



# 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

Interim Report **2016**





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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 six months ended 30 September 2016 (the “**Period**”) 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 six months ended 30 September 2016

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	4	42,512	40,184	83,577	76,200
Cost of services		(28,658)	(25,260)	(53,746)	(47,720)
Gross profit		13,854	14,924	29,831	28,480
Other income	6	246	93	787	341
Selling expenses		(5,110)	(4,030)	(9,582)	(7,544)
Administrative expenses		(13,372)	(11,513)	(26,871)	(26,839)
Share of profit/(loss) of associates		(37)	153	(99)	277
Loss before tax		(4,419)	(373)	(5,934)	(5,285)
Income tax expense	7	(236)	(1,167)	(335)	(1,440)
Loss for the period attributable to owners of the Company	9	(4,655)	(1,540)	(6,269)	(6,725)
<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		(198)	102	(660)	121
Total comprehensive expenses for the period attributable to owners of the Company		(4,853)	(1,438)	(6,929)	(6,604)
Loss per Share					
Basic and diluted (HK cent)	10	(0.29)	(0.09)	(0.42)	(0.40)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016 and 31 March 2016

		<b>30 September 2016 (unaudited) HK\$'000</b>	31 March 2016 (audited) HK\$'000
Non-current assets			
Plant and equipment		<b>5,617</b>	5,898
Interests in associates		<b>1,304</b>	1,052
Held-to-maturity investments		<b>20,376</b>	–
Deposit paid		–	185
		<b>27,297</b>	7,135
Current assets			
Trade and bills receivables	11	<b>40,117</b>	39,555
Deposits, prepayments and other receivables		<b>9,604</b>	9,997
Held-to-maturity investments		<b>17,702</b>	–
Amounts due from associates		<b>336</b>	327
Tax recoverable		<b>2,000</b>	2,000
Restricted bank balance		<b>50</b>	50
Bank balances and cash		<b>57,141</b>	94,691
		<b>126,950</b>	146,620
Current liabilities			
Trade and other payables	12	<b>11,421</b>	7,791
Receipts in advance		<b>5,287</b>	2,903
Accrued expenses		<b>3,666</b>	4,059
Income tax payable		<b>1,299</b>	1,339
		<b>21,673</b>	16,092
Net current assets		<b>105,277</b>	130,528
Total assets less current liabilities		<b>132,574</b>	137,663
Non-current liabilities			
Deferred tax liability		<b>29</b>	–
		<b>132,545</b>	137,663
Capital and reserves			
Share capital		<b>16,672</b>	16,672
Reserves		<b>115,873</b>	120,991
Total equity		<b>132,545</b>	137,663



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2016

	Share capital	Share premium	Share options reserve	Exchange reserve	Other reserve (Note (a))	Retained profits (accumulated losses)	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	-	-	-	-	-	(6,269)	(6,269)
Other comprehensive expenses for the period							
– Exchange differences arising on translating foreign operations	-	-	-	(660)	-	-	(660)
Total comprehensive expenses for the period	-	-	-	(660)	-	(6,269)	(6,929)
Recognition of equity-settled share-based payment	-	-	1,811	-	-	-	1,811
Share options lapsed	-	-	(154)	-	-	154	-
At 30 September 2016 (unaudited)	16,672	78,559	4,603	(1,984)	46,657	(11,962)	132,545

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 six months ended 30 September 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	-	-	-	-	-	(6,725)	(6,725)
Other comprehensive income for the period							
– Exchange differences arising on translating foreign operations	-	-	-	121	-	-	121
Total comprehensive expenses for the period	-	-	-	121	-	(6,725)	(6,604)
Transfer upon a group reorganisation	(32)	(46,625)	-	-	46,657	-	-
Recognition of equity-settled share- based payment	-	-	1,267	-	-	-	1,267
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 8)	-	(13,004)	-	-	-	-	(13,004)
At 30 September 2015 (unaudited)	16,672	77,929	1,267	85	46,657	6,734	149,344

### 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 CASH FLOWS

For the six months ended 30 September 2016 and 2015

	Six months ended	
	30 September 2016 (unaudited) HK\$'000	30 September 2015 (unaudited) HK\$'000
Net cash generated from (used in) operating activities	<b>1,984</b>	(13,862)
Net cash used in investing activities	<b>(38,874)</b>	(2,470)
Net cash generated from financing activities	–	94,597
Net (decrease) increase in cash and cash equivalents	<b>(36,890)</b>	78,265
Cash and cash equivalents at beginning of the period	<b>94,691</b>	13,355
Effect of foreign exchange rate changes	<b>(660)</b>	121
Cash and cash equivalents at end of the period	<b>57,141</b>	91,741



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and six months ended 30 September 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 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 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 six months ended 30 September 2015 and 2016, respectively, or since their respective dates of incorporation or establishment to 30 September 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 six months ended 30 September 2016 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.





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

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 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 six months ended 30 September 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**

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 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		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Digital advertisement placement services	12,303	14,527	24,091	28,174
Social media management services	20,446	17,508	40,418	32,299
Creative and technology services	9,759	8,149	19,062	15,727
Internet marketing platform	4	–	6	–
	42,512	40,184	83,577	76,200

## 5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Directors have chosen to organise the Group around differences in services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1. Digital Advertisement Placement Services – Provision of advertisement placement services through digital media;
2. Social Media Management Services – Provision of set-up, maintenance and monitor services on corporate profile pages through the social media platforms;



## 5. SEGMENT INFORMATION *(Continued)*

3. Creative and Technology Services – Provision of services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation; and
4. Internet Marketing Platform – Engagement in an internet marketing platform for the travel industry.

Segment results are reported to the CODM for the purposes of resource allocation and assessment of segment performance. Segment assets and liabilities are not reported to the Group's CODM regularly.

### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

*For the six months ended 30 September 2016 (unaudited)*

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Internet Marketing Platform HK\$'000	Total HK\$'000
REVENUE					
External sales and segment revenue	24,091	40,418	19,062	6	83,577
Segment results	6,696	15,528	5,951	(34)	28,141
Unallocated other income					672
Unallocated selling expenses					(9,582)
Unallocated administrative expenses					(25,066)
Share of loss of associates					(99)
Loss before tax					(5,934)

## 5. SEGMENT INFORMATION *(Continued)*

*For the six months ended 30 September 2015 (unaudited)*

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Internet Marketing Platform HK\$'000	Total HK\$'000
REVENUE					
External sales and segment revenue	28,174	32,299	15,727	–	76,200
Segment results	9,247	11,301	7,268	–	27,816
Unallocated other income					130
Unallocated selling expenses					(7,544)
Unallocated administrative expenses					(25,964)
Share of profit of associates					277
Loss before tax					(5,285)

Segment results represent the profit earned by each segment without allocation of central administrative expenses, selling expenses, directors' and chief executive's emoluments, bank interest income and sundry income and share of profit (loss) of associates. This is the measure reported to the Board, being the CODM, for the purposes of resource allocation and performance assessment.



## 5. SEGMENT INFORMATION *(Continued)*

### Geographic information

The Group's operations are located in Hong Kong (country of domicile) and the PRC.

The Group's revenue from external customers based on location of customers and information about its non-current assets by geographical location are detailed as below:

	Revenue from external customers		Non-current assets (excluding deposit paid)	
	Six months ended	Six months ended	30 September 2016 (unaudited)	31 March 2016 (audited)
	30 September 2016 (unaudited)	30 September 2015 (unaudited)	30 September 2016 (unaudited)	31 March 2016 (audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC	18,801	17,599	835	715
Hong Kong (country of domicile)	64,776	58,601	26,462	6,235
	83,577	76,200	27,297	6,950

### Information about major customers

No revenue from a single customer contributed over 10% of the total revenue of the Group during the six months ended 30 September 2016 and 2015, respectively.

## 6. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Bank interest income	7	7	16	12
Bond interest income	148	–	236	–
Reversal of impairment loss on trade receivables	–	34	115	211
Sundry income	91	52	420	118
	<b>246</b>	93	<b>787</b>	341

## 7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	–	504	55	504
PRC Enterprise Income Tax	306	730	306	935
	<b>306</b>	1,234	<b>361</b>	1,439
Over-provision in prior periods:				
Hong Kong	(55)	–	(55)	–
Deferred tax	(15)	(67)	29	1
	<b>236</b>	1,167	<b>335</b>	1,440



## 7. 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 six months ended 30 September 2015 and 2016, respectively.

Under the law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for the six months ended 30 September 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.

## 8. DIVIDENDS

Dividend recognised as distribution during the relevant periods:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2016</b>	2015
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	HK\$'000
Interim dividend	–	13,004

## 9. LOSS FOR THE PERIOD

Loss for the Period has been arrived at after charging:

	Three months ended		Six months ended	
	30 September	2015	30 September	2015
	2016	(Restated)	2016	(Restated)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Directors' and chief executive's emoluments	<b>1,793</b>	1,816	<b>3,983</b>	2,624
Other staff costs (excluding Directors' and chief executive's emoluments)	<b>18,599</b>	15,023	<b>36,404</b>	27,069
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	<b>685</b>	493	<b>1,298</b>	953
<b>Total staff costs</b>	<b>21,077</b>	17,332	<b>41,685</b>	30,646
Depreciation of plant and equipment	<b>523</b>	454	<b>1,036</b>	875
Impairment loss on trade receivable	<b>800</b>	–	<b>800</b>	–
Amortisation of intangible assets (included in cost of services)	–	214	–	428
Listing expenses (included in administrative expenses)	–	41	–	7,523
Net foreign exchange loss	<b>56</b>	105	<b>236</b>	142
Operating lease rentals in respect of rented premises	<b>1,650</b>	1,535	<b>3,332</b>	2,999





## 10. LOSS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Loss</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	<b>(4,655)</b>	(1,540)	<b>(6,269)</b>	(6,725)
<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 loss per Share	<b>1,667,200</b>	1,667,200	<b>1,667,200</b>	1,667,200

The weighted average numbers of ordinary Shares in issue during the periods ended 30 September 2016 and 2015, respectively, represent 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 Period 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 Period.

## 11. TRADE AND BILLS RECEIVABLES

	<b>As at 30 September 2016 (unaudited) HK\$'000</b>	As at 31 March 2016 (audited) HK\$'000
Trade receivables	<b>40,870</b>	41,087
Less: allowance for impairment of trade receivables	<b>(3,497)</b>	(2,883)
	<b>37,373</b>	38,204
Bills receivables	<b>2,744</b>	1,351
	<b>40,117</b>	39,555

As at 30 September 2016, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$13,823,000 (31 March 2016: HK\$20,107,000) which has not yet been due according to the contract terms as at the end of the relevant period. Trade receivables that were neither past due nor impaired related to a wide range of customers who did not have any recent history of default.



## 11. TRADE AND BILLS RECEIVABLES (Continued)

As at 30 September 2016, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$26,294,000 (31 March 2016: HK\$19,448,000) which was related to debts that were past due as at the reporting date but for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have good track records with the Group. Based on past experience, the management of the Group believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality of these customers and the balances are still considered fully recoverable.

The following is an ageing analysis of trade and bills receivables, net of allowance for impairment of trade receivables presented based on the due date at the end of the relevant period.

	<b>As at 30 September 2016 (unaudited) HK\$'000</b>	As at 31 March 2016 (audited) HK\$'000
Current	<b>13,823</b>	20,107
Overdue:		
– Within 60 days	<b>13,561</b>	6,464
– 61-90 days	<b>4,158</b>	3,363
– 91-120 days	<b>2,144</b>	3,561
– Over 120 days	<b>6,431</b>	6,060
	<b>26,294</b>	19,448
	<b>40,117</b>	39,555

## 12. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2016 (unaudited) HK\$'000</b>	As at 31 March 2016 (audited) HK\$'000
Trade payables	<b>11,115</b>	7,481
Other payables	<b>306</b>	310
	<b>11,421</b>	7,791

The following is an ageing analysis of trade payables presented based on the invoice date at the end of the relevant period.

	<b>As at 30 September 2016 (unaudited) HK\$'000</b>	As at 31 March 2016 (audited) HK\$'000
Within 30 days	<b>5,293</b>	3,552
31-60 days	<b>885</b>	810
Over 60 days	<b>4,937</b>	3,119
	<b>11,115</b>	7,481

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30-60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.



## 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 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 able 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 the established or start-up companies, which offer digital marketing or Internet services, to identify investment projects with strong growth 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, enhance its core competitiveness and capture the opportunities presented by the Internet and the economy, so as to bring better 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\$40.42 million (six months ended 30 September 2015: approximately HK\$32.30 million), accounting for around 48.36% of our total revenue (six months ended 30 September 2015: around 42.39%). 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\$24.09 million (six months ended 30 September 2015: approximately HK\$28.17 million), representing around 28.82% of our total revenue (six months ended 30 September 2015: around 36.97%).

For the Period, revenue generated from the provision of creative and technology services amounted to approximately HK\$19.06 million (six months ended 30 September 2015: approximately HK\$15.73 million), accounting for around 22.80% of our total revenue (six months ended 30 September 2015: around 20.64%).

Revenue generated from the engagement in an Internet marketing platform for the Period amounted to approximately HK\$6,000 (six months ended 30 September 2015: Nil).

Total revenue of the Group grew by around 9.69% from approximately HK\$76.20 million for the six months ended 30 September 2015 to approximately HK\$83.58 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 around 132.35% from approximately HK\$0.34 million for the six months ended 30 September 2015 to approximately HK\$0.79 million for the Period, which was mainly attributable to the increase in sundry income and bond interest income.

## **Selling expenses**

The Group's selling expenses increased by around 27.06% from approximately HK\$7.54 million for the six months ended 30 September 2015 to approximately HK\$9.58 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 staff costs under selling expenses.

## **Administrative expenses**

The Group's administrative expenses slightly increased by around 0.11% from approximately HK\$26.84 million for the six months ended 30 September 2015 to approximately HK\$26.87 million for the Period. The administrative expenses were mainly rental and building management expenses, utility expenses, recruitment-related expenses and professional fees. The increase in administrative expenses for the Period was mainly due to (i) the increase in professional fees incurred after the Listing; and (ii) the increase in staff costs, partially offset by the absence of the one-off listing expenses, during the Period.

## **Income tax expense**

The income tax expense decreased by around 76.39% from approximately HK\$1.44 million for the six months ended 30 September 2015 to approximately HK\$0.34 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\$6.27 million (six months ended 30 September 2015: approximately HK\$6.73 million). Such a decrease in loss attributable to owners of the Company for around 6.84% was mainly due to the growth of revenue coupled with the effective expenses control and the decrease in income tax expenses during the Period.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Period (six months ended 30 September 2015: an interim dividend of HK0.78 cents per Share for the total amount of HK\$13,004,000).

## LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2016, the Group's current ratio was 5.86, compared to 9.11 as at 31 March 2016. The significant decrease in current ratio was due to the held-to-maturity investments acquired by the Group during the Period. As at 30 September 2016, the Group's bank balances and cash totalled approximately HK\$57.14 million (31 March 2016: approximately HK\$94.69 million).

As at 30 September 2016, the Group did not have any interest-bearing loans and borrowings (31 March 2016: Nil).

During the Period, the Group did not experience any withdrawal of facilities, default in payment of trade and other payables, bank borrowing or breach of financial covenants. As at 30 September 2016, there was no amount due to related parties (31 March 2016: Nil). The Group does not have a foreign currency hedging policy. However, we monitor our exposure to foreign currency risk on an ongoing basis and would consider hedging significant foreign currency exposure should it be necessary. The Group's financial position remains solid and we have sufficient bank balances and cash denominated in RMB to meet our foreign exchange liabilities as they become due.

## CAPITAL STRUCTURE

On 29 May 2015, our Shares were successfully listed on GEM of the Stock Exchange. Since then, the Group's capital structure has remained unchanged. Our equity consists only of ordinary shares. On the date of this report, the Company's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares is 1,667,200,000 with a par value of HK\$0.01.





## **SIGNIFICANT INVESTMENT HELD**

Save and except for the held-to-maturity investments for the amount of approximately HK\$38.08 million, the Group did not hold any significant investments during the six months ended 30 September 2016. (30 September 2015: Nil)

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

During the Period, the Group has established a subsidiary in Nanjing whose principal activity is the provision of marketing services. During the six months ended 30 September 2015, the Group has established a subsidiary in Hong Kong whose principal activity is the engagement in an Internet marketing platform for the travel industry. In January 2016, the Group has acquired an associate whose principal activity is the provision of digital portal and services on part-time and temporary jobs for job seekers and employers.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2016, the Group employed 273 full-time employees (31 March 2016: 258). For the Period, staff costs of the Group (including Directors' emoluments) were approximately HK\$41.69 million (six months ended 30 September 2015: approximately HK\$30.65 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees in order to attract and retain eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as individual's contribution.

## **CHARGE OF ASSETS**

As at 30 September 2016, the Group pledged a bank deposit with a carrying value of approximately HK\$50,000 (31 March 2016: approximately HK\$50,000) to secure the banking facilities granted to the Group.

Save as disclosed above, the Group did not have any charges on its assets as at 30 September 2016.



## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

As at 30 September 2016, the Group did not have any significant capital commitments (31 March 2016: Nil). Save for the business plan disclosed in the Prospectus or otherwise disclosed in this report, the Group did not have any future plans for material investments or capital assets as at 30 September 2016.

## **GEARING RATIO**

As at 30 September 2016 and 31 March 2016, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 September 2016, the Group had a portion of its bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management of the Group monitors the Group's exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above-mentioned bank deposits denominated in RMB amounted to approximately HK\$3.75 million (31 March 2016: approximately HK\$2.22 million).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 September 2016 (31 March 2016: Nil).

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events occurring subsequent to 30 September 2016 and up to the date of this report.



## COMPARISON BETWEEN BUSINESS PLAN AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress is set out below:

<b>Business objectives as stated in the Prospectus</b>	<b>Business strategies up to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2016</b>
Continue to expand the Group's client base and business operations	Expand sales and proposal team by approximately 10 additional staff at the Hong Kong office to improve the level of support and attention provided to each of the existing and potential clients so as to enhance the Group's capability of providing innovative digital marketing strategies, maintaining the relationship with clients and expanding the client base.	The Group has expanded the sales and proposal team by 2 additional staff at the Hong Kong office.
	Expand service teams by approximately 10 additional staff at the Hong Kong and Guangzhou offices to maintain the quality of services and expand the Group's capacity to capitalise on the growing demand in the market.	The Group has expanded the service teams by 15 and 4 additional staff at the Hong Kong office and Guangzhou office, respectively.

<b>Business objectives as stated in the Prospectus</b>	<b>Business strategies up to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2016</b>
Strengthen and broaden the Group's existing range of digital marketing services	<p>Provide enhanced customer relationship-related training programmes to staff members.</p> <p>Conduct studies on the digital marketing service industry in Eastern China.</p> <p>Research and expand existing range of digital marketing services and perform beta and pilot tests.</p> <p>Update market needs, research on comparable and new technologies through conducting market research.</p> <p>Recruit approximately 13 additional technical staff.</p> <p>Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience.</p>	<p>The Group has provided weekly customer relationship-related training programmes to staff members.</p> <p>The Group has established a subsidiary in Nanjing in August 2016, whose principal activity is the provision of marketing services.</p> <p>The Group has established a subsidiary in Hong Kong in August 2015, whose principal activity is the engagement in an Internet marketing platform for the travel industry.</p> <p>The Group has recruited 5 additional staff for the newly established subsidiaries.</p>



<b>Business objectives as stated in the Prospectus</b>	<b>Business strategies up to 30 September 2016 as stated in the Prospectus</b>	<b>Actual business progress up to 30 September 2016</b>
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	Identify market needs, research on comparable and new technologies through conducting market research	
Pursue growth through selective mergers and acquisitions	Documentation and due diligence works.  Review the backgrounds and financials of the potential acquisition targets primarily based in the Greater China region.  Acquire companies with functional-expertise, industry-expertise or regional client-expertise primarily based in the Greater China region.	The Group has acquired an associate in January 2016, whose principal activity is the provision of digital portal and services on part-time and temporary jobs for job seekers and employers.  The Group is now approaching a potential acquisition target and undergoing relevant due diligence works.

## USE OF PROCEEDS

Based on the actual placing price of HK\$0.25 per placing Share and upon the exercise of the offer size adjustment option, the actual net proceeds received by the Company from the placing of its Shares on GEM of the Stock Exchange (the “**Listing**”), after deducting the underwriting commission and other estimated expenses, were approximately HK\$91.8 million. The amount was higher than the estimated net proceeds of approximately HK\$67.0 million as disclosed in the Prospectus, which was based on the placing price of HK\$0.23 per placing Share, being the mid-point of the indicative placing price range and did not take into account any exercise of the offer size adjustment option.

In the light of the difference between the actual and estimated amounts of net proceeds, the Group has adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and as a result, approximately HK\$24.0 million, HK\$25.3 million, HK\$34.2 million and HK\$8.3 million, representing approximately 26.1%, 27.6%, 37.3% and 9.0%, respectively, of the actual net proceeds, were adjusted for (i) expanding our client base and business operations; (ii) strengthening and broadening our existing range of digital marketing services; (iii) pursuing growth through selective mergers and acquisitions; and (iv) funding of our working capital and general corporate purposes.

Accordingly, the plans for application of such actual net proceeds were adjusted as follow, which are in the same manner and in the same proportion as shown in the Prospectus:

	For the six months ending						Approximate % of the total net proceeds	
	From 15 May 2015 to 30 September 2015	31 March 2016	30 September 2016	31 March 2017	30 September 2017	31 March 2018		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million		
	Total							
Expanding our client base and business operations	1.4	2.6	3.7	4.5	5.5	6.3	24.0	26.1%
Strengthening and broadening our existing range of digital marketing services	1.8	3.3	3.4	4.4	5.6	6.8	25.3	27.6%
Pursuing growth through selective mergers and acquisitions	-	9.2	-	12.4	-	12.6	34.2	37.3%
	3.2	15.1	7.1	21.3	11.1	25.7	83.5	91.0%

The actual net proceeds from the Listing will be approximately 91.0% utilised by 31 March 2018 as shown above and approximately 9.0% of the actual net proceeds was being used as working capital and funding for other general corporate purposes, which are in the same manner and in the same proportion as disclosed in the Prospectus.



Up to 30 September 2016, the Group has applied the actual net proceeds as follows:

	<b>Adjusted use of proceeds in the same manner and proportion as stated in Prospectus up to 30 September 2016 HK\$ million</b>	<b>Actual usage up to 30 September 2016 HK\$ million</b>
Expanding our client base and business operations	<b>7.7</b>	6.3
Strengthening and broadening our existing range of digital marketing services	<b>8.5</b>	9.3
Pursuing growth through selective mergers and acquisitions	<b>9.2</b>	0.9
	<b>25.4</b>	16.5

The unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Hong Kong.

Actual use of proceeds on pursuing growth through selective mergers and acquisition was significantly lower than the planned use of proceeds because the Group is still exploring suitable acquisition targets. The Group has no present intention to change the purposes of the unutilised net proceeds and will continue to apply the remaining net proceeds in accordance with the proposed applications set out above.



## PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risks and uncertainties are summarised as follows:

- (i) The Group's ongoing operations and growth could be affected if it fails to attract, recruit or retain key personnel including the executive Directors, senior management and key employees;
- (ii) The Group relies on a sole supplier, Viral Digital Studio Limited ("**VDS**"), for the provision of online monitoring services, and any disruption in the provision of services from VDS or the Group's inability to identify alternative service providers may affect the Group's business operations and financial results;
- (iii) The Group's clients may delay in settlement of its bills, which may result in material adverse impact on the Group's business, financial conditions and results of operations;
- (iv) The Group's reputation, brand name and business could be adversely affected by misconducts of third parties, including the Group's partner websites, apps, mobile sites, service providers and advertising agencies, all of whom being independent entities and hence the Group does not have direct control over these third parties in relation to the contents shown on their websites, app and mobile sites and/or their activities; and
- (v) The Group's business and financial performance may be adversely affected and the business sustainability may also be adversely affected if the Group are unable to secure engagements from clients through the tendering process.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.



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

As at 30 September 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 ("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		Percentage of shareholding
			Shares held	Total interests	
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)	249,120,000	5,490,000	254,610,000	15.27%
	Interest of spouse (Note 3)				
	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)	249,120,000	30,690,000	279,810,000	16.78%
	Interest of spouse (Note 3)				
	Beneficial owner	–	5,490,000	5,490,000	0.33%

Name	Nature of interest	Total number			Percentage of shareholding
		Total number of Shares held	of underlying Shares held	Total interests	
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:

- 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 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 30 September 2016, none of the Directors nor chief executive of the Company registered any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 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		Percentage of shareholding
			Total interests	Total interests	
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	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. (“ <b>Huayi Brothers</b> ”)	Beneficial owner	248,970,000	–	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED (“ <b>Huayi Brothers International</b> ”)	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%
Huayi Brothers Media Corporation (“ <b>Huayi Brothers Media</b> ”)	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%
HGI GROWTH CAPITAL LIMITED (“ <b>HGI Growth</b> ”)	Beneficial owner	132,720,000	–	132,720,000	7.96%



Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held		Percentage of shareholding
			Total interests	Total interests	
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 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.

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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 30 September 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.

Particulars of the share options outstanding under the Share Option Scheme at the beginning and at the end of the Period, and the share options granted, exercised, cancelled or lapsed under the Share Option Scheme during the Period were as follows:

Grantee	Position	Date of grant	Exercise period	Outstanding				Outstanding	
				Exercise price per Share	as at 1 April 2016	Granted during the Period	Lapsed during the Period	Exercised during the Period	as at 30 September 2016
				HK\$					
Mr. Alan Yip	Executive Director, chief executive officer	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	30,690,000	-	-	-	30,690,000
Ms. Karin Wan	Executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	5,490,000	-	-	-	5,490,000
Mr. Jeff Ng	Executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	5,490,000	-	-	-	5,490,000
Mr. Wang Zhong Lei	Non-executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	1,000,000	-	-	-	1,000,000
Ms. Cheung Laam	Non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	-	-	500,000
Mr. Tso Ping Cheong, Brian	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	-	-	500,000
Mr. David Tsoi	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	1,000,000	-	-	-	1,000,000

Grantee	Position	Date of grant	Exercise period	Exercise price per Share	Outstanding			Outstanding	
					as at 1 April 2016	Granted during the Period	Lapsed during the Period	Exercised during the Period	as at 30 September 2016
Mr. Hong Ming Sang	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	-	-	500,000
Mr. Lam Tung Leung	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	1,000,000	-	-	-	1,000,000
Mr. Patrick Cheung	Former non-executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	4,440,000	-	-	-	4,440,000
Ms. Hu Ming	Former non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	2,000,000	-	-	-	2,000,000
Ms. Liza Wang	Former non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2018	0.63	500,000	-	-	-	500,000
Employees and consultants		13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2018	0.63	16,407,600	-	1,490,000	-	14,917,600
		9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	8,854,000	-	798,000	-	8,056,000
Total					78,371,600	-	2,288,000	-	76,083,600





*Notes:*

1. The closing price of the Shares immediately before the date on which these share options were granted, that is 8 December 2015, was HK\$0.315 per Share.
2. The closing price of the Shares immediately before the date on which these share options were granted, that is 10 July 2015, was HK\$0.55 per Share.

18,787,600 share options granted on 13 July 2015 shall be exercisable in three tranches and subject to the following vesting periods: (i) one third of the Shares shall be vested and exercisable from 12 October 2015; (ii) another one third of the Shares shall be vested and exercisable from 12 October 2016; and (iii) the remaining of the Shares shall be vested and exercisable from 12 October 2017.

5,500,000 share options granted on 13 July 2015 shall be exercisable in two tranches and subject to the following vesting periods: (i) one half of the Shares shall be vested and exercisable from 12 October 2015; and (ii) the remaining of the Shares shall be vested and exercisable from 12 October 2016.

56,000,000 share options granted on 9 December 2015 shall be exercisable in three tranches and subject to the following vesting periods: (i) one third of the Shares shall be vested and exercisable from 1 July 2016; (ii) another one third of the Shares shall be vested and exercisable from 1 January 2017; and (iii) the remaining of the Shares shall be vested and exercisable from 1 January 2018.

As at 30 September 2016, the outstanding number of share options under the Share Option Scheme was 76,083,600 share options, which, if exercised in full, will result in the issue of 76,083,600 Shares, representing approximately 4.56% of the total number of Shares in issue as at the date of this report. No share option was granted under the Share Option Scheme during the Period.

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, so that the Directors are authorised to issue share options to subscribe for a total of 166,720,000 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.



## **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 had been entered 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 30 September 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 are 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.

## 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, 11 November 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.*