



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

Third Quarterly Report **2016**



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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 individually, the “**Director**”) of Guru Online (Holdings) Limited (the “**Company**”) 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 and its subsidiaries (collectively, the “**Group**”). 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 and nine months ended 31 December 2016 together with the unaudited comparative figures for the corresponding period in 2015 and the relevant explanatory notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2016

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	4	49,359	49,286	132,936	125,486
Cost of services		(32,314)	(29,568)	(86,060)	(77,288)
Gross profit		17,045	19,718	46,876	48,198
Other income	5	229	197	1,016	538
Selling expenses		(5,481)	(3,980)	(15,063)	(11,524)
Administrative expenses		(13,621)	(14,689)	(40,492)	(41,528)
Share of profit of associates		100	144	1	421
(Loss)/profit before tax		(1,728)	1,390	(7,662)	(3,895)
Income tax expense	6	(120)	30	(455)	(1,410)
(Loss)/profit for the period attributable to owners of the Company	8	(1,848)	1,420	(8,117)	(5,305)
Other comprehensive expenses					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(453)	(312)	(1,113)	(191)
Total comprehensive (expenses)/income for the period attributable to owners of the Company		(2,301)	1,108	(9,230)	(5,496)
(Loss)/earnings per share					
Basic and diluted (HK cent)	9	(0.11)	0.09	(0.49)	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2016

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note(a)) HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	16,672	78,559	2,946	(1,324)	46,657	(5,847)	137,663
Loss for the period	-	-	-	-	-	(8,117)	(8,117)
Other comprehensive expenses for the period							
– Exchange differences arising on translating foreign operations	-	-	-	(1,113)	-	-	(1,113)
Total comprehensive expenses for the period	-	-	-	(1,113)	-	(8,117)	(9,230)
Recognition of equity-settled share-based payment	-	-	2,293	-	-	-	2,293
Share options lapsed	-	-	(227)	-	-	227	-
At 31 December 2016 (unaudited)	16,672	78,559	5,012	(2,437)	46,657	(13,737)	130,726

Note (a)

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 a group reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the nine months ended 31 December 2015

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note(a)) HK\$'000	Retained profits/ (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	32	46,625	-	(36)	-	13,459	60,080
Loss for the period	-	-	-	-	-	(5,305)	(5,305)
Other comprehensive expenses for the period							
– Exchange differences arising on translating foreign operations	-	-	-	(191)	-	-	(191)
Total comprehensive expenses for the period	-	-	-	(191)	-	(5,305)	(5,496)
Transfer upon a group reorganisation	(32)	(46,625)	-	-	46,657	-	-
Recognition of equity-settled share-based payment	-	-	1,945	-	-	-	1,945
Issue of shares pursuant to public offering	4,672	112,128	-	-	-	-	116,800
Issue of shares by capitalisation of share premium account	12,000	(12,000)	-	-	-	-	-
Expenses incurred in connection with issue of new shares	-	(9,195)	-	-	-	-	(9,195)
Dividend paid (Note 7)	-	(13,004)	-	-	-	-	(13,004)
At 31 December 2015 (unaudited)	16,672	77,929	1,945	(227)	46,657	8,154	151,130

Note (a)

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 a group reorganisation.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2016

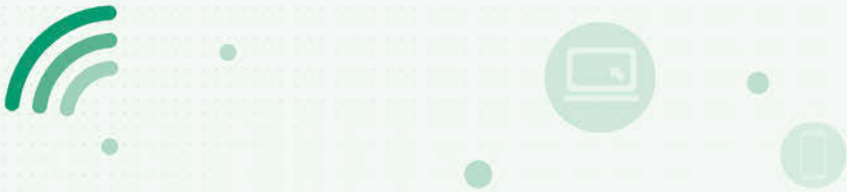
1. GENERAL

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 Level 22, AIA Tower, 183 Electric Road, North Point, 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, provision of marketing services and engagement in an Internet marketing platform for the travel industry.

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

Pursuant to the group reorganisation (the “**Reorganisation**”) as described in the section headed “History, Development and Reorganisation – Reorganisation” in the prospectus of the Company dated 22 May 2015 (the “**Prospectus**”), the Company became the holding company of the companies now comprising the Group upon the completion of the Reorganisation on 16 May 2015. The companies now comprising the Group have been under the common control of the ultimate controlling shareholders of the Company including Mr. Yip Shek Lun (“**Mr. Alan Yip**”), Ms. Wan Wai Ting (“**Ms. Karin Wan**”), Mr. Ng Chi Fung (“**Mr. Jeff Ng**”) and Ms. Wang Lai Man, Liza (“**Ms. Liza Wang**”) throughout the nine months ended 31 December 2015 and 2016, respectively, or since their respective dates of incorporation or establishment to 31 December 2016, whichever is the shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group’s unaudited condensed consolidated financial statements for the nine months ended 31 December 2016 (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 nine months ended 31 December 2016 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 2016.

This report has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2016 in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

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

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2016. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements of the Group.

4. REVENUE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	13,999	16,019	38,090	44,193
Social media management services	25,495	22,681	65,913	54,980
Creative and technology services	9,865	10,586	28,927	26,313
Internet marketing platform	–	–	6	–
	49,359	49,286	132,936	125,486

5. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	60	10	76	22
Bond interest income	114	–	350	–
Reversal of impairment loss on trade receivables	–	46	115	257
Sundry income	55	141	475	259
	229	197	1,016	538

6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profit Tax	–	–	55	504
PRC Enterprise Income Tax	149	269	455	1,204
	149	269	510	1,708
Over-provision in prior periods:				
Hong Kong Profit Tax	–	(447)	(55)	(447)
Deferred tax	(29)	148	–	149
	120	(30)	455	1,410

6. INCOME TAX EXPENSE (Continued)

No provision for Hong Kong Profits Tax has been made for the Period as there was no assessable profits for the Period. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 31 December 2015 and 2016, respectively.

Under the laws 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 2015 and 2016, 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

Dividend recognised as distribution during the relevant periods:

	Nine months ended 31 December	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Interim dividend	–	13,004

8. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the relevant periods has been arrived at after charging:

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' and chief executive's emoluments	2,736	1,717	6,719	4,341
Other staff costs (excluding Directors' and chief executive's emoluments)	18,170	15,189	54,574	42,258
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	620	574	1,918	1,527
Total staff costs	21,526	17,480	63,211	48,126
Depreciation of plant and equipment	543	481	1,579	1,356
Impairment loss on trade receivables	340	2,215	1,140	2,215
Amortisation of intangible assets (included in cost of services)	–	214	–	642
Listing expenses (included in administrative expenses)	–	–	–	7,523
Net foreign exchange loss	189	68	425	210
Operating lease rentals in respect of rented premises	1,657	1,576	4,989	4,575

9. (LOSS)/EARNINGS PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(Loss)/earnings				
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per Share	(1,848)	1,420	(8,117)	(5,305)
Number of Shares				
Weighted average number of ordinary Shares for the purpose of basic (loss)/earnings per Share	'000	'000	'000	'000
	1,667,200	1,667,200	1,667,200	1,667,200

The weighted average number of ordinary Shares in issue during the periods ended 31 December 2016 and 2015 represents 1,667,200,000 ordinary Shares in issue after taking into account the capitalisation issue pursuant to the Reorganisation as stated in Note 2 hereof.

The computation of diluted loss per Share for the periods ended 31 December 2016 and 2015 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 Shares for the periods.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

The Group's integrated digital marketing business has been growing steadily with more and more clients coming to appreciate the power of digital marketing and hence are investing more in using digital marketing platforms to promote their brands, products and services. Instead of providing a single type of digital marketing service to the advertisers, based on our experience, industry knowledge and understanding of the market, we analyse the background, characteristics, products, services and target audiences of the advertisers and provide integrated digital marketing services customised to meet our clients' specific needs.

Moreover, the Group has continued to expand its presence in the PRC market. We have established a subsidiary in Nanjing to serve the needs of our clients there and in nearby regions which also help speeding up development of our business in the PRC market.

Rapid proliferation of the Internet and major advancements in the technology industry have enabled businesses to use digital marketing to enhance their competitiveness. Drawing on the Group's abundant experience and expertise in digital marketing and its market knowledge accumulated over the years, our teams have the ability to conduct comprehensive analysis and manage high volume of data, thus enable us to help our clients to stay ahead of the fast-changing market. We believe the income generated from the digital marketing business will continue to increase steadily.

The Group has been closely observing established or start-up companies, which offer digital marketing or Internet services, to identify investment projects with strong growing potential, that promise synergies with our existing businesses and added value to the Group, and also good returns in the long run. Looking ahead, the Group will strive to expand its market share both in Hong Kong and the PRC, enhance its core competitiveness and capture the opportunities presented by the Internet and the economy, so as to bring higher returns to our shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from the integrated digital marketing business and the engagement in an Internet marketing platform for the travel industry. The integrated digital marketing business was divided into (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

For the Period, revenue generated from the provision of social media management services amounted to approximately HK\$65.91 million (nine months ended 31 December 2015: approximately HK\$54.98 million), accounting for around 49.58% of our total revenue (nine months ended 31 December 2015: around 43.81%). The sharp increase in the revenue generated from the provision of social media management service was contributed by the enhancement of capacity of services rendered and the successful engagement of new clients. It is expected to remain as a major source of our revenue in the future.

Revenue generated from the provision of digital advertisement placement services for the Period amounted to approximately HK\$38.09 million (nine months ended 31 December 2015: approximately HK\$44.19 million), representing around 28.65% of our total revenue (nine months ended 31 December 2015: around 35.21%).

For the Period, revenue generated from the provision of creative and technology services amounted to approximately HK\$28.93 million (nine months ended 31 December 2015: approximately HK\$26.31 million), accounting for around 21.76% of our total revenue (nine months ended 31 December 2015: around 20.97%).

Revenue generated from the engagement in an Internet marketing platform for the Period amounted to approximately HK\$6,000 (nine months ended 31 December 2015: Nil).

Total revenue of the Group grew by around 5.94% from approximately HK\$125.49 million for the nine months ended 31 December 2015 to approximately HK\$132.94 million for the Period, which was mainly attributable to the enhancement of capacity of services rendered and the engagement of new clients.



Other income

Other income of the Group increased by approximately 88.89% from approximately HK\$0.54 million for the nine months ended 31 December 2015 to approximately HK\$1.02 million for the Period, which was mainly attributable to the increase in bond interest income and one-off digital media services rebate.

Selling expenses

The Group's selling expenses increased by around 30.73% from approximately HK\$11.52 million for the nine months ended 31 December 2015 to approximately HK\$15.06 million for the Period. The selling expenses were mainly staff costs, sales commission and marketing-related expenses. The increase in selling expenses was mainly caused by the increase in selling-related staff costs.

Administrative expenses

The Group's administrative expenses decreased by around 2.50% from approximately HK\$41.53 million for the nine months ended 31 December 2015 to approximately HK\$40.49 million for the Period. The administrative expenses were mainly rental and building management expenses, utility expenses, recruitment-related expenses and professional fees. The decrease in administrative expenses for the Period was mainly due to the absence of the one-off listing expenses partially offset by the increase in staff costs during the Period.

Income tax expenses

The income tax expenses decreased by around 67.38% from approximately HK\$1.41 million for the nine months ended 31 December 2015 to approximately HK\$0.46 million for the Period, which was mainly attributable to the decrease in taxable profit for the Period.

Loss for the period attributable to owners of the Company

For the Period, loss attributable to owners of the Company was approximately HK\$8.12 million (nine months ended 31 December 2015: approximately HK\$5.31 million). The increase in loss attributable to owners of the Company for around 52.92% was mainly due to the slight decline of gross profit and increase of staff costs as compared to the corresponding period in 2015.

The Company recorded an improvement on the loss for the period which amounted to approximately HK\$1.85 million for the three months ended 31 December 2016, as compared to that of approximately HK\$4.66 million for the three months ended 30 September 2016. The Company targets to continue implementing the expenses control policy and to show further reduction in loss.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (nine months ended 31 December 2015: an interim dividend of HK0.78 cents per Share for the total amount of HK\$13,004,000).

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2016, the Group had held-to-maturity investments (the "Investments") in the aggregate amount of approximately HK\$38.06 million, which consist of eight corporate bonds purchased by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company, on a number of occasions during the period between April 2016 and June 2016 via an investment bank. The aggregate initial investment cost of the Investments was approximately HK\$38.24 million and the fair value of the Investments as at 31 December 2016 was approximately HK\$37.71 million while the bond interest income of HK\$0.35 million had been recognised for the nine months ended 31 December 2016. The Group intends to hold the Investments until their maturity.



EVENTS AFTER THE REPORTING PERIOD

No significant events occurring subsequent to 31 December 2016 and up to the date of this report.

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

As at 31 December 2016, 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 and the underlying Shares

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Mr. Alan Yip (Chief executive officer and chairman of the Board)	Interests held jointly with another person (Note 1)	349,460,000	5,990,000	355,450,000	21.32%
	Interest in controlled corporation (Note 2)/ Interest of spouse (Note 3)	249,120,000	5,490,000	254,610,000	15.27%
	Beneficial owner	–	30,690,000	30,690,000	1.84%
Ms. Karin Wan	Interests held jointly with another person (Note 1)	349,460,000	5,990,000	355,450,000	21.32%
	Interest in controlled corporation (Note 2)/ Interest of spouse (Note 3)	249,120,000	30,690,000	279,810,000	16.78%
	Beneficial owner	–	5,490,000	5,490,000	0.33%
Mr. Jeff Ng	Interests held jointly with another person (Note 1)	415,700,000	36,680,000	452,380,000	27.13%
	Beneficial owner	182,880,000	5,490,000	188,370,000	11.30%
Ms. Cheung Laam	Beneficial owner	–	500,000	500,000	0.03%
Mr. Wang Zhong Lei	Beneficial owner	–	1,000,000	1,000,000	0.06%
Mr. Tso Ping Cheong, Brian	Beneficial owner	–	500,000	500,000	0.03%
Mr. David Tsoi	Beneficial owner	–	1,000,000	1,000,000	0.06%
Mr. Hong Ming Sang	Beneficial owner	–	500,000	500,000	0.03%
Mr. Lam Tung Leung	Beneficial owner	–	1,000,000	1,000,000	0.06%



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 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, inter alia, that 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 2016, none of the Directors nor chief executive of the Company has registered an 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 2016, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest or short position in the Shares, 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 which would fall 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 and the underlying Shares

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Cooper Global	Beneficial owner	249,120,000	–	249,120,000	14.94%
Ms. Lisa Wang	Interests held jointly with another person (Note 1)	432,000,000	41,670,000	473,670,000	28.41%
	Beneficial owner	166,580,000	500,000	167,080,000	10.02%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	598,580,000	42,170,000	640,750,000	38.43%
Huayi Brothers International Investment Ltd. ("Huayi Brothers")	Beneficial owner	248,970,000	–	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED ("Huayi Brothers International")	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%
Huayi Brothers Media Corporation ("Huayi Brothers Media")	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%
HGI GROWTH CAPITAL LIMITED ("HGI Growth")	Beneficial owner	132,720,000	–	132,720,000	7.96%
Mr. Cheung Wing Hon ("Mr. Patrick Cheung")	Interest in controlled corporation (Note 4)	132,720,000	–	132,720,000	7.96%
	Beneficial owner	–	4,440,000	4,440,000	0.27%
Ms. Lo Wai Kei	Interest of spouse (Note 5)	132,720,000	4,440,000	137,160,000	8.23%
PURE FORCE INVESTMENTS LIMITED ("Pure Force")	Beneficial owner	109,930,000	–	109,930,000	6.59%
Mr. Wong Yuet Yeung Harry ("Mr. Harry Wong")	Interest in controlled corporation (Note 6)	109,930,000	–	109,930,000	6.59%
Ms. Chen Wing Man	Interest of spouse (Note 7)	598,580,000	42,170,000	640,750,000	38.43%



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, inter alia, that 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, each of Huayi Brothers International and Huayi Brothers Media is deemed to be interested in all the Shares held by Huayi Brothers.
4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in all the Shares held by HGI Growth.
5. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested.
6. These Share are held by Pure Force, which is wholly owned by Mr. Harry Wong. By virtue of the SFO, Mr. Harry Wong is deemed to be interested in all the Shares held by Pure Force.
7. Ms. Chen Wing Man is the spouse of Mr. Jeff Ng. Under the SFO, Ms. Chen Wing Man is deemed to be interested in all the Shares in which Mr. Jeff Ng is interested.

Save as disclosed above, as at 31 December 2016, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares 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.

Refreshment of the 10% scheme mandate limit under the Share Option Scheme has been approved by the shareholders of the Company at the 2016 annual general meeting of the Company (the "**AGM**") held on 4 August 2016. As at 31 December 2016, the outstanding number of share options available for grant under the Share Option Scheme is 166,720,000 share options, which, if granted and exercised in full, represent 10% of the Shares in issue as at the date of this report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the Period was the Company, or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' 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 (as defined in the GEM Listing Rules) 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 has been 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.



INTERESTS OF COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, CLC International Limited ("**CLC International**"), as at 31 December 2016, save for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015, neither CLC International nor any of its directors, employees or close associates had any interest in the Group, which was required to be notified to the Company by CLC International during the course of preparation of this report and required to be disclosed in this report pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he 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, A.6.7 and E.1.2 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, Mr. Wang Zhong Lei, Mr. Hong Ming Sang and Mr. Tso Ping Cheong, Brian, all being the then non-executive Directors (including independent non-executive Directors), did not attend the AGM held on 4 August 2016 due to their other unexpected business engagements.



Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee should be available to answer questions thereat. Due to prior business engagements, the respective chairman of the remuneration committee and the audit committee, were not able to attend the AGM held on 4 August 2016 in person, but they have already delegated to one of the executive Directors to answer questions on their behalf.

REVIEW BY 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 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, 13 February 2017

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.