



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 **2016**



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

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

The board of Directors (the “**Board**”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the three months ended 30 June 2016 (the “**Period**”) together with the unaudited comparative figures for the corresponding period in 2015 as follows:

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

For the three months ended 30 June 2016

	NOTES	Three months ended 30 June 2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Revenue	4	41,065	36,016
Cost of services		(25,088)	(22,460)
Gross profit		15,977	13,556
Other income	5	541	248
Selling expenses		(4,472)	(3,514)
Administrative expenses		(13,499)	(15,326)
Share of (loss)/profit of associates		(62)	124
Loss before tax		(1,515)	(4,912)
Income tax expense	6	(99)	(273)
Loss for the period attributable to owners of the Company	8	(1,614)	(5,185)
Other comprehensive (expense)/income			
<i>Item that will be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translating foreign operations		(462)	19
Total comprehensive loss for the period attributable to owners of the Company		(2,076)	(5,166)
Loss per share			
Basic and diluted (HK cent)	9	(0.12)	(0.31)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2016

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note (a)) HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	16,672	78,559	2,946	(1,324)	46,657	(5,847)	137,663
Loss for the period	-	-	-	-	-	(1,614)	(1,614)
Other comprehensive expense for the period							
– Exchange differences arising on translating foreign operations	-	-	-	(462)	-	-	(462)
Total comprehensive expense for the period	-	-	-	(462)	-	(1,614)	(2,076)
Recognition of equity-settled share-based payment	-	-	1,153	-	-	-	1,153
Share options lapsed	-	-	(61)	-	-	61	-
At 30 June 2016 (unaudited)	16,672	78,559	4,038	(1,786)	46,657	(7,400)	136,740

Note (a)

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the three months ended 30 June 2015

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note (a)) HK\$'000	Retained profits (accumulated losses) HK\$'000	Total HK\$'000
At 1 April 2015 (audited)	32	46,625	-	(36)	-	13,459	60,080
Loss for the period	-	-	-	-	-	(5,185)	(5,185)
Other comprehensive income for the period							
– Exchange differences arising on translating foreign operations	-	-	-	19	-	-	19
Total comprehensive income/ (expense) for the period	-	-	-	19	-	(5,185)	(5,166)
Transfer upon a group reorganisation	(32)	(46,625)	-	-	46,657	-	-
Issue of shares pursuant to placing	4,672	112,128	-	-	-	-	116,800
Issue of shares by capitalisation of share premium account	12,000	(12,000)	-	-	-	-	-
Expenses incurred in connection with issue of new shares	-	(9,195)	-	-	-	-	(9,195)
At 30 June 2015 (unaudited)	16,672	90,933	-	(17)	46,657	8,274	162,519

Note (a)

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2016

1. GENERAL

The Company was incorporated on 10 January 2014 in the Cayman Islands as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. Its shares (the “**Shares**”) has been listed on GEM of the Stock Exchange since 29 May 2015 (the “**Listing**”). The addresses of the registered office and principal place of business in Hong Kong of the Company are Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands and Level 22, AIA Tower, 183 Electric Road, North Point, Hong Kong, respectively.

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

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 HK\$, which is the same as the functional currency of the Company.



2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 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 of the Company including Mr. Yip Shek Lun (“**Mr. Alan Yip**”), Ms. Wan Wai Ting (“**Ms. Karin Wan**”), Mr. Ng Chi Fung (“**Mr. Jeff Ng**”) and Ms. Wang Lai Man, Liza (“**Ms. Liza Wang**”) throughout the three months ended 30 June 2015 and 2016 or since their respective dates of incorporation or establishment to 30 June 2016, whichever is the shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The comparable figures of the unaudited condensed consolidated financial statements for the three months ended 30 June 2015 have been prepared by applying the principles of merger accounting with reference to Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the HKICPA as if the current group structure had been in existence throughout the three months ended 30 June 2015 and 2016 or since their respective dates of incorporation or establishment to 30 June 2016, whichever is the shorter period.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this report are consistent with those used in the preparation of the annual report of the Company for the year ended 31 March 2016.

This report has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE

Revenue represents revenue arising from the provision of digital advertisement placement services, social media management services and creative and technology services and the engagement in an Internet marketing platform. The following is an analysis of the Group's revenue for the relevant periods:

	Three months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Digital advertisement placement services	11,788	13,647
Social media management services	19,972	14,791
Creative and technology services	9,303	7,578
Internet marketing platform	2	–
	41,065	36,016

5. OTHER INCOME

	Three months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Bank interest income	9	5
Bond interest income	88	–
Reversal of impairment loss on trade receivables	115	177
Sundry income	329	66
	541	248

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Current tax:		
Hong Kong Profits Tax	55	–
PRC Enterprise Income Tax	–	205
	55	205
Deferred tax	44	68
	99	273

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 of the Company 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.

7. DIVIDENDS

Dividend recognised as distribution during the relevant periods:

	Three months ended 30 June	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interim dividend*	–	–

* Interim dividend of HK0.78 cent per Share has been paid for the year ended 31 March 2016.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	Three months ended 30 June	
	2016	2015
	(unaudited)	(Restated) (unaudited)
	HK\$'000	HK\$'000
Directors' and chief executive's emoluments	2,190	808
Other staff costs (excluding Directors' and chief executive's emoluments)	17,805	12,046
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	613	460
Total staff costs	20,608	13,314
Depreciation of plant and equipment	513	421
Amortisation of intangible assets (included in cost of services)	–	214
Listing expenses (included in administrative expenses)	–	7,482
Net foreign exchange loss	180	37
Operating lease rentals in respect of rented premises	1,682	1,464

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 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	(1,614)	(5,185)
Number of Shares	2016 (unaudited) '000	2015 (unaudited) '000
Weighted average number of ordinary Shares for the purpose of basic and diluted loss per Share	1,667,200	1,667,200

The weighted average number of ordinary Shares in issue during the three months ended 30 June 2016 and 2015, respectively, represents 1,667,200,000 ordinary Shares in issue after taking into account the capitalisation issue pursuant to the Reorganisation.

The computation of diluted loss per Share for the three months ended 30 June 2016 does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Shares for the three months ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group's current range of integrated digital marketing services principally includes (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

The Group's integrated digital marketing business has steadily grown as clients have been willing to promote their brands, products and services by investing more resources in digital marketing platforms. As opposed to providing a single type of digital marketing service to the advertisers, we, based on our experience, industry knowledge and understanding of the market, analyse the background, characteristics, products or services and target audiences of the advertisers and provide integrated digital marketing services customised to address our clients' specific needs.

Moreover, the Group has continued to steadfastly expand its presence in the PRC market. We are planning to accelerate our development pace in the PRC market to suit our clients' needs in the Nanjing and Jiangsu regions by establishing a branch office in Nanjing.

The rapid proliferation of the Internet and the advance of the technology industry has enabled customers to enhance their competitiveness through digital marketing. Capitalising on the Group's experience and expertise in digital marketing and market knowledge accumulated over the years, our teams can conduct comprehensive analysis and management of high volume of data, thus helping our clients to stay ahead of the fast-changing market. We believe that the income generated from the digital marketing business will continue to steadily increase.

In light of the rapidly emerging digital tourism market, the Group has expanded its team. A new travel platform is launched in order to satisfy the needs for a variety of Internet services for the travel industry. The Group has been closely observing the development of online business startups with the aim to select appropriate investment projects with strong potential to generate promising returns in the long run. At the same time, the Group is also searching for other acquisition or investment opportunities that can create synergies with our current businesses and add value to the Group.



Looking ahead, the Group will strive to further expand its market share, enhance its core competitiveness, capture the opportunities presented by the Internet and the economy, as well as to bring better returns for its shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue was generated from the integrated digital marketing business and engagement in an Internet marketing platform for the travel industry. The integrated digital marketing business was divided into (i) digital advertisement placement services; (ii) social media management services; and (iii) creative and technology services.

For the three months ended 30 June 2016, revenue generated from the provision of social media management services amounted to approximately HK\$19.97 million (three months ended 30 June 2015: approximately HK\$14.79 million), accounting for around 48.64% of our total revenue (three months ended 30 June 2015: around 41.06%). It is expected to remain as a major source of our revenue in the future.

For the three months ended 30 June 2016, revenue generated from the provision of digital advertisement placement services amounted to approximately HK\$11.79 million (three months ended 30 June 2015: approximately HK\$13.65 million), representing around 28.71% of our total revenue (three months ended 30 June 2015: around 37.90%).

For the three months ended 30 June 2016, revenue generated from the provision of creative and technology services amounted to approximately HK\$9.30 million (three months ended 30 June 2015: approximately HK\$7.58 million), accounting for around 22.65% of our total revenue (three months ended 30 June 2015: around 21.04%).

Revenue generated from the engagement in an Internet marketing platform for the three months ended 30 June 2016 amounted to approximately HK\$2,000 (three months ended 30 June 2015: Nil).

Total revenue of the Group grew by around 13.99% from approximately HK\$36.02 million for the three months ended 30 June 2015 to approximately HK\$41.06 million for the three months ended 30 June 2016, which was mainly attributable to the rapid growth of the PRC market.

Other income

Other income of the Group increased by around 116% from approximately HK\$0.25 million for the three months ended 30 June 2015 to approximately HK\$0.54 million for the three months ended 30 June 2016, which was mainly attributable to the increase in sundry income and bond interest income.

Selling expenses

The Group's selling expenses increased by around 27.35% from approximately HK\$3.51 million for the three months ended 30 June 2015 to approximately HK\$4.47 million for the three months ended 30 June 2016. The selling expenses were mainly staff costs, sales commission and marketing-related expenses. The increase in selling expenses was mainly caused by the increase in staff costs.

Administrative expenses

The Group's administrative expenses decreased by around 11.94% from approximately HK\$15.33 million for the three months ended 30 June 2015 to approximately HK\$13.50 million for the three months ended 30 June 2016. The administrative expenses were mainly rental expenses, utility expenses, building management fees, recruitment-related expenses and professional fees. The decrease in administrative expenses for the three months ended 30 June 2016 was mainly due to the absence of listing expenses, which are one-off in nature, during the three months ended 30 June 2016 (three months ended 30 June 2015: approximately HK\$7.48 million), partially offset by (i) the increase in professional fees incurred after the Listing; and (ii) the increase in staff costs during the three months ended 30 June 2016.

Income tax expenses

The income tax expenses decreased by around 62.96% from approximately HK\$0.27 million for the three months ended 30 June 2015 to approximately HK\$0.10 million for the three months ended 30 June 2016, which was mainly attributable to the decrease in taxable profit for the three months ended 30 June 2016.



Loss for the period attributable to owners of the Company

For the three months ended 30 June 2016, loss attributable to owners of the Company was approximately HK\$1.61 million (three months ended 30 June 2015: approximately HK\$5.19 million). The decrease in loss attributable to owners of the Company was mainly due to the increase in revenue and decrease in administrative expenses for the three months ended 30 June 2016.

EVENTS AFTER THE REPORTING PERIOD

On 4 August 2016, an annual general meeting of the Company (the “**AGM**”) was held and an approval from shareholders of the Company was obtained for the refreshment of the 10% scheme mandate limit under the share option scheme adopted by the Company on 20 May 2015 (the “**Share Option Scheme**”). The resolution was passed by the shareholders by way of poll at the AGM. Details of the poll result of the AGM are set out in the announcement of the Company dated 4 August 2016.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2016 (three months ended 30 June 2015: Nil). The Company has paid an interim dividend of HK0.78 cent per Share for the year ended 31 March 2016.

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

As at 30 June 2016, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Mr. Alan Yip (Chief executive officer and chairman of the Board)	Interests held jointly with another person (Note 1)	365,760,000	5,990,000	371,750,000	22.30%
	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. Karin Wan	Interests held jointly with another person (Note 1)	365,760,000	5,990,000	371,750,000	22.30%
	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. Jeff Ng	Interests held jointly with another person (Note 1)	432,000,000	36,680,000	468,680,000	28.11%
	Beneficial owner	182,880,000	5,490,000	188,370,000	11.30%
Ms. Cheung Laam	Beneficial owner	–	500,000	500,000	0.03%
Mr. Wang Zhong Lei	Beneficial owner	–	1,000,000	1,000,000	0.06%
Mr. Tso Ping Cheong, Brian	Beneficial owner	–	500,000	500,000	0.03%
Mr. David Tsoi	Beneficial owner	–	1,000,000	1,000,000	0.06%
Mr. Hong Ming Sang	Beneficial owner	–	500,000	500,000	0.03%
Mr. Lam Tung Leung	Beneficial owner	–	1,000,000	1,000,000	0.06%



Notes:

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, inter alia, that they had exercised their voting rights at the meetings of the shareholders and/or directors of members of the Group in unanimity since 1 April 2011 and had undertaken to continue to do so upon the execution of the Acting in Concert Confirmation and Undertaking and during the period they (by themselves or together with their associates) remain in control of the Group until the Acting in Concert Confirmation and Undertaking is terminated by them in writing.
2. These Shares are held by Cooper Global Capital Limited (“**Cooper Global**”), which is owned as to 50% by Mr. Alan Yip and 50% 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.

Save as disclosed above, as at 30 June 2016, 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 2016, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest or short position in the Shares or underlying Shares, which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Long positions in the Shares and the underlying Shares

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Cooper Global	Beneficial owner	249,120,000	–	249,120,000	14.94%
Ms. Liza Wang	Interests held jointly with another person (Note 1)	432,000,000	41,670,000	473,670,000	28.41%
	Beneficial owner	182,880,000	500,000	183,380,000	11.00%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	614,880,000	42,170,000	657,050,000	39.41%
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%
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%
Ms. Chen Wing Man	Interest of spouse (Note 7)	614,880,000	42,170,000	657,050,000	39.41%



Notes:

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

Save as disclosed above, as at 30 June 2016, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's Share Option Scheme 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 30 June 2016, the outstanding number of share options available for grant under the Share Option Scheme is 89,204,400 share options, which, if granted and exercised in full, represent approximately 5.35% of the Shares in issue as at the date of this report.

Refreshment of the 10% scheme mandate limit under the Share Option Scheme has been approved by the shareholders of the Company at the AGM held on 4 August 2016, so that the Directors are authorised to issue share options to subscribe for a total of 166,720,000 Shares, representing 10% of the total number of Shares in issue as at the date of the AGM.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERSETS IN COMPETING BUSINESS

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

DEED OF NON-COMPETITION

A deed of non-competition dated 20 May 2015 has been 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.



INTERESTS OF COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, CLC International Limited ("**CLC International**"), as at 30 June 2016, save for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015, neither CLC International nor any of its directors, employees or close associates had any interest in the Group, which was required to be notified to the Company by CLC International during the course of preparation of this report and are required to be disclosed in this report pursuant to Rule 6A.32 of the GEM Listing Rules.

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

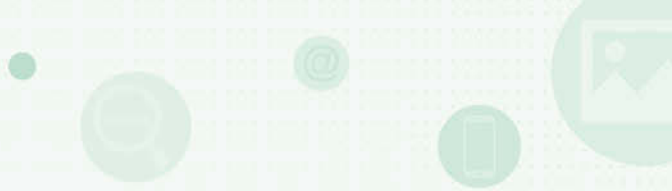
The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**") as its own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

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 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 Code Provision A.2.1 of the CG Code.

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 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.

REVIEW BY THE AUDIT COMMITTEE

The Company has 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, re-appointment and removal of external auditor, review the financial information, oversee the Group's 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 ended 30 June 2016 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, 10 August 2016

As at the date of this report, the executive Directors are Mr. Yip Shek Lun, Mr. Ng Chi Fung and Ms. Wan Wai Ting; the non-executive Directors are Ms. Cheung Laam and Mr. Wang Zhong Lei, and the independent non-executive Directors are Mr. Tso Ping Cheong, Brian, Mr. David Tsoi, Mr. Hong Ming Sang and Mr. Lam Tung Leung.