



# 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

## First Quarterly Report 2015

## 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.

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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 the GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively, the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

The board of Directors (the "Board") is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 30 June 2015 together with the unaudited comparative figures for the corresponding period in 2014 as follows:

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

For the three months ended 30 June 2015

	NOTES	For the three months ended 30 June	
		2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Revenue	4	<b>36,016</b>	33,752
Cost of services		<b>(22,460)</b>	(19,333)
Gross profit		<b>13,556</b>	14,419
Other income	5	<b>248</b>	66
Selling expenses		<b>(3,514)</b>	(3,863)
Administrative expenses		<b>(15,326)</b>	(8,233)
Share of profit of associates		<b>124</b>	74
Finance costs	6	<b>-</b>	(2)
(Loss) Profit before tax		<b>(4,912)</b>	2,461
Income tax expense	7	<b>(273)</b>	(735)
(Loss) Profit for the period attributable to owners of the Company	8	<b>(5,185)</b>	1,726
<b>Other comprehensive income (expense)</b>			
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		<b>19</b>	(33)
Total comprehensive (loss) income for the period attributable to owners of the Company		<b>(5,166)</b>	1,693
(Loss) Earnings per Share			
Basic and diluted (HK cent)	9	<b>(0.31)</b>	0.10

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2015

	Attributable to owners of the Company				Total (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	
At 1 April 2015	–	46,625	(36)	13,459	60,048
Loss for the period	–	–	–	(5,185)	(5,185)
Issue of shares upon placing	4,672	112,128	–	–	116,800
Issuing expenses of placing	–	(9,195)	–	–	(9,195)
Capitalisation issue of share	12,000	(12,000)	–	–	–
Other comprehensive income for the period					
– Exchange differences arising on translating foreign operations	–	–	19	–	19
Total comprehensive income (expense) for the period	16,672	90,933	19	(5,185)	102,439
At 30 June 2015	16,672	137,558	(17)	8,274	162,487

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2014

	Attributable to owners of the Company				Total (unaudited) HK\$'000
	Share capital (unaudited) HK\$'000	Share premium (unaudited) HK\$'000	Exchange reserve (unaudited) HK\$'000	Retained profits (unaudited) HK\$'000	
	At 1 April 2014	–	46,625	(52)	
Profit for the period	–	–	–	1,726	1,726
Other comprehensive expense for the period					
– Exchange differences arising on translating foreign operations	–	–	(33)	–	(33)
Total comprehensive (expense) income for the period	–	–	(33)	1,726	1,693
At 30 June 2014	–	46,625	(85)	6,067	52,607

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2015

## 1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. Its shares are listed on the GEM of the Stock Exchange on 29 May 2015. 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 and provision of marketing services.

## 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 after the completion of the Reorganisation on 16 May 2015. The companies now comprising the Group have been under the common control of the ultimate controlling shareholders including Mr. Yip Shek Lun, Ms. Wan Wai Ting, Mr. Ng Chi Fung and Ms. Wang Lai Man, Liza throughout the period or since their respective dates of incorporation/establishment of the relevant Group’s subsidiaries, up to 30 June 2015.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The Group’s unaudited condensed consolidated financial statements 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 of the Stock Exchange.

The unaudited condensed consolidated financial statements for the three months ended 30 June 2015 comprises the Company and its subsidiaries.

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

Other than those subsidiaries of the Company established in the People's Republic of China (the "PRC") whose functional currency is Renminbi ("RMB"), the functional currency of the remaining subsidiaries of the Company is Hong Kong dollars ("HK\$"). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company

The measurement basis used in the preparation of the unaudited condensed consolidated financial statements is the historical cost basis.

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

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

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2015. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipates that the application of these new standard, amendments and interpretation will have no material impact on the unaudited condensed consolidated financial statements.

## 4. REVENUE

Revenue represents revenue arising on provision of digital advertisement placement services, social media management services and creative and technology services. The following is an analysis of the Group's revenue for the period:

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Digital advertisement placement services	13,647	13,243
Social media management services	14,791	12,847
Creative and technology services	7,578	7,662
	<b>36,016</b>	33,752

## 5. OTHER INCOME

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Bank interest income	5	43
Reversal of impairment loss on trade receivables	177	–
Sundry income	66	23
	<b>248</b>	66

## 6. FINANCE COSTS

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Interest on:		
Finance lease	–	2
	–	2

## 7. INCOME TAX EXPENSE

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Current tax:		
Hong Kong Profit Tax	–	438
PRC Enterprise Income Tax	205	241
	205	679
Deferred tax	68	56
	273	735

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

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

## 8. (LOSS) PROFIT FOR THE PERIOD

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

	For the three months ended 30 June	
	2015 (unaudited) HK\$'000	2014 (unaudited) HK\$'000
Directors' and chief executive's emoluments	<b>808</b>	850
Other staff costs (excluding Directors' and chief executive's emoluments)	<b>11,578</b>	11,903
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	<b>928</b>	947
Total staff costs	<b>13,314</b>	13,700
Depreciation of plant and equipment	<b>421</b>	354
Written off of plant and equipment	–	151
Amortisation of intangible assets (included in cost of services)	<b>214</b>	114
Professional expenses incurred in connection with the Company's listing	<b>7,482</b>	528
Net foreign exchange loss	<b>37</b>	17
Operating lease rentals in respect of rented premises	<b>1,464</b>	1,526

## 9. (LOSS) EARNINGS PER SHARE

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

### (Loss) Earnings

	For the three months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Loss) Profit for the period attributable to owners of the Company for the purpose of basic (loss) earnings per Share	(5,185)	1,726

### Number of shares

	For the three months ended 30 June	
	2015	2014
	(unaudited)	(unaudited)
	'000	'000
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	1,667,200	1,667,200

The diluted earnings per share is equal to basic earnings per share as calculated above as there were no potential dilutive ordinary shares outstanding for the three months ended 30 June 2015 and 2014.

The weighted average number of ordinary shares in issue during the periods ended 30 June 2015 and 2014 represents 1,667,200,000 ordinary shares in issue after taking into account the capitalisation issue pursuant to the Reorganisation as stated in note 2.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is one of the leading integrated digital marketing services providers in Hong Kong. The goal of the Group is to become a sizable and influential Internet enterprise and to revamp the traditional industries and enable clients to promote business in different areas of the world through the power of the Internet. The Group's current range of integrated digital marketing services includes (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

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

### FINANCIAL REVIEW

#### Revenue

Our revenue from integrated digital marketing business was generated from our: (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

For the three months ended 30 June 2015, revenue from social media management services amounted to approximately HK\$14.79 million (2014: approximately HK\$12.85 million), accounting for around 41.06% of our total revenue (2014: around 38.07%). It is expected to remain as a major source of revenue in the future.

Revenue from digital advertisement placement services during the period amounted to approximately HK\$13.65 million (2014: approximately HK\$13.24 million), representing around 37.90% of our total revenue (2014: around 39.23%).

During the period, revenue from creative and technology services amounted to approximately HK\$7.58 million (2014: approximately HK\$7.66 million), accounting for around 21.04% of our total revenue (2014: around 22.70%).

Total revenue of the Group grew around 6.73% from approximately HK\$33.75 million for the three months ended 30 June 2014 to approximately HK\$36.02 million for the three months ended 30 June 2015, which was mainly attributable to the rapid growth of the PRC market.

### **Other income**

Other income of the Group increased by around 257.14% from approximately HK\$0.07 million for the three months ended 30 June 2014 to approximately HK\$0.25 million for the three months ended 30 June 2015, which was mainly attributable to reversal of impairment loss on trade receivables.

### **Selling expenses**

The Group's selling expenses decreased by around 9.07% from approximately HK\$3.86 million for the three months ended 30 June 2014 to approximately HK\$3.51 million for the three months ended 30 June 2015. The selling expenses were mainly staff costs, sales commission and marketing-related expenses. The decrease in selling expenses was mainly caused by the reduction of staff costs.

### **Administrative expenses**

The Group's administrative expenses increased by around 86.27% from approximately HK\$8.23 million for the three months ended 30 June 2014 to approximately HK\$15.33 million for the three months ended 30 June 2015. The administrative expenses were mainly rental expenses, utility expenses, building management fees and recruitment-related expenses. The notable increase in administrative expenses was mainly generated from the professional fees used in compliance with the GEM Listing Rules and other applicable laws, rules and regulations.

## **Income tax expenses**

The income tax expenses decreased by around 63.51% from approximately HK\$0.74 million for the three months ended 30 June 2014 to approximately HK\$0.27 million for the three months ended 30 June 2015, which was mainly attributable to the decrease in taxable profit for the three months ended 30 June 2015.

## **Loss/Profit for the period attributable to owners of the Company and total comprehensive loss/income**

For the three months ended 30 June 2015, loss for the period attributable to owners of the Company and total comprehensive loss was approximately HK\$5.17 million. If the one-off listing expenses of approximately HK\$7.48 million (2014: approximately HK\$0.53 million) was excluded, profit for the three months ended 30 June 2015 attributable to owners of the Company would have been approximately HK\$2.31 million, around 4.05% higher than approximately HK\$2.22 million recorded in the same period in 2014.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 June 2015, the Group's current ratio was 12.89, compared to 3.97 as at 30 June 2014. The increase was mainly from the increase of cash in banks boosted by the remaining proceeds from listing. As at 30 June 2015, the Group's bank balances and cash totalled approximately HK\$114.72 million (2014: approximately HK\$11.95 million).

During the three months ended 30 June 2015, 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 June 2015, there was no amount due to related parties (2014: 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 remained 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 (the "**Listing Date**"), our shares were listed successfully on GEM. Since then and up to 30 June 2015, the Group's capital structure has not changed. Our equity only consists of ordinary shares.

As at 30 June 2015, the Group's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares was 1,667,200,000 of par value of HK\$0.01.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2015, the Group employed 225 full-time employees (2014: 238). For the three months ended 30 June 2015, staff costs of the Group (including Directors' emoluments) were approximately HK\$13.31 million (2014: approximately HK\$13.70 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees. Apart from basic remuneration, share options may be granted under our share option scheme to eligible employees by reference to the Group's performance as well as individual's contribution to attract and retain eligible employees to contribute to the Group.

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

During the three months ended 30 June 2015, the Group did not have any material acquisitions or disposals of subsidiaries and affiliated companies.

## **CHARGE OF ASSETS**

As at 30 June 2015, the Group has pledged a bank deposit with carrying value of HK\$50,000 (2014: HK\$50,000) to secure the banking facilities granted to the Group.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 June 2015, we had a portion of our bank deposits denominated in RMB. The Group does not have a foreign currency hedging policy but the management monitors our exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above bank deposits denominated in RMB amounted to approximately HK\$3.72 million (2014: HK\$2.60 million).

## **CONTINGENT LIABILITIES**

The Group had no material contingent liabilities as at 30 June 2015 (2014: Nil).

## EVENT AFTER THE REPORTING PERIOD

On 13 July 2015, the Company has made an offer for the grant of 166,487,072 share options under the share option scheme adopted by the shareholders of the Company on 20 May 2015 to certain Directors, former Director, employees and consultants of the Company, which entitle such grantees to subscribe for a total of 166,487,072 ordinary shares of HK\$0.01 each (the “**Share(s)**”) in the share capital of the Company at an exercise price of HK\$0.63 per Share. Amongst the above grants of share options, the grant to Mr. Yip Shek Lun, Ms. Wan Wai Ting and Mr. Ng Chi Fung are subject to the approval by the shareholders of the Company at an extraordinary general meeting. Details of the grant of share options are set out in the announcement of the Company dated 13 July 2015.

## INTERIM DIVIDEND

The Board has recommended the declaration and payment of an interim dividend (the “**Interim Dividend**”) of HK0.78 cent per Share for the year ending 31 March 2016 (For the year ended 31 March 2015: Nil) out of the share premium account of the Company (the “**Share Premium Account**”).

As at the date of this report, the Company has 1,667,200,000 Shares in issue. Based on the number of issued Shares as at the date of this report, the Interim Dividend, if declared and paid, will amount to an aggregate amount of HK\$13,004,160. As of 30 June 2015, the amount standing to the credit of the Share Premium Account was approximately HK\$90.92 million.

The payment of the Interim Dividend out of the Share Premium Account is conditional upon the satisfaction of the following conditions (the “**Conditions**”) :

- (a) the passing of an ordinary resolution by the shareholders of the Company (the “**Shareholders**”) declaring and approving the payment of the Interim Dividend out of the Share Premium Account; and
- (b) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, immediately following the date on which the Interim Dividend is paid, unable to pay its debts as they fall due in the ordinary course of business.

Subject to the fulfilment of the Conditions, it is expected that the Interim Dividend will be distributed on Friday, 25 September 2015 to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, 14 September 2015, being the record date for determination of entitlements to the Interim Dividend.

The Conditions set out above cannot be waived. If the Conditions set out above are not satisfied, the Interim Dividend will not be paid.

An extraordinary general meeting (the “**EGM**”) will be convened to consider and, if thought fit, approve the declaration and payment of the Interim Dividend out of the Share Premium Account. A circular containing further information about the Interim Dividend and the notice of the EGM will be despatched to the Shareholders as soon as practicable.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining the Shareholders’ entitlement to the Interim Dividend, the register of members of the Company will be closed from Thursday, 10 September 2015 to Monday, 14 September 2015, both days inclusive, during which no transfer of the Shares will be registered.

In order to qualify for entitlement to the Interim Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 9 September 2015.

Further details of the above proposed declaration and payment of the Interim Dividend, the convening of the EGM and the closure of register of members of the Company are set out in the announcement of the Company dated 24 July 2015.

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

As at 30 June 2015, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“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 Shares

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Mr. Yip Shek Lun (“Mr. Alan Yip”) (Chairman)	Interests held jointly with another person (Note 1)	365,760,000	21.94%
	Interest in controlled corporation (Note 2)/ Interest of spouse (Note 3)	249,120,000	14.94%
Ms. Wan Wai Ting (“Ms. Karin Wan”)	Interests held jointly with another person (Note 1)	365,760,000	21.94%
	Interest in controlled corporation (Note 2)/ Interest of spouse (Note 3)	249,120,000	14.94%
Mr. Ng Chi Fung (“Mr. Jeff Ng”)	Interests held jointly with another person (Note 1)	432,000,000	25.91%
	Beneficial owner	182,880,000	10.97%
Ms. Wang Lai Man, Liza (“Ms. Liza Wang”)	Interests held jointly with another person (Note 1)	432,000,000	25.91%
	Beneficial owner	182,880,000	10.97%
Mr. Cheung Wing Hon (“Mr. Patrick Cheung”)	Interest in controlled corporation (Note 4)	132,720,000	7.96%

Notes:

1. Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang are persons acting in concert and accordingly each of them is deemed to be interested in the Shares held by the others. By a deed of confirmation and undertaking entered into among Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan and Ms. Liza Wang dated 2 January 2014 (the “**Acting in Concert Confirmation and Undertaking**”), each of Mr. Alan Yip, Ms. Karin Wan, Mr. Jeff Ng and Ms. Liza Wang confirmed that, inter alia, they have exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and have undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.
2. These Shares are held by Cooper Global Capital Limited (“**Cooper Global**”), which is owned as to 50.00% by Mr. Alan Yip and 50.00% by Ms. Karin Wan. By virtue of the SFO, Mr. Alan Yip and Ms. Karin Wan are deemed to be interested in the Shares held by Cooper Global.
3. Mr. Alan Yip is the spouse of Ms. Karin Wan. Under the SFO, Mr. Alan Yip is deemed to be interested in all the Shares in which Ms. Karin Wan is interested in. Ms. Karin Wan is the spouse of Mr. Alan Yip. Under the SFO, Ms. Karin Wan is deemed to be interested in all the Shares in which Mr. Alan Yip is interested in.
4. These Shares are held by HGI GROWTH CAPITAL LIMITED (“**HGI Growth**”), which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in the Shares held by HGI Growth.

Save as disclosed above, as at 30 June 2015, none of the Directors nor chief executive of the Company has registered an interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 June 2015, the following persons (other than Directors or chief executive of the Company) were interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

### Long positions in Shares

Name	Nature of interest	Total number of Shares held	Percentage of shareholding
Cooper Global	Beneficial owner	249,120,000	14.94%
Huayi Brothers International Investment Ltd. ("Huayi Brothers")	Beneficial owner	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED ("Huayi Brothers International")	Interest in controlled corporation (Note 1)	248,970,000	14.93%
Huayi Brothers Media Corporation ("Huayi Brothers Media")	Interest in controlled corporation (Note 1)	248,970,000	14.93%
Pure Force Investments Limited ("Pure Force")	Beneficial owner	109,930,000	6.59%
HGI Growth	Beneficial owner	132,720,000	7.96%
Ms. Chen Wing Man	Interest of spouse (Note 2)	614,880,000	36.88%
Ms. Lo Wai Kei	Interest of spouse (Note 3)	132,720,000	7.96%
Mr. Wong Yuet Yeung Harry ("Mr. Harry Wong")	Interest in controlled corporation (Note 4)	109,930,000	6.59%

Notes:

1. These Shares are held by Huayi Brothers, which is wholly owned by Huayi Brothers International, which is in turn wholly owned by Huayi Brothers Media. By virtue of the SFO, Huayi Brothers International and Huayi Brothers Media are deemed to be interested in the Shares held by Huayi Brothers.
2. Ms. Chen Wing Man is the spouse of Mr. Jeff Ng. Under the SFO, Ms. Chen Wing Man is deemed to be interested in all the Shares in which Mr. Jeff Ng is interested in.
3. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested in.
4. 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 the Shares held by Pure Force.

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTION SCHEME

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

Since the Listing Date and up to 30 June 2015, no share option was outstanding, granted, cancelled or lapsed.

On 13 July 2015, the Company has made an offer for the grant of 166,487,072 share options under the Share Option Scheme to certain Directors, former Director, employees and consultants of the Company, which entitle such grantees to subscribe for a total of 166,487,072 Shares at an exercise price of HK\$0.63 per Share. Amongst the above grants of share options, the grant to Mr. Yip Shek Lun, Ms. Wan Wai Ting and Mr. Ng Chi Fung are subject to the approval by the shareholders of the Company at an extraordinary general meeting. Details of the grant of share options are set out in the announcement of the Company dated 13 July 2015.

As at the date of this report, the outstanding number of share options available for grant under the Share Option Scheme is 232,928 share options to subscribe for Shares, which, if granted and exercised in full, represent approximately 0.01% 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 our controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the period.

## **DEED OF NON-COMPETITION**

The deed of non-competition dated 20 May 2015 has been entered by Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global in favour of the Company regarding certain non-competition undertakings given by the controlling shareholders in favour of the Company. The details of the deed of non-competition have been disclosed in the Prospectus.

## **INTERESTS OF COMPLIANCE ADVISER**

As notified by the Company's compliance adviser, CLC International Limited ("**CLC International**"), neither CLC International nor any of its directors or employees or close associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules (except for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015) as at 30 June 2015.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date and up to 30 June 2015.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Since the Listing Date and up to 30 June 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Board strives to uphold the principles of corporate governance as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors' continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create values and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

Throughout the period since the Listing Date and up to the date of this report, the Company has complied with the code provisions, other than Provision A.2.1 of the CG Code.

Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Alan Yip is the chairman and the chief executive officer of the Company and has been managing the Group's business and overall strategic planning since its establishment. The Directors believe that the vesting of the roles of chairman of the Board and chief executive officer in Mr. Alan Yip is beneficial to the business operations and management of the Group as it provides a strong and consistent leadership to the Group and that the current management has been effective in the development of the Group and the implementation of business strategies under the leadership of Mr. Alan Yip. In allowing the two roles to be vested in the same person, the Group believes both positions require in-depth knowledge and considerable experience of the Group's business and Mr. Alan Yip is the most suitable person to occupy both positions for effective management of the Group. Accordingly, the Company has not segregated the roles of its chairman of the Board and chief executive officer as required by Provision A.2.1 of the CG Code.

## **AUDIT COMMITTEE**

The Company established an audit committee (the "**Audit Committee**") pursuant to a resolution of the Directors passed on 20 May 2015 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The Audit Committee comprises three members, namely, Mr. Tso Ping Cheong, Brian, Mr. David Tsoi and Mr. Hong Ming Sang, who are independent non-executive Directors. Mr. Tso Ping Cheong, Brian, who has appropriate professional qualifications and experience in accounting matters, is the chairman of the Audit Committee. The primary duties of the Audit Committee are, among other things, to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the 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 three months period ended 30 June 2015 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board

**Guru Online (Holdings) Limited**

**Yip Shek Lun**

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

Hong Kong, 14 August 2015

*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. Wang Lai Man, Liza, Ms. Cheung Laam and Ms. Hu Ming, and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Lam Tung Leung.*