WINTO GROUP (HOLDINGS) LIMITED
惠陶集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8238

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This report, for which the directors (the "Directors") of Winto Group (Holdings) Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. 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 and deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Board of Directors

Executive Directors
KWAN Shun Keung Timmy *(Chairman)*
YIP Tsz Lam

Non-executive Director
TAM B Ray Billy (resigned on 24 March 2014)
TSANG Hin Man Terence (appointed on 24 March 2014)

Independent Non-executive Directors
LEE Kwok Tung Louis (appointed on 23 January 2015)
TSANG Ho Ka Eugene (appointed on 23 January 2015)
YU Chon Man (appointed on 23 January 2015)

Compliance Officer

KWAN Shun Keung Timmy

Authorised Representatives

KWAN Shun Keung Timmy
YIP Tsz Lam

Company Secretary

MAK Wai Kit

Audit Committee Members

LEE Kwok Tung Louis *(Chairman)*
TSANG Ho Ka Eugene
YU Chon Man

Remuneration Committee Member

TSANG Ho Ka Eugene *(Chairman)*
KWAN Shun Keung Timmy
YU Chon Man

Nomination Committee Members

YU Chon Man *(Chairman)*
KWAN Shun Keung Timmy
LEE Kwok Tung Louis

Corporate Governance Committee

TSANG Hin Man Terence *(Chairman)*
KWAN Shun Keung Timmy
LEE Kwok Tung Louis
TSANG Ho Ka Eugene
MAK Wai Kit

Head Office and Principal Place of Business

Unit 4, 7th Floor, Nan Fung Commercial Centre
19 Lam Lok Street, Kowloon Bay, Kowloon,
Hong Kong

Auditor

CCIF CPA Limited
Certified Public Accountants

Principal Banker

Industrial and Commercial Bank of China (Asia) Limited
Shop 4, G/F, Chung On Building
297–313 Sha Tsui Road
Tsuen Wan, New Territories

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Company Website

http://oceanmediahk.com

Corporate Information

Principal Share Registrars and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre 183 Queen's Road East
Wanchai Hong Kong

GEM Stock Code

8238

Results

In HK$	2014	2013	2012	2011
	Year ended 31 December			
Turnover	**28,249,445**	28,076,113	17,367,913	19,382,713
Profit before taxation	**10,056,364**	18,160,092	10,779,172	15,578,257
Total comprehensive income for the year	**6,626,734**	14,572,826	8,731,939	13,009,644

Summary of Assets and Liabilities

In HK$	2014	2013	2012	2011
	Year ended 31 December			
Total assets	**46,457,819**	31,242,245	18,930,521	16,486,118
Total liabilities	**36,113,058**	19,209,627	13,039,144	7,436,680
Net assets	**10,344,761**	12,032,618	5,891,377	9,049,438

Chairman's Statement

Dear Shareholders,

I am pleased to present the first annual report of Winto Group (Holdings) Limited ("Winto Group" or the "Group") following its listing and to share the Group's fruitful results with our shareholders.

The successful listing of Winto Group on the GEM Board of the Stock Exchange of Hong Kong in early 2015 marked a milestone for the Group. Since the publishing of Motoz Trader, its first magazine for sale, and Motoz Trader (Free), its first free magazine in April 2009, Winto Group has already owned 6 magazines with various points of sales covered different locations in Hong Kong, as well as more than 1,000 free despatching points, including petrol filling stations, foot massage shops, hair salons and cafes. In addition, the Group has established a wide customer base with more than 100 customers coming from different industries, including motor dealers, cosmetic brand owners, property agencies, jewels, professional firms, pet shops and etc. In just a few years, Winto Group has developed into its existing scale, that is a result contributed by the unremitting and dedicated effort of the Group's management and all its staff members.

In 2014, the operating results of the Group steadily increased thanks to the increased free distribution points attributable by its new business partners. In the meantime, different readerships have been attracted since its free magazine Motoz Xpress/Shopping Monthly (Free) was published in middle 2013, which was also a factor that boosted the number of customers and circulation of the Group. As a result, the turnover of the Group amounted to HK$28,249,000 for 2014, representing an increase of 0.6% as compared to 2013. In addition, its net profit amounted to HK$6,627,000, representing a decrease of 54.5% as compared to 2013.

The business objective of the Group is to further expand its publication to a wider range of lifestyle magazines in Hong Kong. In order to maintain steady development, the Group has planned to publish two magazines in travelling (both a retail version and a free version) and second-hand commercial vehicles in 2015, by which the Group will be able to capture further advertising business opportunities through cross-selling the advertising spaces in its broadened range of magazines to any single customer. The Group will be focusing on the preparation of new magazines and increase the manpower of its editorial and design teams for the publishing. We expected the related preparation to be accomplished in the first half of 2015.

Moreover, the Group has also planned for placing advertisements on media channels, such as television commercials, to increase its public awareness and the recognition on its magazines. The Group intends to establish its readership and expand the market coverage of the advertisements in its magazines by such activities, which can in turn attract potential business partners, advertising customers and outstanding staff.

I would like to take this opportunity to express my gratitude again for the support from our business partners, readers, and advertising customers over the years. In addition to the increased public awareness and enhanced corporate image following its listing, the Group believes that its competitive advantages such as the characteristics and attractiveness of our lifestyle magazines, wide coverage of the sales and distribution networks of our magazines, effective cost control and support by our advertising customers can certainly lead the business of Winto Group forward in 2015, such that we can continue to share our fruitful results with our shareholders in the future.

Kwan Shun Keung Timmy
Chairman and Executive Director
Hong Kong, 26 March 2015

FINANCIAL PERFORMANCE

The Group recorded total turnover of approximately HK$28,249,000 for the year ended 31 December 2014, representing an increase of approximately 0.6% or HK$173,000 from approximately HK$28,076,000 for the year ended 31 December 2013. The total gross profit of the Group was approximately HK$25,983,000 for the year ended 31 December 2014, representing a decrease of approximately 0.9% as compared to the same period of last year. The gross profit margin decreased to approximately 92.0% in the year ended 31 December 2014. The net profit of the Group for the year ended 31 December 2014 decreased by approximately 54.5% to approximately HK$6,627,000, and the net profit margin of the Group decreased from 51.9% for the year ended 31 December 2013 to 23.5% for the year ended 31 December 2014.

Earnings per share of the Group for the year ended 31 December 2014 was HK$1.11 cents.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

BUSINESS REVIEW

Winto Group (Holdings) Limited is a magazine publishing group that is principally engaged in the sales and free distribution of a wide range of Chinese language lifestyle magazines in Hong Kong. The Group owns and publishes six magazines, including Motoz Trader, Motoz Trader (Free), Motoz Xpress/Shopping Monthly (a 2-in-1 dual cover magazine), Motoz Xpress/Shopping Monthly (Free) (a 2-in-1 dual cover magazine), Pets Buyer and Bplus. The magazines of the Group cover readership of different market segments and age groups by focusing on different areas of interests in lifestyle, including automotive, pets, beauty and fashion, property, dining and electronic products.

Profile of the magazines of the Group:

- Motoz Trader is a fortnightly magazine that focuses on new car models, second-hand car market and properties while also provides lifestyle information including dinning, fashion and beauty.
- Motoz Xpress/Shopping Monthly is a 2-in-1 monthly magazine that mainly focuses on new car models and second-hand car market in Hong Kong. It also covers car installment and parts, as well as a consumer guide of updated information on consumer products.
- Pets Buyer is a bi-monthly magazine that focuses on pets related information such as pet caring tips and knowledge.
- Bplus is a quarterly magazine that focuses on cosmetic and fashion related contents and most current beauty topics.
- Motoz Trader (Free) is a free fortnighty magazine that is extracted from Motoz Trader.
- Motoz Xpress/Shopping Monthly (Free) is a free monthly magazine extracted from Motoz Xpress/Shopping Monthly.

During the year under review, the Group continued the sales and free distribution of its magazines. In addition, the Group has been actively expanding its advertising customers and distribution network with an aim to steadily increase its income.

Advertising Business

The economic growth of Hong Kong decreased to 2.3% in 2014 amid sluggish global recovery. In addition, it maintained moderate year-on-year growth for each of the four quarters. The advertising industry is always a barometer for the economy. Nevertheless, the Group maintained steady development for its advertising business by effective distribution network for capturing target readers, effective cost control and dynamic and experienced management team. For the year ended 31 December 2014, the income of the advertising business of the Group amounted to approximately HK$27,866,000, representing an increase of approximately 1.0% as compared to last year.

The main source of revenue of the Group was derived from the sales of advertising spaces in its magazines. Through its on-going business development, the Group has developed a diversified portfolio of advertising customers that covered the industries of motor dealers, car beauty, pet shops, jewels, watches, property agency, beauty, professional firm and education, despite its operating history of merely around 5 years.

During the year under review, the major source of revenue of the Group was the sales of advertising spaces in Motoz Trader and Motoz Trader (Free). Motoz Trader and Motoz Trader (Free) mainly focus on new car models, second-hand car market and properties while providing lifestyle information including dinning, fashion and beauty. As a result, some of the advertising customers with higher profitability, including those from the sectors of beauty, education and property agency, were solicited in addition to those related to automobiles.

The Group possesses outstanding sales and marketing staff who sell advertising spaces directly to customers. In addition, it adopts diversified strategies for expanding its networks of sales and marketing. As the advertising selling strategy of the Group focuses on the distribution network of magazines, it is dedicated to expand its network of free reading sites for increasing the exposure of its magazines to readers. With the on-going expansion of distribution network and a wider range of magazines for distribution, we have launched advertising packages for catering the marketing needs of customers, in order to expand our advertising customer base and increase the attractiveness to our target advertising customers.

Sales of Magazines and Distribution of Free Magazines

The paid version of the Group's magazines are mainly for sale at convenience stores, newsstands and book stores in Hong Kong. For the year ended 31 December 2014, the income from sales of magazines of the Group amounted to approximately HK$383,000, representing an decrease of approximately 21.3% as compared to last year.

The Group extracted content from some of the paid versions of its magazines, namely Motoz Trader and Motoz Xpress/Shopping Monthly, and published as free versions at various despatching points in Hong Kong for free pick up by the public or for free reading at respective locations, with the objective to increase the sales of its advertisements and the paid versions of its magazines. Free distribution can increase the readers of magazines, and the widened exposure can attract more existing and potential advertising customers, such that the Group's advertising business can be increased.

In January 2014, foot massage shops and salons were included in the distribution networks of Motoz Xpress/Shopping Monthly (Free) and Pets Buyer. In addition, we select despatching points for capturing our target reader groups. For example, we distributed Pets Buyer to animal clinics in Hong Kong for free reading by customers and distributed Bplus to beauty salons. Currently, the Group has over 1,000 despatching and free distribution points, throughout Hong Kong, including petrol filling stations, car parking lots, property agencies, foot massage shops, cafes, hair product companies and club houses. Readers can get the most updated information on automobiles, dinning, beauty and properties whilst filling petrol, taking breaks or having lunch.

In order to attract potential business partners and acquire new advertising customers, the Group regularly participates in exhibitions with the objective to enhance its corporate image. In December 2014, the Group exhibited its magazines at two booths in the Hong Kong Car Show (New Edition) 2014 and 12th Hong Kong Mega Showcase for expanding the exposure of its magazines.

Prospects

2015 marked a milestone for the Group as it was successfully listed on GEM of the Stock Exchange on 16 February 2015. We are very pleased that the Company has received keen interest to the placing of its shares. Through the listing, the Group acquired financing resources for pursuing development and further capturing the opportunities in the magazine market of Hong Kong.

The Group is dedicated to provide the latest, fullest and quickest information to its readers. It is also planning to publish several new magazines in travelling, second-hand commercial vehicles (such as trucks and vans), yachts and dinning. By doing so, the Group will have more extensive range of lifestyle magazines to attract existing and potential advertising customers to purchase advertising package. We will expand our editing and design teams in coping with the increased editing and design workload for publishing our new magazines.

With the emergence of the internet and new media, the related advertising market developed rapidly across the world since 2013. According to the Competitive Analysis issued by Ipsos, the on-going demand for physical version of magazine publications are still substantial and will not be replaced by online versions in the near future. As a result, we still have strong confidence in the future development of advertising business for magazines. We will continue to expand the distribution network of our magazines and plan to place advertisements in electronic media for increasing our marketing activities and the public awareness of the Group, in order to increase the Group's income such that we can share our fruitful results with investors.

FINANCIAL REVIEW

Turnover

Total revenue increased by approximately 0.6% from HK$28,076,000 for the year ended 31 December 2013 to approximately HK$28,249,000 for the year ended 31 December 2014, primarily because an increment of advertising income posted by new advertising package customers. Revenue from advertising income increased from approximately HK$27,589,000 for the year ended 31 December 2013 to approximately HK$27,866,000 for the year ended 31 December 2014 and revenue from sales of the magazines decreased from HK$487,000 for the year ended 31 December 2013 to HK$383,000 for the year ended 31 December 2014.

Cost of Sales

The Group's major costs of sales is the printing costs which included the fees payable to the printers for provision of printing services (supply of paper, ink, etc. for the printing of the Magazines inclusive). Cost of sales increased from approximately HK$1,850,000 last year to approximately HK$2,266,000 for the year ended 31 December 2014, representing an increase of approximately 22.5%. The increase in cost of sales was mainly attributable to the increasing printing copies of Motoz Trader (Free) and Motoz Xpress/Shopping Monthly (Free) that driven by a wider distribution networks.

Gross Profit and Gross Profit Margin

The gross profit and gross profit margin of the Group were approximately HK$25,983,000 and 92.0% for the year ended 31 December 2014 respectively.

Other Revenue

There was other revenue of approximately HK$10,000 for the year ended 31 December 2014 while other revenue of approximately HK$26,000 was made last year. The decrease was mainly due to decrease in income from disposal of scrap papers.

Operating Expenses

The operating expenses of the Group increased by approximately 69.3% from approximately HK$7,230,000 for the year ended 31 December 2013 to approximately HK$12,240,000 for the year ended 31 December 2014. The increase in the operating expenses was primarily due to increase in delivery charges and more professional fees for the Listing.

Finance Costs

During the year, finance costs of the Group amounted to approximately HK$3,697,000 for the year ended 31 December 2014 (2013: approximately HK$862,000). The increase in finance costs was mainly due to the incur of interest on the convertible bonds during the year.

Income Tax

Income tax for the Group decreased by approximately 4.4% from approximately HK$3,587,000 for the year ended 31 December 2013 to approximately HK$3,430,000 for the year ended 31 December 2014. The decrease was mainly due to the decrease in profit before taxation of the Group during the year.

Profit Attributable to Owners of the Company

During the year ended 31 December 2014, the Group's profit attributable to owners of the Company decreased to approximately HK$6,627,000 from approximately HK$14,573,000, representing a decrease of approximately 54.5%. The decrease was mainly attributable to an increase in delivery charges and listing expenses as well as the newly incurred imputed interest in relation to convertible bonds mentioned above.

Liquidity, Financial Resources and Capital Structure

The Group's shares were successfully listed on GEM on 16 February 2015. There has been no change in the capital structure of the Group since the Listing Date and up to the date of this report.

	As at 31 December	
	2014	2013
	HK$	HK$
Current assets	**46,419,310**	31,190,861
Current liabilities	**36,113,058**	19,209,627
Current ratio	**1.3**	1.6

The current ratio of the Group at 31 December 2014 was 1.3 times as compared to that of 1.6 times at 31 December 2013. It was mainly resulted from an increase in convertible bonds during the year.

At 31 December 2014, the Group had total bank balances and cash of approximately HK$26,557,000 (2013: approximately HK$8,997,000).

As at 31 December 2014 and 2013, the Group had bank borrowings of approximately HK$7,725,000 and HK$10,018,000 respectively. The scheduled repayment date of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2014 HK$	2013 HK$
Within 1 year	4,295,413	6,615,658
Between 1 and 2 years	3,016,665	1,974,710
Between 2 and 5 years	413,352	1,427,437

As at 31 December 2014, the Group had convertible bonds with principal amount of approximately HK$20 million. Subsequent to the year under review, a banking facility with total facility amount of approximately HK$5.7 million was signed from the Group's major bank to a wholly-owned subsidiary. The HK$6,000,000 guarantee by the Group in respect of the obligations and liabilities of a wholly-owned subsidiary has been executed.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 289.3% as at 31 December 2014 (2013: approximately 122.9%).

Trade Receivables Turnover Days

The trade receivables and trade receivables turnover days drop from approximately HK$22,091,000 and 287 days for the year ended 31 December 2013 to approximately HK$19,015,000 and 246 days for the year ended 31 December 2014 respectively. Save as expressed in the prospectus of the Group dated 30 January 2015 (the "Prospectus"), in order to improve trade receivables turnover and reduce the amount of trade receivables, the Group started adopting progress billing for all new advertising package customers since May 2013. The total advertising fees under the respective advertising packages will be paid by instalments on dates specified in the relevant contract or within one month from the date of issue of monthly invoice or one month from the date of publication of relevant magazine. All outstanding trade receivable balances are being reviewed by the Group's sales and marketing department on a monthly basis to ensure that any overdue receivable is promptly monitored and appropriate collection actions are taken.

Treasury policies

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

Significant Investments Held

During the year ended 31 December 2014, there was no significant investment held by the Group.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus of the Group dated 30 January 2015, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 December 2014, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

Pledge of Assets

As at 31 December 2014, the Group has no assets pledged for bank borrowings or for other purpose (2013: Nil).

Contingent Liabilities

As at 31 December 2014, the Group is subject to maximum penalty and fines of HK$854,000 in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines (2013: HK$854,000).

Capital Commitments

As at 31 December 2014, the Group did not have any significant capital commitments.

Foreign Currency Risk

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, the Group's exposure to exchange rate risk is limited.

Information on Employees

As at 31 December 2014, the employee headcount of the Group was 10 (2013: 9) and the total staff costs, including Directors' emoluments, amounted to approximately HK$2.7 million (2013: approximately HK$2.5 million). The Group offers competitive remuneration packages commensurate with industry practice. In order to attract and retain valuable employees, the Group reviews the performance of its employees annually and such review results will be taken into account while having the annual salary review and promotion appraisal. In addition to a basic salary, bonuses would be paid to staff with reference to the financial performance of the Group. The Group would also provide trainings or seminars that relating to publication business and offer options that may be granted to the employees under the share option scheme. The Group pays commission to its sales and marketing staff which was calculated based on an agreed percentage of sharing specified in their respective contracts in accordance of the total monthly sales solicited by such staff which is arrived at mutual agreement between the Company and the respective staff.

Risk Management

Credit risk

Credit risk exposure represents trade receivable from customers which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Interest risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and fair value interest rate risk on fixed rate borrowings. The Directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Use of Proceeds from the Placing

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 16 February 2015 through a placement of 180,000,000 ordinary shares of HK$0.01 each in the share capital of the Group at the price of HK$0.37 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK$28.9 million.

The future operation plan of the Group were as follows:

- approximately HK$4.3 million for enhancing public awareness to the Group's magazines;
- approximately HK$7.4 million for publishing new magazines;
- approximately HK$14.9 million for enhancing corporate image and strengthening marketing activities; and
- approximately HK$2.3 million for working capital.

Comparison of Business Objectives and Actual Business Progress

As the Listing Date was subsequent to 31 December 2014, the Group has yet to implement its business strategies as set out in the Prospectus during the year ended 31 December 2014. The Group will endeavour to achieve the milestone events as stated in the Prospectus in the next two financial years.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. KWAN Shun Keung Timmy, aged 35, was appointed as an executive Director on 7 December 2012, he is one of the co-founders of the Group, the chairman of the Board and the chief executive officer of the Group. Mr. Kwan founded the Group and commenced his magazine business in 2009. Since the establishment of the Group, he has acquired the experiences in magazine industry focusing on the contents, determination of the retail points and distribution points, solicitation of new customers and new printers or distributers sourcing. During the five years with the Group, he has been responsible for the overall management and strategic planning and development of the Group's business operations. He is spouse of Ms. YIP Tsz Lam.

Ms. YIP Tsz Lam, aged 33, was appointed as an executive Director on 7 December 2012, she is one of the co-founders and the chief operating officer of the Group and primarily responsible for overall management of the Group's business operations, in particular, financial matters and administration of the Group. Ms. Yip obtained a diploma of commerce from Sydney Institute of Business and Technology in Australia in May 2003 and studied at the Macquarie University for the Bachelor of Commerce from 2003 to 2004. She is spouse of Mr. KWAN Shun Keung Timmy.

Non-executive Director

Mr. TSANG Hin Man Terence, aged 52, was appointed as the non-executive Director on 24 March 2014. Mr. Tsang was admitted as a solicitor in Hong Kong since 1993 and he is currently a practising solicitor and the sole proprietor of the law firm H.M. Tsang & Co. Mr. Tsang obtained a bachelor's degree in science from the University College London, the University of London in August 1986. He obtained a bachelor's degree in law from the Polytechnic of Central London (now known as the University of Westminster) in July 1989. Other than his directorship in the Group, Mr. Tsang is currently an independent non-executive director of Lee & Man Handbags Holding Limited (stock code: 1488), Differ Group Holding Company Limited (stock code: 8056), and China Investment and Finance Group Limited (stock code: 1226).

Independent Non-executive Directors

Mr. LEE Kwok Tung Louis, aged 47, was appointed as an independent non-executive Director on 23 January 2015. Mr. Lee graduated from Macquarie University, Australia with a bachelor's degree in Economics and he is a certified public accountant of the Hong Kong Institute of Certified Public Accountants since October 1999 and a certified practising accountant of the CPA Australia since June 1996. Mr. Lee has gained over 21 years' experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993. Mr. Lee is currently an independent non-executive director of CGN Mining Company Limited (stock code: 1164).

Mr. TSANG Ho Ka Eugene, aged 33, was appointed as an independent non-executive Director on 23 January 2015. Mr. Tsang is a certified practising accountant of the CPA Australia since March 2006, a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2006 and a fellow of the Hong Kong Institute of Certified Public Accountants since July 2014, a member of The Hong Kong Institute of Directors since March 2008, an associate member of the Institute of Certified Management Accountants since February 2007, Australia, an associate member of the Taxation Institute of Hong Kong since January 2008, a Certified Tax Adviser of the Taxation Institute of Hong Kong since May 2010 and a fellow of the Taxation Institute of Hong Kong since July 2014, and also a member of the Hong Kong Mining Investment Professionals Association. Mr. Tsang obtained a bachelor's degree of commerce in accounting and finance from the University of New South Wales, Australia in May 2003 and he has completed an accounting extension course in Australian Taxation Law in 2002 and accounting extension course in Australian Corporations Law in the Centre for Continuing Education of the University of Sydney, Australia in 2002.

Mr. Tsang has been an executive director of Newtree Group Holdings Limited (stock code: 1323) since April 2012 to July 2014 and a joint company secretary since April 2012 to 16 October 2014 and since 31 October 2014 to 27 February 2015 and a company secretary since 17 October 2014 to 30 October 2014 respectively. He has also been the chairman of Sky Forever Supply Chain Management Group Limited (stock code: 8047) since September 2013 until June 2014, a non-executive director between September 2013 and July 2014 and the joint company secretary and executive director from May 2013 to September 2013.

He was also a vice-chairman of Capital Finance Holdings Limited (stock code: 8239) from September 2013 to July 2014, an executive director from August 2008 to August 2012, a non-executive director since August 2012 to 27 February 2015, the chief executive officer from September 2008 to February 2012 and the authorized representative and company secretary from April 2007 to August 2012. Mr. Tsang has been an independent non-executive director of Jiu Rong Holdings Limited (stock code: 2358) since July 2014 to now. He is also a consultant of GenNex Financial Media Limited since January 2012 to now.

Mr. Tsang is currently the managing director of a diversified financial group which specializes itself in private equity in Hong Kong, Greater China and overseas and money lending business in Hong Kong.

Mr. YU Chon Man, aged 37, was appointed as an independent non-executive Director on 23 January 2015. Mr. Yu is a member of the Hong Kong Institute of Certified Public Accountants since July 2005 and fellow member of the Association of Chartered Certified Accountants since December 2004. Mr. Yu obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University. He is currently a financial controller, qualified accountant and company secretary at China Singyes Solar Technologies Holdings Limited (stock code: 750) since June 2008. Mr. Yu was an independent non-executive director of Sky Forever Supply Chain Management Group Limited (stock code: 8047) between June 2014 and July 2014 and he has been an independent non-executive director of Time2u International Holding Limited (stock code: 1327) since December 2014.

Senior Management

Mr. MAK Wai Kit, aged 35, is the financial controller of the Group and company secretary of the Company. Mr. Mak joined the Group in 2012 and is primarily responsible for financial management and accounting of the Group. Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants. He has approximately 10 years of working experience with local and international audit firms. Before joining the Group, Mr. Mak was the audit manager of an international audit firm. He obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University in 2002.

Mr. CHIU Ka King Kevin, aged 38, is the sales and marketing director of the Group. Mr. Chiu joined the Group in 2009 and is primarily responsible for soliciting new customers and overseeing the general management of the sales and marketing team of the Group. He has over ten years of working experience in sales and marketing.

Mr. CHEN Wan Fung Wilson, aged 46, is the creative director of the Group. Mr. Chen joined the Group as a senior designer in 2013 and promoted to the position of creative director in January 2014 and is primarily responsible for overseeing the design works and general management of the design team of the Group. Mr Chen, as a graphic designer, has approximately 19 years of working experience with several Hong Kong media. He obtained a diploma in commercial design from First Institute of Art and Design in 1993, a course certificate in web page design of macromedia authorized training programme in June 2000, a diploma in multimedia and animation in July 2000 and a diploma in web design in September 2000, all of which are obtained from Welkin Computer Training.

Mr. CHENG Kei Man, aged 29, is the editor in chief of the Group. Mr. Cheng joined the Group as an editor in 2010 and promoted to the position of editor in chief in July 2012 and is primarily responsible for overseeing the editorial works and general management of the editorial team of the Group. He obtained a basic certificate in technician trainees from Hong Kong Institute of Vocational Education in 2004 and completed a technician foundation certificate course in vehicle servicing from the Vocation Training Council in 2004. He has over five years of working experience in editing.

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance practices. As the Company became listed on 16 February 2015, the Board and the Board committees, including the Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee did not convene any meeting during the year under review.

The Directors of the Company consider that since the listing of the shares of the Company on the GEM of the Stock Exchange on 16 February 2015 (the "Listing Date"), the Company has complied with the Corporate Governance Code (the "Code") from the Listing Date up to the date of this report, except for Code Provision A.2.1.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kwan is the Chairman and the chief executive officer of the Company. In view of Mr. Kwan is one of the co-founders of the Group and has been operating and managing our Group since 2009, the Board believes that it is in the best interest of the Group to have Mr. Kwan taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the Code provision A.2.1 is appropriate in such circumstance.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, comply with regulatory requirements and meet the growing expectations of shareholders and investors.

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. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2014.

Board of Directors

The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises six Directors of which two are executive Directors, one is non-executive Director and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

Except that Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam are married couple, there is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board and the Chairman of the Company.

The Group will continue to update the Directors on the latest developments regarding the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's present composition is as follows:

Executive Directors:

KWAN Shun Keung Timmy *(Chairman)*
YIP Tsz Lam

Non-executive Director:

TSANG Hin Man Terence

Independent non-executive Directors:

LEE Kwok Tung Louis
TSANG Ho Ka Eugene
YU Chon Man

Directors' Attendance at Board Meeting

From the Listing Date (16 February 2015) up to the date of this report, the Board held 1 board meeting and the attendance of each director is set out as follows:

Directors	Number of attendance
Mr. Kwan Shun Keung Timmy	1/1
Ms. Yip Tsz Lam	1/1
Mr. Tsang Hin Man Terence	1/1
Mr. Lee Kwok Tung Louis	1/1
Mr. Tsang Ho Ka Eugene	1/1
Mr. Yu Chon Man	1/1

Appointment and Re-election of the Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company with an initial term of three years commencing from 23 January 2015 subject to provisions contained therein. The non-executive Director has signed a letter of appointment with the Company with an initial term of one year commencing from 24 March 2014, which has been renewed for another three years with effect from 24 March 2015. In compliance with the code provision in A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Independent Non-executive Directors

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

Directors' Participation in Continuous Professional Trainings

During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary.

Audit Committee

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 23 January 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor; review financial statements of the Company and judgments in respect of financial reporting; and oversee the effectiveness of the procedures of the internal control procedures of the Group.

The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene and Mr. Yu Chon Man. Mr. Lee Kwok Tung Louis is the chairman of the Audit Committee.

Due to the fact that the Company was listed after the reporting period, no Audit Committee meeting was held during the year ended 31 December 2014. The first Audit Committee meeting was held on 26 March 2015 for reviewing the audited annual results of the Group for the year ended 31 December 2014.

	Number of Meetings Attended/Held
Mr. Lee Kwok Tung Louis *(Chairman)*	1/1
Mr. Tsang Ho Ka Eugene	1/1
Mr. Yu Chon Man	1/1

Remuneration Committee

The Company established a Remuneration Committee on 23 January 2015 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration.

The Remuneration Committee consists of three members, namely Mr. Tsang Ho Ka Eugene, Mr. Yu Chon Man and Mr. Kwan Shun Keung Timmy. Mr. Tsang Ho Ka Eugene is the chairman of the Remuneration Committee.

Due to the fact that the Company was listed after the reporting period, no Remuneration Committee meeting was held during the year ended 31 December 2014. The first Remuneration Committee meeting was held on 26 March 2015 for reviewing the policy and structure for all remuneration of Directors and senior management.

	Number of Meetings Attended/Held
Mr. Tsang Ho Ka Eugene *(Chairman)*	1/1
Mr. Yu Chon Man	1/1
Mr. Kwan Shun Keung Timmy	1/1

Nomination Committee

The Company established a Nomination Committee on 23 January 2015 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors.

The Nomination Committee consists of three members, namely Mr. Yu Chon Man, Mr. Lee Kwok Tung Louis and Mr. Kwan Shun Keung Timmy. Mr. Yu Chon Man is the chairman of the Nomination Committee.

Due to the fact that the Company was listed after the reporting period, no Nomination Committee meeting was held during the year ended 31 December 2014. The first Nomination Committee meeting was held on 26 March 2015 for reviewing the structure, size and composition of the Board and board diversity policy as well as discussing matters regarding the retirement and re-election of Directors.

	Number of Meetings Attended/Held
Mr. Yu Chon Man *(Chairman)*	1/1
Mr. Lee Kwok Tung Louis	1/1
Mr. Kwan Shun Keung Timmy	1/1

Corporate Governance Committee

The Company established a Corporate Governance Committee on 23 January 2015 with written terms of reference. The primary functions of the corporate governance committee include, among others, reviewing and making recommendation to the Board in respect of the Group's policies and practices on corporate governance, reviewing and monitoring the Group's policies and practices on corporate governance, reviewing and monitoring the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board, contained in any constitutional documents of the Group, or imposed by the GEM Listing Rules, other applicable laws, regulations, rules and codes, and ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies, and monitoring the implementation of the Group's plan to maintain high compliance with own risk management standards.

The Corporate Governance Committee consists of five members, namely Mr. Tsang Hin Man Terence, Mr. Kwan Shun Keung Timmy, Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene and Mr. Mak Wai Kit. Mr. Tsang Hin Man Terence is the chairman of the Corporate Governance Committee.

Due to the fact that the Company was listed after the reporting period, no Corporate Governance Committee meeting was held during the year ended 31 December 2014. The first Corporate Governance Committee meeting was held on 26 March 2015 for reviewing the corporate governance of the Group.

	Number of Meetings Attended/Held
Mr. Tsang Hin Man Terence *(Chairman)*	1/1
Mr. Kwan Shun Keung Timmy	1/1
Mr. Lee Kwok Tung Louis	1/1
Mr. Tsang Ho Ka Eugene	1/1
Mr. Mak Wai Kit	1/1

Financial Reporting

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2014, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2014.

Auditor's Remuneration

The remuneration paid/payable to the Company's external auditor, CCIF CPA Limited, for the year ended 31 December 2014, is set out as follows:

	Fees paid/ payable *HK$*
Annual audit services	240,000
Audit services relating to the listing of the Company's shares on the Stock Exchange	749,000
Total:	989,000

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. The external auditor did not provide any non-audit services to the Company for the year ended 31 December 2014.

Internal Controls

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls matters, including financial, operational, compliance and risk management controls. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets.

Company Secretary

Mr. Mak Wai Kit is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. During the year, Mr. Mak Wai Kit undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Corporate Governance Code.

Shareholders' Rights

The general meetings of the Group provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to Convene Extraordinary General Meeting

Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Unit 4, 7th Floor, Nan Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

(a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution; or

(b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Right to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Investor Relations

The Group has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's website (http://oceanmediahk.com) as soon as practicable after their release. The Company's constitutional documents are also available on the Company's website. Information on the website shall be updated on a regular basis.

Share registration matters shall be handled for the shareholders by the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Directors hereby present their first report and the audited consolidated financial statements for the year ended 31 December 2014.

Group Reorganisation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 7 December 2012. Through a group reorganisation as fully explained in the Company's prospectus dated 30 January 2015, the Company has since 9 October 2013 become the holding company of the Group. The Company has completed its initial public offering and the shares of the Company were listed on the Stock Exchange on 16 February 2015.

Principal Activities

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 13 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Group as at 31 December 2014 are set out in the consolidated financial statements on pages 35 to 36.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2014.

Summary of Financial Information

The summary of the results, assets and liabilities of the Group for the last four financial years is set out on page 5.

Property, Plant and Equipment

Details of movements in property, plant and equipment during the year are set out in note 12 to the consolidated financial statements.

Share Capital

Details of movements in share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in note 22 to the consolidated financial statements respectively.

Distributable Reserves

As at 31 December 2014, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$16,235,000.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2014, save as disclosed in the Prospectus, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 88.3% of the total sales for the year and sales to the largest customer included therein amounted to approximately 41.8%. Purchases from the Group's five largest suppliers accounted for approximately 100% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 67.3%.

Two significant shareholders of the Company, Mr. Cheng Ming Kit and Mr. Wong Man Hin Charles, held certain interests in Blue Sky Power Holdings Limited (stock code: 6828), which is the holding company of the 4th largest supplier of the Group for the year ended 31 December 2014 as mentioned in Company's announcements dated 5 February 2015. The Group ceased the business relationship with the 4th largest supplier since February 2015. Save as disclosed, to the best knowledge of the Directors, neither the Directors, their associates, nor any shareholders who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors:

Mr. Kwan Shun Keung Timmy
Ms. Yip Tsz Lam

Non-executive Directors:

Mr. Tsang Hin Man Terence (appointed on 24 March 2014)
Mr. Tam B Ray Billy (resigned on 24 March 2014)

Independent Non-executive Directors:

Mr. Lee Kwok Tung Louis (appointed on 23 January 2015)
Mr. Tsang Ho Ka Eugene (appointed on 23 January 2015)
Mr. Yu Chon Man (appointed on 23 January 2015)

All Directors will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Article 83(3) of the Company's articles of association respectively.

Biographies of Directors and Other Senior Management

The biographical details of the Directors and other senior management are disclosed in the section headed "Directors and Senior Management Profile" on pages 14 to 16 in this annual report.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts

No contract of significance to the business of the Group to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, and no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries subsisted at the end of the year or at any time during the year ended 31 December 2014.

Remuneration of the Directors

Details of the remuneration of the Directors are set out in note 7 to the consolidated financial statements in this annual report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2014.

Emolument Policy

The Remuneration Committee is responsible for making recommendations to the Board on Company's policy and structure for all Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the scheme is set out on pages 28 to 29 in this annual report.

Non-competition Undertakings

The Controlling Shareholders have entered into a deed of non-competition on 29 January 2015 (the "Deed of Non-competition"). Details of the Deed of Non-competition are set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus and the non-competition undertaking has become effective from the date of the listing of the Company.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the sole Shareholder passed on 23 January 2015:

1. Purpose

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

2. Participants

(i) any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group;

(ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;

(iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;

(iv) any provider of goods and/or services to the Group; and

(v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up Options (together, the "Participants").

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

3. Maximum number of Shares available for subscription

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme does not exceed 30% of the shares in issue of the Company from time to time.

4. Maximum entitlement of Shares of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

Notwithstanding the above condition, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such Participant and his or her close associates (or his associates if the Participant is a connected person) abstaining from voting.

5. Term of subscription of Shares upon exercise of Share Options

An Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

6. Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are neither any performance targets that need to be achieved by the grantee before an Option could exercised nor any minimum period for which an Option must be held before the Option can be exercised. Subject to the provisions of the Share Option Scheme and the GEM Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

7. Time of acceptance and the amount payable on acceptance of the option

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

8. Basis of determining the subscription price

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the date on which an Option is granted; and (iii) the nominal value of a Share.

9. Life of the Share Option Scheme

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Up to the date of this annual report, no option under the Share Option Scheme has been granted by the Company.

Interests in Competing Business

As far as the Directors are aware of, none of the Directors nor the Controlling Shareholders have any interest in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group during the year ended 31 December 2014.

Interests of the Compliance Adviser

As at 31 December 2014, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2014, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2014, the shares of the Company were not listed on GEM. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO"), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable.

As at the date of this report, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been 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 have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long positions in the Shares

Name of Director	Nature of interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Mr. Kwan Shun Keung Timmy	Interests in a controlled corporation and family interests (Note)	440,400,000	61.16%
Ms. Yip Tsz Lam	Interests in a controlled corporation and family interests (Note)	440,400,000	61.16%

Note: These shares will be directly held by Fuwin Group (Holdings) Limited ("Fuwin"), which is beneficially owned as to 60% by Mr. Kwan and as to 40% by Ms. Yip. Mr. Kwan and Ms. Yip are spouses to each other and they are deemed to be interested in the shares in which his/her spouse is interested.

Save as disclosed above, as at the date of this report, none of the Directors nor chief executives had registered an interest or short position 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) that was 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 were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and/or Short Position in Shares and Underlying Shares of the Company

As at 31 December 2014, the shares of the Company were not listed on the GEM. So far as the Directors are aware, as at the date of this report, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the 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 would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the Shares

Name	Nature of interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Fuwin	Beneficial owner (Note 1)	440,400,000	61.16%
Grand Powerful Group Limited	Beneficial owner (Note 2)	49,800,000	6.92%
Cheng Ming Kit	Interests in a controlled corporation (Note 2)	49,800,000	6.92%
Yung Yee Man Sharon	Family interests (Note 3)	49,800,000	6.92%
Wong Man Hin Charles	Beneficial owner (Note 4)	49,800,000	6.92%
Loo Chi Yiu	Family interests (Note 4)	49,800,000	6.92%

Notes:

1. The issued share capital of Fuwin is owned as to 60% by Mr. Kwan and 40% by Ms. Yip.

2. The entire issued share capital of Grand Powerful Group Limited is owned by Mr. Cheng Ming Kit. Mr. Cheng Ming Kit is therefore deemed to be interested in the 49,800,000 shares held by Grand Powerful Group Limited under the SFO.

3. Ms. Yung Yee Man Sharon is the spouse of Mr. Cheng Ming Kit and deemed to be interested in the 49,800,000 shares held by Mr. Cheng Ming Kit.

4. Ms. Loo Chi Yiu is the spouse of Mr. Wong Man Hin Charles and deemed to be interested in the 49,800,000 shares held by Mr. Wong Man Hin Charles.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares 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 and who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Related Party Transactions

Details of related party transactions of the Group during the year ended 31 December 2014 are set out in note 26 to the consolidated financial statements. Those related party transactions constitute continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Connected Transactions

During the year, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

Events after the Reporting Period

Details of events after the reporting period are set out in note 28 to the consolidated financial statements.

Corporate Governance

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 17 to 24.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed Public Float under the GEM Listing Rules since the Listing Date and up to the date of this report.

Auditor

The consolidated financial statements for the year ended 31 December 2014 have been audited by CCIF CPA Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint CCIF CPA Limited as auditor of the Company.

By behalf of the Board
Kwan Shun Keung Timmy
Chairman and Executive Director

Hong Kong, 26 March 2015

CCIF
CCIF CPA LIMITED
9/F Leighton Centre
77 Leighton Road
Causeway Bay Hong Kong

TO THE SHAREHOLDERS OF WINTO GROUP (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Winto Group (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 80, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of the Company's and of the Group's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 26 March 2015

Betty P.C. Tse
Practising Certificate Number P03024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014

	Note	2014 HK$	2013 HK$
Turnover	4	**28,249,445**	28,076,113
Cost of sales		**(2,266,279)**	(1,850,312)
Gross profit		**25,983,166**	26,225,801
Other revenue	4	**10,264**	26,140
Operating expenses		**(12,240,245)**	(7,229,795)
Profit from operations		**13,753,185**	19,022,146
Finance costs	5(a)	**(3,696,821)**	(862,054)
Profit before taxation	5	**10,056,364**	18,160,092
Income tax	6	**(3,429,630)**	(3,587,266)
Profit for the year attributable to owners of the Company		**6,626,734**	14,572,826
Other comprehensive income for the year		**—**	—
Total comprehensive income for the year attributable to owners of the Company		**6,626,734**	14,572,826
		HK cents	HK cents
Earnings per share			
Basic and diluted	10	**1.11**	2.43

The notes on pages 40 to 80 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 HK$	2013 HK$
Non-current assets			
Plant and equipment	12	**38,509**	51,384
Current assets			
Due from a director	14	**—**	—
Trade and other receivables	15	**19,861,846**	22,194,168
Cash and cash equivalents	16	**26,557,464**	8,996,693
		46,419,310	31,190,861
Current liabilities			
Trade and other payables	17	**5,438,731**	2,378,883
Bank borrowings	18	**7,725,430**	10,017,805
Tax payable	19	**749,065**	2,044,342
Convertible bonds	20	**22,199,832**	4,768,597
		(36,113,058)	(19,209,627)
Net current assets		**10,306,252**	11,981,234
Total assets less current liabilities		**10,344,761**	12,032,618
Net assets		**10,344,761**	12,032,618
Capital and reserves	22		
Share capital		**10,000**	10,000
Reserve		**10,334,761**	12,022,618
Total equity attributable to owners of the Company		**10,344,761**	12,032,618

Approved and authorised for issue by the board of directors on 26 March 2015.

Kwan Shun Keung Timmy
Director

Yip Tsz Lam
Director

The notes on pages 40 to 80 form an integral part of these financial statements.

Statement of Financial Position of the Company

At 31 December 2014

	Note	2014 HK$	2013 HK$
Non-current assets			
Investment in subsidiaries	13	**14,854,102**	14,854,102
Current assets			
Due from subsidiaries	13	**22,843,548**	6,153,765
Trade and other receivables	15	**747,351**	29,104
		23,590,899	6,182,869
Current liabilities			
Convertible bonds	20	**(22,199,832)**	(4,768,597)
Net current assets		**1,391,067**	1,414,272
Total assets less current liabilities		**16,245,169**	16,268,374
Net assets		**16,245,169**	16,268,374
Capital and reserves	22		
Share capital		**10,000**	10,000
Reserve		**16,235,169**	16,258,374
Total equity attributable to owners of the Company		**16,245,169**	16,268,374

Approved and authorised for issue by the board of directors on 26 March 2015.

Kwan Shun Keung Timmy
Director

Yip Tsz Lam
Director

The notes on pages 40 to 80 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014

	Share capital HK$	Convertible bonds reserve HK$	Retained profits HK$	Total equity HK$
At 1 January 2013	10,000	—	5,881,377	5,891,377
Issue of convertible bonds (note 20)	—	484,415	—	484,415
Profit for the year and total comprehensive income for the year	—	—	14,572,826	14,572,826
Dividend paid (note 9)	—	—	(8,916,000)	(8,916,000)
At 31 December 2013 and 1 January 2014	**10,000**	**484,415**	**11,538,203**	**12,032,618**
Issue of convertible bonds (note 20)	**—**	**755,409**	**—**	**755,409**
Profit for the year and total comprehensive income for the year	**—**	**—**	**6,626,734**	**6,626,734**
Dividend paid (note 9)	**—**	**—**	**(9,070,000)**	**(9,070,000)**
At 31 December 2014	**10,000**	**1,239,824**	**9,094,937**	**10,344,761**

The notes on pages 40 to 80 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 HK$	2013 HK$
Operating activities			
Profit before taxation		**10,056,364**	18,160,092
Adjustments for:			
Depreciation		**21,575**	24,214
Finance costs		**3,696,821**	862,054
Interest income		**(11)**	(1)
Operating profit before changes in working capital		**13,774,749**	19,046,359
Decrease in due from a director		**—**	2,164,934
Decrease/(increase) in trade and other receivables		**3,050,569**	(6,596,088)
Increase in trade and other payables		**3,061,306**	850,378
Cash generated from operations		**19,886,624**	15,465,583
Income tax paid — Hong Kong Profits Tax		**(4,724,907)**	(1,009,544)
Net cash generated from operating activities		**15,161,717**	14,456,039
Investing activities			
Payment for the purchase of plant and equipment		**(8,700)**	(19,792)
Interest received		**11**	1
Net cash used in investing activities		**(8,689)**	(19,791)
Financing activities			
Dividends paid		**(9,070,000)**	(8,916,000)
Drawn down of new bank loans		**4,724,907**	3,833,397
Repayment of bank loans		**(7,017,282)**	(5,326,111)
Interest paid		**(511,635)**	(609,162)
Proceeds from issue of convertible bond		**15,000,000**	5,000,000
Professional service fees paid in respect of share placing		**(718,247)**	—
Net cash generated from/(used in) financing activities		**2,407,743**	(6,017,876)
Net increase in cash and cash equivalents		**17,560,771**	8,418,372
Cash and cash equivalents at 1 January		**8,996,693**	578,321
Cash and cash equivalents at 31 December	16	**26,557,464**	8,996,693

The notes on pages 40 to 80 form an integral part of these financial statements.

1. GENERAL INFORMATION

Winto Group (Holdings) Limited ('the Company") was incorporated in the Cayman Islands on 7 December 2012 as an exempted company with limited liability under the Companies Law, Cap.22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market (the "GEM Board") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 February 2015. The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Unit 4, 7th Floor, Nam Fung Commercial Centre, 19 Lam Lok Street, Kowloon Bay, Kowloon, Hong Kong respectively.

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 13.

Pursuant to a group reorganisation (the "Reorganisation") as set out in note (2)(b) below, the Company became the holding company of companies now comprising the Group on 9 October 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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 requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM Board of the Stock Exchange. A summary of the significant accounting policies adopted by the Company is set out below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

b) Basis of preparation of the financial statements

Group Reorganisation

In the opinion of the directors of the Company, the ultimate holding company of the Company is Fuwin Group (Holdings) Limited ("Fuwin") which is incorporated in the British Virgin Islands (the "BVI") and is wholly-owned by Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam (the "Founders"), the ultimate controlling parties.

Prior to the incorporation of the Company, the business operation of accepting advertisements in the magazines and publishing and distribution of magazines were carried out by Ocean Media (Hong Kong) Limited ("Ocean Media") incorporated in Hong Kong on 28 June 2007, which was wholly owned and controlled by the Founders.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements (Continued)

Group Reorganisation (Continued)

In order to rationalize the current structure of the Group, the following principal steps were undertaken to transfer the interests in Ocean Media formerly owned by the Founders to the Company:

i) Winsing Group (Holdings) Limited ("Winsing") was incorporated in the BVI with limited liability on 14 November 2012;

ii) On 2 October 2013, Winsing acquired 100% interest in Ocean Media from the Founders in a consideration that Winsing allotted and issued, credited as fully paid, 10 Winsing shares to Fuwin. Upon completion, the Founders through Fuwin became the beneficial owners of the entire issued share capital of Winsing;

iii) On 9 October 2013, the Company as the purchaser and Fuwin as the vendor entered into an agreement whereby the Company acquired the entire issued share of Winsing from Fuwin in consideration that the Company allotted and issued, credited as fully paid, 999,999 Company's shares to Fuwin on 18 October 2013. Upon completion, the Company became the holding company of a group comprising a direct subsidiary, Winsing and an indirect subsidiary, Ocean Media; and

iv) The Company, Winsing and Ocean Media are hereinafter collectively referred to as the "Group".

Upon completion of the Reorganisation, the Company became the holding company of the companies now comprising the Group on 9 October 2013. The companies now comprising the Group were under the common control of the Founders before and after the Reorganisation. Accordingly, the consolidated financial statements has been prepared by applying the principles of merger accounting, as if the Company had always been the holding company of the Group.

The principal operations of the Company are conducted in Hong Kong. The financial statements are presented in Hong Kong dollars ("HK$"), which is the functional and presentation currency of the Company.

The measurement basis used in the preparation of the financial statements is the historical cost basis as explained in the accounting policies set out below.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 25.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

d) Plant and equipment

Plant and equipment are stated in the consolidated statements of financial position at cost less accumulated depreciation and impairment losses (see note 2(f)(ii)).

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives at the following annual rates:

Furniture and fixtures	20%

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as an expense in the accounting period in which they are incurred.

f) Impairment of assets

i) Impairment of receivables

Current receivables that are carried at amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of assets (Continued)

i) Impairment of receivables (Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

ii) Impairment of other assets

Internal and external sources of information are reviewed at the date of the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

— plant and equipment

— investments in subsidiaries in the Company's statement of financial position

If any such indication exists, the asset's recoverable amount is estimated.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (that is, a cash-generating unit).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) and then, to reduce the carrying amount of other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(f)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(f)(i)).

h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

j) Convertible bonds that contain liability and equity component

Convertible bonds that can be converted to equity share capital at the option of holders, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the convertible bond reserve until either the bond is converted or redeemed.

If the bond is converted, the convertible bond reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bond is redeemed, the convertible bond reserve is released directly to revenue reserves.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

l) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

m) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of the end of the reporting period, and any adjustment to tax payable in respect of previous years.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the date of the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Advertising income

When the outcome of an advertising contract can be estimated reliably, revenue shall be recognised by reference to the stage of completion of the advertising contracts at the end of the reporting period. The outcome of advertising contracts can be estimated reliably when the periodicals are published and all the following conditions are satisfied:

— the amount of revenue can be measured reliably;

— it is probable that the economic benefits associated with the advertising contracts will flow to the Group;

— the stage of completion of the advertising contracts at the end of the reporting period can be measured reliably; and

— the costs incurred for the advertising contracts and the costs to complete the advertising contracts can be measured reliably.

ii) Sale of magazines

Revenue from the sale of magazines is recognised on the transfer of the risks and rewards of ownership, which generally coincides with the time when the customers obtain the possession of the magazines.

q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Related parties

a) A person, or a close member of that person's family, is related to the Group if that person:

   i) has control or joint control over the Group;

   ii) has significant influence over the Group; or

   iii) is a member of the key management personnel of the Group's parent.

b) An entity is related to the Group if any of the following conditions applies:

   i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

   iii) Both entities are joint ventures of the same third party.

   iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company.

   vi) The entity is controlled or jointly controlled by a person identified in (a).

   vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

s) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the consolidated financial statements for the year ended 31 December 2014, the Group has adopted following HKFRSs which are effective for the financial year beginning on 1 January 2014.

— Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), Investment Entities

— Amendments to HKAS 32, Offsetting Financial Assets and Financial Liabilities

— Amendment to HKAS 36, Recoverable Amount Disclosures of Non-Financial Assets

— Amendments to HKAS 39, Novation of Derivatives and Continuation of Hedge Accounting

— HK(IFRIC) — Int 21, Levies

4. TURNOVER AND OTHER REVENUE

The principal activities of the Group are sales and free distribution of Chinese lifestyle magazines and the sales of advertising space in the magazines.

Turnover represents the advertising income and the sale value of magazines supplied to customers. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014 HK$	2013 HK$
Turnover		
Advertising income	27,866,052	27,589,191
Sales of magazines	383,393	486,922
	28,249,445	28,076,113
Other revenue		
Sundry income	10,253	26,139
Interest income on financial assets not at fair value through profit or loss — bank interest income	11	1
	10,264	26,140
	28,259,709	28,102,253

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Finance costs

	2014 HK$	2013 HK$
Interest on bank overdraft	33,584	17,745
Interest on bank borrowings wholly repayable within five years	476,593	591,297
Interest on convertible bonds	3,186,644	253,012
Total interest expense on financial liabilities not at fair value through profit or loss	3,696,821	862,054

The above bank borrowings interests relate to bank borrowings which repayment terms contain a repayment on demand clause.

b) Staff costs (including directors' emoluments)

	2014 HK$	2013 HK$
Salaries, wages and other benefits	2,648,431	2,453,695
Contributions to defined contribution retirement plan	89,721	79,054
	2,738,152	2,532,749

c) Other items

	2014 HK$	2013 HK$
Depreciation	21,575	24,214
Auditor's remuneration	240,000	240,000
Operating lease charge in respect of premises	240,000	193,000
Cost of inventory	2,137,266	1,684,920
Listing expenses	7,526,169	3,345,761

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

a) Income tax recognised in profit or loss:

	2014 HK$	2013 HK$
Hong Kong Profits Tax		
Current tax	**3,429,630**	3,587,266

i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

ii) Hong Kong profits tax is calculated at 16.5% (2013: 16.5%) on the estimated assessable profits for the year, taking into account a reduction granted by the Hong Kong SAR Government of 75% of the tax payable for the year of assessment 2013–14 subject to a maximum reduction of HK$10,000 for each business (2013: the same statutory concession was granted for the year of assessment 2012–13 and was taken into account in calculating the provision for 2013).

iii) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in these countries.

iv) The Group had no significant unprovided deferred tax liability for both years.

b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 HK$	2013 HK$
Profit before taxation	**10,056,364**	18,160,092
Notional tax on profit before taxation, calculated at 16.5% (2013: 16.5%)	**1,659,300**	2,996,415
Tax effect of non-deductible expenses	**1,771,174**	605,596
Tax effect of unrecognised temporary differences	**9,156**	(4,745)
Tax effect of one-off tax reduction	**(10,000)**	(10,000)
Actual tax expense	**3,429,630**	3,587,266

7. DIRECTORS' EMOLUMENTS

Directors' emoluments are disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), as follows:

	Year ended 31 December 2014				
	Fee HK$	Salaries allowances, and benefits-in-kind HK$	Bonus HK$	Retirement benefit scheme contribution HK$	Total HK$
Executive directors					
Kwan Shun Keung Timmy	—	400,000	—	3,000	403,000
Yip Tsz Lam	—	50,000	—	1,500	51,500
Non-executive director					
Tam B Ray Billy	—	27,419	—	1,371	28,790
Tsang Hin Man Terence	—	92,581	—	4,629	97,210
	—	570,000	—	10,500	580,500

	Year ended 31 December 2013				
	Fee HK$	Salaries allowances, and benefits-in-kind HK$	Bonus HK$	Retirement benefit scheme contribution HK$	Total HK$
Executive directors					
Kwan Shun Keung Timmy	—	400,000	—	3,750	403,750
Yip Tsz Lam	—	50,000	—	1,250	51,250
Non-executive director					
Tam B Ray Billy	—	86,667	—	4,333	91,000
	—	536,667	—	9,333	546,000

No emolument was paid or payable to the independent non-executive directors, namely Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene and Mr. Yu Chon Man, for the two years ended 31 December 2014 and 2013 as they were appointed on 23 January 2015. Mr. Tam B Ray Billy was appointed and resigned as a non-executive director on 11 April 2013 and 24 March 2014 respectively. Mr. Tsang Hin Man Terence was appointed as a non-executive director on 24 March 2014.

During the two years ended 31 December 2014 and 2013, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments for the two years ended 31 December 2014 and 2013.

8. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2013: one) is a director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2013: four) individuals are as follows:

	2014 HK$	2013 HK$
Salaries, allowance and benefits-in-kind	983,258	958,395
Discretionary bonus	320,000	300,000
Retirement benefit scheme contributions	43,050	39,807
	1,346,308	1,298,202

The emoluments of the four (2013: four) individuals with the highest emoluments are within the band of nil to HK$1,000,000.

9. DIVIDENDS

Details of dividends attributable to each of the financial year are as follows:

	2014 HK$	2013 HK$
Interim dividends of HK$9.07 (2013: HK$8.916) per share declared and paid	9,070,000	8,916,000

Dividends during the years ended 31 December 2014 and 2013 represented dividends declared by the companies now comprising the Group to the then equity holders of the companies, after elimination of intra-group dividends.

The directors consider that the dividend payments made during the year are not indicative of the future dividend policy of the Group.

The Company declared an interim dividend of HK$4,000,000 to its shareholders for the year ending 31 December 2015 on 21 January 2015 and paid HK$950,000 and HK$3,050,000 on 21 January 2015 and 22 January 2015 respectively as an interim dividend for the year ending 31 December 2015.

10. BASIC AND DILUTED EARNINGS PER SHARE

The basic and diluted earnings per share for the year ended 31 December 2014 and 2013 is calculated based on the profit attributable to owners of the Company for the year ended 31 December 2014 in the amount of HK$6,626,734 (2013: HK$14,572,826) and the weighted average of 599,500,000 ordinary shares (2013: 598,705,480) in issue during the year, calculated as follows:

	2014	2013
Issued ordinary shares at 1 January	**1,000,000**	1
Effect of shares issue on 18 October 2013	**—**	205,479
Effect of Capitalisation issue (note 28(f))	**598,500,000**	598,500,000
Weighted average number of ordinary shares	**599,500,000**	598,705,480

For the year ended 31 December 2014 and 2013, the weighted average number of ordinary shares has been adjusted to reflect the effect of capitalization issue (note 28(f)) completed on 29 January 2015.

Diluted earnings per share for the years ended 31 December 2014 and 2013 were same as the basic earnings per share because there is anti-dilutive effect as if the conversion of all potential ordinary shares arising from convertible bonds.

11. SEGMENT REPORTING

The Group's revenue is substantially derived from a single business operation of accepting advertisements in the magazines and publishing and distribution of magazines. The sales and free distribution of Chinese lifestyle magazines and the sales of advertising space in the magazines as a whole is reviewed by the executive directors of the Company (the chief operating decision maker) for the purposes of assessment of performance and resource allocation. Accordingly, this business as a whole constitutes one operating segment for the purpose of segment information presentation under HKFRS 8.

The Group considered that there is only one reportable operating segment with the segment revenue, segment results, segment assets and segment liabilities the same as the revenue, profit for the year, total assets and total liabilities respectively as reported in the consolidated financial statements.

a) Major customers

	2014 **HK$**	2013 HK$
Customer 1	**5,370,000**	5,275,000
Customer 2	**6,450,000**	6,350,000
Customer 3	**4,469,000**	4,893,000

Revenues from each of the above customers accounted for 10 percent or more of the Group's turnover for the years ended 31 December 2014 and 2013. Further details of concentrations of credit risk arising from these customers are set out in note 23(a).

b) Revenue from major products and services

No analysis of the Group's major products and services has been presented as all revenue of the Group is from accepting advertisements in the magazines and publishing and distribution of magazines.

c) Geographical information

No analysis of the Group's revenue from external customers and non-current assets by geographical location has been presented as the Group's operating activities are carried out in Hong Kong.

12. PLANT AND EQUIPMENT

The Group

	Furniture and fixtures HK$
Cost	
At 1 January 2013	112,799
Additions	19,792
At 31 December 2013 and 1 January 2014	132,591
Additions	8,700
At 31 December 2014	141,291
Accumulated depreciation	
At 1 January 2013	56,993
Charge for the year	24,214
At 31 December 2013 and 1 January 2014	81,207
Charge for the year	21,575
At 31 December 2014	102,782
Carrying amounts	
At 31 December 2014	38,509
At 31 December 2013	51,384

13. INVESTMENT IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES

	The Company	
	2014 HK$	2013 HK$
Unlisted shares, at cost	**14,854,102**	14,854,102

13. INVESTMENT IN SUBSIDIARIES AND DUE FROM SUBSIDIARIES (Continued)

Details of the principal subsidiaries of the Company as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place of incorporation/ business	Issued and fully paid up share capital	Attributable equity interest held by the Company		Principal activities	Legal form
			Direct	Indirect		
Winsing Group (Holdings) Limited ("Winsing")	BVI/Hong Kong	US$50,000	100%	—	Investment holding	Private limited liability company
Ocean Media (Hong Kong) Limited ("Ocean Media")	Hong Kong/Hong Kong	HK$10,000	—	100%	Sales and free distribution of Chinese lifestyle magazines and sales of advertising spaces in the magazines	Private limited liability company

The respective amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

14. DUE FROM A DIRECTOR

Particulars of the amount due from a director are as follows:

The Group

Name	Balance at 31/12/2014	Balance at 31/12/2013 and 1/1/2014	Balance at 1/1/2013	Maximum outstanding balance due during the year	
				2014	2013
	HK$	HK$	HK$	HK$	HK$
Mr. Kwan Shun Keung Timmy	—	—	2,164,935	3,183,517	2,529,934

The balance with a director was unsecured, interest-free and repayable on demand.

15. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$	HK$	**HK$**	HK$
Trade receivables — For services already invoiced (note c)	**17,068,632**	21,578,280	**—**	—
Advertising income receivables not yet invoiced	**1,946,560**	512,528	**—**	—
Loans and receivables	**19,015,192**	22,090,808	**—**	—
Deposits and prepayment	**99,303**	74,256	**—**	—
Deferred professional service fees in respect of share placing (note e)	**747,351**	29,104	**747,351**	29,104
	19,861,846	22,194,168	**747,351**	29,104

a) Except for the rental and utilities deposits in a sum of HK$42,800 (2013: HK$42,800) at 31 December 2014, all of the trade and other receivables are expected to be recovered or recognised as expense within one year.

b) During the year ended 31 December 2014 and 2013, advertising services provided to the Group's customers were in general made on credit with credit period of up to 180 days from the date on which an invoice was issued. The credit terms of each customer of the Group were determined by the Group's sales team and were subject to review and approval of the Group's management based on the customers' payment history, transaction volume and length of business relationship with the Group.

For those advertising income not yet invoiced, the Group would only issue invoices to customers who have advertising package with the Group after the publication of all the advertisements included in the advertising package or the period end of the advertising package. Credit period for these customers is longer than the other customers.

All outstanding trade receivable balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collection and the Group's accounting department would monitor the progress of the collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the year ended 31 December 2014 and 2013, no legal actions were taken by the Group for debt collection.

15. TRADE AND OTHER RECEIVABLES (Continued)

c) The aging analysis of trade receivables based on overdue days is as follows:

	2014 HK$	2013 HK$
For services invoiced		
Current	15,085,000	16,728,272
1–30 days	1,223,512	2,381,657
31–90 days	673,720	1,587,231
Over 90 days	86,400	881,120
	17,068,632	21,578,280

No impairment loss on trade receivables was recognised for both years.

d) Trade receivables that are not impaired

Trade receivables that are neither past due nor impaired amounted to HK$15,085,000 (2013: HK$16,728,272) as at 31 December 2014. These balances related to customers for whom there was no recent history of default.

Below is an ageing analysis of trade receivables that were past due as at the reporting date but not impaired:

	2014 HK$	2013 HK$
1 to 30 days	1,223,512	2,381,657
31 to 90 days	673,720	1,587,231
Over 90 days	86,400	881,120
	1,983,632	4,850,008

Receivables that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

e) The amount represents legal and other professional fees relating to the placing of the Company's shares. Such fees are to be deducted from equity upon the listing of the shares of the Company on the GEM of the Stock Exchange on 16 February 2015.

16. CASH AND CASH EQUIVALENTS

	The Group	
	2014	2013
	HK$	HK$
Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows	**26,557,464**	8,996,693

Cash and cash equivalents comprise cash in hand and short-term bank deposits with a maturity period of three months or less bearing prevailing market interest rates. The directors of the Company consider that the carrying amounts of cash and cash equivalents approximate their fair values.

17. TRADE AND OTHER PAYABLES

	The Group	
	2014	2013
	HK$	HK$
Trade payables	**1,032,601**	851,163
Other payables and accrued expenses	**4,406,130**	1,527,720
Financial liabilities measured at amortised costs	**5,438,731**	2,378,883

a) All of the trade and other payables are expected to be settled within one year or are repayable on demand.

b) The ageing analysis of trade payables presented based on invoice date is as follows:

	2014	2013
	HK$	HK$
0–60 days	**382,921**	416,463
61–90 days	**149,300**	144,000
91–180 days	**468,080**	290,700
Over 180 days	**32,300**	—
	1,032,601	851,163

The credit terms granted by the suppliers during the year generally ranged from 30 to 120 days (2013: 30 to 120 days). The directors of the Company consider that the carrying amounts of trade payables approximate their fair values.

18. BANK BORROWINGS

The analysis of the carrying amounts of bank borrowings is as follows:

	The Group	
	2014 **HK$**	2013 HK$
Portion of bank borrowings due for repayment within 1 year	**4,295,413**	6,615,658
Portion of bank borrowings having agreements containing repayment on demand clauses classified as current liabilities, due for repayment:		
— After 1 year but within 2 years	**3,016,665**	1,974,710
— After 2 years but within 5 years	**413,352**	1,427,437
	3,430,017	3,402,147
Total bank borrowings	**7,725,430**	10,017,805

The banking facilities are subject to the fulfilment of covenants. If the Group were in breach of the covenants, the drawn down facilities would become repayable on demand. In addition, the agreement for the Group's bank borrowings contains a clause which gives the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet the scheduled repayment obligations. Further details of the Group's management of liquidity risk are set out in note 23(b). At 31 December 2014, none of the covenants relating to drawn down facilities had been breached (2013: nil).

All of the bank borrowings are carried at amortised cost.

a) At 31 December 2014, the bank borrowings were further analysed as follows:

	2014 **HK$**	2013 HK$
Bank borrowing, secured by time deposit of a director	**207,478**	1,399,661
Unsecured bank borrowings	**7,517,952**	8,618,144
	7,725,430	10,017,805

At 31 December 2014, the bank borrowing of HK$207,478 (2013: HK$1,399,661) was secured by pledging a time deposit of HK$203,632 (2013: HK$202,720) of a director. This security was the same as the time deposit mentioned in (e).

b) All the bank borrowings were denominated in Hong Kong dollars.

18. BANK BORROWINGS (Continued)

c) The range of the effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

Effective interest rates	**2014**	2013
Fixed-rate borrowings	**7.87%–18.53%**	7.87%–18.53%
Variable-rate borrowings	**3.75%–8.75%**	3.75%–8.75%

d) At 31 December 2014, all the bank borrowings were secured by guarantees. Details of the guarantee and the related borrowings are:

	2014 HK$	2013 HK$
Mr. Kwan and Ms. Yip (Joint personal guarantee)	**5,272,431**	5,454,348
Mr. Kwan (Personal guarantee)	**261,373**	527,018
Mr. Kwan and Ms. Yip (Joint personal guarantee) and HKSAR under Special Loan Guarantee Scheme	**207,478**	420,625
Mr. Kwan (Personal guarantee) and HKSAR under SME Loan Guarantee Scheme	**444,250**	1,327,666
Mr. Kwan and Ms. Yip (Joint personal guarantee) and HKSAR under SME Loan Guarantee Scheme	**1,539,898**	2,288,148
	7,725,430	10,017,805

Mr. Kwan	Mr. Kwan Shun Keung Timmy
Ms. Yip	Ms. Yip Tsz Lam
HKSAR	The Government of Hong Kong Special Administration Region
SME	Small and Medium Enterprise

At 31 December 2014, the total facilities of the above bank borrowings amounted to HK$9,142,263 (2013: HK$11,052,114).

e) At 31 December 2014 and 2013, the Group had unutilized banking facilities of HK$20,000. This borrowing was guaranteed by directors and secured by pledging a time deposit of HK$203,632 and HK$202,720 respectively of a director of the Company. This security was the same as the time deposit mentioned in (a).

f) At 31 December 2014 and 2013, the Group had another unutilized banking facilities of HK$500,000 which was guaranteed by Hong Kong Mortgage Corporation Limited and directors of the Company.

g) At 31 December 2014, the Group had further unutilized banking facilities of HK$896,833 which was guaranteed by directors of the Company. Subsequent to the year ended date, the Group drew down the full amount as the operating use.

h) In the opinion of the directors, the carrying amounts of bank borrowings are not significantly different from their fair values at the end of each reporting period.

19. TAX PAYABLE

Income tax payable in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	HK$	HK$
Income tax payable/(recoverable) at the beginning of the year	**2,044,342**	(533,380)
Provision for the year (Note 6a)	**3,429,630**	3,587,266
Income tax paid	**(4,724,907)**	(1,009,544)
Income tax payable at the end of the year	**749,065**	2,044,342

20. CONVERTIBLE BONDS

The Group and the Company

During the year ended 31 December 2013, the Company entered into two subscription agreements in relation to the issue of 12 per cent. coupon convertible bonds ("Convertible Bonds"). The Convertible Bonds were issued in the aggregate principal amount of HK$20,000,000 in two tranches for HK$5,000,000 and HK$15,000,000 during the year ended 31 December 2013 and 2014 respectively. The Convertible Bonds were guaranteed by Mr. Kwan and Ms. Yip.

The Convertible Bonds may be converted at any time between the date of issue to maturity date if:

— Conversion rights are exercisable provided that the Company has produced documentary evidence to the satisfaction of the bondholders evidencing the approval in principle of the Listing by the Stock Exchange or other relevant authority or the Stock Exchange having no comment on the prospectus in relation to the Listing and the Bondholder shall be deemed to have served on the Company the conversion notice exercising in full the entire conversion rights attaching to the Convertible Bonds on the date of the Company producing such documentary evidence.

— On the Conversion Date, the Company shall allot and issue to the bondholders, credited as fully paid, such number of new shares which shall represent 16.6% of the entire enlarged issued share capital of the Company immediately before the completion of the Capitalisation Issue and the Placing as set out in note 28(f) and (g).

If the Convertible Bonds are not converted within the maturity date, the Company shall redeem the Convertible Bonds at face value on the respective due day.

During the year, there was no conversion of the convertible bonds into shares of the Company by the bondholders and no redemption of the Convertible Bonds by the Company.

On 29 January 2015, all the Convertible Bonds were converted into 249,000 ordinary shares of the Company at HK$0.01 each due to the approval of the Listing by the Stock Exchange as set out in note 28(e).

20. CONVERTIBLE BONDS (Continued)

The Group and the Company (Continued)

On the basis that (i) the ratio of the conversion shares has been fixed at 16.6% of the issued share capital of the Company immediately before the completion of the Capitalization Issue and the completion of the Placing; (ii) it bears no relationship with the Capitalization issue and the number of the Placing Shares and the Placing Price as set out in note 28(g); and (iii) the numbers of conversion shares are not subject to any adjustments, the Convertible Bonds are accounted for as compound instruments under HKAS 32 "Financial Instruments — Presentation" and the proceeds have been split between a liability component and an equity component as set out below.

Bonds are accounted for as compound instruments under HKAS 32 "Financial Instruments — Presentation" and the proceeds have been split between a liability component and an equity component as set out below.

On the date of issue of the Convertible Bonds, the liability component was recognised at fair value, determined based on the valuation performed by an independent professional valuer using the Capital Asset Pricing Model. The residual amount, representing the value of the equity component, is credited to a Convertible Bonds Reserve.

	First tranche HK$	Second tranche HK$	Total HK$
Face value of convertible bonds at issue date including:			
Equity component on initial recognition	484,415	755,409	1,239,824
Liability component on initial recognition	4,515,585	14,244,591	18,760,176
Liability component:			
At 1 January 2013	—	—	—
Add: First tranche at initial recognition	4,515,585	—	4,515,585
Imputed finance cost	253,012	—	253,012
At 31 December 2013	4,768,597	—	4,768,597
At 1 January 2014	**4,768,597**	**—**	**4,768,597**
Add: Second tranche at initial recognition	**—**	**14,244,591**	**14,244,591**
Imputed finance cost	**931,439**	**2,255,205**	**3,186,644**
At 31 December 2014	**5,700,036**	**16,499,796**	**22,199,832**

With reference to the valuation performed by independent professional valuer, Grant Sherman Appraisal Limited, ("Grant Sherman") in the opinion of the directors, the carrying amount of liability component was not significantly different from their fair values at the end of the reporting period. Grant Sherman is incorporated in Hong Kong and an independent professional valuer.

The imputed finance cost on the bonds is calculated using the effective interest method by applying an effective interest rate of 19.53% and 17.22% per annum for the first and second tranches of the convertible bonds respectively.

21. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the plan vest immediately.

Save for the above, the Group has no other obligation for the payment of retirement benefits to employees.

22. CAPITAL AND RESERVES

a) Movements in components of equity

i) The Group

The movements in the components of equity of the Group are set out in the Consolidated Statement of Changes in Equity.

ii) The Company

Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	Contributed surplus	Convertible bonds reserve	(Accumulated losses)/retained profits	Total
	HK$	HK$	HK$	HK$	HK$
At 1 January 2013	1	—	—	(1,534,719)	(1,534,718)
Profit for the year and total comprehensive income for the year	—	—	—	2,465,278	2,465,278
Issue of convertible bond	—	—	484,415	—	484,415
Issue of shares	9,999	14,843,400	—	—	14,853,399
At 31 December 2013 and 1 January 2014	**10,000**	**14,843,400**	**484,415**	**930,559**	**16,268,374**
Profit for the year and total comprehensive income for the year	**—**	**—**	**—**	**8,291,386**	**8,291,386**
Issue of convertible bond	**—**	**—**	**755,409**	**—**	**755,409**
Dividend paid	**—**	**—**	**—**	**(9,070,000)**	**(9,070,000)**
At 31 December 2014	**10,000**	**14,843,400**	**1,239,824**	**151,945**	**16,245,169**

22. CAPITAL AND RESERVES (Continued)

b) Share capital

Authorised and issued share capital:

	2014 Number of shares	2014 Share capital HK$	2013 Number of shares	2013 Share capital HK$
Authorized				
Ordinary shares of HK$0.01 each	**38,000,000**	**380,000**	38,000,000	380,000
Issued & fully paid				
At beginning of year				
Ordinary shares of HK$0.01 each	**1,000,000**	**10,000**	1	1
Issued during the year				
Ordinary shares of HK$0.01 each	**—**	**—**	999,999	9,999
At end of year				
Ordinary shares of HK$0.01 each	**1,000,000**	**10,000**	1,000,000	10,000

The Company was incorporation and registered as an exempted company in the Cayman Islands on 7 December 2012 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each.

Details of change in share capital of the Company are set out in note 2(b)(iii).

The holders of ordinary share are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

c) Nature and purpose of reserves

i) Contributed surplus

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the Reorganisation on 9 October 2013.

ii) Convertible bonds reserve

Convertible bonds reserve represents the amount allocated to the unexercised equity component of convertible bonds issued by the Company recognised in accordance with the accounting policy adopted for convertible bonds in note 2(j).

22. CAPITAL AND RESERVES (Continued)

d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic condition. In view of this, the Group will balance its overall capital structure through the payment of dividend or the issue of new debt. No changes were made in the objectives or policies during the two years ended 31 December 2014 and 2013.

The Group monitors capital on the basis of the gearing ratio, which was unchanged since 2013. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including trade and other payables, bank borrowings and convertible bonds, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated statement of financial position, plus net debt. The gearing ratio were as follows:

	2014 **HK$**	2013 HK$
Total debt	**35,363,993**	17,165,285
Less: cash and cash equivalents	**(26,557,464)**	(8,996,693)
Net debt	**8,806,529**	8,168,592
Total equity	**10,344,761**	12,032,618
Total capital	**19,151,290**	20,201,210
Gearing ratio	**46%**	40%

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, bank borrowings and convertible bonds. The Company's major financial instruments include due from subsidiaries and convertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, currency risk and interest rate risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

The Group

i) Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collaterals, where appropriate, as a means of mitigating the risk of financial loss from defaults.

ii) In respect of trade and other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition is performed on each and every major customer periodically. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Company does not require collateral in respect of its financial assets.

iii) The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of reporting period, the Group has certain concentration of credit risk as 34% (2013: 29%) of the total trade receivables was due from the largest customer and 93% (2013: 77%) of the total trade receivables of the Group was due from the largest 5 customers. Taking into account the creditworthiness of the customers, the credit risk measures and the historical levels of bad debts, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

iv) The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

a) Credit risk (Continued)

The Company

The directors consider that there is no significant credit risk on receivables from subsidiaries given their strong financial position.

b) Liquidity risk

The Group and the Company

The Group is responsible for its own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows and the earliest date the Group and the Company is required to pay.

Specifically, for bank borrowings which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the borrowings with immediate effect. The maturity analysis for bank borrowings is prepared based on the scheduled repayment dates.

The Group

	2014			2013		
	Within 1 year or on demand HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$	Within 1 year or on demand HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$
Convertible bonds	22,908,333	22,908,333	22,199,832	5,898,333	5,898,333	4,768,597
Bank borrowings	7,725,430	7,725,430	7,725,430	10,017,805	10,017,805	10,017,805
Trade and other payables	5,438,731	5,438,731	5,438,731	2,378,883	2,378,883	2,378,883
	36,072,494	36,072,494	35,363,993	18,295,021	18,295,021	17,165,285

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

b) Liquidity risk (Continued)

The Company

	2014			2013		
	Within 1 year or on demand HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$	Within 1 year or on demand HK$	Total contractual undiscounted cash flow HK$	Carrying amount HK$
Convertible bonds	**22,908,333**	**22,908,333**	**22,199,832**	5,898,333	5,898,333	4,768,597

The table that follows summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

The Group

	Maturity analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayment dates				
	On demand HK$	Within 1 year HK$	More than 1 year but less than 2 years HK$	More than 2 years but less than 5 years HK$	Total undiscounted cash outflows HK$
31 December 2013	—	7,057,786	2,138,943	1,490,619	10,687,348
31 December 2014	**—**	**4,611,053**	**3,119,632**	**421,552**	**8,152,237**

c) Interest rate risk

The Group and the Company

The Group and the Company is exposed to cash flow interest rate risk in relation to variable-rate bank borrowings and fair value interest rate risk on fixed rate borrowings. The Group and the Company currently does not have a policy on hedging of interest rate risks. However, the directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group's and the Company's interest rate profile as monitored by the directors is set out in (i) below.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

The Group and the Company (Continued)

i) Interest rate profile

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

The Group

	2014 Effective interest rates	**HK$**	2013 Effective interest rates	HK$
Fixed rate borrowings				
— convertible bonds	**17.22%–19.53%**	**22,199,832**	19.53%	4,768,597
— bank loans	**7.87%–18.53%**	**1,148,080**	7.87%–18.53%	2,582,620
Variable rate borrowings				
— bank loans	**3.75%–8.75%**	**6,577,350**	3.75%–8.75%	7,435,185
		29,925,262		14,786,402

The Company

	2014 Effective interest rates	**HK$**	2013 Effective interest rates	HK$
Fixed rate borrowings				
— convertible bonds	**17.22%–19.53%**	**22,199,832**	19.53%	4,768,597

ii) Sensitivity analysis

The Group

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately HK$54,921 (2013: HK$62,084). Other components of equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined based on the exposure to interest rates at the end of reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. No sensitivity analysis performed for fair value interest rate risk to fixed rate borrowings as the directors of the Company considered the effect is not significant. The 100 basis point increase or decrease represents directors' assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting date. The analysis is performed on the same basis for the two years ended 31 December 2014 and 2013.

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

c) Interest rate risk (Continued)

The Group and the Company (Continued)

ii) Sensitivity analysis (Continued)

The Company

No sensitivity analysis performed for fair value interest rate risk to fixed rate borrowings as the directors of the Company considered the effect is not significant.

d) Currency risk

The Group and the Company

The Group's functional currency is Hong Kong dollars as substantially all the turnover are in Hong Kong dollars. The Group does not expect any significant currency risk which might materially affect the Group's result of operations.

e) Fair value

The Group and the Company

The carrying amounts of all financial instruments carried at amortised cost are not materially different from their fair values at 31 December 2014 and 31 December 2013.

24. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2014 and 31 December 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014 **HK$**	2013 HK$
Within one year	**100,000**	240,000
In the second to fifth years inclusive	**—**	100,000
	100,000	340,000

The Group leases premises for office and staff quarters under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease when all terms are re-negotiated. None of the leases includes contingent rentals.

25. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

i) Advertising income

When the outcome of an advertising contract can be estimated reliably, revenue from advertising service is recognised by reference to the stage of completion of the contract. Stage of completion of a contract is the number of advertisement being published as compared to the number of publication contracted for.

ii) Sale of magazines

Revenue from the sale of magazines is net of returns and recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed. The directors or staff designated by the directors attended counting of unsold magazines returned by the distributor. The amount of income from sales of magazines is determined based on the number of copies of magazines passed to the distributor for sale less the number of unsold copies of magazines returned by the distributor.

b) Impairment of trade receivables

The Group makes allowance for impairment loss based on an assessment of the recoverability of trade receivables. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates based on the credit history of the customers and the current market conditions. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed (carrying amount: HK$19,015,192 (2013: HK$22,090,808)).

26. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the consolidated financial statements, the Group and the Company has entered into the following transactions with related parties:

a) Financial guarantee

The details of guarantees provided by the directors are set out in note 18.

b) Key management personal remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 is as follows:

	2014 HK$	2013 HK$
Short-term employee benefits	570,000	536,667
Post-employment benefits	10,500	9,333
	580,500	546,000

c) Due from a director

The details are set out in note 14.

d) Shareholder's indemnity

Mr Kwan and Ms Yip, the controlling shareholders and directors of the Company, have provided a joint indemnity in favor of the Group from and against, among other things, all actions, claims, losses, payments, charges, costs, penalties, damages or expenses which the Group may incur, suffer or accrue, directly or indirectly, that may rise from or in connection with the non-compliance matters as set out in note 27.

27. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fines of HK$854,000 (2013: HK$854,000) in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines. This possible maximum penalty and fines will be indemnified, when required, by the shareholders as set out in note 26(d).

28. EVENTS AFTER THE REPORTING PERIOD

a) Share Option Scheme

On 23 January 2015, the Company launched a share option scheme (the "Scheme"). The purpose of the Scheme is to enable the Company to grant options to eligible participants in recognition of their contribution to the Group.

No share options were granted up to the date of this report.

b) Dividend

The Company declared an interim dividend of HK$4,000,000 to its shareholders for the year ending 31 December 2015 on 21 January 2015 and paid HK$950,000 and HK$3,050,000 on 21 January 2015 and 22 January 2015 respectively as an interim dividend for the year ending 31 December 2015.

c) Increase in authorised share capital

On 23 January 2015, the authorised share capital of the Company was increased from HK$380,000 to HK$100,000,000 by the creation of an additional 9,962,000,000 shares of HK$0.01 each as part of the Reorganisation.

d) Allotment and issuance of shares to Fuwin

On 29 January 2015, Fuwin subscribed for and the Company allotted and issued 251,000 Shares to Fuwin at par value as part of the Reorganisation.

e) Conversion of Convertible Bonds

On 29 January 2015, the Company allotted and issued 249,000 shares of HK$0.01 each to Convertible Bondholder for the conversion of Convertible Bonds with a face value of HK$20,000,000 pursuant to the Pre-IPO Convertible Bonds Subscription Agreement. After the Capitalisation Issue under the Reorganisation as set out at point (f) below, the Convertible Bondholders who will be interested in 249,000 shares immediately before the Completion of the Capitalisation Issue would be interested in 99,600,000 shares (representing 400 times of 249,000 shares) immediately after the completion of the Capitalisation Issue, in proportion to their respective shareholdings before the Capitalisation Issue.

28. EVENTS AFTER THE REPORTING PERIOD (Continued)

f) Capitalisation Issue

Pursuant to the written resolutions passed by the shareholders of the Company on 23 January 2015 and on 29 January 2015, the directors were authorised to allot and issue 598,500,000 shares by way of capitalisation of a total sum of HK$5,985,000 standing to the credit of share premium account of the Company credited as fully paid at par to the shareholders as appearing on the register of members of the Company.

g) Placing

On 16 February 2015, the 180,000,000 placing shares offered by the Company and Fuwin, which comprising 120,000,000 new shares offered by the Company and 60,000,000 sale shares offered by Fuwin, at the placing price of HK$0.37 per placing share raising gross proceeds of approximately HK$44,400,000.

29. IMMEDIATE AND ULTIMATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTIES

At 31 December 2014, in the opinion of the directors of the Company, the ultimate and immediate holding company of the Company is Fuwin Group (Holdings) Limited ("Fuwin") which is incorporated in the British Virgin Islands (the "BVI"). Fuwin did not produce financial statements available for public use. The ultimate controlling parties of the Company are Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam.

30. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARD AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These new standards are:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[5]
Amendments to HKAS 1	Disclosure Initiative[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[4]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[5]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[5]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[6]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

The Group is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 (that is, the Group's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.