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

(Incorporated in Cayman Islands with limited liability)

(stock code: 8238)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED

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

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

*This announcement, 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 announcement 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 announcement misleading.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	**2017** ***HK$***	2016 *HK$* (Restated)
Continuing operations			
Revenue	3	**29,733,580**	35,558,942
Cost of sales		**(26,757,323)**	(36,593,207)
Gross profit/(loss)		**2,976,257**	(1,034,265)
Other income	5	**730,878**	36,752
Operating expenses		**(20,267,304)**	(16,722,127)
Share of losses of associates		**—**	(200,000)
Impairment loss on goodwill		**(7,570,556)**	—
Other gains or losses	6	**3,655,557**	(4,702,423)
Finance costs	7	**(2,201,868)**	(1,907,692)
Loss before tax	8	**(22,677,036)**	(24,529,755)
Income tax expense	9	**(68,898)**	(625,368)
Loss for the year from continuing operations		**(22,745,934)**	(25,155,123)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	10	**5,769,168**	(2,251,623)
Loss for the year		**(16,976,766)**	(27,406,746)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation		**(391,433)**	3,110
Total comprehensive expense for the year		**(17,368,199)**	(27,403,636)

	Notes	2017 HK$	2016 HK$ (Restated)
(Loss)/profit for the year attributable to:			
Owners of the Company			
— for continuing operations		**(21,240,598)**	(24,869,742)
— for discontinued operation		**6,112,207**	(1,423,282)
Non-controlling interests			
— for continuing operations		**(1,505,336)**	(285,381)
— for discontinued operation		**(343,039)**	(828,341)
		(16,976,766)	(27,406,746)
Total comprehensive expense attributable to:			
Owners of the Company		**(15,360,658)**	(26,294,868)
Non-controlling interests		**(2,007,541)**	(1,108,768)
		(17,368,199)	(27,403,636)
From continuing and discontinued operations			
Loss per share			
Basic *(HK Cents)*	12	**(0.18)**	(0.36)
From continuing operations			
Loss per share			
Basic *(HK Cents)*	12	**(0.25)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 HK$	2016 HK$
Non-current assets			
Plant and equipment		**1,440,279**	1,758,158
Interests in associates		—	—
Investment property		**12,900,000**	11,962,800
Goodwill		—	33,051,369
Intangible assets		—	1,718,014
		14,340,279	48,490,341
Current assets			
Inventories		—	391,504
Financial assets at fair value through profit or loss		**2,907,000**	—
Amount due from a former shareholder		**2,510**	2,510
Trade and other receivables	13	**5,028,934**	36,461,852
Tax recoverable		**657,372**	890,162
Bank balances and cash		**41,955,423**	44,335,818
		50,551,239	82,081,846
Current liabilities			
Trade and other payables	14	**6,253,027**	25,174,522
Bank borrowings		—	2,640,525
Tax payable		**68,898**	39,599
Amounts due to non-controlling shareholders of subsidiaries		**113,953**	2,305,097
		6,435,878	30,159,743
Net current assets		**44,115,361**	51,922,103
Total assets less current liabilities		**58,455,640**	100,412,444

	Notes	**2017**	2016
		HK$	*HK$*
Non-current liabilities			
Promissory notes payable		—	25,528,410
Bank borrowings		—	78,127
		—	25,606,537
Net assets		**58,455,640**	74,805,907
Capital and reserves			
Share capital		**8,640,000**	8,640,000
Reserves		**52,166,229**	67,369,231
Total equity attributable to owners of the Company		**60,806,229**	76,009,231
Non-controlling interests		**(2,350,589)**	(1,203,324)
Total equity		**58,455,640**	74,805,907

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owner of the Company						
	Share capital	**Share premium**	**Exchange reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2016	7,200,000	57,469,914	—	(666,711)	64,003,203	—	64,003,203
Loss for the year	—	—	—	(26,293,024)	(26,293,024)	(1,113,722)	(27,406,746)
Other comprehensive expense for the year	—	—	(1,844)	—	(1,844)	4,954	3,110
Total comprehensive expense for the year	—	—	(1,844)	(26,293,024)	(26,294,868)	(1,108,768)	(27,403,636)
Issue of new shares by way of placing	1,440,000	38,880,000	—	—	40,320,000	—	40,320,000
Share issue expenses	—	(2,019,104)	—	—	(2,019,104)	—	(2,019,104)
Arising from acquisition of a business	—	—	—	—	—	(94,556)	(94,556)
At 31 December 2016	**8,640,000**	**94,330,810**	**(1,844)**	**(26,959,735)**	**76,009,231**	**(1,203,324)**	**74,805,907**
Loss for the year	**—**	**—**	**—**	**(15,128,391)**	**(15,128,391)**	**(1,848,375)**	**(16,976,766)**
Other comprehensive expense for the year	**—**	**—**	**(232,267)**	**—**	**(232,267)**	**(159,166)**	**(391,433)**
Total comprehensive expense for the year	**—**	**—**	**(232,267)**	**(15,128,391)**	**(15,360,658)**	**(2,007,541)**	**(17,368,199)**
Arising from disposal of a business	**—**	**—**	**157,656**	**—**	**157,656**	**860,276**	**1,017,932**
At 31 December 2017	**8,640,000**	**94,330,810**	**(76,455)**	**(42,088,126)**	**60,806,229**	**(2,350,589)**	**58,455,640**

1. GENERAL

Winto Group (Holdings) Limited (the "Company") is a public limited company 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 GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 Room 1001, 10th Floor, Grandmark, 10 Granville Road, Tsim Sha Tsui, Kowloon respectively.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRS 2014–2016 cycle

Except the described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note of the Group consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note of the Group consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance contracts[4]
HK(IFRIC)—Int 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC)—Int 23	Uncertainty over income tax treatments[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKAS 28	Long-term interests in associates and joint ventures[2]
Amendments to HKAS 28	As part of the annual improvements to HKFRSs 2014–2016 cycle[1]
Amendments to HKAS 40	Transfers of investment property[1]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2021.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at subsequent reporting periods.

- in relation to the impairment of financial assets, HKFRS 9 adopts an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company do not anticipate that there will be a material impact on the measurement and classification of the Group's financial instruments on initial application of HKFRS 9. In relation to impairment of financial assets, the directors of the Company anticipate that the application of the expected credit losses model will result in earlier provision of credit losses which are not yet incurred. The directors of the Company do not anticipate this will have a material impact on the additional provisions to be recognised.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK$657,141 as disclosed in note of the Group consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$743,367 and refundable rental deposits received of HK$50,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

3. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2017	2016
	HK$	*HK$*
Outdoor advertising income	**19,274,813**	23,250,990
Provision of mobile app development service	**8,625,033**	1,202,085
Print media advertising income	**1,682,070**	10,905,400
Sales of magazines	**151,664**	200,467
	29,733,580	35,558,942

4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines in a manner consistent with the way in which information is reported internally to the Group's Chief Operating Decision Maker ("CODM"), being the executive directors of the Company for the purpose of resource allocation and performance assessment. No operating segments have been aggregated in arriving at the reportable segment to the Group.

The Group's reportable segments under HKFRS 8 are as follows:

1. Outdoor advertising business
2. Mobile app development business
3. Print media business, including advertising income and sales of magazines

An operating segment regarding the liquefied natural gas ("LNG") and related products trading business was disposed in the current year. The segment information on the next pages does not include any amounts for the discontinued operation, which are described in more details in note 10.

For the purpose of assessing segment performance and allocating resources between segments:

The measurement of segment results for the year ended 31 December 2016 have been revised as a result of the change in the way in which information is reported to the CODM in the current year.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

Segment revenues and results

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

Continuing operations

For the year ended 31 December 2017

	Outdoor advertising business *HK$*	Mobile app development business *HK$*	Print media business *HK$*	Total *HK$*
Revenue				
Segment revenue	19,648,813	8,831,633	2,248,109	30,728,555
Inter-segment sales	(374,000)	(206,600)	(414,375)	(994,975)
Revenue from external customers	19,274,813	8,625,033	1,833,734	29,733,580
Segment results	2,661,352	1,929,527	(1,614,622)	2,976,257
Other income				730,122
Interest income				756
Operating expenses				(20,267,304)
Impairment loss on goodwill				(7,570,556)
Other gains or losses				3,655,557
Finance costs				(2,201,868)
Loss before tax				(22,677,036)

For the year ended 31 December 2016

	Outdoor advertising business *HK$*	Mobile app development business *HK$*	Print media business *HK$*	Total *HK$*
Revenue				
Segment revenue	24,441,781	2,115,713	11,115,867	37,673,361
Inter-segment sales	(1,190,791)	(913,628)	(10,000)	(2,114,419)
Revenue from external customers	23,250,990	1,202,085	11,105,867	35,558,942
Segment results	(8,930,604)	545,556	7,350,783	(1,034,265)
Other income				36,166
Interest income				586
Operating expenses				(16,722,127)
Share of losses of associates				(200,000)
Other gains or losses				(4,702,423)
Finance costs				(1,907,692)
Loss before tax				(24,529,755)

Segment assets and liabilities

Segment assets include all tangible and intangible assets and current assets with the exception of investment property, interests in associates, unallocated bank balances and cash and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

The following is an analysis of the Group's asset and liabilities by reportable and operating segments.

	2017
	HK$
Segment assets	
Outdoor advertising business	**3,007,783**
Mobile app development business	**2,383,085**
Print media business	**7,747,221**
Total segment assets	**13,138,089**
Investment property	**12,900,000**
Bank balances and cash	**34,058,425**
Unallocated assets	**4,795,004**
Consolidated assets	**64,891,518**
Segment liabilities	
Outdoor advertising business	**194,815**
Mobile app development business	**4,002,511**
Print media business	**892,858**
Total segment liabilities	**5,090,184**
Unallocated liabilities	**1,345,694**
Consolidated liabilities	**6,435,878**

	2016
	HK$
Segment assets	
Outdoor advertising business	10,542,456
Mobile app development business	9,454,905
Print media business	9,750,680
Total segment assets	29,748,041
Assets relating to discontinued operation	48,227,697
Investment property	11,962,800
Interests in associates	—
Bank balances and cash	39,327,170
Unallocated assets	1,306,479
Consolidated assets	130,572,187
Segment liabilities	
Outdoor advertising business	1,205,699
Mobile app development business	1,527,904
Print media business	1,227,669
Total segment liabilities	3,961,272
Liabilities relating to discontinued operation	24,287,368
Promissory notes payable	25,528,410
Unallocated liabilities	1,989,230
Consolidated liabilities	55,766,280

Geographical information

The Group's continuing operations are located in Hong Kong and Mainland China.

Information about the Group's revenue from external customers for continuing operations is presented based on location of delivery destination of the goods and place of services rendered. Information about the Group's non-current assets (excluding interests in associates) for continuing operations are based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2017	2016	**2017**	2016
	HK$	*HK$*	***HK$***	*HK$*
Hong Kong	**21,108,547**	34,356,857	**14,288,121**	13,063,279
Mainland China	**8,625,033**	1,202,085	**52,158**	7,707,309
	29,733,580	35,558,942	**14,340,279**	20,770,588

Continuing operations

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of total sales of the Group are as follows:

	2017	2016
	HK$	*HK$*
Customer A[1]	**3,166,667**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year end 31 December 2016.

5. OTHER INCOME

	2017	2016
	HK$	*HK$*
Continuing operations		
Rental income	**374,097**	16,000
Government grants *(note)*	**346,175**	—
Bank interest income	**756**	586
Sundry income	**9,850**	20,166
	730,878	36,752

Note: The amount represents incentives granted by the local PRC authorities to the Group for engaging in High Technology business.

6. OTHER GAINS OR LOSSES

	2017	2016
	HK$	*HK$*
Continuing operations		
Gain on disposal of associates	**2,000,000**	—
Gain on change in fair value of the investment property	**937,200**	—
Gain on disposal of intangible assets	**626,007**	—
Net foreign exchange gains (losses)	**109,565**	(29,226)
Gain (loss) on change in change in fair value of financial assets at FVTPL	**92,415**	(4,673,197)
Allowance for doubtful debts	**(109,630)**	—
	3,655,557	(4,702,423)

7. FINANCE COSTS

	2017	2016
	HK$	*HK$*
Continuing operations		
Effective interest on promissory notes payables	**2,201,858**	1,855,410
Interest on bank borrowings	**10**	52,282
	2,201,868	1,907,692

8. LOSS BEFORE TAX

Continuing operations

Loss before tax has been arrived at after charging (crediting):

	2017	2016
	HK$	*HK$*
Staff costs		
Director's emoluments	**2,660,100**	2,716,442
Other staff costs		
— Salaries and other benefits	**5,214,080**	2,619,089
— Contributions to defined contribution retirement plan	**208,397**	83,863
	8,082,577	5,419,394
Depreciation	**585,972**	297,222
Amortisation of intangible assets	**273,607**	—
Auditor's remuneration	**1,850,000**	850,000
Operating lease expense in respect of		
— Office premises	**1,592,783**	1,202,356
— Outdoor media resources, included in cost of sales	**14,031,340**	28,560,182
Gross rental income from an investment property	**(374,097)**	(16,000)
Less: direct operating expense incurred that generated rental income during the year	**74,073**	5,754
	(300,024)	(10,246)

9. INCOME TAX EXPENSE

	2017	2016
	HK$	*HK$*
Continuing operations		
Current tax:		
Hong Kong	**68,898**	680,889
Deferred tax:		
Current year	**—**	(55,521)
	68,898	625,368

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The income tax expenses for the year can be reconciled to the loss before per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017	2016
	HK$	*HK$*
Loss before tax	**(22,677,036)**	(24,529,755)
Tax credit at the Hong Kong Profits Tax rate at 16.5% (2016: 16.5%)	**(3,741,711)**	(4,047,409)
Tax effect of expenses not deductible for tax purpose	**2,031,800**	1,295,566
Tax effect of income not taxable for tax purpose	**(387,163)**	(2,172)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(239,461)**	(25,939)
Tax effect of tax losses not recognised	**2,407,926**	3,452,345
Overprovision in respect of prior years	**—**	(55,521)
Others	**(2,493)**	8,498
Income tax expenses for the year	**68,898**	625,368

Also, at the end of the reporting period, the Group has unused tax losses of HK$41,015,940 (2016: HK$26,422,449) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$3,063,723 that will expire before 2022 (2016: HK$93,556 that will expire before 2021). Other losses may be carried forward indefinitely.

10. DISCONTINUED OPERATION

During the year, the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interest in Lasermoon Limited ("Lasermoon"). Lasermoon and its subsidiaries (the "Lasermoon Group") carried out all of the Group's LNG and related products trading business in PRC and is regarded as a discontinued operation.

The results from the discontinued operation is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to represent the LNG and related product trading business as a discontinued operation.

	1.1.2017 to 24.7.2017	1.1.2016 to 31.12.2016
	HK$	*HK$*
Loss from LNG and related products trading business for period/year	**(621,839)**	(2,251,623)
Gain on disposal of LNG and related products trading business	**6,391,007**	—
	5,769,168	(2,251,623)

Result of discontinued operation

The results of the LNG and related products trading business, which have been included in the consolidated statement of profit or loss and other comprehensive income up to 24 July 2017 (date of disposal), were as follows:

	1.1.2017 to 24.7.2017	1.1.2016 to 31.12.2016
	HK$	*HK$*
Revenue	**99,578,294**	93,003,592
Cost of sales	**(99,146,984)**	(92,482,193)
Gross profit	**431,310**	521,399
Other income	**25,364**	648
Operating expenses	**(981,297)**	(2,603,073)
Finance costs	**(97,216)**	(126,838)
Loss before tax	**(621,839)**	(2,207,864)
Income tax expense	**—**	(43,759)
Loss for the year	**(621,839)**	(2,251,623)
Attributable to:		
Owners of the Company	**(278,800)**	(1,423,282)
Non-controlling interests	**(343,039)**	(828,341)
	(621,839)	(2,251,623)

Profit/(loss) for the year from discontinued operation includes the following:

	1.1.2017 to 24.7.2017	1.1.2016 to 31.12.2016
	HK$	*HK$*
Amortisation of intangible assets	**60,598**	43,284
Interest expense	**97,216**	126,838
Interest income	**1,601**	647
Depreciation	**138,558**	74,739
Operating lease expense in respect of office premises	**71,604**	75,641
Staff costs		
— Salaries and other benefit	**669,132**	281,941
— Contributed to defined contribution retirement plan	**67,515**	54,778

During the year ended 31 December 2017, Lasermoon Group paid HK$109,006 (2016: contributed HK$652,136) in respect of the Group's net operating cash flows, paid HK$92,078 (2016: HK$1,193,242) in respect of the Group's investing activities and contributed HK$757,137 (2016: HK$2,063,696) to the Group's financing activities.

11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company, nor has any dividend been proposed since the end of the reporting period for both years.

12. LOSS PER SHARE

Continuing operation

The calculation of basic loss per share for continuing operations attributable to the owners of the Company is calculated based on the below figures:

	2017	2016
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**21,240,598**	24,869,742

Number of Shares

	2017	2016
Weighted average number of ordinary shares for the purpose of calculation of loss per share	**8,640,000,000**	7,207,868,852

No diluted loss per share has been presented for the years ended 31 March 2017 and 2016 because there were no potential ordinary shares outstanding during the years.

Continuing and discontinued operation

The calculation of the basic loss per share attributable to the owners of the Company is calculated based on the below figures:

	2017	2016
	HK$	*HK$*
Loss attributable to owners of the Company for the purpose of calculation of loss per share	**15,128,391**	26,293,024

The denominators used are the same as those set out above for the continuing operation.

For discontinued operation

The earnings/(loss) per share for discontinued operation is as follows:

	2017	2016
	HK cents	*HK cents*
Basic	**0.07**	(0.02)

The calculation of the earnings/(loss) per share for the discontinued operation is based on:

	2017	2016
	HK$	*HK$*
Profit/(loss) for discontinued operation attributable to owners of the Company	**6,112,207**	(1,423,282)

The denominators used are the same as those set out above for the continuing operation.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$	*HK$*
Trade receivables	**4,545,812**	27,187,305
Less: allowance for doubtful debts	**(887,630)**	(778,000)
	3,658,182	26,409,305
Deposits	**743,367**	4,980,226
Prepayment	**391,247**	3,181,807
Other receivables	**236,138**	1,890,514
	5,028,934	36,461,852

During the year ended 31 December 2017 and 2016, the Group provided customers with credit period ranging from 0 to 90 days and 0 to 180 days from the date on which 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.

All outstanding trade receivables 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 collections 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 2017 and 2016, no legal actions were taken by the Group for debt collection.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on overdue days is as follows:

	2017	2016
	HK$	*HK$*
Current	**1,763,168**	2,944,100
1–30 days	**405,962**	14,587,570
31–90 days	**438,300**	2,694,239
Over 90 days	**1,050,752**	6,183,396
	3,658,182	26,409,305

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$1,895,014 (31 December 2016: HK$23,465,205) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Trade receivables that are 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.

Aging of trade receivables which are past due but not impaired.

	2017	2016
	HK$	*HK$*
1–30 days	**405,962**	14,587,570
31–90 days	**438,300**	2,694,239
Over 90 days	**1,050,752**	6,183,396
	1,895,014	23,465,205

Movement in the allowance for doubtful debts:

	2017	2016
	HK$	*HK$*
1 January	**778,000**	778,000
Impairment losses recognised on receivables	**109,630**	—
31 December	**887,630**	778,000

Included in the above provision for impairment of trade receivables was a provision for individually impaired trade receivables with an aggregate balance of HK$887,630 (31 December 2016: HK$778,000).

14. TRADE AND OTHER PAYABLES

	2017	2016
	HK$	*HK$*
Trade payables	**1,054,407**	9,875,106
Other payables and accrued expenses	**3,888,308**	6,503,350
Receipt in advance	**1,310,312**	8,796,066
	6,253,027	25,174,522

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

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

	2017	2016
	HK$	*HK$*
0–60 days	**867,471**	9,164,618
61–90 days	**127,700**	613,298
Over 90 days	**59,236**	97,190
	1,054,407	9,875,106

During the year, the credit period granted by the suppliers are generally ranging from 0 to 120 days (2016: 0 to 120 days).

15. EVENT AFTER THE REPORTING PERIOD

On 14 March 2018, the Group entered into an agreement to sell its equity interest in a subsidiary of the Group at the consideration of HK$12,900,000. The investment property was disposed as a result of the disposal of the subsidiary.

On 16 March 2018. The Group entered into a loan agreement to provide a loan to a borrower, in the principal amount of RMB10,000,000 with interest of 4% per month for 2 months since the drawdown date. The borrower is an independent third party and the sole purpose of the loan is to provide financial assistance to a company held by the borrower (the "Subsidiary"), for 10% injection in a company established in PRC. The loan is secured by the borrower's entire interest in the Subsidiary. The Group has an option to buy the borrower's entire interest in capital of the Subsidiary or any entity designated by the Group at a reasonable price.

On 22 March 2018, the Group entered into the sale and purchase agreement to purchase 67% of the equity interest of a company (the "Target Company") at the consideration HK$3,015,000. The Group also entered into a loan agreement with the Target Company for a principal amount not exceeding HK$3,000,000 with 5% interest per annum for 3 years from the date of first drawdown.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Continuing operation

The Group recorded total revenue of approximately HK$29,734,000 for the year ended 31 December 2017, representing a decrease of approximately 16.4% or HK$5,825,000 from approximately HK$35,559,000 for the year ended 31 December 2016. The Group turned from a gross loss of approximately HK$1,034,000 for the year ended 31 December 2016 to a gross profit of approximately HK$2,976,000 for the year ended 31 December 2017. The Group's net loss decrease to approximately HK$22,746,000 for the year ended 31 December 2017 from approximately HK$25,155,000 for the year ended 31 December 2016. Loss per share of the Group for the year ended 31 December 2017 was approximately HK0.25 cents. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017.

Business Review

The Group is principally engaged in (i) sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in the magazines; (ii) provision of outdoor advertising services; and (iii) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

Print Media business:

During the year under review, 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.

In May 2017, the Group suspended the publication of two of the Group's magazines, namely, Pets Buyer and Bplus, and since November 2017, the publication of one more Group's magazine, Motoz Xpress, has been suspended. In September 2017, the Group terminated the publication of Pets Buyer and Bplus. Motoz Trader/Shopping Monthly and Motoz Trader (Free)/Shopping Monthly (Free) become a 2-in-1 dual cover semi-weekly magazine since November 2017.

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, beauty and fashion, property, dining and electronic products.

- 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.

- Shopping Monthly is fortnightly magazine and focuses on updated information on consumer products.

- Motoz Trader (Free) is a free fortnightly magazine that is extracted from Motoz Trader.

- Shopping Monthly (Free) is a free fortnightly magazine that is magazine extracted from Shopping Monthly.

The Group will reallocate the resources to and focus on the development of the Group's remaining magazines.

Advertising

For the year ended 31 December 2017, the income from print media advertising of the Group amounted to approximately HK$1,682,000, representing a decrease of approximately 84.6% as compared to last year. This was mainly attributable to (i) the reduction in numbers of clients; and (ii) the decrease in placement of orders from our existing clients.

The main source of revenue of the Group was derived from the sales of advertising spaces in its magazines. We have launched advertising packages to offer different type of advertising spaces for catering the marketing needs of customers and increase the attractiveness to our target print media advertising customers. 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.

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 2017, the income from sales of magazines of the Group amounted to approximately HK$152,000, representing a decrease of approximately 24.0% as compared to last year primarily because a decrease of magazines sold during the year.

The Group extracted content from some of the paid versions of its magazines, namely Motoz Trader and 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 addition, we select despatching points for capturing our target reader groups. 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.

Outdoor advertising business:

The Group's outdoor business is carried on by a professional outdoor media advertising company engaged in taxi advertising, minibuses advertising, ice cream vehicle advertising, roof top and exterior wall advertising, outdoor light box advertising, and LED screen advertising. The Group's outdoor business major customers include media agency and customers of food and drinks. The Group's outdoor business major suppliers include billboard owners, taxi owners, minibus owners and truck owners for provision of outdoor media resources.

In order to seize some valuable media resources, the Group will enter into exclusive right agreements with certain media resources owners before the Group receives any customer orders. The exclusive right agreement may be of fixed licence fee or with minimum guarantee licence fee plus sharing of revenue based on agreed percentage. The Group will also enter into non-exclusive agreements with media resources owners after receiving customer orders.

During year ended 31 December 2017, the Group renewed an exclusive right agreement with media resources owners with lower monthly fixed licence fee, as a result, the outdoor advertising business of the Group turned from a gross loss of approximately HK$8,931,000 for the year ended 31 December 2016 to a gross profit of approximately HK$2,661,000 for the year ended 31 December 2017.

Mobile apps development business:

Our 51% subsidiary, Qihui Group (International) Limited (the "Qihui" and together with its subsidiaries the "Qihui Group"), is principally engaged in the mobile phone apps development and provision of app solutions for its clients. It is also involved in WeChat planning, production and promotion, as well as research in blending WeChat with corporate marketing and planning.

During the year ended 31 December 2017, the income from mobile apps development of the Qihui Group amounted to approximately HK$8,625,000, representing an increase of approximately 617.5% as compared to last year.

Other business:

In March 2017, the Group completed the disposal of 20% equity interests in Strategist Media Holdings Limited (the "SMHL"). The consideration was HK$2 million.

In March 2017, the Group completed the acquisition of 100% equity interests in i-Lend Finance Limited ("i-Lend"). The consideration was HK$450,000. i-Lend is a licensed money lender that is regulated under the Money Lenders Ordinance in Hong Kong. The Directors considered that i-Lend could broaden the Group's revenue source and leverage with the existing business. However, i-Lend has never commenced operation due to lack of senior management to monitor the overall money lending business and fix up the business development plan. In October 2017, the Group completed the disposal of 100% equity interests in i-Lend. The consideration was approximately HK$834,000.

Prospects

In view of significant downward trend of our printed media advertising business; less valuable outdoor media resources that the Group can secure for its outdoor advertising business; and keen competition of mobile app development business, the Group will take a pro-active approach to identify any other business opportunities that could broaden our existing businesses and grow the Group's businesses.

On the other hand, the Group would steam line its operations so as to reduce its operating overhead. Also, the Group will continue to integrate its business units and regularly review the profile of our current businesses to enhance the shareholders' return.

Financial Review

Continuing operations

Revenue

Total revenue decreased by approximately 16.4% from approximately HK$35,559,000 for the year ended 31 December 2016 to approximately HK$29,734,000 for the year ended 31 December 2017. It was mainly due to reduction in number of clients in print media advertising business, revenue generated therefrom decreased from approximately HK$10,905,000 for the year ended 31 December 2016 to approximately HK$1,682,000 for the year ended 31 December 2017. Revenue from sales of magazines decreased from approximately HK$200,000 for the year ended 31 December 2016 to approximately HK$152,000 for the year ended 31 December 2017.

Cost of Sales

The Group's major costs of sales included transportation and outdoor billboard rental and licence fee payable to the taxi owners, minibus owners, truck owners and billboard owners for provision of outdoor advertising services.

Cost of sales decreased from approximately HK$36,593,000 for the year ended 31 December 2016 to approximately HK$26,757,000 for the year ended 31 December 2017, representing a decrease of approximately 26.9%. The decrease in cost of sales was mainly attributable to decrement of the cost derived from outdoor advertising business.

Gross Profit/(Loss)

The Group turned from a gross loss of approximately HK$1,034,000 for the year ended 31 December 2016 to a gross profit of approximately HK$2,976,000 for the year ended 31 December 2017. The Group's gross profit was mainly attributable to the gross profit derived from provision of mobile app development service and outdoor advertising business.

Other Income

Other income mainly represented the property rental income and government subsidy received during the year and other income increased from approximately HK$37,000 for the year ended 31 December 2016 to approximately HK$731,000 for the year ended 31 December 2017.

Operating Expenses

The operating expenses of the Group increased by approximately 21.2% from approximately HK$16,722,000 for the year ended 31 December 2016 to approximately HK$20,267,000 for the year ended 31 December 2017. The increase in the operating expenses was primarily attributable to new mobile app development business.

Impairment loss on goodwill

For the investment in Qihui Group, based on the cash flow projection, the return of the investment in Qihui Group will be an immaterial value. Therefore, the Group recognised an impairment loss on goodwill of approximately HK$7,570,000 for this mobile app development business during the year ended 31 December 2017.

Other gains or losses

The Group's other gains or losses turned from other losses of approximately HK$4,702,000 for the year ended 31 December 2016 to other gains of approximately HK$3,656,000 for the year ended 31 December 2017. The other gains mainly represent 1) the gain on disposal of associates, SMHL, and intangible assets amounting to approximately HK$ 2,000,000 and HK$ 626,000 respectively; and 2) the gain from change in fair value of the investment property amounting to approximately HK$ 937,000.

Finance Costs

Finance costs of the Group amounted to approximately HK$2,202,000 for the year ended 31 December 2017 (2016: approximately HK$1,908,000). The increase in finance costs was mainly due to imputed interest incurred on the promissory notes in relation to the acquisition of Lasermoon Limited ("Lasermoon" and together with its subsidiaries the "Lasermoon Group") in June 2016.

Income Tax

Income tax for the Group was approximately HK$69,000 for the year ended 31 December 2017 (2016: approximately HK$625,000), decreased by approximately 89.0%. The decrease was mainly due to the decrease in taxable profit of the Group for the year.

Loss from Continuing Operation Attributable to Owners of the Company

During the year ended 31 December 2017, the Group's loss attributable to owners of the Company decreased to approximately HK$21,241,000 from approximately HK$24,870,000 for the year ended 31 December 2016. This was mainly attributable to (i) gain on disposal of associates and gain from change in fair value of investment property; (ii) reduction in loss derived from outdoor advertising business; and (iii) a positive fair value change on financial assets for the year ended 31 December 2017 as compared to a negative change for the corresponding period in 2016. But it was partly offset by (i) the impairment loss on goodwill; and (ii) the loss generated by printed media advertising business and new mobile app development business.

Discontinued Operation

With effect from 2 June 2017, the financial results of LNG and related products trading business segment was classified as the discontinued operation because the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon.

Liquidity, Financial Resources and Capital Structure

On 13 December 2016, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 1,440,000,000 new ordinary shares of HK$0.001 each at the placing price of HK$0.028 per share by way of placing to not less than six independent placees (the "Placement"). As at the date of the placing agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.029 per share.

On 30 December 2016, the Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK$38,301,000 and will be used as general working capital of the Group and future business expansion.

There has been no change in the capital structure of the Group during the year ended 31 December 2017.

	As at 31 December	
	2017	2016
	HK$	*HK$*
Current assets	**50,551,239**	82,081,846
Current liabilities	**6,435,878**	30,159,743
Current ratio	**7.9**	2.7

The current ratio of the Group as at 31 December 2017 was approximately 7.9 times as compared to approximately 2.7 times as at 31 December 2016. The increase was mainly resulted from the disposal of Lasermoon Group.

As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$41,955,000 (2016: approximately HK$44,336,000).

As at 31 December 2017 and 2016, the Group had bank borrowings of approximately HK$nil and HK$2,719,000 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:

	2017	2016
	HK$	*HK$*
Within 1 year	—	2,640,525
Between 1 and 2 years	—	78,127

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 0.0% as at 31 December 2017 (2016: approximately 3.6%).

Trade Receivables Turnover Days

The trade receivables decreased from approximately HK$26,409,000 for the year ended 31 December 2016 to approximately HK$3,658,000 for the year ended 31 December 2017, but the trade receivable turnover days decreased from approximately 75 days for the year ended 31 December 2016 to approximately 45 days for the year ended 31 December 2017. The decrease in trade receivable turnover days was mainly due to the disposal of Lasermoon Group. All outstanding trade receivable balances are 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 2017, there was no significant investment held by the Group.

Future plans for material investments and capital assets

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 2 June 2017, the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon. The Lasermoon Group is engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, development of software and trading of LNG and other related products in PRC.

The total consideration for the disposal was HK$36,000,000, which was satisfied by the purchaser (i) as to HK$3,000,000 by cash; and (ii) as to HK$33,000,000, the purchaser's assumption of the rights and obligations of the Company under the promissory notes in the aggregate principal amount of HK$33 million issued by the Company on 28 June 2016 in favour of Goldlink Capital Limited (the "Goldlink Capital") in two separate tranches as partial settlement of the consideration under the sale and purchase agreement dated 24 June 2016 entered into between the Company and Goldlink Capital in accordance with the terms and conditions of the deed of novation and assignment entered into between the Company, the purchaser and Goldlink Capital on 5 June 2017. The disposal was completed in July 2017.

Pledge of Assets

As at 31 December 2017, the Group had no assets pledged for bank borrowings or for other purpose (31 December 2016: HK$301,000).

Contingent Liabilities

As at 31 December 2017, the Group was 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 (2016: HK$854,000).

Capital Commitments

As at 31 December 2017, the Group did not have any significant capital commitments.

Information on Employees

As at 31 December 2017, the employee headcount (not including Directors) of the Group was 47 (2016: 85) and the total staff costs, including Directors' emoluments for the year ended 31 December 2017, amounted to approximately HK$8.8 million (2016: approximately HK$5.8 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 and Internal Control Systems

The Board recognises its responsibility to ensure that the Company maintains a sound and effective risk management and internal control system. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defence is effective. As the final line of defence, the Corporate Governance & Risk Management Committee of the Company, with the professional advice and opinions from the external professional consultant by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

In addition to the review of risk management and internal controls undertaken by the external professional consultants and the Corporate Governance & Risk Management Committee, the external auditor also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audit. Where appropriate, the external auditor's recommendations are adopted and enhancements to the risk management and internal controls will be made.

Risk Management

Currency risk

Substantially all of the Group's monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi same as the functional currency of the respective group entities.

The Group does not expect any significant currency risk which materially affect the Group's result of operations.

Interest rate risk

In prior year, the Group was exposed to fair value interest rate risk in relation to fixed-rate bank borrowings.

In prior year, the Group was exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Group currently does not have a policy on hedging of interest rate risk. However, the management continuously monitors interest rate exposure and will consider hedging interest rate risk should the need arise.

The Group did not expect any significant interest rate risk which materially affect the Group's results of operations in 2016. No interest rate risk is expected in current year as all bank borrowings were repaid.

Equity price risk

The Group is exposed to equity price risk through its investments in equity securities listed in Hong Kong.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in 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.

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 Group does not require collateral in respect of its financial assets.

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 concentration of credit risk as 11% (2016: 13%) of the total trade receivables of the Company was due from the largest customer and 43% (2016: 46%) of the total trade receivables of the Group was due from the largest 5 customers. Taking into accounts 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.

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

Liquidity risk

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 table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Use of Proceeds from the Placing

Use of Net Proceeds Raised by Way of Placing Dated 16 February 2015

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.

Use of net proceeds	**Planned amount as stated in the Prospectus**	**Actual amount utilised up to 31 December 2017**	**Change of use of proceeds up to 31 December 2017**	**Actual balance as at 31 December 2017**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Enhance public awareness to the Group's magazines *(note (a))*	4.3	(1.3)	0	3.0
Publish new magazines *(note (b))*	7.4	(5.0)	(2.4)	0
Enhance corporate image and strengthen marketing activities *(note (c))*	14.9	(12.0)	(2.9)	0
Working capital	2.3	(7.6)	5.3	0
Total	28.9	(25.9)	0	3.0

Note:

(a) During the year 2016, Ocean Media placed advertisements to green minibuses and outdoor advertising at Sai Kung and Tuen Mun amounting to approximately HK$656,000. During the year 2017, Ocean Media placed advertisements to green minibuses and outdoor advertising at Causeway Bay amounting to approximately HK$641,000.

(b) In September 2015, the Group completed the acquisition of 20% equity interests in Strategist Media. The Company applied HK$5.0 million of the net proceeds from the listing to settle the consideration for the acquisition. Strategist Media is principally engaged in the publication and the sales of weekly Chinese finance and investment magazines, namely 港股策略王, mainly through the network of convenience stores and newsstands in Hong Kong. Magazine contents cover finance, wealth management, property investment, lifestyle and etc. Strategic Media also involves in the businesses of online advertising, investor relation services and event management. As mentioned in the announcement dated 2 December 2016, the Directors consider that there will not be further investment in other magazine(s) in foreseeable future, it is proposed to change the use of the remaining balance of approximately HK$2.4 million to working capital.

(c) In November 2016, the Group completed the acquisition of the Property. The Company applied approximately HK$11,963,000 of the net proceeds from the listing to settle the consideration for the acquisition. As mentioned in the announcement dated 2 December 2016, the Directors consider that there will not be further investment in purchasing office property and renovation works in foreseeable future, it is proposed to change the use of the remaining balance of HK$2.9 million to working capital.

Use of Net Proceeds Raised by Way of Placing Dated 30 December 2016

On 13 December 2016, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 1,440,000,000 new ordinary shares of HK$0.001 each at the placing price of HK$0.028 per share, raising gross proceeds of approximately HK$40,320,000, by way of placing to not less than six independent placees (the "Placement"). As at the date of the placing agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.029 per share. On 30 December 2016, the Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK$38,301,000 (the net placing price is approximately HK$0.0265 per share) and will be used as general working capital of the Group and future business expansion.

As at 31 December 2017, the Group had used approximately HK$3.9 million towards purchase of shares held-for-trading, approximately HK$0.5 million for acquisition of a company engaged in money lending business, and approximately HK$2.2 million as payment of legal and professional fee. As at 31 December 2017, the remaining balance of the proceeds from the placing was approximately HK$31.7 million, which has been placed as deposits with bank and will be used as general working capital of the Group and future business expansion.

EVENT AFTER THE REPORTING PERIOD

On 14 March 2018, the Group entered into an agreement to sell its equity interest in a subsidiary of the Group at the consideration of HK$12,900,000. The investment property was disposed as a result of the disposal of the subsidiary.

On 16 March 2018. The Group entered into a loan agreement to provide a loan to a borrower, in the principal amount of RMB10,000,000 with interest of 4% per month for 2 months since the drawdown date. The borrower is an independent third party and the sole purpose of the loan is to provide financial assistance to a company held by the borrower (the "Subsidiary"), for 10% injection in a company established in PRC. The loan is secured by the borrower's entire interest in the Subsidiary. The Group has an option to buy the borrower's entire interest in capital of the Subsidiary or any entity designated by the Group at a reasonable price.

On 22 March 2018, the Group entered into the sale and purchase agreement to purchase 67% of the equity interest of a company (the "Target Company") at the consideration HK$3,015,000. The Group also entered into a loan agreement with the Target Company for a principal amount not exceeding HK$3,000,000 with 5% interest per annum for 3 years from the date of first drawdown.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. The Directors of the Company consider that the Company has complied with the Corporate Governance Code (the "Code") throughout the year 2017 and up to the date of this announcement, except for Code Provision A.2.1.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company currently has no chairman and CEO. Decisions of the Company are made by the executive Director and overseen by other members of the Board. The Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

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 2017.

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 and review financial statements of the Company and judgments in respect of financial reporting.

As at the date of this announcement, the Audit Committee consists of all three independent non-executive Directors, namely, Mr. Tsang Zee Ho Paul (Chairman), Mr. Wen Kai and Mr. Tse Chi Wai.

The Audit Committee has reviewed the audited annual results of the Group for the year ended 31 December 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2017, 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.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This result announcement is published on the websites of the Stock Exchange (http://www.hkgem.com) and the Company (http://www.wintogroup.hk). The annual report of the Company for the year ended 31 December 2017 containing all the information required by the GEM Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By order of the Board
Winto Group (Holdings) Limited
Tang Yau Sing
Executive Director

Hong Kong, 23 March 2018

As at the date of this announcement, the Board comprises Mr. Tang Yau Sing as an executive director; and Mr. Wen Kai, Mr. Tsang Zee Ho, Paul and Mr. Tse Chi Wai as independent non-executive directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and be posted and remains on the website of the Company at http://www.wintogroup.hk.