

# GURU 2020

THIRD QUARTERLY 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 three months ended 31 December 2020 and nine months ended 31 December 2020 (the “**Period**”), together with the unaudited consolidated comparative figures for the corresponding period in 2019 as follows:

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

For the three months and nine months ended 31 December 2020

	NOTES	Three months ended		Nine months ended	
		31 December	2019	31 December	2019
		2020	2019	2020	2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	<b>38,655</b>	44,092	<b>107,851</b>	124,801
Cost of services		<b>(26,763)</b>	(29,661)	<b>(76,141)</b>	(82,853)
Gross profit		<b>11,892</b>	14,431	<b>31,710</b>	41,948
Other income, gains or losses	5	<b>4,586</b>	195	<b>9,458</b>	1,219
Selling expenses		<b>(4,758)</b>	(4,941)	<b>(13,376)</b>	(17,846)
Administrative expenses		<b>(9,983)</b>	(14,565)	<b>(31,419)</b>	(43,794)
Share of loss of associates		–	(5)	–	(15)
Reversal of impairment loss on trade receivables		<b>3</b>	433	<b>125</b>	890
Finance costs		<b>(51)</b>	(26)	<b>(153)</b>	(126)
Change in fair value of held for trading investments		<b>220</b>	22	<b>393</b>	(213)
Profit (loss) before tax		<b>1,909</b>	(4,456)	<b>(3,262)</b>	(17,937)
Income tax expense	6	<b>(38)</b>	–	<b>(251)</b>	(212)
Profit (loss) for the period attributable to owners of the Company	8	<b>1,871</b>	(4,456)	<b>(3,513)</b>	(18,149)

	NOTES	Three months ended		Nine months ended	
		31 December		31 December	
		2020	2019	2020	2019
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other comprehensive (expenses) income</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		<b>(246)</b>	(32)	<b>(414)</b>	589
Other comprehensive income (expense) for the period		<b>(246)</b>	(32)	<b>(414)</b>	589
Total comprehensive income (expense) for the period attributable to owners of the Company		<b>1,625</b>	(4,488)	<b>(3,927)</b>	(17,560)
Earnings (loss) per Share					
Basic and diluted (HK\$ cent)	9	<b>0.11</b>	(0.27)	<b>(0.21)</b>	(1.09)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2020 (audited)	16,672	78,559	759	46,657	(99,881)	42,766
Loss for the Period	-	-	-	-	(3,513)	(3,513)
Other comprehensive expense for the Period						
– Exchange differences arising on translating foreign operations	-	-	(414)	-	-	(414)
Total comprehensive expense for the Period	-	-	(414)	-	(3,513)	(3,927)
At 31 December 2020 (unaudited)	16,672	78,559	345	46,657	(103,394)	38,839

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 2019

	Share capital	Share premium	Financial asset revaluation reserve	Exchange reserve	Other reserve (Note)	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	16,672	78,559	(1,500)	4	46,657	(72,175)	68,217
Loss for the period	-	-	-	-	-	(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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and nine months ended 31 December 2020*

## 1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies 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, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and 4/F., KOHO, 73-75 Hung To Road, Kwun Tong, Hong Kong, respectively.

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

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

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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



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

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2020. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's 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 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	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	3,552	5,245	9,448	15,451
Social media management services	15,022	20,483	52,099	58,918
Creative and technology services	20,081	18,364	46,304	50,432
	38,655	44,092	107,851	124,801

## 5. OTHER INCOME, GAINS OR LOSSES

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	8	6	31	16
Dividends from financial assets at fair value through profit or loss	19	32	57	129
Rental income from investment properties	5	47	64	125
Gain on disposal of investment properties	227	53	532	714
Sundry income <sup>(Note)</sup>	4,327	57	8,774	235
	<b>4,586</b>	195	<b>9,458</b>	1,219

Note: Sundry income for the Period mainly represented subsidy income received from the Hong Kong Government under the Employment Support Scheme.

## 6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	–
PRC Enterprise Income Tax	38	–	251	212
Taiwan Corporate Income Tax	–	–	–	–
	<b>38</b>	–	<b>251</b>	212
Deferred tax	–	–	–	–
	<b>38</b>	–	<b>251</b>	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%.

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.

## 7. DIVIDENDS

	<b>Nine months ended 31 December</b>	
	<b>2020</b>	2019
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend	–	–

## 8. LOSS FOR THE PERIOD

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

	Three months ended 31 December		Nine months ended 31 December	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Directors' and chief executive's emoluments	3,426	5,437	11,453	14,217
Other staff costs (excluding Directors' and chief executive's emoluments)	12,327	16,079	39,189	50,593
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	432	525	1,354	1,646
<b>Total staff costs</b>	<b>16,185</b>	<b>22,041</b>	<b>51,996</b>	<b>66,456</b>
Gross rental income from investment properties	(5)	(47)	(64)	(125)
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	1	4	12	13
Direct operating expenses incurred for investment properties that did not generate rental income during the period	17	26	55	79
	13	(17)	3	(33)
Depreciation of plant and equipment	656	729	2,056	2,187
Depreciation of investment properties	86	159	328	495
Depreciation of right-of-use assets	1,354	1,254	4,052	3,761
Net foreign exchange (gain) loss	(1,118)	(55)	(1,523)	1,361

## 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	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit (loss)</b>				
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per Share	<b>1,871</b>	(4,456)	<b>(3,513)</b>	(18,149)
<b>Number of Shares</b>	<b>'000</b>	'000	<b>'000</b>	'000
Weighted average number of ordinary Shares for the purpose of basic and diluted earnings (loss) per Share	<b>1,667,200</b>	1,667,200	<b>1,667,200</b>	1,667,200

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2020 and 2019, respectively, represented 1,667,200,000 ordinary shares in issue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

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

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

During the Period, the trend of the customers’ market strategies began to shift. The Group continued to integrate technology into its marketing projects through the adoption of programmable tools and artificial intelligence (“**AI**”). As more and more customers are demanding online products with the “Chatbot” feature, the market will more readily accept the marketing activities powered by an automated system around-the-clock. With the Pandemic looming large, there was an apparent upward trend for the demand of both new and existing customers for online “Chatbot”. As such, the “Chatbot” has enhanced the Group’s role from providing pure customer services to providing services to customers for managing their relationships as well as driving website traffic, thereby presenting new business opportunities.

Consumers stayed at home to spend money during the Pandemic. Some particular industries reported growth in online sales. Customers of the Group had to look for means to provide a meaningful shopping experience for consumers in order to retain their own customers. This includes allowing consumers to enjoy online shopping safely without having to leave their homes. While there is still no clear sign as to when the Pandemic will be completely over, it is believed that more customers will be interested in similar online solutions in the near future.

In addition, the Group has considered short videos as a new trend in social media content with enormous development potential. To tap into this potential opportunity, the Group has signed a cooperation agreement with one of the most popular social video platforms in China. While the revenue generated by short videos was not significant during the Period, the Group believes that including short videos in the Group's services can enrich its product portfolio in the long term, thereby allowing the Group to offer more comprehensive and diverse digital marketing solutions to its customers.

## **FINANCIAL REVIEW**

### **Revenue**

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

For the Period, the Group's revenue generated from (i) social media management services amounted to approximately HK\$52.10 million (nine months ended 31 December 2019: approximately HK\$58.92 million), accounting for approximately 48.31% of our total revenue (nine months ended 31 December 2019: approximately 47.21%); (ii) digital advertisement placement services amounted to approximately HK\$9.45 million (nine months ended 31 December 2019: approximately HK\$15.45 million), accounting for approximately 8.76% of our total revenue (nine months ended 31 December 2019: approximately 12.38%); and (iii) creative and technology services amounted to approximately HK\$46.30 million (nine months ended 31 December 2019: approximately HK\$50.43 million), accounting for approximately 42.93% of our total revenue (nine months ended 31 December 2019: approximately 40.41%).

Overall, the Group's total revenue decreased by approximately 13.58% from approximately HK\$124.80 million for the nine months ended 31 December 2019 to approximately HK\$107.85 million for the Period. Such decrease was driven by the decrease in revenue generated from social media management services of approximately HK\$6.82 million, digital advertisement placement services of approximately HK\$6.00 million and creative and technology services of approximately HK\$4.13 million during the Period.

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

The Group's other income, gains or losses increased from approximately HK\$1.22 million for the nine months ended 31 December 2019 to approximately HK\$9.46 million for the Period. Such increase was mainly attributable to the subsidy income received from the Hong Kong Government under the Employment Support Scheme.

### **Selling expenses**

The Group's selling expenses decreased by approximately 25.04% from approximately HK\$17.85 million for the nine months ended 31 December 2019 to approximately HK\$13.38 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 28.25% from approximately HK\$43.79 million for the nine months ended 31 December 2019 to approximately HK\$31.42 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 costs**

The Group's income tax expense amounted to approximately HK\$0.15 million for the Period (nine months ended 31 December 2019: approximately HK\$0.13 million). This item comprised interest expense on lease liabilities.

## **Income tax expenses**

The income tax expense increased from approximately HK\$0.21 million for the nine months ended 31 December 2019 to approximately HK\$0.25 million for the Period, which was mainly attributable to the increase in PRC Enterprise Income Tax.

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

For the Period, loss attributable to owner of the Company amounted to approximately HK\$3.51 million (nine months ended 31 December 2019: approximately HK\$18.15 million). The decrease in loss attributable to owners of the Company was mainly due to (i) the continuing implementation of the expense control policy, via which there was a decrease in staff costs incurred in administrative expenses; (ii) a decrease in marketing-related expenses incurred in selling expenses; and (iii) the subsidy income received from the Hong Kong Government under the Employment Support Scheme received during the Period.

## **EVENT AFTER THE REPORTING PERIOD**

No significant events occurred subsequent to 31 December 2020 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 2019: Nil).

## SIGNIFICANT INVESTMENTS HELD

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

	<b>As at 31 December 2020 (unaudited) HK\$'000</b>	As at 31 March 2020 (audited) HK\$'000
Unlisted investments	<b>2,500</b>	2,500

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

As at 31 December 2020, the Group had unlisted equity securities at fair value of approximately HK\$2.50 million which had been classified as non-current assets (31 March 2020: approximately HK\$2.50 million). These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the Directors have elected to designate these investments in equity instruments at fair value through other comprehensive income as they believe that recognising short-term fluctuations of these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding them for long-term investment purposes and realising their performance potential in the long run.

## Financial assets at fair value through profit or loss

The following table sets out the particulars and movement of our financial assets at fair value through profit or loss (“**FVTPL**”) at the end of the reporting period:

Name/fund details	Nature of business	Number	Carrying	Disposal	Unrealised	Realised	Carrying	Percentage	Dividend
		of shares/ Units held as at 31 December 2020	amount as at 31 March 2020 HK\$'000		gain (loss) on change in fair value during the Period HK\$'000	gain (loss) on disposal during the Period HK\$'000		amount as at 31 December 2020 HK\$'000	
SIS International Holdings Limited	Note	50,000	98	-	(18)	-	80	0.10%	1
<b>Listed equity security</b>			<b>98</b>	<b>-</b>	<b>(18)</b>	<b>-</b>	<b>80</b>	<b>0.10%</b>	<b>1</b>
JPMorgan Vietnam Opportunities Fund USD-acc	Investment in fund	2,298.85	202	-	159	-	361	0.46%	-
<b>Listed fund investment</b>			<b>202</b>	<b>-</b>	<b>159</b>	<b>-</b>	<b>361</b>	<b>0.46%</b>	<b>-</b>
Manulife Inv Allianz and Growth Fund (dist)	Investment in fund	128,187.25	768	-	251	-	1,019	1.30%	56
<b>Unlisted fund investment</b>			<b>768</b>	<b>-</b>	<b>251</b>	<b>-</b>	<b>1,019</b>	<b>1.30%</b>	<b>56</b>
<b>Total</b>			<b>1,068</b>	<b>-</b>	<b>392</b>	<b>-</b>	<b>1,460</b>	<b>1.86%</b>	<b>57</b>

The investments above include investments in quoted equity securities that offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate.

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

As at 31 December 2020, the Group's financial assets at FVTPL included (i) 1 equity security (31 March 2020: 1) listed in Hong Kong with fair value of approximately HK\$0.08 million (31 March 2020: HK\$0.10 million); (ii) 1 listed investment fund (31 March 2020: 1) domiciled in Hong Kong with fair value of approximately HK\$0.36 million (31 March 2020: approximately HK\$0.20 million); and (iii) 1 unlisted investment fund (31 March 2020: 1) domiciled in Hong Kong with fair value of approximately HK\$1.02 million (31 March 2020: approximately HK\$0.77 million).

## **Investment Properties**

As at 31 December 2020, the Group had investment properties measured at cost less accumulated depreciation and impairment, the aggregate carrying amount of which amounted to approximately HK\$12.84 million (31 March 2020: approximately HK\$21.34 million), which consisted of 2 car parks spaces and 2 leasehold premises (31 March 2020: 5 car parks spaces and 3 leasehold premises). The Group intends to hold the investment properties for capital appreciation.

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

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

As at 31 December 2020, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

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

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)(the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

## Long positions in the Shares of the Company

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

### Notes:

- 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.
- 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 2020, none of the Directors nor chief executive of the Company has registered any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 31 December 2020, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest and/or short position in the Shares or 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 the Company

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

*Notes:*

1. Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By the Acting in Concert Confirmation and Undertaking, each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that, inter alia, they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.
2. Mr. Luk Ting Kwan, Jerry is the spouse of Ms. Liza Wang. Under the SFO, Mr. Luk Ting Kwan, Jerry is deemed to be interested in all the Shares in which Ms. Liza Wang is interested.
3. These Shares are held by Huayi Brothers, which is wholly owned by Huayi Brothers International, which is in turn wholly owned by Huayi Brothers Media. By virtue of the SFO, Huayi Brothers International and Huayi Brothers Media are deemed to be interested in all the Shares held by Huayi Brothers.
4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in all the Shares held by HGI Growth.
5. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested.
6. These 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 2020, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had or deemed or taken to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## SHARE OPTION SCHEME

The Company's share option scheme (the "**Share Option Scheme**") was conditionally approved by the Company pursuant to the written resolutions of all the then shareholders of the Company dated 20 May 2015. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules. During the Period, no share option has been granted, exercised, expired, cancelled or lapsed under the Share Option Scheme. As at 31 December 2020, the outstanding number of share options available for grant under the Share Option Scheme is 166,720,000 share options to subscribe for Shares, which, if granted and exercised in full, represent approximately 10% of the Shares in issue as at the date of this report.

## 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 2020 due to their other unexpected business engagements.

## **AUDIT COMMITTEE**

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

The auditor of the Company has not audited or reviewed the unaudited consolidated results of the Group for the Period, but the Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that such results complied with the 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, 10 February 2021

*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.*