond Holdings Limited, a wholly-owned subsidiary of the Company, 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 nine months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	16,672	78,559	5,045	195	(862)	46,657	(49,836)	96,430
Loss for the period	-	-	-	-	-	-	(19,748)	(19,748)
Other comprehensive income for the period								
- Change in fair value of available-for-sale investments	-	-	-	(1,741)	-	-	-	(1,741)
- Release of available-for-sale investments reserve upon disposal	-	-	-	(178)	-	-	-	(178)
- Exchange differences arising on translating foreign operations	-	-	-	-	1,074	-	-	1,074
Total comprehensive (expenses) income for the period	-	-	-	(1,919)	1,074	-	(19,748)	(20,593)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-
Share options lapsed	-	-	(5,045)	-	-	-	5,045	-
At 31 December 2018 (unaudited)	16,672	78,559	-	(1,724)	212	46,657	(64,539)	75,837

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months ended 31 December 2019

1. GENERAL

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

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

	As at 1 April 2019 (unaudited) HK\$'000
Right-of-use assets	5,576
Lease liabilities	5,576

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

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

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

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

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

Adoption of HKFRS 16

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

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

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

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

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

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

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

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

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

4. REVENUE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	5,245	9,336	15,451	23,497
Social media management services	20,483	22,033	58,918	61,030
Creative and technology services	18,364	31,261	50,432	75,968
	44,092	62,630	124,801	160,495

5. OTHER INCOME, GAINS OR LOSSES

	Three months ended 31 December		Nine months ended 31 December	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Bank interest income	6	2	16	12
Dividends from financial assets at fair value through profit or loss/held for trading investments	32	65	129	293
Loss on disposal of financial assets at fair value through profit or loss/held for trading investments	-	-	-	(142)
Gain on disposal of available-for-sales investments	-	118	-	829
Interest income on held-to-maturity investments	-	24	-	102
Impairment loss reversed in respect of trade receivables	-	96	-	778
Loss on disposal of plant and equipment	-	-	-	(12)
Rental income from investment properties	47	53	125	144
Gain on disposal of investment properties	53	733	714	733
Sundry income	57	35	235	84
	195	1,126	1,219	2,821

6. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Enterprise Income Tax	-	(370)	212	-
	-	(370)	212	-
Over-provision in prior periods:				
Hong Kong	-	-	-	-
Deferred tax	-	-	-	-
	-	(370)	212	-

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%.

Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% for the nine months ended 31 December 2018 and 2019, respectively.

Under the law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for the nine months ended 31 December 2018 and 2019, respectively.

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

7. DIVIDENDS

	Nine months ended 31 December	
	2019	2018
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interim dividend	–	–

8. (LOSS) PROFIT FOR THE PERIOD

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' and chief executive's emoluments	5,437	5,940	14,217	15,319
Other staff costs (excluding Directors' and chief executive's emoluments)	16,079	18,140	50,593	58,438
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	525	615	1,646	1,906
Total staff costs	22,041	24,695	66,456	75,663
Gross rental income from investment properties	(47)	(53)	(125)	(144)
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	4	5	13	18
Direct operating expenses incurred for investment properties that did not generate rental income during the period	26	34	79	70
	(17)	(14)	(33)	(56)
Depreciation of plant and equipment	729	832	2,187	2,485
Depreciation of investment properties	159	192	495	526
Depreciation of right-of-use assets	1,254	–	3,761	–
Net foreign exchange loss (gain)	(55)	(124)	1,361	1,566

9. 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		Nine months ended	
	31 December		31 December	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss) profit				
(Loss) profit for the period attributable to owners of the Company for the purpose of basic earnings				
(loss) per Share	(4,456)	189	(18,149)	(19,748)
Number of Shares	'000	'000	'000	'000
Weighted average number of ordinary Shares for the purpose of basic and diluted earnings (loss) per Share	1,667,200	1,667,200	1,667,200	1,667,200

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2018 and 2019, respectively, represented 1,667,200,000 ordinary shares in issue.

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's shares for the nine months ended 31 December 2018 and 2019, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group offers a range of integrated digital marketing services including (i) social media management services; (ii) digital advertisement placement services; and (iii) creative and technology services.

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

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

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

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

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

In addition to innovation and technology services, the Group’s digital advertisement placement service has also achieved significant business advances. In the Period under review, the Group’s wholly-owned subsidiary has engaged in strategic cooperation with the New York Times to become its advertising agency (including online advertisements) in China. Overseas media is one of the main channels for Mainland enterprises to reach their target consumers. The New York Times is a major newspaper and media with international

influence and boasts a huge and loyal reader base with more than 172 million users and more than 3 million paid readers globally, so the Directors believe that the strategic partnership will benefit the long-term development of the Group.

FINANCIAL REVIEW

Revenue and gross profit

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

Total revenue of the Group decreased by around 22.24% from approximately HK\$160.50 million for the nine months ended 31 December 2018 to approximately HK\$124.80 million for the Period.

For the Period, revenue generated from (i) social media management services amounted to approximately HK\$58.92 million (nine months ended 31 December 2018: approximately HK\$61.03 million), constituting around 47.21% of our total revenue (nine months ended 31 December 2018: around 38.03%); (ii) digital advertisement placement services amounted to approximately HK\$15.45 million (nine months ended 31 December 2018: approximately HK\$23.50 million), constituting around 12.38% of our total revenue (nine months ended 31 December 2018: around 14.64%); (iii) creative and technology services amounted to approximately HK\$50.43 million (nine months ended 31 December 2018: approximately HK\$75.97 million), constituting around 40.41% of our total revenue (nine months ended 31 December 2018: around 47.33%).

Overall, the total revenue of the Group decreased by around 22.24% from approximately HK\$160.50 million for the nine months ended 31 December 2018 to approximately HK\$124.80 million for the Period. During the Period, the Group minimised the operation cost incurred in cost of services. As a result, the Group's gross profit margin increased from approximately 31.42% for the nine months ended 31 December 2018 to approximately 33.61% for the Period.

Other income, gains or losses

Other income, gains or losses of the Group decreased by around 56.74% from approximately HK\$2.82 million for the nine months ended 31 December 2018 to approximately HK\$1.22 million for the Period, which was mainly attributable to the decrease in gain on disposal of available-for-sales investments and dividends from held for trading investments and reversal of impairment loss in respect of trade receivables.

Selling expenses

The Group's selling expenses decreased by around 18.27% from approximately HK\$21.84 million for the nine months ended 31 December 2018 to approximately HK\$17.85 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 12.82% from approximately HK\$50.23 million for the nine months ended 31 December 2018 to approximately HK\$43.79 million for the Period. The administrative expenses mainly comprised administrative staff costs, foreign exchange loss, rental expenses, utility expenses, building management fees, recruitment-related expenses and legal and professional fees. The decrease in administrative expenses for the Period was mainly due to the decrease in administrative staff costs.

Finance costs

The Group's finance costs increased to approximately HK\$0.13 million for the Period. This item comprises interest expense on lease liabilities.

Income tax expenses

The income tax expense increased from nil for the nine months ended 31 December 2018 to approximately HK\$0.21 million for the Period, which was mainly attributable to the increase in PRC Enterprise Income Tax for the Period.

Loss for the period attributable to owners of the Company

For the Period, loss attributable to owner of the Company was approximately HK\$18.15 million (nine months ended 31 December 2018: approximately HK\$19.75 million). The decrease in loss attributable to owners of the Company was mainly due to the continuing implementation of the expense control policy, via which there was a decrease in staff costs incurred in administrative expenses and a decrease in marketing-related expenses incurred in selling expenses.

EVENT AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 31 December 2019 and up to the date of this report.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (nine months ended 31 December 2018: Nil).

SIGNIFICANT INVESTMENT HELD

Financial asset at fair value through other comprehensive income

	As at 31 December 2019 (unaudited) HK\$'000	As at 31 March 2019 (audited) HK\$'000
Unlisted investments	2,500	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 31 December 2019, the Group had unlisted equity securities at fair value of approximately HK\$2.50 million which had been classified as non-current assets (31 March 2019: approximately HK\$2.50 million). These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments at fair value through other comprehensive income as they believe that recognising short-term fluctuations of these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding them for long-term investment purposes and realising their performance potential in the long run.

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

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

Name/fund details	Nature of business	Number of	Carrying	Disposal	Unrealised	Realised gain	Carrying	Percentage to	Dividend
		shares/Units held as at 31 December 2019	amount as at 31 March 2019	during the Period	gain (loss) on change in fair value	(loss) on disposal during the Period	amount as at 31 December 2019	the Group's total assets as at 31 December 2019	received during the Period
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
SIS International Holdings Limited	Notes A	50,000	1,148	(713)	252	(535)	152	0.14%	20
Tencent Holdings Limited	Notes B	1,000	361	-	15	-	376	0.34%	1
ICBC CSOP S&P New China Sectors ETF	Notes C	-	357	(345)	42	(54)	-	-	-
Premia CSI Caixin China Bedrock Economy ETF	Notes D	-	340	(294)	47	(93)	-	-	-
Greenland Hong Kong Holdings Limited	Notes E	-	169	(191)	(12)	34	-	-	-
Listed equity security			2,375	(1,543)	344	(648)	528	0.48%	21
BlackRock Global Funds SICAV – Asian Growth Leaders Fund A2-capitalisation	Investment in fund	-	342	(349)	49	(42)	-	-	-
Fidelity Funds Sicav – Asian High Yield Funds A-USD-Mdist	Investment in fund	11,686.87	747	-	(19)	-	728	0.67%	35
First Trust Exchange-Traded AlphaDEX Fund II Emerging Markets Small Cap	Investment in fund	-	679	(675)	116	(120)	-	-	5
iShares Edge MSCI Multifactor Emerging Markets ETF	Investment in fund	-	1,064	(1,029)	206	(241)	-	-	8
iShares Edge MSCI Multifactor Global ETF	Investment in fund	-	721	(696)	58	(83)	-	-	-
iShares MSCI India Small Cap Index Fund	Investment in fund	600	191	-	(23)	-	168	0.15%	2
JPMorgan Vietnam Opportunities Fund USD-acc	Investment in fund	2,298.85	310	-	(6)	-	304	0.28%	-
UBS (Cay) China A Opportunity A	Investment in fund	208.32	1,921	(1,506)	97	53	565	0.52%	-

Name/fund details	Nature of business	Number of	Carrying	Disposal	Unrealised	Realised gain	Carrying	Percentage to	Dividend
		shares/Units held as at 31 December 2019	amount as at 31 March 2019	during the Period	gain (loss) on change in fair value	(loss) on disposal during the Period	amount as at 31 December 2019	the Group's total assets as at 31 December 2019	received during the Period
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
WisdomTree Emerging Markets ex-State-Owned Enterprises Fund	Investment in fund	-	361	(339)	35	(57)	-	-	-
Listed fund investments			6,336	(4,594)	513	(490)	1,765	1.62%	50
Manulife Inv Allianz and Growth Fund (dist)	Investment in fund	128,187.25	930	-	(35)	-	895	0.82%	58
UBS (LUX) Equity Fund FCP-China Opportunity (USD) P-acc	Investment in fund	-	1,130	(1,233)	(141)	244	-	-	-
Unlisted fund investments			2,060	(1,233)	(176)	244	895	0.82%	58
Total			10,771	(7,370)	681	(894)	3,188	2.92%	129

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

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

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

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

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

Investment Properties

As at 31 December 2019, the Group had investment properties measured at cost less accumulated depreciation and impairment, the aggregate carrying amount of which amounted to approximately HK\$23.03 million (31 March 2019: approximately HK\$26.76 million), which consisted of 6 car parks spaces and 3 leasehold premises (31 March 2019: 8 car parks spaces and 3 leasehold premises). The Group intends to hold the investment properties for capital appreciation.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

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

As at 31 December 2019, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the “SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares of the Company

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Mr. Yip Shek Lun ("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:

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

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

So far as the Directors are aware, as at 31 December 2019, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or underlying Shares or debentures of the Company 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 to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long positions in the Shares of the Company

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

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Ms. Lo Wai Kei	Interest of spouse <i>(Note 5)</i>	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 <i>(Note 6)</i>	109,930,000	6.59%

Notes:

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

4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in all the Shares held by HGI Growth.
5. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested.
6. These Shares 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 31 December 2019, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally approved by the Company pursuant to the written resolutions of all the then shareholders of the Company dated 20 May 2015. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. During the Period, no share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme. As at 31 December 2019, the outstanding number of share options available for grant under the Share Option Scheme is 166,720,000 share options to subscribe for Shares, which, if granted and exercised in full, represent approximately 10% of the Shares in issue as at the date of this report.

CHANGES IN INFORMATION OF DIRECTORS

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

He was appointed as an independent non-executive director of Maxicity Holdings Limited (a company listed on the Stock Exchange, stock code: 8216) with effect from 13 December 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

DEED OF NON-COMPETITION

A deed of non-competition dated 20 May 2015 was entered into by Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global, all being the Company's controlling shareholders, in favour of the Company regarding certain non-competition undertakings. The details of the deed of non-competition have been disclosed in the section headed "Relationship with Our Controlling Shareholders" in the prospectus of the Company dated 22 May 2015.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

AUDIT COMMITTEE

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

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

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

Chief Executive Officer, Chairman of the Board and Executive Director

Hong Kong, 12 February 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.