

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



INTERIM REPORT 2017



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

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

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

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

*This report, for which the directors (collectively the “**Directors**” and individually, the “**Director**”) of Guru Online (Holdings) Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. 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 Company and its subsidiaries (the “Group”) for the six months ended 30 September 2017 (the “Period”) together with the unaudited comparative figures for the corresponding period in 2016 and the relevant explanatory notes as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 September 2017

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Revenue	4	43,731	42,512	87,580	83,577
Cost of services		(26,273)	(28,658)	(53,488)	(53,746)
Gross profit		17,458	13,854	34,092	29,831
Other income and gains	6	578	246	1,156	787
Selling expenses		(5,705)	(5,110)	(12,185)	(9,582)
Administrative expenses		(16,932)	(13,372)	(28,386)	(26,871)
Share of loss of associates		(180)	(37)	(205)	(99)
Impairment loss on interests in associates		(273)	–	(273)	–
Change in fair value of held for trading investments		(108)	–	(95)	–
Loss before tax		(5,162)	(4,419)	(5,896)	(5,934)
Income tax expense	7	–	(236)	–	(335)
Loss for the period attributable to owners of the Company	9	(5,162)	(4,655)	(5,896)	(6,269)
Other comprehensive income/(loss)					
<i>Items that will be subsequently reclassified to profit or loss:</i>					
Change in fair value of available-for-sale investments		65	–	65	–
Exchange differences arising on translating foreign operations		340	(198)	531	(660)
Total comprehensive loss for the period attributable to owners of the Company		(4,757)	(4,853)	(5,300)	(6,929)
Loss per Share					
Basic and diluted (HK cent)	10	(0.31)	(0.28)	(0.35)	(0.38)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017 and 31 March 2017

		30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000
Non-current assets			
Plant and equipment		10,788	6,009
Interests in associates		1,458	1,186
Held-to-maturity investments	11	6,616	5,077
Available-for-sale investments	12	17,971	–
Deposit paid		1,687	1,687
		38,520	13,959
Current assets			
Trade receivables	14	40,107	35,891
Deposits, prepayments and other receivables		8,977	10,817
Amounts due from associates		356	335
Tax recoverable		237	2,214
Held-to-maturity investments	11	15,180	15,235
Held for trading investments		2,026	1,905
Restricted bank balance		50	50
Bank balances and cash		28,379	66,509
		95,312	132,956
Assets classified as held for sale	13	20,057	3,689
		115,369	136,645

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2017 and 31 March 2017

		30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000
Current liabilities			
Trade and other payables	15	16,812	14,179
Receipts in advance		8,980	5,732
Accrued expenses		9,245	6,958
Income tax payable		621	597
		35,658	27,466
Net current assets		79,711	109,179
Total assets less current liabilities		118,231	123,138
Non-current liabilities			
Deferred tax liability		–	–
		118,231	123,138
Capital and reserves			
Share capital		16,672	16,672
Reserves		101,559	106,466
Total equity		118,231	123,138

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

	Share capital	Share premium	Share options reserve	Available-for-sale investments reserve	Exchange reserve	Other reserve (Note)	Accumulated losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2017 (audited)	16,672	78,559	5,136	-	(2,316)	46,657	(21,570)	123,138
Loss for the period	-	-	-	-	-	-	(5,896)	(5,896)
Other comprehensive income for the period:								
– Change in fair value of available-for-sale investments	-	-	-	65	-	-	-	65
– Exchange differences arising on translating foreign operations	-	-	-	-	531	-	-	531
Total comprehensive income/(loss) for the period	-	-	-	65	531	-	(5,896)	(5,300)
Recognition of equity-settled share-based payment	-	-	393	-	-	-	-	393
Share options lapsed	-	-	(613)	-	-	-	613	-
At 30 September 2017 (unaudited)	16,672	78,559	4,916	65	(1,785)	46,657	(26,853)	118,231

Note:

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended 30 September 2016

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Other reserve (Note) HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2016 (audited)	16,672	78,559	2,946	(1,324)	46,657	(5,847)	137,663
Loss for the period	-	-	-	-	-	(6,269)	(6,269)
Other comprehensive loss for the period:							
- Exchange differences arising on translating foreign operations	-	-	-	(660)	-	-	(660)
Total comprehensive loss for the period	-	-	-	(660)	-	(6,269)	(6,929)
Recognition of equity-settled share-based payment	-	-	1,811	-	-	-	1,811
Share options lapsed	-	-	(154)	-	-	154	-
At 30 September 2016 (unaudited)	16,672	78,559	4,603	(1,984)	46,657	(11,962)	132,545

Note:

Other reserve represented the difference between the nominal amount of the share capital and share premium of AdBeyond Holdings Limited and the nominal amount of the share capital issued by the Company pursuant to the Reorganisation.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017 and 2016

	Six months ended	
	30 September 2017 (unaudited) HK\$'000	30 September 2016 (unaudited) HK\$'000
Net cash generated from operating activities	3,947	1,984
Net cash used in investing activities	(42,608)	(38,874)
Net decrease in cash and cash equivalents	(38,661)	(36,890)
Cash and cash equivalents at beginning of the period	66,509	94,691
Effect of foreign exchange rate changes	531	(660)
Cash and cash equivalents at end of the period	28,379	57,141

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended 30 September 2017

1. GENERAL

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

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

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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.

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

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 2017. The application of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years. The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipate that the application of these new standards, amendments and interpretations will have no material impact on the unaudited condensed consolidated financial statements of the Group.

4. REVENUE

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

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Social media management services	19,505	20,446	40,466	40,418
Digital advertisement placement services	9,252	12,303	19,809	24,091
Creative and technology services	14,974	9,759	27,305	19,062
Internet marketing platform	-	4	-	6
	43,731	42,512	87,580	83,577

5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. The Directors have chosen to organise the Group around differences in services. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 are as follows:

1. Digital Advertisement Placement Services – Provision of advertisement placement services through digital media;
2. Social Media Management Services – Provision of set-up, maintenance and monitor services on corporate profile pages through the social media platforms;
3. Creative and Technology Services – Provision of services involving design and copywriting of digital advertisements, production of corporate profile pages, website and apps, and related consultation; and
4. Internet Marketing Platform – Engagement in an internet marketing platform for the travel industry.

Segment results are reported to the CODM for the purposes of resource allocation and assessment of segment performance. Segment assets and liabilities are not reported to the Group’s CODM regularly.

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the six months ended 30 September 2017 (unaudited)

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Internet Marketing Platform HK\$'000	Total HK\$'000
REVENUE					
External sales and segment revenue	19,809	40,466	27,305	-	87,580
Segment results	7,219	13,174	12,835	(46)	33,182
Unallocated other income and gain					703
Unallocated selling expenses					(12,185)
Unallocated administrative expenses					(27,023)
Share of loss of associates					(205)
Impairment loss on interest in associates					(273)
Change in fair value of held for trading investments					(95)
Loss before tax					(5,896)

5. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 September 2016 (unaudited)

	Digital Advertisement Placement Services HK\$'000	Social Media Management Services HK\$'000	Creative and Technology Services HK\$'000	Internet Marketing Platform HK\$'000	Total HK\$'000
REVENUE					
External sales and segment revenue	24,091	40,418	19,062	6	83,577
Segment results	6,696	15,528	5,951	(34)	28,141
Unallocated other income					672
Unallocated selling expenses					(9,582)
Unallocated administrative expenses					(25,066)
Share of loss of associates					(99)
Loss before tax					(5,934)

Segment results represent the profit earned or loss incurred by each segment without allocation of central administrative expenses, selling expenses, directors' and chief executive's emoluments, bank and bond interest income, gain or loss arising from disposal of financial assets held for trading investments, sundry income, change in fair value of financial assets held for trading investments and share of result of associates. This is the measure reported to the Board, being the CODM, for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION *(Continued)*

Geographic information

The Group's operations are located in Hong Kong and the PRC.

The Group's revenue from external customers based on location of customers and information about its non-current assets other than financial instruments by geographical location are detailed as below:

	Revenue from external customers		Non-current assets (excluding deposit paid, held-to-maturity investments and available-for-sale investments)	
	Six months ended 30 September 2017 (unaudited) HK\$'000	Six months ended 30 September 2016 (unaudited) HK\$'000	30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000
The PRC	23,041	18,801	519	598
Hong Kong	64,539	64,776	11,727	6,597
	87,580	83,577	12,246	7,195

Information about major customers

No revenue from a single customer contributed over 10% of the total revenue of the Group during the six months ended 30 September 2017 and 2016, respectively.

6. OTHER INCOME AND GAINS

	Three months ended		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank interest income	2	7	5	16
Bond interest income	96	148	176	236
Dividend income	63	–	98	–
Reversal of impairment loss on trade receivables	55	–	453	115
Gain on disposal of held for trading investments	123	–	123	–
Sundry income	239	91	301	420
	578	246	1,156	787

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Current tax:				
Hong Kong Profits Tax	–	–	–	55
PRC Enterprise Income Tax	–	306	–	306
	–	306	–	361
Over-provision in prior periods:				
Hong Kong	–	(55)	–	(55)
Deferred tax	–	(15)	–	29
	–	236	–	335

No provision for Hong Kong Profits Tax has been made for the Period as there was no assessable profits for the Period. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2016 and 2017, respectively.

Under the law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Company is 25% for the six months ended 30 September 2016 and 2017, respectively.

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

8. DIVIDENDS

Dividend recognised as distribution during the relevant periods:

	Six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Interim dividend	–	–

9. LOSS FOR THE PERIOD

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

	Three months ended 30 September		Six months ended 30 September	
	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000	2017 (unaudited) HK\$'000	2016 (unaudited) HK\$'000
Directors' and chief executive's emoluments	7,283	1,793	8,969	3,983
Other staff costs (excluding Directors' and chief executive's emoluments)	16,944	18,599	33,718	36,404
Retirement benefits scheme contributions (excluding Directors' and chief executive's emoluments)	622	685	1,224	1,298
Total staff costs	24,849	21,077	43,911	41,685
Depreciation of plant and equipment	734	523	1,353	1,036
Share-based payment expenses (included in staff costs above)	198	658	393	1,811
Impairment loss on trade receivables *	–	800	–	800
Net foreign exchange loss/(gain)	128	56	(93)	236
Operating lease rentals in respect of rented premises	1,663	1,650	4,401	3,332

* Included in administrative expenses

10. 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		Six months ended	
	30 September		30 September	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss				
Loss for the period attributable to owners of the Company for the purpose of basic loss per Share	(5,162)	(4,655)	(5,896)	(6,269)
Number of Shares	'000	'000	'000	'000
Weighted average number of 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 Shares in issue during the six months ended 30 September 2017 and 2016, respectively, represented 1,667,200,000 Shares in issue.

The computation of diluted loss per Share does not assume the exercise of the Company's share options as the exercise price of those options was higher than the average market price of the Company's Shares for the six months ended 30 September 2017 and 2016, respectively.

11. HELD-TO-MATURITY INVESTMENTS

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Debt securities, at amortised cost	21,796	20,312
Analysed for reporting purposes as:		
Non-current assets (<i>Note a</i>)	6,616	5,077
Current assets (<i>Note b</i>)	15,180	15,235
	21,796	20,312

Notes:

- a. Carry effective interest rate at 5.55% and 1.88% per annum, and will mature on 21 November 2018 and 25 January 2019, respectively;
- b. Carry effective interest rate at 1.36% and 1.68% per annum, and will mature on 31 October 2017 and 5 March 2018, respectively.

11. HELD-TO-MATURITY INVESTMENTS (Continued)

Set out below are the particulars of the held-to-maturity investments as at 30 September 2017:

Name of the Bond Issuers	Name of the Bonds	Listed in	Stock code	At investment cost		At fair value		At amortised cost		Approximate percentage on total assets
				30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000	30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000	30 September 2017 (unaudited) HK\$'000	31 March 2017 (audited) HK\$'000	
Bank of Communications Co., Ltd. Hong Kong Branch	Bank of Communications Co., Ltd. HK Branch 2.25% Notes 2019	Hong Kong	5609	5,091	5,091	5,075	5,090	5,068	5,077	3.29%
Hutchison Whampoa International (14) Limited	Hutchi Wham US\$2B 1.625% N171031R	Singapore	208	10,121	10,121	10,100	10,105	10,095	10,108	6.56%
Tencent Holdings Limited	Tencent Holdings Ltd. 3.375% Senior Notes 2018	Hong Kong	4562	5,194	5,194	5,107	5,155	5,085	5,127	3.30%
Wanda Properties Overseas Limited	DALWAN 4.875% 21Nov2018 Corp (USD)	Hong Kong	5997	1,548	–	1,548	–	1,548	–	1.01%
				21,954	20,406	21,830	20,350	21,796	20,312	

12. AVAILABLE-FOR-SALE INVESTMENTS

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Unlisted fund investments, at fair value (Note a)	8,825	–
Listed fund investments, at fair value (Note b)	8,679	–
Listed equity securities, at fair value (Note c)	467	–
	17,971	–
Analysed for reporting purposes as non-current assets	17,971	–

Notes:

- (a) At as 30 September 2017, the Group's unlisted fund investments amounting to a fair value of approximately HK\$8,825,000 with an aggregate initial investment cost of approximately HK\$8,823,000. At as 30 September 2017, the unlisted fund investments comprised 6 investment funds domiciled in Luxembourg, the Ireland and Hong Kong with a fair value in the range from approximately HK\$775,000 to approximately HK\$3,905,000. The investment is measured at fair value derived from observable market values of underlying assets at the end of the reporting period.
- (b) At as 30 September 2017, the Group's listed fund investments amounting to a fair value of approximately HK\$8,679,000 with an aggregate initial investment cost of approximately HK\$8,612,000. At as 30 September 2017, the listed fund investments comprised 6 investment funds listed in the United States, the United Kingdom and Luxembourg with a fair value in the range from approximately HK\$784,000 to approximately HK\$2,350,000. The fair values of listed fund investments were determined based on the quoted market closing prices.
- (c) At as 30 September 2017, the Group's listed equity securities amounting to a fair value of approximately HK\$467,000 with an aggregate initial investment cost of approximately HK\$472,000. At as 30 September 2017, the listed equity securities invested are issued by a public corporation listed in the United States. The fair value of listed equity securities was determined based on the quoted market closing prices.

13. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Carrying amount at the beginning of the reporting period	3,689	–
Additions	16,368	5,543
Disposal	–	(1,854)
Carrying amount at the end of the reporting period	20,057	3,689

During the Period, the Group purchased (i) car parks spaces through a series of transactions from different vendors with an initial cost in the range from approximately HK\$1,391,000 to approximately HK\$2,400,000 and (ii) a leasehold premises with an initial cost of approximately HK\$3,052,000 for resale, and these assets are expected to be sold within twelve months.

The fair value less costs to sell is expected to exceed the net carrying amount of the assets and, accordingly, no impairment loss has been recognised on the assets classified as held for sale.

14. TRADE RECEIVABLES

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Trade receivables	44,881	41,049
Less: allowance for impairment of trade receivables	(4,774)	(5,158)
	40,107	35,891

As at 30 September 2017, included in the Group's trade receivables balances was an aggregate amount of approximately HK\$9,020,000 (31 March 2017: approximately HK\$11,942,000) which has not yet been due according to the contract terms as at the end of the relevant periods. Trade receivables that were neither past due nor impaired related to a wide range of customers who did not have any recent history of default.

As at 30 September 2017, included in the Group's trade receivables balances was an aggregate carrying amount of approximately HK\$31,087,000 (31 March 2017: approximately HK\$23,949,000) which was related to debts that were past due as at the reporting date but for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of customers that have good track records with the Group. Based on past experience, the management of the Group believes that no impairment loss is necessary in respect of these balances as there has not been a significant change in credit quality of these customers and the balances are still considered fully recoverable.

The following is an aged analysis of trade and bills receivables, net of allowance for impairment of trade receivables presented based on the due date at the end of the relevant period.

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Current	9,020	11,942
Overdue:		
– Within 60 days	16,002	16,690
– 61-90 days	4,407	3,230
– 91-120 days	4,340	1,185
– Over 120 days	6,338	2,844
	31,087	23,949
	40,107	35,891

15. TRADE AND OTHER PAYABLES

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Trade payables	14,264	13,886
Other payables	2,548	293
	16,812	14,179

The following is an aged analysis of trade payables presented based on the invoice date at the end of the relevant periods.

	As at 30 September 2017 (unaudited) HK\$'000	As at 31 March 2017 (audited) HK\$'000
Within 30 days	5,914	3,116
31-60 days	441	4,806
Over 60 days	7,909	5,964
	14,264	13,886

The trade payables were due according to the terms stated in the relevant contracts. The average credit period on purchase of services is 30 – 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

Total revenue of the Group grew by around 4.79% from approximately HK\$83.58 million for the six months ended 30 September 2016 to approximately HK\$87.58 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\$40.47 million (six months ended 30 September 2016: approximately HK\$40.42 million), representing around 46.21% of our total revenue (six months ended 30 September 2016: around 48.36%); (ii) digital advertisement placement services amounted to approximately HK\$19.81 million (six months ended 30 September 2016: approximately HK\$24.09 million), representing around 22.62% of our total revenue (six months ended 30 September 2016: around 28.82%); (iii) creative and technology services amounted to approximately HK\$27.31 million (six months ended 30 September 2016: approximately HK\$19.06 million), representing around 31.18% of our total revenue (six months ended 30 September 2016: around 22.80%); whereas no revenue was generated from the engagement in Internet marketing platform (six months ended 30 September 2016: HK\$6,000).

The revenue generated from creative and technology services has significantly increased by around 43.28%, meanwhile, the revenue generated from digital advertisement placement services has dropped by 17.77%. It was due to (i) the increase in consultation on the integrated digital marketing services in relation to the growth of the PRC market and (ii) customers tend to spend on creative-related services rather than to place an advertisement solely through digital media.

Other income and gains

Other income and gains of the Group increased by around 46.84% from approximately HK\$0.79 million for the six months ended 30 September 2016 to approximately HK\$1.16 million for the Period, which was mainly attributable to the increase in reversal of impairment loss on trade receivables, gain on disposal of held for trading investments and dividend income received during the Period.

Selling expenses

The Group's selling expenses increased by around 27.24% from approximately HK\$9.58 million for the six months ended 30 September 2016 to approximately HK\$12.19 million for the Period. The selling expenses mainly represented selling staff costs, sales commission and marketing-related expenses. The increase in selling expenses was mainly due to the increase of marketing-related expenses which was in line with the corresponding growth of revenue.

Administrative expenses

The Group's administrative expenses increased by around 5.66% from approximately HK\$26.87 million for the six months ended 30 September 2016 to approximately HK\$28.39 million for the Period. The administrative expenses mainly comprised rental expenses, utility expenses, building management fees, recruitment-related expenses, legal and professional fees and listing-related expenses. The increase in administrative expenses for the Period was mainly due to the increase in rental expenses in respect of the overlapped rental period of rented premises for principal place of business in Hong Kong and the staff costs, which partially offset by the reduction in share-based payment expenses.

Income tax expense

The income tax expense decreased from approximately HK\$0.34 million for the six months ended 30 September 2016 to nil for the Period, which was mainly attributable to the losses incurred by the Group 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\$5.90 million (six months ended 30 September 2016: approximately HK\$6.27 million). The Company targets to continue implementing the expenses control policy and to achieve further reduction in loss.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 30 September 2017 and up to the date of this report.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the Period (six months ended 30 September 2016: Nil).

LIQUIDITY AND CAPITAL RESOURCES

As at 30 September 2017, the Group's current ratio was 3.24, compared to 4.98 as at 31 March 2017. As at 30 September 2017, the Group's bank balances and cash totalled approximately HK\$28.38 million (31 March 2017: approximately HK\$66.51 million).

The total interest-bearing loans and borrowings (interest-bearing bank borrowings and bank overdrafts) of the Group as at 30 September 2017 were nil (31 March 2017: Nil).

During the Period, 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 September 2017, there was no amount due to related parties (31 March 2017: Nil). Currently, 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 against 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 denominated in RMB as they become due.

Our contractual commitments mainly involve leases of office properties. As at 30 September 2017, the total commitment for future minimum lease payments under non-cancellable operating lease was approximately HK\$15.74 million (31 March 2017: approximately HK\$1.95 million).

CAPITAL STRUCTURE

On 29 May 2015, the Shares were successfully listed on GEM of the Stock Exchange. Since then, the Group's capital structure has not changed. Our equity consists only of ordinary shares. On the date of this report, the Company's issued share capital amounted to HK\$16,672,000 and the number of issued ordinary shares is 1,667,200,000 with a par value of HK\$0.01.

SIGNIFICANT INVESTMENT HELD

During the Period, the Group purchased a listed corporate bond, classified as a held-to-maturity investment, with an initial investment cost of approximately HK\$1.55 million via an investment bank by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. As at 30 September 2017, the Group had held-to-maturity investments in the aggregate initial investment cost of approximately HK\$21.95 million, which consisted of 4 corporate bonds (31 March 2017: 3). The amortised cost of the held-to-maturity investments amounted to approximately HK\$6.62 million (31 March 2017: approximately HK\$5.08 million) as non-current assets and approximately HK\$15.18 million (31 March 2017: approximately HK\$15.24 million) as current assets. The Group intends to hold the held-to-maturity investments until their maturity. The details of held-to-maturity investments are set out in note 11 to the condensed consolidated financial statements.

During the Period, the Group purchased 6 unlisted investment funds in overseas and Hong Kong, 6 listed investment funds in overseas and a listed equity securities investment in overseas with an initial investment cost of approximately HK\$17.91 million via an investment bank by AdBeyond (Group) Limited, a wholly-owned subsidiary of the Company. As at 30 September 2017, the Group had available-for-sale investments, measured at fair value, amounted to approximately HK\$17.97 million as non-current assets (31 March 2017: Nil). The details of available-for-sale investments are set out in note 12 to the condensed consolidated financial statements.

As at 30 September 2017, the Group had held for trading investments in the aggregate initial investment cost of approximately HK\$2.16 million (31 March 2017: approximately HK\$1.94 million), which consist of 8 equity securities listed in Hong Kong (31 March 2017: 9) purchased by AdBeyond (Group) Limited. As at 30 September 2017, the fair value of the held for trading investments was approximately HK\$2.03 million (31 March 2017: approximately HK\$1.91 million).

As at 30 September 2017, the Group had assets classified as held for sale, the aggregate carrying amount of which was approximately HK\$20.06 million (31 March 2017: approximately HK\$3.69 million), which consist of 9 car parks spaces and 1 leasehold premises (31 March 2017: 2 car parks spaces). The details of assets classified as held for sale are set out in note 13 to the condensed consolidated financial statements.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Period, the Group has acquired an associate whose principal activity is the provision of catering services. During the six months ended 30 September 2016, the Group has established a subsidiary in Nanjing whose principal activity is the provision of marketing services.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, the Group employed 271 full-time employees (31 March 2017: 268). For the Period, staff costs of the Group (including Directors' emoluments) were approximately HK\$43.91 million (six months ended 30 September 2016: approximately HK\$41.69 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of the employees aiming at attracting and retaining eligible employees to contribute to the Group. Apart from basic remuneration, share options may be granted under the share option scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution.

CHARGE OF ASSETS

As at 30 September 2017, the Group pledged a bank deposit with a carrying value of approximately HK\$50,000 (31 March 2017: approximately HK\$50,000) to secure the banking facilities granted to the Group. Save as disclosed above, the Group did not have any charges on its assets as at 30 September 2017.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 September 2017, the Group did not have any significant capital commitments (31 March 2017: Nil). Save for the business plan disclosed in the prospectus of the Company dated 22 May 2015 (the “**Prospectus**”) or otherwise disclosed in this report, the Group did not have any future plans for material investments or capital assets as at 30 September 2017.

GEARING RATIO

As at 30 September 2017 and 31 March 2017, the Group did not have any interest-bearing debt and hence gearing ratio was not applicable.

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2017, the Group had a portion of its bank deposits denominated in RMB. Currently, the Group does not have a foreign currency hedging policy but the management of the Group monitors the Group’s exposure to foreign currency risk and would consider taking appropriate actions when necessary. The above-mentioned bank deposits denominated in RMB amounted to approximately HK\$3.05 million (31 March 2017: approximately HK\$0.70 million).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 September 2017 (31 March 2017: Nil).

COMPARISON BETWEEN BUSINESS PLAN AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress up to 30 September 2017 is set out below:

Business objectives as stated in the Prospectus	Business strategies up to 30 September 2017 as stated in the Prospectus	Actual business progress up to 30 September 2017
Continue to expand the Group's client base and business operations	Expand sales and proposal team by approximately 8 and 2 additional staff at the Hong Kong office and Guangzhou office, respectively, to improve the level of support and attention provided to each of the existing and potential clients so as to enhance the Group's capability of providing innovative digital marketing strategies, maintaining the relationship with clients and expanding the client base.	The Group has expanded the sales and proposal team by 10 and 2 additional staff at the Hong Kong office and Guangzhou office, respectively.
	Expand service teams by approximately 11 additional staff at the Hong Kong and Guangzhou offices to maintain the quality of services and expand the Group's capacity to capitalise on the growing demand in the market.	The Group has expanded the service teams by 17 and 4 additional staff at the Hong Kong office and Guangzhou office, respectively. The Group aimed at continually maintaining the quality of services by expanding and enhancing our service teams.

Business objectives as stated in the Prospectus	Business strategies up to 30 September 2017 as stated in the Prospectus	Actual business progress up to 30 September 2017
	<p>Improve operation process for the Hong Kong and PRC operations through implementing information technology systems.</p> <p>Continue to promote our business and maintain the relationships with our clients through our sales and proposal team at our Hong Kong and Guangzhou offices.</p> <p>Continue to maintain the quality of services to capitalise on the growing demand in the market through our service teams at our Hong Kong and Guangzhou offices.</p> <p>Provide enhanced customer relationship-related training programmes to staff members.</p> <p>Conduct studies on the digital marketing service industry in Eastern China.</p>	<p>The Group is developing an information technology system to control and monitor the operation process for the Hong Kong and PRC operations. The system is under testing and is expected to be enhanced and improved in the following year.</p> <p>The Group has provided weekly customer relationship-related training programmes to staff members.</p>

Business objectives as stated in the Prospectus	Business strategies up to 30 September 2017 as stated in the Prospectus	Actual business progress up to 30 September 2017
Strengthen and broaden the Group's existing range of digital marketing services	<p data-bbox="352 375 666 502">Update market needs, research on comparable and new technologies through conducting market research.</p> <p data-bbox="352 534 666 598">Recruit approximately 16 additional technical staff.</p> <p data-bbox="352 630 666 965">Secure cooperation arrangements with popular websites, apps and mobile sites capable of reaching an existing mass audience inside or outside the PRC, such as PRC-based video sharing websites, apps and mobile sites, or emerging websites, apps and mobile sites with potential popularity among the target audience.</p> <p data-bbox="352 997 666 1125">Research and expand existing range of digital marketing services and perform beta and pilot tests.</p> <p data-bbox="352 1157 666 1332">Look for opportunities to collaborate with software and programme developers to develop other technologies to address our clients' needs and preferences.</p> <p data-bbox="352 1364 666 1422">Expand our internal research and development capabilities.</p>	<p data-bbox="666 375 985 534">The Group has established a subsidiary in Nanjing in August 2016, whose principal activity is the provision of marketing services.</p> <p data-bbox="666 566 985 758">The Group has established a subsidiary in Hong Kong in August 2015, whose principal activity is the engagement in an Internet marketing platform for the travel industry.</p> <p data-bbox="666 790 985 869">The Group recruited 25 staff for the newly established subsidiaries.</p> <p data-bbox="666 901 985 997">The Group recruited 3 staff for engaging in the social media management services.</p>

Business objectives as stated in the Prospectus	Business strategies up to 30 September 2017 as stated in the Prospectus	Actual business progress up to 30 September 2017
Pursue growth through selective mergers and acquisitions	<p data-bbox="348 379 669 432">Documentation and due diligence works.</p> <p data-bbox="348 475 669 619">Review the backgrounds and financials of the potential acquisition targets primarily based in the Greater China region.</p> <p data-bbox="348 662 669 805">Acquire companies with functional-expertise, industry-expertise or regional client-expertise primarily based in the Greater China region.</p> <p data-bbox="348 849 669 896">Acquire and settle payment for acquisition targets.</p>	The Group has acquired an associate whose principal activity is the provision of digital portal and services on part-time and temporary jobs for job seekers and employers in December 2015 and the consideration for such acquisition was fully settled.

USE OF PROCEEDS

Based on the actual placing price of HK\$0.25 per placing Share and upon the exercise of the offer size adjustment option, the actual net proceeds received by the Company from the Listing (the “**Net Proceeds**”), after deducting the underwriting commission and other estimated expenses, were approximately HK\$91.8 million. The amount was higher than the estimated net proceeds of approximately HK\$67.0 million as disclosed in the Prospectus, which was based on the placing price of HK\$0.23 per placing Share, being the mid-point of the indicative placing price range and did not take into account any exercise of the offer size adjustment option.

In the light of the difference between the actual and estimated amounts of net proceeds, the Group has adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and as a result, approximately HK\$24.0 million, HK\$25.3 million, HK\$34.2 million and HK\$8.3 million, representing approximately 26.1%, 27.6%, 37.3% and 9.0%, respectively, of the actual net proceeds, were adjusted for (i) expanding our client base and business operations; (ii) strengthening and broadening our existing range of digital marketing services; (iii) pursuing growth through selective mergers and acquisitions; and (iv) funding of our working capital and general corporate purposes.

On 6 July 2017, the Board has resolved to change the proposed use of the Net Proceeds. Set out below are details of the original allocation of the Net Proceeds (after the adjustment as mentioned above), the utilised amount of the Net Proceeds as at 6 July 2017, the original allocation and revised allocation of the unutilised Net Proceeds:

	Original allocation of Net Proceeds HK\$ million	Utilised amount (as at 6 July 2017) HK\$ million	Original allocation of unutilised amount HK\$ million	Revised allocation of unutilised amount HK\$ million
Expanding our client base and business operations	24.0	12.1	11.9	14.3
Strengthening and broadening our existing range of digital marketing services	25.3	13.2	12.1	14.8
Pursuing growth through selective mergers and acquisitions	34.2	1.1	33.1	–
Working capital and general corporate purposes	8.3	8.3	–	28.0
	91.8	34.7	57.1	57.1

The details of the re-allocation of the use of proceeds was set out in the announcement of the Company dated 6 July 2017.

Accordingly, following the above-mentioned adjustment and change in use of the Net Proceeds (collectively the “**Adjustments**”), the plans for application of the Net Proceeds were adjusted as follows (the “**Adjusted Plan**”):

	From 15 May	For the six months ended				For the	Approximate percentage of the Net Proceeds	
	2015 to					six months		
	30 September	31 March	30 September	31 March	30 September	31 March		Total
	2015	2016	2016	2017	2017	2018	HK\$ million	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Expanding our client base and business operations	1.4	2.6	3.7	4.5	7.9	6.3	26.4	28.8%
Strengthening and broadening our existing range of digital marketing services	1.8	3.3	3.4	4.4	8.3	6.8	28.0	30.5%
Pursuing growth through selective mergers and acquisitions	-	1.1	-	-	-	-	1.1	1.2%
Working Capital and general corporate purposes	8.3	-	-	-	28.0	-	36.3	39.5%
	11.5	7.0	7.1	8.9	44.2	13.1	91.8	100.0%

Up to 30 September 2017, the Group has applied the Net Proceeds as follows:

	Use of Net Proceeds in accordance with the Adjusted Plan up to 30 September 2017	Actual usage up to 30 September 2017
	HK\$ million	HK\$ million
Expanding our client base and business operations	20.1	18.8
Strengthening and broadening our existing range of digital marketing services	21.2	20.6
Pursuing growth through selective mergers and acquisitions	1.1	1.1
Working Capital and general corporate purposes	36.3	26.0
	78.7	66.5

The unutilised net proceeds have been placed as interest bearing deposits with a licensed bank in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risks and uncertainties are summarised as follows:

- (i) The Group's ongoing operations and growth could be affected if it fails to attract, recruit or retain key personnel including the executive Directors, senior management and key employees;
- (ii) The Group relies on a sole supplier, Viral Digital Studio Limited ("**VDS**"), for the provision of online monitoring services, and any disruption in the provision of services from VDS or the Group's inability to identify alternative service providers may affect the Group's business operations and financial results;
- (iii) The Group's clients may delay in settlement of its bills, which may result in material adverse impact on the Group's business, liquidity, cashflows and results of operations;
- (iv) The Group's reputation, brand name and business could be adversely affected by misconducts of third parties, including the Group's partner websites, apps, mobile sites, service providers and advertising agencies, all of whom being independent entities and hence the Group does not have direct control over those third parties in relation to the contents shown on their websites, app and mobile sites and/or their activities; and
- (v) The Group's business and financial performance may be adversely affected and the business sustainability may also be adversely affected if the Group are unable to secure engagements from clients through the tendering process.

For other risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" in the Prospectus.

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

As at 30 September 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, were as follows:

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

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Mr. Yip Shek Lun ("Mr. Alan Yip") (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 30 September 2017, none of the Directors nor chief executive of the Company has registered any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 September 2017, the following persons (other than the Directors or chief executive of the Company) had or deemed or taken to have an interest and/or short position in the shares or underlying shares or debentures of the Company which were required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

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

Name	Nature of interest	Total number of Shares held	Total number of underlying Shares held	Total interests	Percentage of shareholding
Cooper Global	Beneficial owner	249,120,000	–	249,120,000	14.94%
Ms. Liza Wang	Interests held jointly with another person (Note 1)	432,000,000	41,670,000	473,670,000	28.41%
	Beneficial owner	166,580,000	500,000	167,080,000	10.02%
Mr. Luk Ting Kwan, Jerry	Interest of spouse (Note 2)	598,580,000	42,170,000	640,750,000	38.43%
Huayi Brothers International Investment Ltd. ("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%

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

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

SHARE OPTION SCHEME

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

Details of the share options granted and accepted under the Share Option Scheme during the Period and their movements during the Period are as follows:

Grantee	Position	Date of grant	Exercise period	Exercise price per Share HK\$	Outstanding as at 1 April 2017	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding
									as at 30 September 2017
Mr. Alan Yip	Executive Director, chief executive officer	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	30,690,000	-	-	-	30,690,000
Ms. Karin Wan	Executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	5,490,000	-	-	-	5,490,000
Mr. Jeff Ng	Executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	5,490,000	-	-	-	5,490,000
Mr. Wang Zhong Lei	Non-executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	1,000,000	-	-	-	1,000,000
Ms. Cheung Laam	Non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	(500,000)	-	-
Mr. Tso Ping Cheong, Brian	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	(500,000)	-	-
Mr. David Tsoi	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	1,000,000	-	(1,000,000)	-	-
Mr. Hong Ming Sang	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	500,000	-	(500,000)	-	-
Mr. Lam Tung Leung	Independent non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	1,000,000	-	(1,000,000)	-	-

Grantee	Position	Date of grant	Exercise period	Exercise price per Share HK\$	Outstanding as at 1 April 2017	Granted during the Period	Lapsed during the Period	Exercised during the Period	Outstanding
									as at 30 September 2017
Mr. Patrick Cheung	Former Non-executive Director	9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	4,440,000	-	-	-	4,440,000
Ms. Hu Ming	Former Non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2017	0.63	2,000,000	-	(2,000,000)	-	-
Ms. Liza Wang	Former Non-executive Director	13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2018	0.63	500,000	-	-	-	500,000
Employees and consultants		13 Jul 2015 (Note 2)	12 Oct 2015 to 11 Apr 2018	0.63	13,617,600	-	(300,000)	-	13,317,600
		9 Dec 2015 (Note 1)	1 Jul 2016 to 30 June 2018	0.315	7,960,000	-	-	-	7,960,000
Total					74,687,600	-	(5,800,000)	-	68,887,600

Notes:

1. The closing price of the Shares immediately before the date on which these share options were granted, that is 8 December 2015, was HK\$0.315 per Share.
2. The closing price of the Shares immediately before the date on which these share options were granted, that is 10 July 2015, was HK\$0.55 per Share.

18,787,600 share options granted on 13 July 2015 shall be exercisable in three tranches and subject to the following vesting periods: (i) one third of the Shares shall be vested and exercisable from 12 October 2015; (ii) another one third of the Shares shall be vested and exercisable from 12 October 2016; and (iii) the remaining of the Shares shall be vested and exercisable from 12 October 2017.

5,500,000 share options granted on 13 July 2015 shall be exercisable in two tranches and subject to the following vesting periods: (i) one half of the Shares shall be vested and exercisable from 12 October 2015; and (ii) the remaining of the Shares shall be vested and exercisable from 12 October 2016. During the Period, these 5,500,000 share options lapsed in accordance with the terms of the Share Option Scheme.

56,000,000 share options granted on 9 December 2015 shall be exercisable in three tranches and subject to the following vesting periods: (i) one third of the Shares shall be vested and exercisable from 1 July 2016; (ii) another one third of the Shares shall be vested and exercisable from 1 January 2017; and (iii) the remaining of the Shares shall be vested and exercisable from 1 January 2018.

As at 30 September 2017, the outstanding number of share options available for grant under the Share Option Scheme was 166,720,000 share options, which, if granted and exercised in full, represent 10% of the Shares in issue as at the date of this report.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

DEED OF NON-COMPETITION

A deed of non-competition dated 20 May 2015 had been entered by Mr. Alan Yip, Mr. Jeff Ng, Ms. Karin Wan, Ms. Liza Wang and Cooper Global, all being the Company's controlling shareholders, in favour of the Company regarding certain non-competition undertakings. The details of the deed of non-competition have been disclosed in the section headed "Relationship with Our Controlling Shareholders" in the Prospectus.

INTERESTS OF COMPLIANCE ADVISER

As confirmed by the Company's compliance adviser, CLC International Limited ("**CLC International**"), as at 30 September 2017, save for the compliance adviser agreement entered into between the Company and CLC International on 22 May 2015, neither CLC International nor any of its directors, employees or close associates had any interest in the Group, which was required to be notified to the Company by CLC International during the course of preparation of this report and 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 Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Model Code**”) as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Model Code during the Period and up to the date of this report.

Pursuant to Rule 5.66 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

Provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Cheung Laam and Mr. Wang Zhong Lei as the non-executive Directors and Mr. Hong Ming Sang as an independent non-executive Director did not attend the annual general meeting of the Company ("**AGM**") held on 8 August 2017 due to their other business engagements.

Under Provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company, and the chairman of the board committees and failing whom, another member of the relevant committee should be available to answer questions thereat. Due to prior business engagements, Mr. Hong Ming Sang, the chairman of the remuneration committee, was not able to attend the AGM held on 8 August 2017 in person, but he has already delegated to one of the executive Directors to answer questions on his behalf.

AUDIT COMMITTEE

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

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

By order of the Board

Guru Online (Holdings) Limited

Yip Shek Lun

Chief Executive Officer, Chairman of the Board and Executive Director

Hong Kong, 13 November 2017

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.