



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 2015

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

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*This report, for which the directors (the “**Directors**”) 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”) is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2015 together with the unaudited comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2015

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2015	2014	2015	2014
		(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	4	49,286	40,394	125,486	108,837
Cost of services		(29,568)	(22,247)	(77,288)	(62,313)
Gross profit		19,718	18,147	48,198	46,524
Other income	5	197	113	538	342
Selling expenses		(3,980)	(3,665)	(11,524)	(11,329)
Administrative expenses		(14,689)	(7,660)	(41,528)	(23,416)
Share of profit of associates		144	36	421	278
Finance costs	6	-	-	-	(2)
Profit (Loss) before tax		1,390	6,971	(3,895)	12,397
Income tax expense	7	30	(1,102)	(1,410)	(2,520)
Profit (Loss) for the period attributable to owners of the Company	9	1,420	5,869	(5,305)	9,877
Other comprehensive income (expense)					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(312)	48	(191)	81
Total comprehensive income (loss) for the period attributable to owners of the Company		1,108	5,917	(5,496)	9,958
Earnings (Loss) per Share					
Basic and diluted (HK\$ cent)	10	0.09	0.35	(0.32)	0.59

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2015

	Attributable to owners of the Company					Total (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Share-based		Retained profits (unaudited) HK\$'000	
			payments	Exchange		
			reserve (unaudited) HK\$'000	reserve (unaudited) HK\$'000		
At 1 April 2015	32	46,625	-	(36)	13,459	60,080
Loss for the period	-	-	-	-	(5,305)	(5,305)
Other comprehensive expense for the period						
– Exchange differences arising on translating foreign operations	-	-	-	(191)	-	(191)
Total comprehensive loss for the period	-	-	-	(191)	(5,305)	(5,496)
Issue of shares upon placing	4,672	112,128	-	-	-	116,800
Issuing expenses of placing	-	(9,195)	-	-	-	(9,195)
Capitalisation issue of share	12,000	(12,000)	-	-	-	-
Share options granted during the period	-	-	1,945	-	-	1,945
Transfer upon a group reorganisation	(32)	32	-	-	-	-
Dividend paid (Note 8)	-	(13,004)	-	-	-	(13,004)
At 31 December 2015	16,672	124,586	1,945	(227)	8,154	151,130

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2014

	Attributable to owners of the Company					
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Share-based		Retained profits (unaudited) HK\$'000	Total (unaudited) HK\$'000
			payments	Exchange		
			reserve (unaudited) HK\$'000	reserve (unaudited) HK\$'000		
At 1 April 2014	32	46,625	–	(52)	4,341	50,946
Profit for the period	–	–	–	–	9,877	9,877
Other comprehensive income for the period						
– Exchange differences arising on translating foreign operations	–	–	–	81	–	81
Total comprehensive income for the period	–	–	–	81	9,877	9,958
At 31 December 2014	32	46,625	–	29	14,218	60,904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2015

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 address 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 the engagement in an Internet marketing platform for the travel industry.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Pursuant to the group reorganisation (the “**Reorganisation**”) as described in the sub-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 after 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 period or since the respective dates of incorporation/establishment of the relevant Group’s subsidiaries, up to 31 December 2015.

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 of the Group for the nine months ended 31 December 2015 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 (the “**HKICPA**”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The unaudited condensed consolidated financial statements for the nine months ended 31 December 2015 comprises the Company and its subsidiaries.

Other than those 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 for the nine months ended 31 December 2015 are presented in HK\$, which is the same as the functional currency of the Company.

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2015 is the historical cost basis.

The preparation of the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2015 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

In the current 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 2015. 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 standard, amendments and interpretation will have no material impact on the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2015.

4. REVENUE

Revenue represents revenue arising 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 periods indicated:

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Digital advertisement placement services	16,019	14,508	44,193	41,447
Social media management services	22,681	16,090	54,980	42,863
Creative and technology services	10,586	9,796	26,313	24,527
	49,286	40,394	125,486	108,837

5. OTHER INCOME

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Bank interest income	10	6	22	51
Reversal of impairment loss on trade receivables	46	–	257	–
Net foreign exchange (loss) gain	–	(60)	–	6
Sundry income	141	167	259	285
	197	113	538	342

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interest on:				
Finance lease	-	-	-	2
	-	-	-	2

7. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Current tax:				
Hong Kong Profit Tax	-	873	57	1,819
PRC Enterprise Income Tax	269	116	1,204	386
	269	989	1,261	2,205
Over-provision on prior periods	(447)	-	-	-
Deferred tax	148	113	149	315
	(30)	1,102	1,410	2,520

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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 both periods.

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

8. DIVIDENDS

	Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interim dividend for the year ending 31 March 2016, HK\$0.78 cent per Share (year ended 31 March 2015: nil)	13,004	–

9. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Directors' and chief executive's emoluments	1,433	783	3,690	2,485
Other staff costs (excluding Directors' and chief executive's emoluments)	14,234	12,432	39,034	35,374
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	1,135	870	3,457	2,649
Share-based payments	678	–	1,945	–
Total staff costs	17,480	14,085	48,126	40,508
Depreciation of plant and equipment	481	387	1,356	1,125
Written off of plant and equipment	–	–	–	151
Amortisation of intangible assets (included in cost of services)	214	113	642	341
Professional expenses incurred in connection with the Company's listing	–	1,224	7,523	2,280
Net foreign exchange loss	68	–	210	–
Operating lease rentals in respect of rented premises	1,576	1,246	4,575	4,129

10. EARNINGS (LOSS) PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000

Earnings (Loss)

Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings per Share

	1,420	5,869	(5,305)	9,877
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	Three months ended 31 December		Nine months ended 31 December	
	2015 (unaudited) '000	2014 (unaudited) '000	2015 (unaudited) '000	2014 (unaudited) '000

Number of Shares

Weighted average number of ordinary Shares for the purpose of basic earnings per Share

	1,667,200	1,667,200	1,667,200	1,667,200
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The diluted earnings (loss) per Share is equal to basic earnings (loss) per Share as calculated above as there were no potential dilutive ordinary Shares outstanding for the three and nine months ended 31 December 2015 and 2014.

The weighted average number of ordinary Shares in issue during the periods ended 31 December 2015 and 2014 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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is an integrated digital marketing services provider in Hong Kong, ranking second among all digital marketing services providers in Hong Kong in terms of revenue for the year ended 31 March 2014 according to a report in respect of the digital marketing service industry in Hong Kong and China issued by Ipsos Hong Kong Limited dated 22 May 2015 and commissioned by the Company. The goal of the Group is to become a sizable and influential Internet enterprise and to revamp the traditional industries and enable clients to promote business in different areas of the world through the power of the Internet. The Group's current range of integrated digital marketing services includes (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

As opposed to providing a single type of digital marketing service to the advertisers, the Group, based on its experience, industry knowledge and understanding of the market, analyses the backgrounds, characteristics, products or services and target audiences of the advertisers and provides integrated digital marketing services which are customised to address its clients' needs. The Group and the Directors consider that there has been no modification of the business objectives or the business plans as stated in the Prospectus.

With the popularity of the Internet in the PRC and Hong Kong, the increasing number of mobile devices and volume of online shopping transactions, the spending of customers in the integrated digital marketing area is expected to rise. The Group intends to continue to expand its client base and business operations.

In addition, the Group has established a subsidiary in 2015 whose principal activity is the engagement in an Internet marketing platform for the travel industry. The Group intends to broaden the existing range of digital marketing services by providing new digital marketing products to its clients. The Group believes the income from its integrated digital marketing business will continue to increase.

In view of tremendous new development opportunities presented with the adoption of the digital marketing services, the Group is now actively exploring and evaluating acquisition or investment opportunities which can strengthen its presence and enhance its value so as to address the growing demand of the market. The Group believes that the implementation of the Group's strategy can enable it to grasp the related opportunities and create new engines of its growth for the future.

FINANCIAL REVIEW

Revenue

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

For the nine months ended 31 December 2015, revenue from social media management services amounted to approximately HK\$54.98 million (nine months ended 31 December 2014: approximately HK\$42.86 million), accounting for approximately 43.81% of the Group's total revenue (nine months ended 31 December 2014: approximately 39.38%). It is expected to remain as a major source of revenue in the future.

Revenue from digital advertisement placement services for the nine months ended 31 December 2015 amounted to approximately HK\$44.19 million (nine months ended 31 December 2014: approximately HK\$41.45 million), representing approximately 35.22% of the Group's total revenue (nine months ended 31 December 2014: around 38.08%).

During the nine months ended 31 December 2015, revenue from creative and technology services amounted to approximately HK\$26.31 million (nine months ended 31 December 2014: approximately HK\$24.53 million), accounting for approximately 20.97% of the Group's total revenue (nine months ended 31 December 2014: around 22.54%).

Total revenue of the Group grew by approximately 15.30% from approximately HK\$108.84 million for the nine months ended 31 December 2014 to approximately HK\$125.49 million for the nine months ended 31 December 2015, which was mainly attributable to the rapid growth of the PRC market.

Other income

Other income of the Group increased by approximately 58.82% from approximately HK\$0.34 million for the nine months ended 31 December 2014 to approximately HK\$0.54 million for the nine months ended 31 December 2015, which was mainly attributable to the reversal of impairment loss on trade receivables recognised for the nine months ended 31 December 2015.

Selling expenses

The Group's selling expenses increased by approximately 1.68% from approximately HK\$11.33 million for the nine months ended 31 December 2014 to approximately HK\$11.52 million for the nine months ended 31 December 2015. The selling expenses were mainly staff costs, sales commission and marketing-related expenses. The selling expenses was relatively steady.

Administrative expenses

The Group's administrative expenses increased by approximately 77.33% from approximately HK\$23.42 million for the nine months ended 31 December 2014 to approximately HK\$41.53 million for the nine months ended 31 December 2015. The administrative expenses were mainly rental expenses, utility expenses, building management fees and recruitment-related expenses. The notable increase in administrative expenses was mainly generated from (i) the recognition of the one-off listing expenses of approximately HK\$7.52 million; (ii) the recognition of the share-based payments during the nine months ended 31 December 2015; (iii) the increase in administrative expenses for continuing listing compliance, including but not limited to legal and professional fees, public relationship expenses and printing charges; (iv) the increase in the Directors' emoluments after the Listing; and (v) the operating loss incurred during the nine months ended 31 December 2015 by a subsidiary established in 2015 whose principal activity is the engagement in an Internet marketing platform for the travel industry.

Income tax expenses

The income tax expenses decreased by approximately 44.05% from approximately HK\$2.52 million for the nine months ended 31 December 2014 to approximately HK\$1.41 million for the nine months ended 31 December 2015, which was mainly attributable to the decrease in taxable profit for the nine months ended 31 December 2015.

Total comprehensive income (loss) for the period attributable to owners of the Company

For the nine months ended 31 December 2015, total comprehensive loss for the period attributable to owners of the Company was approximately HK\$5.50 million, as compared to approximately HK\$9.96 million of total comprehensive income attributable to the owners of the Company for the nine months ended 31 December 2014. If the one-off listing expenses of approximately HK\$7.52 million (nine months ended 31 December 2014: approximately HK\$2.28 million) was excluded, total comprehensive income for the nine months ended 31 December 2015 attributable to owners of the Company would have been approximately HK\$2.02 million, around 83.50% lower than approximately HK\$12.24 million recorded in the same period in 2014.

The total comprehensive income attributable to owners of the Company for the three months ended 31 December 2015 amounted to approximately HK\$1.11 million, which was significantly improved as opposed to the total comprehensive loss attributable to owners of the Company for the three months ended 30 September 2015 of approximately HK\$1.44 million.

EVENT AFTER THE REPORTING PERIOD

On 12 January 2016, an extraordinary general meeting (the “**EGM**”) was held for obtaining an approval from independent shareholders of the Company (the “**Independent Shareholders**”) for the granting of share options to Mr. Alan Yip. The ordinary resolution was passed by the Independent Shareholders by way of poll at the EGM. Details of the poll result of the EGM are set out in the announcement of the Company dated 12 January 2016.

INTERIM DIVIDEND

The Board has recommended and the Company has declared the payment of an interim dividend of HK\$0.78 cent per Share for the year ending 31 March 2016 out of the share premium account of the Company. Save for such interim dividend, the Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2015 (nine months ended 31 December 2014: nil).

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

As at 31 December 2015, the interests and short positions of the Directors and the chief executives 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 of the Company

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)	365,760,000	5,990,000	371,750,000	22.30%
	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 (Note 4)	30,690,000 (Note 4)	1.84% (Note 4)
Ms. Karin Wan	Interests held jointly with another person (Note 1)	365,760,000	5,990,000	371,750,000	22.30%
	Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	249,120,000	30,690,000 (Note 4)	279,810,000 (Note 4)	16.78% (Note 4)
	Beneficial owner	–	5,490,000	5,490,000	0.33%
Mr. Jeff Ng	Interests held jointly with another person (Note 1)	432,000,000	36,680,000 (Note 4)	468,680,000 (Note 4)	28.11% (Note 4)
	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 have 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 in. 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 in.
4. These include the number of Shares to be allotted and issued upon exercise in full of the 30,690,000 share options granted by the Company to Mr. Alan Yip under the share option scheme adopted by the Company on 20 May 2015 (the “**Share Option Scheme**”). The share options offered to be granted to Mr. Alan Yip were subject to the approval by the Independent Shareholders at the EGM held on 12 January 2016. At the EGM, the offer for the grant of these share options to Mr. Alan Yip was approved.

Save as disclosed above, as at 31 December 2015, 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 2015, the following persons (other than the Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were 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 and the underlying Shares of the Company

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. Liza Wang	Interests held jointly with another person (Note 1)	432,000,000	41,670,000 (Note 8)	473,670,000 (Note 8)	28.41% (Note 8)
	Beneficial owner	182,880,000	500,000	183,380,000	11.00%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	614,880,000	42,170,000 (Note 8)	657,050,000 (Note 8)	39.41% (Note 8)
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)	614,880,000	42,170,000 (Note 8)	657,050,000 (Note 8)	39.41% (Note 8)

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 have 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 in.
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 in.
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 in.
8. These include the number of Shares to be allotted and issued upon exercise in full of the 30,690,000 share options granted by the Company to Mr. Alan Yip under the Share Option Scheme. The share options offered to be granted to Mr. Alan Yip were subject to the approval by the Independent Shareholders at the EGM held on 12 January 2016. At the EGM, the offer for the grant of these share options to Mr. Alan Yip was approved.

Save as disclosed above, as at 31 December 2015, 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 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.

On 13 July 2015, the Company made an offer for the grant of 166,487,072 share options under the Share Option Scheme to certain Directors, former Director, employees and consultants of the Company, which entitle such grantees to subscribe for a total of 166,487,072 Shares at an exercise price of HK\$0.63 per Share. The closing price of the Shares on the date on which such share options were offered to be granted was HK\$0.63 per Share. The offer for the grant with an aggregate amount of 24,287,600 share options was accepted by such grantees. The offer for the grant to Mr. Alan Yip, Ms. Karin Wan and Mr. Jeff Ng with an aggregate amount of 112,969,472 share options were not approved by the Independent Shareholders at an EGM held on 6 October 2015. Details of poll results of such EGM were set out in the announcement dated 6 October 2015.

On 9 December 2015, the Company made an offer for the grant of 56,000,000 share options under the Share Option Scheme to certain Directors, former Director, employees and consultants of the Company, which entitle such grantees to subscribe for a total of 56,000,000 Shares at an exercise price of HK\$0.315 per Share. The closing price of the Shares on the date on which such share options were offered to be granted was HK\$0.305 per Share. The offer for the grant with an aggregate of 56,000,000 share options was accepted by such grantees. Among these share options, the offer for the grant to Mr. Alan Yip with an amount of 30,690,000 share options were subject to the approval by the Independent Shareholders at the EGM held on 12 January 2016. At the EGM, the offer for the grant of these share options to Mr. Alan Yip was approved by the Independent Shareholders. Details of the poll result of the EGM were set out in the announcement of the Company dated 12 January 2016.

As at 31 December 2015, the outstanding number of share options available for grant under the Share Option Scheme is 87,722,400 share options to subscribe for Shares, which, if granted and exercised in full, represent approximately 5.26% 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.

COMPETING BUSINESS AND INTEREST

The Directors are not aware of any business or interest of the Directors nor the Company's controlling shareholders 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

The 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 in favour of the Company regarding certain non-competition undertakings given by them as the controlling shareholders in favour of the Company. The details of the deed of non-competition have been disclosed in the Prospectus.

INTERESTS OF COMPLIANCE ADVISER

As notified by the Company's compliance adviser, CLC International Limited ("**CLC International**"), neither CLC International nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015) as at 31 December 2015.

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 have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Since the Listing Date and up to 31 December 2015, 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 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.

Throughout the period since the Listing Date and up to 31 December 2015, the Company has complied with the code provisions, other than Provision A.2.1 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 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 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 as required by Provision A.2.1 of the CG Code.

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, 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 Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2015 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, 12 February 2016

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.