

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  
2018





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Given that the companies listed on GEM are generally small and mid-sized companies, 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 (collectively the “**Directors**” and each, the “**Director**”) of Guru Online (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) 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. 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 ended 31 December 2018 and nine months ended 31 December 2018 (the "Period"), together with the unaudited consolidated comparative figures for the corresponding period in 2017 as follows:

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

For the three months and nine months ended 31 December 2018

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Revenue	4	62,630	50,432	160,495	138,012
Cost of services		(40,009)	(31,155)	(110,070)	(84,643)
Gross profit		22,621	19,277	50,425	53,369
Other income, gains or losses	5	1,126	626	2,821	1,782
Selling expenses		(7,249)	(5,922)	(21,837)	(18,107)
Administrative expenses		(16,491)	(15,301)	(50,226)	(43,687)
Share of (loss) profit of associates		(6)	181	(82)	(24)
Impairment loss on interests in associates		–	–	–	(273)
Change in fair value of held for trading investments		(182)	(151)	(849)	(246)
Loss before tax		(181)	(1,290)	(19,748)	(7,186)
Income tax expense	6	370	(396)	–	(396)
Profit (loss) for the period attributable to owners of the Company	8	189	(1,686)	(19,748)	(7,582)
<b>Other comprehensive income (expenses)</b>					
<i>Item that will be subsequently reclassified to profit or loss:</i>					
Release of available-for-sale investments reserve upon disposal		(129)	–	(178)	–
Change in fair value of available-for-sale investments		(707)	600	(1,741)	665
Exchange differences arising on translating foreign operations		(15)	290	1,074	821
Other comprehensive income (expenses) for the period		(851)	890	(845)	1,486
Total comprehensive expense for the period attributable to owners of the Company		(662)	(796)	(20,593)	(6,096)
Loss per Share					
Basic and diluted (HK\$ cent)	9	0.01	(0.10)	(1.18)	(0.45)



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	16,672	78,559	5,045	195	(862)	46,657	(49,836)	96,430
Loss for the period	-	-	-	-	-	-	(19,748)	(19,748)
Other comprehensive income (expenses) for the period								
– Change in fair value of available-for-sale investments	-	-	-	(1,741)	-	-	-	(1,741)
– Release of available-for-sale investments reserve upon disposal	-	-	-	(178)	-	-	-	(178)
– Exchange differences arising on translating foreign operations	-	-	-	-	1,074	-	-	1,074
Total comprehensive income (expenses) for the period	-	-	-	(1,919)	1,074	-	(19,748)	(20,593)
Recognition of equity-settled share-based payment	-	-	-	-	-	-	-	-
Share options lapsed	-	-	(5,045)	-	-	-	5,045	-
At 31 December 2018 (unaudited)	16,672	78,559	-	(1,724)	212	46,657	(64,539)	75,837

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 group reorganisation on 16 May 2015.

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

For the nine months ended 31 December 2017

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total 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 income (expense) 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 the group reorganisation on 16 May 2015.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and nine months ended 31 December 2018*

### 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 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 2018.

This report has been prepared on the historical cost basis except for certain financial instruments that are measured at fair value. 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 effective for its accounting period beginning on 1 April 2018. 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 generated from on the provision of social media management services, digital advertisement placement services and creative and technology services. The following is an analysis of the Group's revenue for the relevant periods:

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Social media management services	22,033	21,651	61,030	62,117
Digital advertisement placement services	9,336	11,475	23,497	31,284
Creative and technology services	31,261	17,306	75,968	44,611
	62,630	50,432	160,495	138,012

## 5. OTHER INCOME, GAINS OR LOSSES

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	2	10	12	15
Dividends from held for trading investments	65	109	293	207
(Loss) gain on disposal of held for trading investments	-	(77)	(142)	46
Gain on disposal of available-for-sales investments	118	168	829	168
Interest income on held-to-maturity investments	24	78	102	254
Impairment loss reversed in respect of trade receivables	96	209	778	662
Loss on disposal of plant and equipment	-	-	(12)	-
Rental income from investment properties	53	-	144	-
Gain on disposal of investment properties	733	-	733	-
Sundry income	35	129	84	430
	1,126	626	2,821	1,782



## 6. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax:				
Hong Kong Profits Tax	-	-	-	-
PRC Enterprise Income Tax	(370)	396	-	396
	(370)	396	-	396
Over-provision in prior periods:				
Hong Kong	-	-	-	-
Deferred tax	-	-	-	-
	(370)	396	-	396

No provision for Hong Kong Profits Tax has been made for the nine months ended 31 December 2018 as there was no assessable profits for the Period. Under the two-tiered profits tax rates regime, the first HK\$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the nine months ended 31 December 2018, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax rates regime for the qualifying corporation and the remaining corporations are calculated at a flat rate of 16.5% (nine months ended 31 December 2017: 16.5%).

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 2017 and 2018, 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	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Interim dividend	–	–

## 8. LOSS FOR THE PERIOD

Loss for the Period has been arrived at after charging (crediting):

	Three months ended 31 December		Nine months ended 31 December	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Directors' and chief executive's emoluments	5,940	2,758	15,319	11,727
Other staff costs (excluding Directors' and chief executive's emoluments)	18,140	20,886	58,438	54,604
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	615	641	1,906	1,865
Total staff costs	24,695	24,285	75,663	68,196
Gross rental income from investment properties	(53)	(51)	(144)	(51)
Less:				
Direct operating expenses incurred for investment properties that generated rental income during the period	5	11	18	11
Direct operating expenses incurred for investment properties that did not generated rental income during the period	34	19	70	19
	(14)	(21)	(56)	(21)

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Depreciation of plant and equipment	832	758	2,485	2,111
Depreciation of investment properties	192	–	526	–
Share-based payment expenses (included in staff costs above)	–	139	–	532
Impairment loss on trade receivables *	–	–	–	–
Bad debts on trade receivables *	–	183	–	183
Net foreign exchange (gain) loss	(124)	(399)	1,566	(492)
Operating lease rentals in respect of rented premises	1,932	1,889	5,967	6,290

\* 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	
	2018	2017	2018	2017
(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	189	(1,686)	(19,748)	(7,582)
<b>Number of Shares</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary Shares for the purpose of basic and diluted loss per Share	1,667,200	1,667,200	1,667,200	1,667,200

The weighted average number of ordinary shares in issue during the nine months ended 31 December 2017 and 2018, respectively, represented 1,667,200,000 ordinary 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 2018, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND PROSPECTS

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

The Group's integrated digital marketing business has continued to grow steadily. Customers' demand for digital marketing had risen as they generally recognised that marketing via digital platforms is a major trend, mainly due to the rising utilisation rate of the Internet. Hence, it is necessary to include digital platforms in the marketing solutions mix in order to effectively target customer groups. Furthermore, through digital marketing supported by Big Data\*, customers not only can estimate the exposure based on their budget, but also can obtain other important information such as the shifts in sales amount and the preference of target customers. Close communications with customers enabled the Group to tailor our integrated digital marketing services that better address the needs of our customers and meet customers' marketing goals.

Customers showed a greater interest in innovative digital marketing solutions. This trend enabled the Group's creative and technology services to achieve an outstanding performance. The Group has incorporated innovative technologies such as facial expression and lip recognition and online "chatbot" functions in recent projects. In the future, the Group believes that artificial intelligence will become another potential new technology to be harnessed in marketing activities. In light of this, the Group intends to accelerate its pace of development to capture early opportunities in the market and tailor more creative marketing activities for our customers.

Looking ahead, drivers of growth are readily apparent in the digital marketing market. With the emergence of new media and platforms, companies are changing their strategies of conveying messages to target customers. The Group sees the trend that digital advertising spending will surpass that of traditional advertising in the coming few years. Hence, the Group believes that the success of technology-driven marketing projects will further promote the overall development of digital marketing market, and thus it will allocate greater resources to drive the development of the business in a bid to boost the Group's total revenue.

- \* Big Data: the information assets characterised by such a high volume, velocity and variety to require specific technology and analytical methods for its transformation into value.

## FINANCIAL REVIEW

### Revenue

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

Total revenue of the Group grew by around 16.30% from approximately HK\$138.01 million for the nine months ended 31 December 2017 to approximately HK\$160.50 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\$61.03 million (nine months ended 31 December 2017: approximately HK\$62.12 million), constituting around 38.03% of our total revenue (nine months ended 31 December 2017: around 45.01%); (ii) digital advertisement placement services amounted to approximately HK\$23.50 million (nine months ended 31 December 2017: approximately HK\$31.28 million), constituting around 14.64% of our total revenue (nine months ended 31 December 2017: around 22.67%); (iii) creative and technology services amounted to approximately HK\$75.97 million (nine months ended 31 December 2017: approximately HK\$44.61 million), constituting around 47.33% of our total revenue (nine months ended 31 December 2017: around 32.32%).

Overall, the increase in revenue generated from creative and technology services outweighed the decrease in revenue generated from social media management services and digital advertisement placement services. The revenue generated from creative and technology services has significantly increased by around 70.29% for the Period because of higher demands on the integrated digital marketing consultancy services in the PRC market.



## **Other income, gains or losses**

Other income, gains or losses of the Group increased by around 58.30% from approximately HK\$1.78 million for the nine months ended 31 December 2017 to approximately HK\$2.82 million for the Period, which was mainly attributable to the increase in gain on disposal of available-for-sales investments and investment properties during the Period.

## **Selling expenses**

The Group's selling expenses increased by around 20.60% from approximately HK\$18.11 million for the nine months ended 31 December 2017 to approximately HK\$21.84 million for the Period. The selling expenses mainly comprised selling staff costs, sales commission and marketing-related expenses. The increase in selling expenses was mainly due to the increase of marketing-related expenses and staff costs.

## **Administrative expenses**

The Group's administrative expenses increased by around 14.97% from approximately HK\$43.69 million for the nine months ended 31 December 2017 to approximately HK\$50.23 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 (i) the administrative staff costs; (ii) depreciation; and (iii) exchange loss.

## **Income tax expenses**

The income tax expense decreased from approximately HK\$0.40 million for the nine months ended 31 December 2017 to nil 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 owner of the Company was approximately HK\$19.75 million (nine months ended 31 December 2017: approximately HK\$7.58 million). The Group targets to continue implementing the expenses control policy and to show reduction in loss.



## **EVENT AFTER THE REPORTING PERIOD**

No significant events occurred subsequent to 31 December 2018 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 2017: Nil).

## **SIGNIFICANT INVESTMENT HELD**

As at 31 December 2018, the Group had the following significant investments: (i) held-to-maturity investments amounted to approximately HK\$5.05 million (31 March 2018: approximately HK\$6.61 million), which consist of 1 corporate bond (31 March 2018: 2); (ii) held for trading investments amounted to approximately HK\$2.27 million (31 March 2018: approximately HK\$4.31 million), which consist of 6 equity securities (31 March 2018: 6); (iii) available-for-sale investments amounted to approximately HK\$9.00 million (31 March 2018: approximately HK\$27.65 million), which consist of 11 investment funds (31 March 2018: 30) and 2 unlisted equity securities (31 March 2018: 2); and (iv) investment properties amounted to approximately HK\$30.13 million (31 March 2018: approximately HK\$21.32 million), which consist of 9 car parks and 3 premises located in Hong Kong (31 March 2018: 10 car parks and a premises located in Hong Kong).

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 AND AFFILIATED COMPANIES**

As at 31 December 2018, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.



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

As at 31 December 2018, 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 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long positions in the Shares and the underlying Shares of the Company

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held		Percentage of shareholding
			Total interests	Total interests	
Mr. Yip Shek Lun ("Mr. Alan Yip") (Chief executive officer and chairman of the Board)	Interests held jointly with another person (Note 1)	349,460,000	5,990,000	355,450,000	21.32%
	Interest in controlled corporation (Note 2)/ 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:

1. 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 that, inter alia, they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.
2. 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 2018, 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 5.46 to 5.67 of the GEM Listing Rules.



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

So far as the Directors are aware, as at 31 December 2018, 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		Percentage of shareholding
			Total interests	Total interests	
Cooper Global	Beneficial owner	249,120,000	–	249,120,000	14.94%
Ms. Liza Wang	Interests held jointly with another person (Note 1)	432,000,000	41,670,000	473,670,000	28.41%
	Beneficial owner	166,580,000	500,000	167,080,000	10.02%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	598,580,000	42,170,000	640,750,000	38.43%
Huayi Brothers International Investment Ltd. ("Huayi Brothers")	Beneficial owner	248,970,000	–	248,970,000	14.93%
HUAYI BROTHERS INTERNATIONAL LIMITED ("Huayi Brothers International")	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%
Huayi Brothers Media Corporation ("Huayi Brothers Media")	Interest in controlled corporation (Note 3)	248,970,000	–	248,970,000	14.93%

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held		Percentage of shareholding
			Total interests	Total interests	
HGI GROWTH CAPITAL LIMITED ("HGI Growth")	Beneficial owner	132,720,000	–	132,720,000	7.96%
Mr. Cheung Wing Hon ("Mr. Patrick Cheung")	Interest in controlled corporation (Note 4)	132,720,000	–	132,720,000	7.96%
	Beneficial owner	–	4,440,000	4,440,000	0.27%
Ms. Lo Wai Kei	Interest of spouse (Note 5)	132,720,000	4,440,000	137,160,000	8.23%
PURE FORCE INVESTMENTS LIMITED ("Pure Force")	Beneficial owner	109,930,000	–	109,930,000	6.59%
Mr. Wong Yuet Yeung Harry ("Mr. Harry Wong")	Interest in controlled corporation (Note 6)	109,930,000	–	109,930,000	6.59%

*Notes:*

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



4. These Shares are held by HGI Growth, which is wholly owned by Mr. Patrick Cheung. By virtue of the SFO, Mr. Patrick Cheung is deemed to be interested in all the Shares held by HGI Growth.
5. Ms. Lo Wai Kei is the spouse of Mr. Patrick Cheung. Under the SFO, Ms. Lo Wai Kei is deemed to be interested in all the Shares in which Mr. Patrick Cheung is interested.
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 2018, 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 2018, 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 approximately 10% of the Shares in issue as at the date of this report.

## 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 was entered into 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 of the Company dated 22 May 2015.



## INTERESTS OF COMPLIANCE ADVISER

The compliance adviser agreement entered into between the Company and CLC International Limited on 22 May 2015 has been expired on 30 June 2018.

## CODE OF CONDUCT FOR 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 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 or her 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 or she would be prohibited from dealing by the Model Code as if he or she were a Director.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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



During the Period, the Company has complied with the code provisions, other than Provisions A.2.1, A.6.7 and E.1.2 of the CG Code.

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

Provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung Laam, Mr. Wang Zhong Lei, being the non-executive Directors and Mr. Hong Ming Sang, being the independent non-executive Director, did not attend the Company's annual general meeting ("**AGM**") held on 7 August 2018 due to their other unexpected business engagements.

Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee should be available to answer questions thereat. Due to prior business engagements, the chairman of the remuneration committee was not able to attend the AGM held on 7 August 2018 in person, but he has already delegated to one of the executive Directors to answer questions on his behalf.



## AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) 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 HKFRSs, 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 2019

*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.*