

# 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 2017



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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

*This report, for which the directors (collectively the “**Directors**” and individually, the “**Director**”) of Guru Online (Holdings) Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2017 together with the unaudited comparative figures for the corresponding period in 2016 and the relevant explanatory notes as follows:

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

For the three months and nine months ended 31 December 2017

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Revenue	4	50,432	49,359	138,012	132,936
Cost of services		(31,155)	(32,314)	(84,643)	(86,060)
Gross profit		19,277	17,045	53,369	46,876
Other income, gains and losses	5	626	229	1,782	1,016
Selling expenses		(5,922)	(5,481)	(18,107)	(15,063)
Administrative expenses		(15,301)	(13,621)	(43,687)	(40,492)
Share of profit/(loss) of associates		181	100	(24)	1
Impairment loss on interests in associates		–	–	(273)	–
Change in fair value of held for trading investments		(151)	–	(246)	–
Loss before tax		(1,290)	(1,728)	(7,186)	(7,662)
Income tax expense	6	(396)	(120)	(396)	(455)
Loss for the period attributable to owners of the Company	8	(1,686)	(1,848)	(7,582)	(8,117)
<b>Other comprehensive income/(loss)</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Change in fair value of available-for-sale investments		600	–	665	–
Exchange differences arising on translating foreign operations		290	(453)	821	(1,113)
Total comprehensive loss for the period attributable to owners of the Company		(796)	(2,301)	(6,096)	(9,230)
Loss per Share					
Basic and diluted (HK cent)	9	(0.10)	(0.11)	(0.45)	(0.49)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Share capital	Share premium	Share options reserve	Available-for-sale investments reserve	Exchange reserve	Other reserve (Note)	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (audited)	16,672	78,559	5,136	-	(2,316)	46,657	(21,570)	123,138
Loss for the period	-	-	-	-	-	-	(7,582)	(7,582)
Other comprehensive income for the period								
– Change in fair value of available-for-sale investments	-	-	-	665	-	-	-	665
– Exchange differences arising on translating foreign operations	-	-	-	-	821	-	-	821
Total comprehensive loss for the period	-	-	-	665	821	-	(7,582)	(6,096)
Recognition of equity-settled share-based payment	-	-	532	-	-	-	-	532
Share options lapsed	-	-	(623)	-	-	-	623	-
At 31 December 2017 (unaudited)	16,672	78,559	5,045	665	(1,495)	46,657	(28,529)	117,574

Note:

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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the nine months ended 31 December 2016

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

Note:

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and nine months ended 31 December 2017*

## 1. GENERAL

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

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are investment holding, provision of digital media services, provision of marketing services and engagement in an Internet marketing platform for the travel industry.

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

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The Group’s unaudited condensed consolidated financial statements for the nine months ended 31 December 2017 (the “**Period**”) have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

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

The accounting policies used in the preparation of this report are consistent with those used in the preparation of the annual report for the year ended 31 March 2017.

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

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

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

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and are effective for its accounting period beginning on 1 April 2017. 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 on the provision of social media management services, digital advertisement placement services, creative and technology services and the engagement in an Internet marketing platform. The following is an analysis of the Group's revenue for the relevant periods:

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Social media management services	21,651	25,495	62,117	65,913
Digital advertisement placement services	11,475	13,999	31,284	38,090
Creative and technology services	17,306	9,865	44,611	28,927
Internet marketing platform	-	-	-	6
	50,432	49,359	138,012	132,936

## 5. OTHER INCOME, GAINS AND LOSSES

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	10	60	15	76
Bond interest income	78	114	254	350
Dividend income	109	-	207	-
Reversal of impairment loss on trade receivables	209	-	662	115
(Loss)/gain on disposal of held for trading investments	(77)	-	46	-
Gain on disposal of available-for-sale investments	168	-	168	-
Sundry income	129	55	430	475
	626	229	1,782	1,016



## 6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profit Tax	-	-	-	55
PRC Enterprise Income Tax	396	149	396	455
	396	149	396	510
Over-provision in prior periods:				
Hong Kong Profit Tax	-	-	-	(55)
Deferred tax	-	(29)	-	-
	396	120	396	455

No provision for Hong Kong Profits Tax has been made for the Period as there was no assessable profits for the Period. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the nine months ended 31 December 2016 and 2017, respectively.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for the nine months ended 31 December 2016 and 2017, respectively.

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

## 7. DIVIDENDS

Dividend recognised as distribution during the relevant periods:

	Nine months ended 31 December	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Interim dividend	–	–

## 8. LOSS FOR THE PERIOD

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

	Three months ended 31 December		Nine months ended 31 December	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Directors' and chief executive's emoluments	2,758	2,736	11,727	6,719
Other staff costs (excluding Directors' and chief executive's emoluments)	20,886	18,170	54,604	54,574
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	641	620	1,865	1,918
<b>Total staff costs</b>	<b>24,285</b>	21,526	<b>68,196</b>	63,211
Depreciation of plant and equipment	758	543	2,111	1,579
Share-based payment expenses (included in staff costs above)	139	481	532	2,293
Impairment loss on trade receivables*	–	340	–	1,140
Bad debts on trade receivables*	183	–	183	–
Net foreign exchange (gain)/loss	(399)	189	(492)	425
Operating lease rentals in respect of rented premises	1,889	1,657	6,290	4,989

\* Included in administrative expenses

## 9. LOSS PER SHARE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2017	2016	2017	2016
	(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>(1,686)</b>	(1,848)	<b>(7,582)</b>	(8,117)
<b>Number of Shares</b>	<b>'000</b>	'000	<b>'000</b>	'000
Weighted average number of ordinary Shares for the purpose of basic loss per Share	<b>1,667,200</b>	1,667,200	<b>1,667,200</b>	1,667,200

The weighted average number of Shares in issue during the nine months ended 31 December 2017 and 2016, respectively represents 1,667,200,000 Shares in issue.

The computation of diluted loss per Share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's Shares for the nine months ended 31 December 2017 and 2016, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

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

The Group's integrated digital marketing business has been growing steadily, alongside the power of digital marketing with customers spending more on marketing via digital platforms to promote their brands, products and services. Instead of providing one type of digital marketing service to advertisers, armed with experience, industry knowledge and market understanding, we analyse the background, characteristics, products, services and target audiences of advertisers and tailor our integrated digital marketing services to address their specific needs.

Heeding the fact that our customers' target audiences are inseparable with social media platforms, we introduced innovative functions. These functions allow customers or brands to directly interact and communicate with their target audience groups and also handle enquiries via messengers in mobile handsets on the world's most popular social media platforms. The smart apps help strengthening connection between these customers or brands with their target groups.

The Group's customers have realised the effectiveness of the power of far-and-wide social media platforms. Social media platforms assist a brand to establish presence in many countries, which means globalising a brand could be done with high cost effectiveness. We expect to launch more distinctive functions to the market in the future. The Group will keep in pace with state-of-the-art technologies and provide highly effective marketing solutions to customers.

We believe that income from the Internet digital marketing business will increase steadily. As brands and customers come to recognise the positive impact that Internet digital marketing brings, we expect them to assign a bigger budget to spend on digital marketing in the future. The Group also sees the Internet tourism market as a key market to develop. We expanded the business team last year and will continue to promote development of the business.

Looking ahead, the Group will strive to increase its influence and revenue in Hong Kong and the PRC, as well as to enhance its core competitiveness. Drawing on its abundant experience and expertise in digital marketing and market knowledge built up over the years, the Group will capture the stream of opportunities surfacing the Internet service market to generate higher value for shareholders.

## FINANCIAL REVIEW

### Revenue

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

Total revenue of the Group grew by around 3.81% from approximately HK\$132.94 million for the nine months ended 31 December 2016 to approximately HK\$138.01 million for the Period, which represented a stable growth on the revenue.

For the Period, revenue generated from (i) social media management services amounted to approximately HK\$62.12 million (nine months ended 31 December 2016: approximately HK\$65.91 million), representing around 45.01% of our total revenue (nine months ended 31 December 2016: around 49.58%); (ii) digital advertisement placement services amounted to approximately HK\$31.28 million (nine months ended 31 December 2016: approximately HK\$38.09 million), representing around 22.67% of our total revenue (nine months ended 31 December 2016: around 28.65%); (iii) creative and technology services amounted to approximately HK\$44.61 million (nine months ended 31 December 2016: approximately HK\$28.93 million), representing around 32.32% of our total revenue (nine months ended 31 December 2016: around 21.76%); whereas no revenue was generated from the engagement in Internet marketing platform (nine months ended 31 December 2016: HK\$6,000).

The revenue generated from creative and technology services has significantly increased by around 54.20% for the Period, while the revenue generated from digital advertisement placement services has dropped by 17.88%. It was due to (i) the increase in consultation on the integrated digital marketing services in relation to the growth of the PRC market; and (ii) customers tend to spend on creative-related services rather than to place an advertisement solely through digital media. Overall, the increase of revenue generated from creative and technology services outweighed the decrease of revenue generated from social media management services and digital advertisement placement services.

## **Other income, gains and losses**

Other income, gains and losses of the Group increased by around 74.51% from approximately HK\$1.02 million for the nine months ended 31 December 2016 to approximately HK\$1.78 million for the Period. The increase was mainly attributable to the increase in reversal of impairment loss on trade receivables, gain on disposal of held for trading investments, gain on disposal of available-for-sale investments and dividend income received during the Period.

## **Selling expenses**

The Group's selling expenses increased by around 20.25% from approximately HK\$15.06 million for the nine months ended 31 December 2016 to approximately HK\$18.11 million for the Period. The selling expenses mainly represented selling staff costs, sales commission and marketing-related expenses. The increase in selling expenses was mainly due to the increase of marketing-related and selling-related expenses which was in line with the corresponding growth of revenue.

## **Administrative expenses**

The Group's administrative expenses increased by around 7.90% from approximately HK\$40.49 million for the nine months ended 31 December 2016 to approximately HK\$43.69 million for the Period. The administrative expenses mainly comprised rental expenses, utility expenses, building management fees, recruitment-related expenses, legal and professional fees and listing-related expenses. The increase in administrative expenses for the Period was mainly due to the increase in rental expenses in respect of the overlapped rental period of two months of rented premises for principal place of business in Hong Kong and the staff costs, which partially offset by the reduction in share-based payment expenses.

## **Income tax expenses**

The income tax expenses decreased from approximately HK\$0.46 million for the nine months ended 31 December 2016 to approximately HK\$0.40 million for the Period, which was mainly attributable to the decrease in PRC Enterprise Income Tax 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\$7.58 million (nine months ended 31 December 2016: approximately HK\$8.12 million). The Company targets to continue implementing the expenses control policy and to achieve further reduction in loss.

## **EVENTS AFTER THE REPORTING PERIOD**

No significant events occurring subsequent to 31 December 2017 and up to the date of this report.

## **INTERIM DIVIDEND**

The Board resolved not to declare an interim dividend for the Period (nine months ended 31 December 2016: Nil).

## **SIGNIFICANT INVESTMENTS HELD**

As at 31 December 2017, the Group had held-to-maturity investments in the aggregate initial investment cost of approximately HK\$11.83 million (31 March 2017: HK\$20.41 million), which consisted of 3 corporate bonds (31 March 2017: 3). The amortised cost of the held-to-maturity investments amounted to approximately HK\$5.07 million (31 March 2017: approximately HK\$5.08 million) as non-current assets and approximately HK\$6.64 million (31 March 2017: approximately HK\$15.24 million) as current assets. During the Period, the Group purchased a listed corporate bond, classified as a held-to-maturity investment, with an initial investment cost of approximately HK\$1.55 million via an investment bank by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. A listed corporate bond, with an initial investment cost of approximately HK\$10.12 million has been matured in October 2017. The Group intends to hold the held-to-maturity investments until their maturity.

As at 31 December 2017, the Group had available-for-sale investments in the aggregate initial investment cost of approximately HK\$30.65 million, which consist of 6 unlisted investment funds in overseas and Hong Kong, 20 listed investment funds in overseas, 3 listed equity securities investment in overseas, an unlisted equity securities investment and a digital asset. During the Period, the Group purchased 6 unlisted investment funds in overseas and Hong Kong, 23 listed investment funds in overseas, 4 listed equity securities investment in overseas, an unlisted equity securities investment and a digital asset with an initial investment cost of approximately HK\$32.04 million by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. The Group disposed of 3 listed investment funds and a listed equity securities during the Period and approximately HK\$0.17 million of gain on disposal have been recognised. As at 31 December 2017, the Group had available-for-sale investments, measured at fair value, amounted to approximately HK\$31.31 million as non-current assets (31 March 2017: Nil).

As at 31 December 2017, the Group had held for trading investments in the aggregate initial investment cost of approximately HK\$2.49 million (31 March 2017: approximately HK\$1.94 million), which consist of 3 equity securities listed in Hong Kong (31 March 2017: 9) purchased by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. As at 31 December 2017, the fair value of the held for trading investments was approximately HK\$2.44 million (31 March 2017: approximately HK\$1.91 million).

As at 31 December 2017, the Group had assets classified as held for sale, the aggregate carrying amount of which was approximately HK\$21.74 million (31 March 2017: approximately HK\$3.69 million), which consist of 10 car parks spaces and 1 leasehold premises (31 March 2017: 2 car parks spaces).

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



## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Period, the Group has acquired an associate whose principal activity is the provision of catering services and disposed of two associates whose principal activity are provision of marketing services. During the nine months ended 31 December 2016, the Group has established a subsidiary in Nanjing whose principal activity is the provision of marketing services.

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

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.48 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. Yip Shek Lun ("Mr. Alan Yip")	Interests held jointly with another person (Note 1)	349,460,000	5,990,000	355,450,000	21.32%
(Chief executive officer and chairman of the Board)	Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	249,120,000	5,490,000	254,610,000	15.27%
	Beneficial owner	–	30,690,000	30,690,000	1.84%
Ms. Wan Wai Ting ("Ms. Karin Wan")	Interests held jointly with another person (Note 1)	349,460,000	5,990,000	355,450,000	21.32%
	Interest in controlled corporation (Note 2)/Interest of spouse (Note 3)	249,120,000	30,690,000	279,810,000	16.78%
	Beneficial owner	–	5,490,000	5,490,000	0.33%
Mr. Ng Chi Fung ("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%
Mr. Wang Zhong Lei	Beneficial owner	–	1,000,000	1,000,000	0.06%

### Notes:

- Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Wang Lai Man, Liza ("Ms. Liza Wang") are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By a deed of confirmation and undertaking entered into among Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang dated 2 January 2014 (the "Acting in Concert Confirmation and Undertaking"), each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed, inter alia, that they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.

2. These Shares are held by Cooper Global Capital Limited (“**Cooper Global**”), which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. By virtue of the SFO, Mr. Alan Yip and Ms. Karin Wan are deemed to be interested in the Shares held by Cooper Global.
3. Mr. Alan Yip is the spouse of Ms. Karin Wan. Under the SFO, Mr. Alan Yip is deemed to be interested in all the Shares in which Ms. Karin Wan is interested. Ms. Karin Wan is the spouse of Mr. Alan Yip. Under the SFO, Ms. Karin Wan is deemed to be interested in all the Shares in which Mr. Alan Yip is interested.

Save as disclosed above, as at 31 December 2017, none of the Directors nor chief executive of the Company has registered any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.48 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 2017, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest and/or short position in the shares or underlying shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

## Long positions in the Shares 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	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%
Mr. Cheung Wing Hon (“ <b>Mr. Patrick Cheung</b> ”)	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%

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

Notes:

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

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any other persons (other than the Directors or chief executive of the Company) who had or deemed or taken to have any interests or short positions in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## **SHARE OPTION SCHEME**

The Company's share option scheme (the "**Share Option Scheme**") was conditionally approved by the Company pursuant to the written resolutions of all the then shareholders of the Company dated 20 May 2015. The terms of the Share Option Scheme are in accordance with Chapter 23 of the GEM Listing Rules.

As at 31 December 2017, the outstanding number of share options available for grant under the Share Option Scheme is 166,720,000 share options to subscribe for Shares, which, if granted and exercised in full, represent 10% of the Shares in issue as at the date of this report.

## **ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES**

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

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

## DEED OF NON-COMPETITION

A deed of non-competition dated 20 May 2015 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 31 December 2017, save for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015, neither CLC International nor any of its directors, employees or close associates had any interest in the Group, which was required to be notified to the Company by CLC International during the course of preparation of this report and required to be disclosed in this report pursuant to Rule 6A.32 of the GEM Listing Rules.

## CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

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

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his 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 dedicates effort to create values and achieve maximum return for the Company’s 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 and Mr. Wang Zhong Lei as the non-executive Directors and Mr. Hong Ming Sang as an independent non-executive Director did not attend the annual general meeting of the Company (“**AGM**”) held on 8 August 2017 due to their other 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, Mr. Hong Ming Sang, the chairman of the remuneration committee, was not able to attend the AGM held on 8 August 2017 in person, but he has already delegated to one of the executive Directors to answer questions on his behalf.

## **REVIEW BY AUDIT COMMITTEE**

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

The Audit Committee has reviewed the unaudited condensed consolidated results of the Group for the Period and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

*Chief Executive Officer, Chairman of the Board and Executive Director*

Hong Kong, 13 February 2018

*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.*