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Guru Online (Holdings) Limited
超凡網絡(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8121)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE EQUITY INTEREST IN A SUBSIDIARY

THE DISPOSAL

On 9 November 2021 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and transfer, and the Purchaser agreed to acquire the entire equity interest in the Target Company at the Consideration of HK\$1.5 million.

Upon Completion, the Group will cease to hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the assets and liabilities and results of the Target Company will no longer be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 5% but below 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules, and is subject to the reporting and announcement requirements but exempt from the circular and Shareholder's approval under the GEM Listing Rules.

Shareholders and potential investors should note that the Disposal is conditional upon satisfaction of the conditions set out in the paragraph headed "Conditions Precedent" in this announcement. Accordingly, the Disposal may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

THE DISPOSAL

The Board wishes to announce that on 9 November 2021 (after trading hours), the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell and transfer, and the Purchaser agreed to acquire the entire equity interest in the Target Company at the Consideration of HK\$1.5 million.

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date

9 November 2021

Vendor

AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company incorporated in the PRC

Purchaser

Borderless Group Limited, an Independent Third Party

Assets to be disposed of

Pursuant to the Agreement, the Vendor agreed to sell and transfer, and the Purchaser agreed to acquire the entire equity interest in the Target Company. Upon Completion, the Group will cease to hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company and the assets and liabilities and results of the Target Company will no longer be consolidated into the financial statements of the Group.

Consideration and Payment Term

The Consideration is to be satisfied by the Purchaser by payment in cash in the following manner:

- (a) a deposit of HK\$500,000 will be paid within 14 days from the date of the Agreement; and
- (b) the remaining balance of the Consideration in the sum of HK\$1 million shall be paid within 30 days upon Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor, with reference to (i) the valuation report on the entire equity interest in the Target Company of approximately HK\$1.4 million as at 30 September 2021, based on market approach prepared by International Valuation Limited, an independent valuer engaged by the Group, (ii) the net assets value

of the Target Company as at 31 August 2021, and (iii) other reasons of the Disposal as more particularly stated in the paragraph headed “Reasons for and Benefits of the Disposal” below in this announcement.

The Directors consider the Consideration is determined after arm’s length negotiation and is fair and reasonable and on normal commercial terms and that the entering into of the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional upon and subject to the following conditions:

- (a) the Vendor having proved a good title to the equity interest in the Target Company without any encumbrance;
- (b) the Vendor having irrevocably obtained all necessary approval or waiver from all restrictions on transfer of equity interest whether under the articles of association or otherwise;
- (c) the Vendor having obtained the shareholders’ approval in respect of the Disposal;
- (d) the Vendor having obtained all necessary authorisations, consents, approvals or permissions from the relevant government or regulatory authorities for the Target Company to conduct business;
- (e) the Vendor having obtained all necessary authorisations, consents, approvals or permissions from the relevant government or regulatory authorities for the Disposal;
- (f) the Vendor having obtained all necessary authorisations, consents, approvals or permissions under any existing contract for the Disposal;
- (g) the Purchaser having been satisfied that all accounts and warranties as of and including the Completion Date are true, accurate and not misleading, and that there is no non-disclosure on the part of the Vendor;
- (h) the Purchaser having been satisfied that the Vendor has duly complied with and fulfilled all terms and conditions under the Agreement before or upon Completion;
- (i) all warranties or any other clause under the Agreement not having been materially breached by the Vendor;
- (j) there being no material adverse change occurred since the date of the Agreement;

- (k) no receiver and/or manager, administrator or liquidator having been appointed in respect of all or part of the assets or business of the Target Company;
- (l) no dispute, litigation or legal liability in respect of the Target Company having been arisen out of any acts or omission of the Vendor, save as disclosed; and
- (m) no order or resolution for the liquidation of the Target Company having been made or passed.

All of the above conditions precedent are capable of being waived by the Purchaser. If any of the conditions set out above have not been fulfilled by the Vendor (or, as the case may be, waived) on or before the Completion Date, the Purchaser shall be entitled to cancel the Agreement and the deposit and any other sums paid by the Purchaser to the Vendor shall be returned immediately. If the purchaser cannot fulfil the obligations of its part under the Agreement and complete on the Completion Date, the Vendor shall be entitled to unconditionally forfeit the deposit paid by the Purchaser and terminate the Agreement.

Completion

Upon all of the conditions precedent under the Agreement having been fulfilled or waived (as the case may be) and the completion of the registration and changes pursuant to the Agreement with the relevant authority in the PRC, the Completion shall take place by 90 days after the date of the Agreement or such other date as the Vendor and the Purchaser may agree in writing.

INFORMATION OF THE GROUP

The Company is an investment holding company. The Group is currently principally engaged in the provision of integrated digital marketing services in Hong Kong. To formulate and implement marketing strategies and launch marketing campaigns for its customers, the Group mainly utilises digital media such as social media platforms, apps, mobile sites and websites.

The Vendors, which is a company incorporated in the PRC with limited liability, is a wholly-owned subsidiary of the Company and its principal activity is provision of integrated digital marketing business in the PRC market.

INFORMATION OF THE PURCHASER

The Purchaser, namely Borderless Group Limited is a company incorporated in Hong Kong with limited liability and engages in e-commerce and relevant business. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners, namely Ms. Wong Kit Ying and Ms. Fong Shuk Chong, are Independent Third Parties.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in Beijing, the PRC and is a wholly-owned subsidiary of the Company. As at the date of this announcement, which principally engages in integrated digital marketing services in the PRC. As at the date of this announcement, the Target Company has a paid-up share capital of RMB5,000,000.

A summary of the financial information of the Target Company prepared in accordance with the generally accepted accounting principles of the PRC for the financial years ended 31 December 2019 and 2020 and for the 12 months ended 31 August 2020 and 2021 is set out below:

	For the year ended		For the twelve months ended	
	31 December		31 August	
	2019	2020	2020	2021
	(audited)	(audited)	(unaudited)	(unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	657	739	6,013	182
Profit after taxation	616	690	5,972	132

As at 31 December 2020, the audited net assets value of the Target Company were approximately RMB3,184,000. As at 31 August 2021, the unaudited net assets value of the Target Company were approximately RMB858,000.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group will cease to have any interest in the Target Company, and the financial results of the Target Company will no longer be consolidated in the financial statement of the Group.

Upon Completion, the Group expects to record estimated unaudited gain of approximately HK\$487,600 as a result of the Disposal, which is calculated with reference to the difference between (i) the Consideration and (ii) the estimated unaudited net asset value of the Target Company as at 31 August 2021 after deducting the estimated expenses in connection with the Disposal. The Consideration will be applied to the Group for general working capital and daily operating use. The actual gain as a result of the Disposal to be recorded by the Group may be subject to accounting adjustment and shall be subject to audit by the auditors of the Company, which may be different from the amount disclosed above.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Upon considering the financial performance and after reviewing the business and operation status of the Target Company, the Board considers that it is appropriate for the Group to proceed with the Disposal. The Disposal, when materialises, will strengthen the cash flow of the Group and allow the Group to improve its liquidity and relocate its resources in other operation of the Group for future development.

Since the outbreak of COVID-19 pandemic in 2020, there has been a slowdown of the global economy, causing uncertainty as to the business prospect of the Target Company, which engages in the provision of integrated marketing services in the PRC. In the preceding 12 months from 31 August 2021, the Directors noted that there has been a significant drop in the gross and net profit of the Target Company. With a sluggish demand for marketing services comparing with that of the pre-pandemic period, the Directors consider the Disposal would be an appropriate opportunity to realise the gain on disposal and to mitigate the future risk which the Target Company may incur as a result of sluggish demand for marketing services. The Directors are also of the view that the Group's business in the PRC will not be materially affected by the Disposal as the other PRC subsidiaries of the Company established in Guangzhou and Nanjing of the PRC will remain in usual operation.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agreement”	the equity transfer agreement dated 9 November 2021 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the entire equity interests in the Target Company
“Board”	the board of Directors
“Company”	Guru Online (Holdings) Limited (stock code: 8121), an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the sale and purchase of the entire equity interest in the Target Company pursuant to the terms and conditions of the Agreement
“Completion Date”	a date which is no more than 90 days after the date of the Agreement, or such other date as the Vendor and the Purchaser may agree in writing
“Consideration”	HK\$1.5 million, being the Purchase Price of the entire equity interest of the Target Company
“Director(s)”	the director(s) of the Company
“Disposal”	the sale of the entire equity interests in the Target Company by the Vendor to the Purchaser pursuant to the Agreement
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is/are third party(ies) independent of the Company and its connected person(s)
“percentage ratios”	has the same meaning ascribed to it under the GEM Listing Rules

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Purchase Price”	the Consideration
“Purchaser”	Borderless Group Limited, a limited liability company incorporated in Hong Kong and an independent third party of the Company and its connected person, which is legally and beneficially owned by Ms. Wong Kit Ying (黃潔瑩) and Ms. Fong Shuk Chong (方淑妝) as to 50% and 50% of its issued share capital
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	person(s) whose name(s) appear in the register of members of the Company as the holder(s) of the share(s) of the Company
“Target Company”	北京超帆文化傳播發展有限公司 (Beijing AdBeyond Culture Media Development Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Vendor”	廣州超帆信息科技有限公司 (AdBeyond (Group) Limited*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“%”	per cent

* *Unofficial name for identification only*

In this announcement, RMB has been converted to HK\$ at the rate of RMB1=HK\$1.2081 for illustration purpose only. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Chief Executive Officer, Chairman of the Board and Executive Director

Hong Kong, 9 November 2021

As at the date of this announcement, the Board comprises Mr. Yip Shek Lun, Mr. Ng Chi Fung, Mr. Chan Pak San and Ms. Wan Wai Ting as executive Directors and Mr. Tso Ping Cheong, Brian, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Lam Tung Leung as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.guruonline.com.hk.