THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form(s) of Acceptance or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Winto Group (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form(s) of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form(s) of Acceptance, the contents of which form part of the terms and conditions of the Offer contained in this Composite Document.

Noble Gate International Limited

(Incorporated in British Virgin Islands with limited liability)

WINTO GROUP (HOLDINGS) LIMITED

惠陶集團(控股)有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 8238)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO THE MANDATORY UNCONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF NOBLE GATE INTERNATIONAL LIMITED FOR ALL THE ISSUED SHARES OF WINTO GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE ACQUIRED BY NOBLE GATE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial Adviser to the Offeror

廣發融資(香港)有限公司
GF CAPITAL (HONG KONG) LIMITED

Joint financial advisers to the Company

中毅資本有限公司
Grand Moore Capital Limited

中國農信財務顧問有限公司
China AF Corporate Finance Limited

Independent Financial Adviser to the Independent Board Committee

TC CAPITAL

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" in this Composite Document.

A letter from GF Securities (Hong Kong) Brokerage Limited containing, amongst other things, details of the terms and conditions of the Offer is set out on pages I-1 to I-9 of this Composite Document. A letter from the Board is set out on pages 23 to 30 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer is set out on pages 31 to 32 of this Composite Document. A letter from the Independent Financial Adviser containing its advice and recommendation in respect of the Offer is set out on pages 33 to 47 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form(s) of Acceptance.

Acceptances of the Offer should be received by the Registrar by no later than 4:00 p.m. on Tuesday, 13 February 2018 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

23 January 2018

CONTENTS

The timetable set out below is indicative and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company. All the time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement of the Offer *(Note 1)*	Tuesday, 23 January 2018
Latest time and date for acceptance of the Offer *(Note 2 and Note 4)*	4:00 p.m. on Tuesday, 13 February 2018
Closing Date *(Note 2)*	Tuesday, 13 February 2018
Announcement of the results of the Offer on the website of the Stock Exchange and the website of the Company *(Note 2)*	by 7:00 p.m. on Tuesday, 13 February 2018
Latest date of posting of remittances in respect of valid acceptances received under the Offer *(Note 3)*	Monday, 26 February 2018

Notes:

(1) The Offer, which is unconditional in all respects, is made on Tuesday, 23 January 2018, the date of this Composite Document, and is capable of acceptance on and from that date until the Closing Date.

(2) In accordance with the Takeovers Code, the Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will be closed at 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised or extended or have expired. In the event that the Offeror decides that the Offer will remain open, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offer is closed, to those Independent Shareholders who have not accepted the Offer, and an announcement will be released. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day (as defined under the Takeovers Code) which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be the same day, i.e. 4:00 p.m. on the Closing Date.

(3) Remittances in respect of acceptance of the Offer (after deducting the seller's ad valorem stamp duty) will be made as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by or for the Offeror to render each such acceptance of the Offer complete and valid. Remittances in respect of acceptance of the Offer will be despatched to the accepting Independent Shareholders by ordinary post at their own risks.

(4) Acceptance of the Offer shall be irrevocable and not capable of being withdrawn except in the circumstances set out in the section headed "6. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

In this Composite Document, unless the context otherwise requires, the following expressions have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"associate(s)"	has the meaning ascribed to it under the Takeovers Code or the GEM Listing Rules
"Board"	the board of Directors
"Business Day(s)"	day(s) on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Changgang Dunxin"	Changgang Dunxin Enterprise Company Limited, a company listed on Main Board of the Stock Exchange (stock code: 2229)
"China Minsheng"	China Minsheng Financial Holding Corporation Limited, a company listed on the Stock Exchange (stock code: 245)
"Closing Date"	Tuesday, 13 February 2018, being the closing date of the Offer which is 21 days following the date on which this Composite Document was posted (or such other date as revised or extended in accordance with the Takeovers Code)
"Company"	Winto Group (Holdings) Limited (stock code: 8238), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the GEM of the Stock Exchange
"Composite Document"	this composite offer and response document dated 23 January 2018 jointly issued by the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, the terms and conditions of the Offer and procedures of acceptance, the letter of advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer, and the letter of advice of the Independent Board Committee to the Independent Shareholders as to whether the terms of the Offer is fair and reasonable and as to acceptance of the Offer
"Director(s)"	the director(s) of the Company from time to time

"Facility"	a credit facility of up to HK$300,000,000 granted by GF Securities as lender and GF Capital as designated agent, to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the S&P Agreement and the Offer
"Facility Agreement"	the facility agreement and the supplemental facility agreement entered into among GF Securities as lender, GF Capital as designated agent and the Offeror as borrower dated 16 November 2017, 26 November 2017 and 27 November 2017, respectively, in respect of the Facility
"Finance Document"	means, among others, the Facility Agreement, the Security Deeds and the Personal Guarantee
"Form of Acceptance"	the form of acceptance and transfer of Shares in respect of the Offer which accompanies this Composite Document
"GEM"	The Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
"GF Capital"	GF Capital (Hong Kong) Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in respect of the Offer
"GF Securities"	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the agent making the Offer on behalf of the Offeror
"Greens"	Greens Holdings Limited, a company listed on the Stock Exchange (stock code: 1318)
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board, comprising the non-executive Director, namely Mr. Liu Kwong Chi Nelson, and all the independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin, which has been established by the Company to make recommendations to the Independent Shareholders regarding the terms of the Offer and as to their acceptance

"Independent Financial Adviser" or "TC Capital"	TC Capital International Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer
"Independent Shareholders"	Shareholders other than (i) the Vendor, its associates and parties acting in concert with the Vendor; (ii) the Offeror, Mr. Tang and any parties acting in concert with any of them (including SVF); (iii) Mr. Yuan; (iv) Perfect Wood; and (v) any Shareholders who are involved in or interested in the S&P Agreement, Subscription Agreement, the Note, or the transactions contemplated thereunder
"Irrevocable Undertakings"	collectively, the SVF Irrevocable Undertaking and Yuan Chao Irrevocable Undertaking
"Joint Announcement"	the announcement dated 28 November 2017 jointly issued by the Company and the Offeror, in relation to, among other things, the S&P Agreement and the Offer
"Last Trading Day"	16 November 2017, being the last full trading day of the Shares on the Stock Exchange before the publication of the Joint Announcement on 28 November 2017
"Latest Practicable Date"	19 January 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Maxace"	Maxace Holdings Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Tang, an executive Director
"Mr. Tang"	Mr. Tang Yau Sing, the sole ultimate beneficial owner and sole director of the Offeror and Maxace, and an executive Director
"Mr. Yuan"	Mr. Yuan Chao
"Note"	the loan note in the principal amount of HK$90 million issued on 9 November 2017 pursuant to the Subscription Agreement
"Offer"	the mandatory unconditional cash offer to be made by GF Securities for and on behalf of the Offeror to acquire all the issued Shares other than (a) those already owned and agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code and (b) the Relevant Shares in aggregate held by Mr. Yuan and Perfect Wood

"Offer Period"	has the same meaning ascribed to it under the Takeovers Code and commenced from 28 November 2017, being the date of the Joint Announcement until the Closing Date
"Offer Price"	the price of HK$0.05781 per Offer Share payable by the Offeror to the Shareholders for each Offer Share accepted under the Offer
"Offer Share(s)"	Share(s) (a) not already or agreed to be owned by the Offeror and parties acting in concert with it and (b) the Relevant Shares in aggregate held by Mr. Yuan and Perfect Wood
"Offeror"	Noble Gate International Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Tang, an executive Director
"Overseas Shareholder(s)"	Shareholder(s) whose address(es) as shown on the register of members of the Company is/are outside Hong Kong
"Perfect Wood"	Perfect Wood Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Yuan
"Personal Guarantee"	the personal guarantee and the supplemental personal guarantee entered into between GF Securities as lender and Mr. Tang as guarantor dated 16 November 2017 and 26 November 2017, respectively, whereby Mr. Tang guarantees to the GF Securities, amongst others, the punctual performance, payment and discharge of all obligations and liabilities from time to time incurred by the Offeror under or in connection with the Facility
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar of the Company, situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Shares"	the Shares held by Mr. Yuan and Perfect Wood from time to time during the period between the date of the Yuan Chao Irrevocable Undertaking and the date of the close of the Offer
"Relevant Period"	the period from 28 May 2017, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
"Sale Share(s)"	an aggregate of 1,704,232,000 Shares acquired by the Offeror from the Vendor pursuant to the S&P Agreement

"Security Deeds"	collectively, (i) the security deed and the supplemental security deed entered into between GF Securities as chargee and Maxace as chargor dated 16 November 2017 and 26 November 2017, respectively, whereby Maxace has charged to GF Securities, *inter alia*, the Shares owned and to be owned by it and deposited in the account maintained with GF Securities from time to time during the tenure of the security deed as security for the repayment of any amount due to GF Securities under the Finance Documents; (ii) the security deed and the supplemental security deed entered into between GF Securities as chargee and the Offeror as chargor dated 16 November 2017 and 26 November 2017, respectively, whereby the Offeror has charged to GF Securities, *inter alia*, the Shares owned and to be owned by it and deposited in the account maintained with GF Securities from time to time during the tenure of the security deed as security for the repayment of any amount due to GF Securities under the Finance Documents; (iii) SVF Security Deed; and (iv) the deeds of account charge executed by the Offeror, Maxace and SVF in favour of GF Securities charging any cash and/or securities deposited in their securities accounts maintained with GF Securities and the rights of such securities accounts as security for the repayment of any amount due to GF Securities under the Finance Documents
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	the ordinary share(s) of HK$0.001 each in the share capital of the Company
"Share Charge Deed"	the share charge deed entered into between Mr. Tang as chargor and SVF as investor dated 9 November 2017 whereby Mr. Tang has charged to SVF the entire share capital of the Offeror as security for the repayment of any amount due to SVF under the Note
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"S&P Agreement"	the sale and purchase agreement dated 16 November 2017 entered into between the Offeror (as purchaser), Mr. Tang (as guarantor) and the Vendor (as vendor) in relation to the sale and purchase of the Sale Shares, and as initialled by the parties on 22 November 2017 and amended by a supplemental agreement dated 26 November 2017 and a second supplemental agreement dated 28 November 2017 entered into among the parties
"S&P Completion"	completion of the S&P Agreement in accordance with the terms therein
"Special Benefit"	the special benefit received by SVF under the Transaction
"Subscription Agreement"	the subscription agreement entered into between the Offer as issuer, SVF as investor and Mr. Tang as guarantor on 8 November 2017, pursuant to which the Offeror agreed to issue a loan note to SVF in the principal sum of HK$90 million at the interest rate of 8% per annum and repayable within one year from the date of issue
"SVF"	Shareholder Value Fund, a company incorporated in the Cayman Islands with limited liability and beneficially owned by CM Securities Investment Limited (31.25%), Haitong Global Investment SPC III Haitong Smart Portfolio Fund SP (37.5%) and Orient Finance Holdings Hong Kong Limited (31.25%)
"SVF Irrevocable Undertaking"	the irrevocable undertaking given by SVF on 22 November 2017 that, among others, SVF will not transfer, dispose of, or tender 2,568,816,000 Shares held by it for acceptance of the Offer
"SVF Security Deed"	the security deed and the supplemental security deed entered into between GF Securities as chargee and SVF as chargor dated 16 November 2017 and 26 November 2017, respectively, whereby SVF has charged to GF Securities, amongst others, the Shares owned and to be owned by it and deposited in the account maintained with GF Securities from time to time during the tenure of the security deed as security for the repayment of any amount due to GF Securities under the Finance Documents
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs
"Trading Day"	means a day on which the Shares are traded on the Stock Exchange for a minimum of 3 hours
"Transaction"	the issuance of the Note on 9 November 2017 under the Subscription Agreement
"Vendor"	Mr. Wong Man Hin Charles, being the vendor of the S&P Agreement

"Yuan Chao Irrevocable Undertaking"	the irrevocable undertaking given jointly and severally by Mr. Yuan and Perfect Wood on 23 November 2017 that, among others, they will not transfer, dispose of, or tender the Relevant Shares held by them for acceptance of the Offer prior to the close of the Offer
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	Per cent.

23 January 2018

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF NOBLE GATE INTERNATIONAL LIMITED TO ACQUIRE ALL THE ISSUED SHARES IN WINTO GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY NOBLE GATE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 28 November 2017, the Offeror and the Company jointly announced that, among other things, on 16 November 2017 (after trading hours of the Stock Exchange), the Offeror, Mr. Tang and the Vendor entered into the S&P Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire a total of 1,704,232,000 Shares at a total cash consideration of HK$85,211,600 (equivalent to HK$0.050 per Sale Share). The Sale Shares represent approximately 19.72% of the total issued share capital of the Company as at the date of the Joint Announcement and the Latest Practicable Date. Completion of the S&P Agreement took place on 5 December 2017.

Immediately before the S&P Completion, Mr. Tang, the Offeror and the parties acting in concert with any of them were interested in 2,928,816,000 Shares, representing approximately 33.90% of the total issued share capital of the Company as at the date of the Joint Announcement and the Latest Practicable Date. Immediately after the S&P Completion, Mr. Tang, the Offeror and parties acting in concert with any of them were interested in 4,633,048,000 Shares, representing approximately 53.62% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it). Further, on 27 December 2017 and 29 December 2017, the Offeror made an acquisition of a total of 490,344,000 Shares on market. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 5,123,392,000 Shares, representing approximately 59.29% of the total issued share capital of the Company.

As stated in the Joint Announcement, on 8 November 2017, the Offeror, SVF and Mr. Tang, entered into the Subscription Agreement, pursuant to which the Offeror agreed to issue the Note to SVF. The Note, being a loan note in principal amount of HK$90,000,000, was issued to SVF on 9 November 2017. Pursuant to the Subscription Agreement, the Note bears an interest rate of 8% per annum payable by the Offeror to SVF and repayable within one year from the date of issue. The maximum amount of interest to be received by SVF during the term of the Note will be HK$7,200,000. The entire issued capital of the Offeror is pledged to SVF in connection with such financing.

On 19 December 2017, the Offeror and the Company jointly announced that, subsequent to the publication of the Joint Announcement, the Offeror considered that the Special Benefit can be quantified, and the value of the Special Benefit could be appropriately reflected in the Offer Price. In view of the above, the Offeror has resolved to increase the Offer Price under the Offer to take into account such Special Benefit. As such, the Offer Price was revised and increased to HK$0.05781 per Share. The increment of HK$0.00281 per Share in the Offer Price represents the Special Benefit under the Transaction, which is calculated by dividing the maximum amount of interest of HK$7,200,000 to be received by SVF in connection with the subscription of the Note by 2,568,816,000 Shares, being the total number of Shares SVF was interested in as at the date of the Transaction.

This letter forms part of this Composite Document and sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and its intention in relation to the Group. Further details of the terms of the Offer and procedures of acceptance are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

The Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

As at the Latest Practicable Date, there were 8,640,000,000 Shares in issue. There are no outstanding warrants, options, derivatives or convertibles which may confer upon the holder thereof any right to subscribe for, convert or exchange into Shares. Assuming that there is no change in the issued share capital of the Company prior to the close of the Offer, 3,516,608,000 Shares will be subject to the Offer.

Principal terms of the Offer

GF Securities hereby unconditionally make the Offer, for and on behalf of the Offeror and the parties acting in concert with it, in accordance with the Takeovers Code on the following basis:

For each Offer Share . . . . HK$0.05781 in cash

The Offer Price of HK$0.05781 per Offer Share represents (i) the highest price paid by the Offeror or parties acting in concert with it for the shares within 6 month prior to the commencement of the Offer Period, being HK$0.055, plus (ii) the amount in which each

Share is entitled to when the Special Benefit under the Transaction is extended to all Shareholders, being HK$0.00281. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document, or subsequently attached to them.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

The Irrevocable Undertakings

SVF Irrevocable Undertaking

On 22 November 2017, SVF gave its irrevocable undertaking to the Offeror that, subject to the SVF Security Deed, it will not transfer, sell, charge, pledge or grant any option over or dispose of or tender 2,568,816,000 Shares (representing approximately 29.73% of the issued share capital of the Company as at the date of the Joint Announcement and the Latest Practicable Date) held by it for acceptance of the Offer prior to the close of the Offer.

As a result of the charging of Shares held by SVF in favour of GF Securities as security under the Facility pursuant to the SVF Security Deed, SVF is presumed to be acting in concert with the Offeror under the Takeovers Code.

Pursuant to the SVF Irrevocable Undertaking, SVF has irrevocably and unconditionally undertaken to the Offeror that from the date of the SVF Irrevocable Undertaking to the date of the close of the Offer, SVF shall, subject to the SVF Security Deed, *inter alia*:

(a) not or shall not agree to transfer, sell, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the 2,568,816,000 Shares held by it or any part thereof or any interest therein or any part thereof except to give effect to the arrangements in the SVF Irrevocable Undertaking; and

(b) not tender the 2,568,816,000 Shares held by it for acceptance under the Offer (if it is entitled to the Offer) or otherwise make the 2,568,816,000 Shares available for acceptance.

Yuan Chao Irrevocable Undertaking

On 23 November 2017, Mr. Yuan and Perfect Wood gave their joint and several irrevocable undertakings to the Offeror that they will not transfer, sell, charge, pledge or grant any option over or dispose of or tender any Shares held by them for acceptance of the Offer prior to the close of the Offer.

Mr. Yuan is the beneficial owner (directly and indirectly through Perfect Wood, a company incorporate in the BVI with limited liability) of 250,960,000 Shares in aggregate, representing approximately 2.91% of the issued Share Capital as at the Latest Practicable Date. Save for their shareholding in the Company as disclosed in this Composite Document, Mr. Yuan and Perfect Wood are independent third parties of the Company.

Mr. Yuan became acquainted with Mr. Tang when they both served as the executive director of Changgang Dunxin in 2016. Save as disclosed in this Composite Document, Mr. Yuan and Perfect Wood have no other relationship with the Offeror, Mr. Tang and SVF. Mr. Yuan, the Offeror and Mr. Tang are not concert parties.

Pursuant to the Yuan Chao Irrevocable Undertaking, Mr. Yuan and Perfect Wood have irrevocably and unconditionally, jointly and severally, undertaken to the Offeror that from the date of the Yuan Chao Irrevocable Undertaking to the date of the close of the Offer, Mr. Yuan and Perfect Wood shall, *inter alia*:

(a) not or shall not agree to, whether directly or indirectly, transfer, sell, charge, pledge or grant any option over or otherwise dispose of or create any encumbrances in respect of any of the Relevant Shares held by them or any part thereof or any interest in the Relevant Shares held by them or any part thereof except to give effect to the arrangements in the Yuan Chao Irrevocable Undertaking;

(b) not tender the Relevant Shares held by them for acceptance under the Offer, whether it comprises a higher offer or not and irrespective of the means by which it is to be implemented (if they are entitled to the Offer) or otherwise make the Relevant Shares available for acceptance; and

(c) save for the Relevant Shares held by them, they will not acquire any further interest in any shares in the Company and, if any such shares, securities or interest is acquired by them, such shares, securities or interest (as the case may be) shall be deemed to be included in the expression of the Relevant Shares held by them for the purposes of the Yuan Chao Irrevocable Undertaking.

Comparison of value

The Offer Price of HK$0.05781 for each Share under the Offer represents:

(1) a premium of 23% to the closing price of HK$0.047 per Share as quoted on the Stock Exchange on the Last Trading Day;

(2) a premium of approximately 25.67% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK$0.046 per Share;

(3) a premium of approximately 25.67% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK$0.046 per Share;

(4) a premium of approximately 622.63% over the unaudited consolidated net asset value of the Company of approximately HK$0.008 per Share as at 30 September 2017 based on 8,640,000,000 Shares in issue as at the Latest Practicable Date; and

(5) a premium of approximately 1.42% to the closing price of HK$0.057 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest and lowest closing prices of the Shares as quoted on the Stock Exchange were HK$0.058 per Share on 20 December 2017, 21 December 2017, 22 December 2017, 29 December 2017, 3 January 2018, 4 January 2018, 8 January 2018, 9 January 2018, 10 January 2018, 11 January 2018 and 18 January 2018 and HK$0.04 per Share on 28 June 2017 and 25 September 2017, respectively.

Value of the Offer

As at the Latest Practicable Date, there are 8,640,000,000 Shares in issue. There are no outstanding warrants, options, derivatives or securities convertible into Shares.

On the basis of 8,640,000,000 Shares in issue and assuming there is no change in the issued share capital of the Company up to the close of the Offer, of which the Offeror and parties acting in concert with it hold 5,123,392,000 Shares as at the Latest Practicable Date, the number of Shares subject to the Offer is 3,516,608,000 Shares and the value of the Offer is HK$203,295,108 based on the Offer Price of HK$0.05781.

Financial resources available for the Offer

The maximum cash consideration payable under the Offer, excluding the Shares already held by the Offeror and the parties acting in concert with it and the 250,960,000 Shares held by Mr. Yuan and Perfect Wood, is HK$188,787,111. The Offeror intends to finance the total consideration payable under the Offer through the Facility available in an amount of up to HK$214,788,400 provided by GF Securities.

As at the Latest Practicable Date, other than the beneficial interest of GF Securities in the Security Deeds providing security for repayment of any amount due to GF Securities under the Finance Documents, neither GF Securities nor GF Capital is a beneficial owner of any Shares. GF Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptance of the Offer. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility, will not be dependent on the business of the Company.

Effect of accepting the Offer

By accepting the Offer, the Shareholders would sell their Shares to the Offeror free from all liens, claims, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the Offer is made, that is, the date of despatch of this Composite Document.

The Offer is unconditional in all respects and will open for acceptance from the date of this Composite Document until 4:00 p.m. on the Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. Acceptance of the Offer shall be unconditional and irrevocable and shall not be capable of being withdrawn, subject to the provisions of the Takeovers Code and except in the circumstances set out in the section headed "6. RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

Settlement

Settlement of the considerations (rounding up to the nearest cent) for the Offer Shares (after deducting the seller's ad valorem stamp duty) will be made in cash as soon as possible but in any event within seven (7) Business Days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offer and the relevant documents of title are received by or on behalf of the Offeror (or its agent) to render each such acceptance complete and valid. Settlement of the considerations for the Offer Shares will be despatched to the Shareholders who accept the Offer by ordinary post at their own risks.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty payable by the Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher as determined by the Collector of Stamp Revenue under the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong), will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will bear the buyer's Hong Kong ad valorem stamp duty as purchaser of the Shares and will arrange for the payment of the stamp duty in connection with such sales and purchases.

Overseas Shareholders

The availability of the Offer to any Overseas Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholder will be deemed to constitute a representation and warranty from such Overseas Shareholder to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of Mr. Tang, the Offeror, parties acting in concert with the Offeror, GF Securities, GF Capital, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interest in the Company's securities

Save for the Sale Shares and as disclosed below, none of Mr. Tang, the Offeror nor parties acting in concert with any of them has dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

Name of Purchaser	Name of Vendor	Date of Transaction	Transaction	Total number of Shares acquired	Average price per Share	Price Range
Offeror	on market	27/12/2017	Purchase	400,000,000	0.057	0.057
Offeror	on market	29/12/2017	Purchase	90,344,000	0.057	0.057
Maxace	on market	29/6/2017	Purchase	10,000,000	0.0495	0.0495
Maxace	Lan Zhi Cheng	11/7/2017	Purchase	350,000,000	0.055	0.055
SVF	on market	23/5/2017	Purchase	2,560,000	0.053	0.053
SVF	on market	24/5/2017	Purchase	130,000,000	0.0549	0.053–0.055
SVF	on market	25/5/2017	Purchase	67,784,000	0.0549	0.054–0.055
SVF	on market	26/5/2017	Purchase	95,088,000	0.0548	0.054–0.055
SVF	on market	29/5/2017	Purchase	4,000,000	0.054	0.054
SVF	on market	31/5/2017	Purchase	33,000,000	0.055	0.055
SVF	on market	1/6/2017	Purchase	4,720,000	0.054	0.054
SVF	on market	2/6/2017	Purchase	11,592,000	0.054	0.054
SVF	on market	5/6/2017	Purchase	58,520,000	0.0548	0.054–0.055
SVF	on market	7/6/2017	Purchase	656,000	0.054	0.054
SVF	on market	8/6/2017	Purchase	9,488,000	0.054	0.054
SVF	on market	9/6/2017	Purchase	12,024,000	0.054	0.054
SVF	on market	12/6/2017	Purchase	21,576,000	0.055	0.055
SVF	on market	14/6/2017	Purchase	78,288,000	0.0549	0.054–0.055
SVF	on market	16/6/2017	Purchase	10,136,000	0.054	0.054
SVF	on market	19/6/2017	Purchase	10,432,000	0.054	0.054
SVF	on market	20/6/2017	Purchase	18,888,000	0.055	0.055
SVF	on market	21/6/2017	Purchase	22,064,000	0.055	0.055
SVF	Grand Powerful Group Limited	22/6/2017	Purchase	498,000,000	0.055	0.055
SVF	on market	22/6/2017	Purchase	2,216,000	0.055	0.055
SVF	on market	23/6/2017	Purchase	16,728,000	0.055	0.055
SVF	on market	27/6/2017	Purchase	65,024,000	0.055	0.055

Name of Purchaser	Name of Vendor	Date of Transaction	Transaction	Total number of Shares acquired	Average price per Share	Price Range
SVF	on market	28/6/2017	Purchase	23,776,000	0.055	0.055
SVF	on market	29/6/2017	Purchase	130,832,000	0.0518	0.043–0.055
SVF	on market	30/6/2017	Purchase	48,456,000	0.0542	0.053–0.055
SVF	on market	13/7/2017	Purchase	51,880,000	0.053	0.053
SVF	on market	31/7/2017	Purchase	1,968,000	0.0495	0.049–0.050
SVF	on market	1/8/2017	Purchase	4,952,000	0.0499	0.049–0.050
SVF	on market	2/8/2017	Purchase	21,744,000	0.0495	0.049–0.050
SVF	on market	17/8/2017	Purchase	32,296,000	0.05	0.049–0.050
SVF	on market	18/8/2017	Purchase	20,168,000	0.05	0.049–0.050
SVF	on market	22/8/2017	Purchase	62,432,000	0.0528	0.051–0.053
SVF	on market	24/8/2017	Purchase	37,600,000	0.0529	0.052–0.053
SVF	on market	25/8/2017	Purchase	36,896,000	0.0529	0.052–0.053
SVF	on market	28/8/2017	Purchase	36,896,000	0.0529	0.052–0.053
SVF	on market	30/8/2017	Purchase	36,896,000	0.0527	0.052–0.053
SVF	on market	31/8/2017	Purchase	36,896,000	0.0527	0.052–0.053
SVF	on market	1/9/2017	Purchase	36,896,000	0.0526	0.052–0.053
SVF	on market	4/9/2017	Purchase	36,896,000	0.0528	0.051–0.053
SVF	on market	26/9/2017	Purchase	1,096,000	0.0411	0.041–0.042
SVF	on market	27/9/2017	Purchase	9,000,000	0.0424	0.040–0.045
SVF	on market	28/9/2017	Purchase	6,008,000	0.0441	0.042–0.046
SVF	on market	29/9/2017	Purchase	21,056,000	0.0468	0.045–0.049

Acceptance and Settlement

Details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

Details of the information of the Group as set out under the section headed "INFORMATION ON THE GROUP" in the "LETTER FROM THE BOARD" and in Appendices II and IV to this Composite Document, respectively.

INFORMATION ON THE OFFEROR AND SVF

The Offeror is an investment holding company incorporated in the BVI on 2 January 2015 with limited liability. As at the Latest Practicable Date, Mr. Tang is the sole ultimate beneficial owner and the sole director of the Offeror.

Mr. Tang, aged 55, holds a Bachelor of Social Science (Honours) degree from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Tang has over 25 years of accounting, auditing and financial advisory experience.

Mr. Tang has been an executive director of Pearl Oriental Oil Limited (stock code: 0632) since October 2016 and become a company secretary of Pearl Oriental Oil Limited since August 2017. He was the executive director of Million Stars Holdings Limited (stock code: 8093) for the period from February 2017 to November 2017, executive director and company secretary of Changgang Dunxin for the period from March 2016 to June 2016, executive director and chief financial officer of New Sports Group Limited (stock code: 0299) for the period from November 2013 to May 2016, vice president and company secretary of China Environmental Technology Holdings Limited (stock code: 0646) for the period from March 2014 to April 2016 and chairman and executive director of Greens for the period from December 2014 to November 2015. The shares of the above companies are listed on the Stock Exchange. Mr. Tang was also the chief financial officer of China Agritech Inc. (previously listed on NASDAQ) for the period from October 2008 to January 2012. Mr. Tang has been an executive Director since 13 July 2017.

Maxace is a company incorporated in the BVI with limited liability and its sole ultimate beneficial owner is Mr. Tang. Maxace is the beneficial owner of 360,000,000 Shares representing approximately 4.17% of the issued share capital of the Company as at the Latest Practicable Date.

SVF is a hedge fund with sizeable investments in industries such as new energy, aviation, healthcare and technology. SVF is the beneficial owner of 2,568,816,000 Shares representing approximately 29.73% of the issued share capital of the Company as at the Latest Practicable Date.

SVF is beneficially owned by (i) CM Securities Investment Limited (31.25%), a company wholly owned by China Minsheng, and its principal business is investments; (ii) Haitong Global Investment SPC III Haitong Smart Portfolio Fund SP (37.5%) whose principal business is a fund of private equity funds, bond funds and long-only equity funds; and (iii) Orient Finance Holdings Hong Kong Limited (31.25%), a subsidiary of Orient Securities Company Limited, a company listed on the Stock Exchange (stock code: 3958), and its principal business is investments. China Minsheng is a Hong Kong-based investment holding company principally engaged in chemical materials, insurance, security, real estate and solar power businesses. Orient Securities Company Limited is principally engaged in security sales and trading, investment management, brokerage and securities finance, investment banking and headquarters management and others.

SVF is currently managed by CM Asset Management (Hongkong) Company Limited (a company incorporated in Hong Kong with limited liability), which is wholly owned by China Minsheng. The principal business of CM Asset Management (Hongkong) Company Limited is asset management.

Since the appointment of Mr. Tang as the executive Director of the Company on 13 July 2017, the Company has been improving from both operational and financial perspectives.

Although SVF considered acquiring further Shares was in line with its investment strategies, SVF was restricted from acquiring the controlling stake in the Company under its investment mandate. After considering (1) the Company is turning around under Mr.

Tang's management and leadership; and (2) Mr. Tang's experience and connections in the fields of accountancy and auditing and expertise in corporate management, SVF considers that pledging its Shares in favor of GF Securities as security under the Facility to assist Mr. Tang, whose management principle aligns with SVF's interest, to increase his equity interests in the Company could motivate Mr. Tang's involvement in and contribution to the Company's development and operation and is in the best interest of SVF, being the substantial Shareholder of the Company.

Save as disclosed in this Composite Document, SVF and Mr. Tang have no other relationship.

THE OFFEROR'S INTENTIONS IN RELATION TO THE GROUP

It is the Offeror's intention to further consolidate its interest in the Company pursuant to the Offer. The intention of the Offeror is that the Company's existing principal activities will be maintained, and at the same time after completion of the Offer, the Offeror will assist the Company in reviewing its business and operations and seek for new investment opportunities. At present, the Offeror has identified certain potential investment opportunities which involve acquisition of the shareholding of two target companies that are engaging in multi-media advertising business. The sellers in the proposed acquisitions are independent third parties not connected with the Company or the Offeror. To the best of the Offeror's knowledge and belief, the shareholders and the management of the target companies are not interested in the Shares. The proposed acquisitions are at preliminary stage, and the size of shareholding of the target companies to be acquired and the scale of the proposed acquisitions have yet to be determined. Negotiation with relevant parties will take place after close of the Offer. It is anticipated that the proposed acquisitions of companies engaging in multi-media advertising business will complement the existing business of the Group. In addition, after reviewing the business operations and financial position of the Group, the Offeror will develop a sustainable business plan or strategy for the Group.

The Offeror has no intention to introduce major changes to the business of the Group, including any redeployment of fixed assets other than those in its ordinary course of business. Save in connection with the Offeror's intention regarding the Group as disclosed above, the Offeror has no plan to inject any new businesses or assets into the Group or to procure the Group to acquire or dispose of any assets. Nor has the Offeror entered into any arrangements, understandings, intention or negotiation in relation to the downsizing, termination or disposal of the existing businesses of the Group. Save and except that there will be some changes to the composition of the Board as disclosed in the section headed "PROPOSED CHANGE OF BOARD COMPOSITION" in this letter, the Offeror has no plan to terminate the employment of any employee or senior management personnel of the Group. Instead, the Offeror is inclined to work together with the senior management of the Company and to leverage on their expertise and experience to further promote the growth of the Group. However, the Offeror reserves the right to make any changes that it deems necessary or appropriate to the Group's businesses and operations to increase the value of the Group.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of seven Directors, comprising three executive directors, namely, Mr. Mak Wai Kit, Ms. Law Shiu Wai and Mr. Tang; one non-executive director, namely Mr. Liu Kwong Chi Nelson and three independent non-executive directors, namely, Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin. It is currently expected that the Offeror will require all Directors (excluding Mr. Tang) to resign from the Board, and the resignations will take effect on the date after the close of the Offer.

The Offeror intends to nominate three new Directors into the Board, namely Mr. Wen Kai ("**Mr. Wen**"), Mr. Tsang Zee Ho, Paul ("**Mr. Tsang**") and Mr. Tse Chi Wai ("**Mr. Tse**") as new independent non-executive Directors (together, the "**New Directors**"). The proposed appointment will take effect from a date which is no earlier than the date of this Composite Document in accordance with Rule 26.4 of the Takeovers Code.

The biographical details of the New Directors are set out below:

Wen Kai

Mr. Wen, aged 34, is proposed to be appointed as an independent non-executive Director. Mr. Wen holds a Bachelor of Electronics Engineering degree from the Jiao Tong University in Shanghai. He has over 10 years of experience in venture capital, management consulting, and corporate mergers and acquisitions.

Mr. Wen is currently the Principal at Steamboat Ventures Investment Advisory (Shanghai) Co., Ltd., a venture capital firm. He is also the Founding Partner of two internet companies and Enlight Growth Partners, a venture capital firm dedicated in technology, media and consumer sector investments.

Mr. Wen was the Vice President of Keytone Ventures (Beijing) Advisors, Ltd., a venture capital company focusing on investments on cloud computing, enterprise solutions and technology for the period from September 2014 to November 2016 and Senior Associate of Greater China Division of Singtel Innov8 Ventures Pte. Ltd., the venture capital arm of the Singtel Group, focusing its venture investments on technologies and solutions that can lead to quantum changes in network capabilities, next generation devices, and digital services, for the period from December 2011 to July 2014. Prior to joining Singtel Innov8 Ventures Pte. Ltd., he was the senior manager of business development in United Technologies Corporation (a company listed on the New York Stock Exchange and ticket symbol: UTX) for the period from September 2010 to May 2011, responsible for strategic mergers and acquisitions projects in OTIS North Asia Pacific region.

Tsang Zee Ho, Paul

Mr. Tsang, aged 55, is proposed to be appointed as an independent non-executive Director. Mr. Tsang holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a non-practicing member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Tsang has over 30 years of experience in financial and accounting management, fund raising and tax planning as well as corporate finance transactions such as mergers and acquisitions, and asset disposals.

Mr. Tsang is currently the senior consultant with Morrison & Company Limited, a boutique consulting firm which focuses on seeking growth capital, strategic alliance candidates and merger and acquisition targets on its clients.

Mr. Tsang had held key management position in companies listed on the Stock Exchange. He was the chief financial officer of Hsin Chong Construction Group Limited (stock code: 0404) for the period from December 2013 to September 2014 and chief financial officer and company secretary of Vinda International Holdings Limited (stock code: 3331) for the period from April 2007 to September 2013. He was the independent non-executive director of Bingo Group Holdings Limited, a company listed on the Stock Exchange (stock code: 8220) for the period from October 2009 to March 2010.

Tse Chi Wai

Mr. Tse, aged 50, is proposed to be appointed as an independent non-executive Director. Mr. Tse graduated from the University of Hong Kong with a bachelor degree in social sciences in December 1989. Mr. Tse has over 25 years of experience in auditing, accounting and finance gained from working in various international accounting firms and listed companies. Mr. Tse is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.

Mr. Tse currently is an executive director, the chief financial officer and company secretary of China Information Technology Development Limited (stock code: 8178), a company listed on GEM, an executive director of Jih Sun Financial Holding Company Limited (stock code: 5820), the shares of which are listed in Taiwan, an independent non-executive director of Chong Kin Group Holdings Limited (stock code: 1609), China Environmental Technology Holdings Limited (stock code: 646), Great Water Holdings Limited (stock code: 8196) and Huarong Investment Stock Corporation Limited (stock code: 2277), the shares of these companies are listed on the Stock Exchange. Mr. Tse was an independent non-executive director of Greens for the period from March 2015 to November 2015 and Sunac China Holdings Limited (stock code: 1918) for the period from December 2012 to December 2017, the shares of these companies are listed on the Stock Exchange.

Save as disclosed above, each of the New Directors has not held any other directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

As at the Latest Practicable Date, each of the New Directors did not have any interest in the Shares (within the meaning of Part XV of the SFO).

It is intended that the Offeror will nominate one new executive Director to be appointed to the Board at the earliest time as allowed under the Takeovers Code.

Any resignation and appointment as disclosed above will be made in compliance with the Takeovers Code and the GEM Listing Rules. Further announcement(s) will be made upon any resignation and appointment of the Directors becomes effective.

Mr. Tang not only has accounting, auditing and financial advisory experience, he also has extensive experience in managing listed companies in Hong Kong and United States. Mr. Tang has been an executive Director since 13 July 2017 and is familiar with the business operations of the Company and the industry in which the Company conducts its business.

Although the New Directors do not have experience and expertise that strictly match the existing businesses of the Company, they have extensive experience in managing listed companies in Hong Kong and other jurisdictions. It is anticipated that the coming Board, under the leadership of Mr. Tang, will contribute enormously to the future growth of the Group.

In addition, the Offeror intends to work together with the senior management of the company and to leverage on their expertise and experience in promoting the growth of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends the issued Shares to remain listed on the Stock Exchange after the close of the Offer.

Pursuant to the GEM Listing Rules, if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

Mr. Tang and the New Directors have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares. As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

However, it should be noted that following the close of the Offer, there may be insufficient public float of the Shares and therefore, trading in the Shares may be suspended until sufficient public float exists in the Shares.

COMPULSORY ACQUISITION

The Offeror does not intend to exercise any right which may be available to it under the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) to acquire compulsorily any outstanding Shares not acquired under the Offer after the close of the Offer.

GENERAL

The attention of the Overseas Shareholders is drawn to paragraph 8 in Appendix I to this Composite Document.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and payment to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, GF Capital, GF Securities, the Independent Financial Adviser, the Registrar and any of their respective directors or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the "LETTER FROM THE BOARD", the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document and to consult your professional advisers as you see fit before deciding whether or not to accept the Offer.

Yours faithfully
For and on behalf of
GF Securities (Hong Kong) Brokerage Limited
Brian Lee
Responsible Officer

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)

Executive Directors:
Mr. Mak Wai Kit
Ms. Law Shiu Wai
Mr. Tang Yau Sing

Non-executive Director:
Mr. Liu Kwong Chi Nelson

Independent non-executive Directors:
Mr. Tsang Ho Ka Eugene
Ms. Wong Fei Tat
Mr. Pang Siu Yin

Registered office
Cricket Square
Hutchins Drive,
P.O. Box 2681,
Grand Cayman
KY1-1111,
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 1001, 10/F,
Grandmark
No. 10 Granville Road
Tsim Sha Tsui, Kowloon
Hong Kong

23 January 2018

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF NOBLE GATE INTERNATIONAL LIMITED FOR ALL THE ISSUED SHARES OF WINTO GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE ACQUIRED BY NOBLE GATE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

References are made to the Joint Announcement and the announcements dated 5 December 2017 and 19 December 2017 issued jointly by the Offeror and the Company in relation to, among others, the Offer, the S&P Completion and the increase in the Offer Price.

As stated in the Joint Announcement, on 8 November 2017, the Offeror, SVF and Mr. Tang, entered into the Subscription Agreement, pursuant to which the Offeror agreed to issue the Note to SVF. The Note, being a loan note in principal amount of HK$90,000,000, was issued to SVF on 9 November 2017. Pursuant to the Subscription Agreement, the Note bears an interest rate of 8% per annum payable by the Offeror to SVF and repayable within one year from the date of issue. The maximum amount of interest to be received by SVF during the term of the Note will be HK$7,200,000. The entire issued capital of the Offeror is pledged to SVF in connection with such financing.

On 16 November 2017 (after trading hours of the Stock Exchange), the Offeror, Mr. Tang and the Vendor entered into the S&P Agreement pursuant to which the Vendor conditionally agreed to sell and the Offeror conditionally agreed to acquire the Sale Shares at a total cash consideration of HK$85,211,600 (equivalent to HK$0.050 per Sale Share). The Sale Shares represent approximately 19.72% of the total issued share capital of the Company as at the date of the Joint Announcement and the Latest Practicable Date.

Completion of the S&P Agreement took place on 5 December 2017. Immediately after the S&P Completion, Mr. Tang, the Offeror and the parties acting in concert with any of them were interested in 4,633,048,000 Shares, representing approximately 53.62% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it). Further, on 27 December 2017 and 29 December 2017, the Offeror made an acquisition of a total of 490,344,000 Shares on market. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 5,123,392,000 Shares, representing approximately 59.29% of the total issued share capital of the Company.

As stated in the announcement jointly issued by the Company and the Offeror on 19 December 2017, the Offeror increased the Offer Price from HK$0.055 per Offer Share to HK0.05781 per Offer Share to take into account the Special Benefit.

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Liu Kwong Chi Nelson, Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin had been established to make a recommendation to the Independent Shareholders (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer. TC Capital had been appointed by the Company and approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and in particular (i) as to whether the Offer is, or is not, fair and reasonable; and (ii) as to acceptance of the Offer.

This letter forms part of this Composite Document which sets out, among other things, the principal terms of the Offer, the information on the Offeror and the intentions of the Offeror in relation to the Group. Further details of the terms of the Offer and the procedures for accepting the Offer are set out in Appendix I to this Composite Document and in the Form of Acceptance. Your attention is also drawn to the "Letter from the Independent Board Committee" and the "Letter from the Independent Financial Adviser" contained in this Composite Document.

THE OFFER

As at the Latest Practicable Date, there were 8,640,000,000 Shares in issue.

The Company had no outstanding warrants, options, derivatives, or other securities convertible into Shares and the Company had not entered into any agreement for the issue of such securities, options, derivatives or warrants of the Company as at the Latest Practicable Date.

PRINCIPAL TERMS OF THE OFFER

As mentioned in the "Letter from GF Securities" on pages 8 to 22 of this Composite Document, GF Securities is making the Offer for and on behalf of the Offeror and the parties acting in concert with it, subject to the terms set out in this Composite Document and in the Form of Acceptance, on the following basis:

For every Offer Share . . . . HK$0.05781 in cash

The Offer Price of HK$0.05781 per Offer Share represents (i) the highest price paid by the Offeror or parties acting in concert with it for the shares within 6 month prior to the commencement of the Offer Period, being HK$0.055, plus (ii) the amount in which each Share is entitled to when the Special Benefit under the Transaction is extended to all Shareholders, being HK$0.00281. The Offer Shares to be acquired under the Offer will be fully paid and free from all encumbrances together with all rights attached thereto, including, but not limited to, all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the despatch of the Composite Document, or subsequently attached to them.

The Offer is unconditional in all respects and is not conditional upon acceptances being received in respect of a minimum number of Shares or any other conditions.

As at the Latest Practicable Date, the Company does not have any shareholding interest in the Offeror.

Comparisons of value

As set out in the "Letter from GF Securities" contained in this Composite Document, the Offer Price of HK$0.05781 for each Offer Share under the Offer represents:

(i) a premium of approximately 23% to the closing price of HK$0.047 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of approximately 25.67% to the average of the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of HK$0.046 per Share;

(iii) a premium of approximately 25.67% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of HK$0.046 per Share;

(iv) a premium of approximately 622.63% over the unaudited consolidated net asset value of the Company of approximately HK$0.008 per Share as at 30 September 2017 based on 8,640,000,000 Shares in issue as at the Latest Practicable Date; and

(v) a premium of approximately 1.42% to the closing price of HK$0.057 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK$0.058 per Share on 20 December 2017, 21 December 2017, 22 December 2017, 29 December 2017, 3 January 2018, 4 January 2018, 8 January 2018, 9 January 2018, 10 January 2018, 11 January 2018 and 18 January 2018 and HK$0.04 per Share on 28 June 2017 and 25 September 2017, respectively.

Further information of the Offer

Please refer to the "Letter from GF Securities" and Appendix I contained in this Composite Document for further information in relation to the Offer, including the value of the Offer, confirmation of financial resources, Hong Kong stamp duty, payment in respect of acceptance of the Offer, availability of the Offer, procedures for acceptance of the Offer and settlement of the Offer.

INFORMATION ON THE GROUP

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are currently listed on GEM (stock code: 8238). 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.

The following table sets out a summary of the financial of the Group for each of the two years ended 31 December 2015 and 2016, as extracted from the annual report of the Company for the year ended 31 December 2016, and certain unaudited consolidated financial information of the Group for the six months ended 30 June 2017 and the nine months ended 30 September 2017 as extracted from the interim report of the Company for the six months ended 30 June 2017 and the third quarterly report of the Company for the nine months ended 30 September 2017 respectively.

	For the nine months ended 30 September 2017	**For the six months ended 30 June 2017**	**For the year ended 31 December 2016**	**2015**
	HK$	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue *(note)*	24,771,302	16,668,961	128,562,534	20,824,027
Loss before taxation *(note)*	(12,057,672)	(8,264,366)	(26,737,619)	(3,650,971)
Net loss attributable to owners of the Company *(note)*	(11,377,724)	(8,404,364)	(26,293,024)	(5,761,648)
Net loss attributable to non-controlling interest *(note)*	(702,055)	(480,811)	(1,113,722)	—
Charge for tax *(note)*	(22,107)	(27,813)	(669,127)	(2,110,677)
Amount absorbed by dividend	—	—	—	—
Loss per share (cents)	(0.13)	(0.097)	(0.36)	(0.08)
Dividend per share	—	—	—	4.00

	As at 30 September 2017	**As at 30 June 2017**	**As at 31 December 2016**	**As at 31 December 2015**
	HK$	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)	(audited)
Consolidated net asset value attributable to owners of the Company	70,711,066	67,199,434	76,009,231	64,003,203

Note: As disclosed in the interim report of the Company for the six months ended 30 June 2017, the Company entered into a disposal agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited ("Lasermoon") on 5 June 2017. The disposal was completed in July 2017. The items in the above table have included the operation results of Lasermoon and its subsidiaries, which include but not limited to (i) revenue of approximately HK$93,004,000; (ii) loss before taxation of approximately HK$2,208,000; (iii) net loss attributable to owners of the Company of approximately HK$1,432,000; (iv) net loss attributable to non-controlling interest of approximately HK$828,000; and (v) charge for tax of approximately HK$44,000 for the year ended 31 December 2016.

Details of the financial information of the Company are set out in Appendix II to this Composite Document.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) immediately before the S&P Completion; (ii) immediately after the S&P Completion; and (iii) as at Latest Practicable Date:

	(i) Immediately before S&P Completion		**(ii) Immediately after the S&P Completion**		**(iii) As at the Latest Practicable Date**	
	Number of Shares	*%*	*Number of Shares*	*%*	*Number of Shares*	*%*
The Offeror and parties acting in concert with it						
Offeror and Mr. Tang *(Note)*	360,000,000	4.17	2,064,232,000	23.89	2,554,576,000	29.56
SVF	2,568,816,000	29.73	2,568,816,000	29.73	2,568,816,000	29.73
Sub-total	**2,928,816,000**	**33.90**	**4,633,048,000**	**53.62**	**5,123,392,000**	**59.29**
Vendor	1,704,232,000	19.72	—	—		
Public Shareholders						
Mr. Yuan and Perfect Wood	248,496,000	2.88	248,496,000	2.88	250,960,000	2.91
Other public Shareholders	3,758,456,000	43.50	3,758,456,000	43.50	3,265,648,000	37.80
Sub-total	**4,006,952,000**	**46.38**	**4,006,952,000**	**46.38**	**3,516,608,000**	**40.71**
Total	**8,640,000,000**	**100.00**	**8,640,000,000**	**100.00**	**8,640,000,000**	**100.00**

Note: The 360,000,000 Shares were held by Mr. Tang through Maxace as at the Latest Practicable Date.

FUTURE INTENTION REGARDING THE GROUP

Your attention is drawn to the sections headed "Information on the Offeror and SVF", "The Offeror's intentions in relation to the Group" and "Proposed Change of Board Composition" in the "Letter from GF Securities" as set out in this Composite Document. The Board is aware of the intentions of the Offeror in respect of the Group, in summary, the intention to nominate new Directors into the Board (the proposed appointment of which will take effect from a date which is no earlier than the date of this Composite Document in accordance with Rule 26.4 of the Takeovers Code), and to acquire certain potential investment opportunities that are engaging in multi-media advertising business, and is willing to render reasonable cooperation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

Pursuant to the GEM Listing Rules, if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(i) a false market exists or may exist in the trading of the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

As disclosed in the "Letter from GF Securities", the Board noted the Offeror's intention to maintain the listing of the Shares on the Stock Exchange. The sole director of the Offeror and Maxace, and an executive Director, Mr. Tang, and the new Directors, namely Mr. Wen Kai, Mr. Tsang Zee Ho, Paul and Mr. Tse Chi Wai, have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's Shares. As the Company and the Offeror are unable to ascertain at this stage the level of acceptances by Shareholders under the Offer, they have not decided the exact steps/actions that will be taken by them after the close of the Offer to restore the public float of the Shares, if required. Notwithstanding this, the Company and the Offeror consider that appropriate actions to be taken shall include placing down of sufficient number of accepted Shares by the Offeror and/or issue of new Shares by the Company for this purpose. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

ADVICE AND RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out in this Composite Document which contains the recommendation of the Independent Board Committee in respect of the Offer. Your attention is also drawn to the "Letter from the Independent Financial Adviser" set out in this Composite Document, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the Offer and the principal factors and reasons it has considered before arriving at its advice.

Taking into account the terms of the Offer and the advice from the Independent Board Committee, and the principal factors and reasons taken into account in arriving at its recommendations, the Board (save for Mr. Tang, who is the beneficial owner of the Offeror, has a conflict of interest and does not join the remainder of the Board in the expression of its views on the Offer) considers that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Board recommends the Independent Shareholders to accept the Offer.

The Independent Shareholders are urged to read those letters carefully before taking any action in respect of the Offer.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to, and which forms part of, this Composite Document. You are also recommended to read carefully this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the Board
Winto Group (Holdings) Limited
Mak Wai Kit
Executive Director

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)

23 January 2018

To the Independent Shareholders

Dear Sir/Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF NOBLE GATE INTERNATIONAL LIMITED FOR ALL THE ISSUED SHARES OF WINTO GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY NOBEL GATE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to the composite offer and response document dated 23 January 2018 issued jointly by the Offeror and the Company (the "**Composite Document**") of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to the acceptance of the Offer.

TC Capital has been appointed as the Independent Financial Adviser to advise us in this respect.

We wish to draw your attention to the "Letter from GF Securities", the "Letter from the Board", the "Letter from the Independent Financial Adviser" as set out in the Composite Document as well as the additional information set out in the Appendices to the Composite Document.

RECOMMENDATION

Having considered the principal factors and reasons considered by, and the advice of, TC Capital as set out in its letter of advice, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer.

Notwithstanding our recommendation, the Independent Shareholders should read the full text of the "Letter from the Independent Financial Adviser" and consider carefully the terms of the Offer and then decide whether to accept or not to accept the Offer.

Yours faithfully,
For and on behalf of
Independent Board Committee of
Winto Group (Holdings) Limited

Mr. Liu Kwong Chi Nelson
Non-executive Director

Mr. Tsang Ho Ka Eugene	**Ms. Wong Fei Tat**	**Mr. Pang Siu Yin**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from TC Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.

TC CAPITAL

23 January 2018

The Independent Board Committee
Winto Group (Holdings) Limited

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER BY GF SECURITIES (HONG KONG) BROKERAGE LIMITED FOR AND ON BEHALF OF NOBLE GATE INTERNATIONAL LIMITED FOR ALL THE ISSUED SHARES OF WINTO GROUP (HOLDINGS) LIMITED (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE ACQUIRED BY NOBLE GATE INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee with respect to the Offer, details of which are set out in the composite document dated 23 January 2018 jointly issued by the Company and the Offeror to the Shareholders (the "**Composite Document**"), of which this letter forms part. Capitalised terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

References are made to the joint announcements dated 28 November 2017, 5 December 2017, 19 December 2017 (the "**Joint Announcements**") and the Letter from the Board. On 8 November 2017, the Offeror, SVF and Mr. Tang, entered into the Subscription Agreement pursuant to which the Offeror agreed to issue the Note to SVF. The Note, being a loan note in principal amount of HK$90,000,000, was issued to SVF on 9 November 2017. Pursuant to the Subscription Agreement, the Note bears an interest rate of 8% per annum payable by the Offeror to SVF and repayable within one year from the date of issue, the maximum amount of interest to be received by SVF during the term of the Note will be HK$7,200,000 (equivalent to HK$0.00281 per Sale Share). On 16 November 2017 (after trading hours of the Stock Exchange), the Purchaser, Mr. Tang and the Vendor entered into the S&P Agreement pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to acquire a total of 1,704,232,000 Shares at a total cash consideration of HK$85,211,600 (equivalent to HK$0.050 per Sale Share). The S&P Completion took place on 5 December 2017 in accordance with the terms and conditions of the S&P Agreement.

Immediately before the S&P Completion, Mr. Tang, the Offeror and parties acting in concert with any of them effectively held 2,928,816,000 Shares, representing approximately 33.90% of the total issued share capital of the Company. Upon S&P Completion, Mr. Tang, the Offeror and parties acting in concert with any of them were interested 4,633,048,000 Shares, representing approximately 53.62% of the total issued share capital of the Company. The Offeror is required under Rule 26.1 of the Takeovers Code to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and agreed to be acquired by the Offeror and the parties acting in concert with it). On 19 December 2017, the Offer Price was revised and increased from HK$0.055 to HK$0.05781 per Share. The increment of HK$0.00281 per Share in the Offer Price represents the benefit received by SVF under the issuance of the Note on 9 November 2017 under the Subscription Agreement. On 27 December 2017 and 29 December 2017, the Offeror made an acquisition of a total of 490,344,000 Shares on market. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in 5,123,392,000 Shares, representing 59.30% of the total issued share capital of the Company.

Further details of the terms of the Offer, including the terms and procedures for acceptance of the Offer, are set out in the Letter from the Board and Appendix I to the Composite Document.

The Independent Board Committee, comprising the non-executive Director, namely Mr. Liu Kwong Chi Nelson, and all independent non-executive Directors, namely Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin, has been established in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders as to (a) whether or not the terms of the Offer are fair and reasonable and (b) the acceptance of the Offer. We, TC Capital International Limited, have been appointed, with the approval of the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code to advise the Independent Board Committee in this regard.

Apart from the normal professional fees for our services to the Company in connection with the Offer, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. We have not acted, within the past two years from the date of the Composite Document, as an independent financial adviser or a financial adviser to the Company or any other parties involved in the S&P Agreement. As at the Latest Practicable Date, we did not have any relationships or interests between us and the Group, the Offeror, their respective substantial shareholders, directors or chief executive, their respective associates, or any party acting in concert with any of them that could reasonably be regarded as relevant to our independence.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on (i) the Joint Announcements, (ii) annual reports of the Company for the years ended 31 December 2015 and 31 December 2016 (the "**2015 Annual Report**" and the "**2016 Annual Report**", respectively); (iii) the third quarterly report for the nine months ended 30 September 2017 (the "**2017 3Q Report**"); (iv) the article headed "Digitisation, pressure on competition and consumer data led to the development of new advantage of the entertainment and media industry and the establishment of new partner relationship" (「數碼化、競爭壓力及消費者數據帶動娛樂及傳媒行業發展新優勢並建立新型夥伴關係」) published on 13 June 2016 (Source: https://www.pwchk.com/en/press-room/archive/pr-130616-chi.html) (the "**PWC Article**") by PricewaterhouseCoopers, one of the four largest international auditing, tax and advisory firms which has more than 236,000 people in 158 countries and served through 24 industry sectors including 422 of the Fortune Global 500 businesses and 443 of the Financial Times Global 500 companies and their statistic were extracted from PWC's annual publication titled "Global entertainment and media outlook: 2016–2020" which is not a privately commissioned report and the PWC Article is the latest public available source published by reputable institution we found in the market and therefore we consider their information, view and opinion in the PWC Article are reliable and fair and up to date; (v) the article headed "Hong Kong advertising industry: Go to era of digital" published on 13 July 2015 (Source: http://economists-pick-research.hktdc.com/business-news/article/研究文章/香港廣告業：走進數碼時代/rp/tc/1/1X000000/1X0A2R8J.htm) (the "**HKTDC Article**") by Hong Kong Trade Development Council, which is a statutory body in Hong Kong and therefore we consider the information, view and opinion in the HKTDC Article are reliable and fair; (vi) a report headed "The 40th China Statistical Report on Internet Development" published on July 2017 (Source: http://www.cnnic.net.cn/hlwfzyj/hlwxzbg/hlwtjbg/201708/t20170803_69444.htm) (the "**CNNIC Report**") by China Internet Network Information Center which is the administrative agency responsible for internet affairs under the Ministry of Information Industry of the People's Republic of China and therefore we consider the statistics in the CNNIC Report are reliable and fair; and (vii) the information and representations supplied, and the statements, representations and opinions expressed, by the Directors and management of the Company and the Offeror and we have assumed that they are true, accurate and complete in all material respects as of the Latest Practicable Date.

The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Offeror and parties acting in concert with any of them), and confirmed, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than opinions expressed by the Offeror and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other material facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror has also accepted full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group), and confirmed, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other material facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendations. We have not, however, carried out independent verification of the information, nor have we conducted any form of in-depth investigation into the businesses and affairs of the Group, the Offeror and parties acting in concert with any of them.

Should there be any subsequent material changes in such information during the Offer Period, the Company will inform the Shareholders as soon as possible in accordance with Rule 9.1 of the Takeovers Code. The Shareholders shall also be informed as soon as practicable when there are any material changes to the information contained or referred to herein and our opinion after the Latest Practicable Date and throughout the Offer Period.

We have not considered the tax implications on the Independent Shareholders of the acceptance or non-acceptance of the Offer since these are dependent on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, consult their own professional advisers.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of the Offer, we have taken into consideration the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. Business of the Group

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

B. Historical financial performance of the Group

Set out below are the annul financial performance of the Group extracted from (i) the audited consolidated financial information of the Group for each of the three years ended 31 December 2014, 2015 and 2016 ("**FY2014**", "**FY2015**" and "**FY2016**", respectively) as extracted from the 2015 Annual Report and the 2016 Annual Report:

	FY2016 *(HK$'000)* (Audited)	**FY2015** *(HK$'000)* (Audited)	**FY2014** *(HK$'000)* (Audited)
Revenue	128,562.5	20,824.0	28,249.4
Gross profit/(loss)	(512.9)	18,417.1	25,983.2
Profit/(loss) for the year	(27,406.7)	(5,761.7)	6,626.7

Based on the historical annual financial results of the Company as above, we consider that the Company's financial performance was far from satisfactory in the past and brought negative return to the Shareholders. In particular, the Group recorded a deteriorating financial performance from a net profit position of approximately HK$6.6 million for FY2014 to a net loss position of approximately HK$5.8 million for FY2015 and further down to net loss position of approximately HK$27.4 million for FY2016, which was a result of the unsatisfactory performance of the print media advertising business and outdoor advertising business.

Set out below are the historical financial performance of the Group after excluding the Discontinued Operations*(note)* for each of the nine months ended 30 September 2016 and 2017 ("**PE2016**" and "**PE2017**", respectively) as extracted from the 2017 3Q Report:

	PE2017 *(HK$'000)* (Unaudited)	**PE2016** *(HK$'000)* (Unaudited)
Revenue	24,771.3	24,767.5
Gross profit/(loss)	3,085.1	(492.8)
Loss for the period	(12,079.8)	(19,985.8)

Note: On 5 June 2017, the Company entered into a disposal agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited, which, together with its subsidiaries, is engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, development of software and trading of liquefied natural gas and other related products in PRC (the "**Discontinued Operations**"). The disposal was completed in July 2017.

Based on the latest third quarterly results of the Company as above, the Company's financial performance was still far from satisfactory and still brought negative return to the Shareholders in the same period. Though the net loss position of the Group from continuing operation seemingly improved from approximately HK$19,985.8 thousand for PE2016 to HK$12,079.8 thousand for PE2017 which was mainly attributable to (i) gain on disposal of associates; (ii) reduction in loss derived from outdoor advertising business; and (iii) a reduction in the decrease of fair value change on financial assets at fair value through profit or loss which was partially offset by (i) the loss generated by printed media advertising business and new mobile app development business; (ii) the amortization of promissory notes measured at amortized cost for PE2017 in accordance to the 2017 3Q Report, by excluding the non-recurring items such as (i) the fair value change on financial assets at fair value through profit or loss of approximately HK$4,727.3 thousand and HK$590.0 thousand for PE2016 and PE2017 respectively, (ii) the gain on disposal of associates of HK$2,000.0 thousand for the nine months ended PE2017 and (iii) the amortization of promissory notes of approximately HK$1,305.3 thousand, other things being constant, the adjusted net loss position of the Group, after excluding the above three non-recurring items (the "**3Q Non-recurring Items**"), only slightly improved from approximately HK$14,720.6 thousand to HK$12,162.3 thousand for the same period.

Furthermore, we are also of the view that the financial prospect of the Group was relatively uncertain in the foreseeable future. Set out below the revenue of the Group by segment excluding the Discontinued Operations for FY2014, FY 2015, FY2016 PE2016 and PE2017:

	PE2017	**PE2016**	**FY2016**	**FY2015**	**FY2014**
	(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*	*(HK$'000)*
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Print media advertising income	1,248.0	7,391.8	10,905.4	20,441.1	27,866.0
Outdoor advertising income	16,348.9	17,223.4	23,251.0	121.7	—
Sales of magazines	114.6	152.3	200.5	261.3	383.4
Provision of mobile app development service	7,059.8	—	1,202.1	—	—
Total	**24,771.3**	**24,767.5**	**35,559.0**	**20,824.0**	**28,249.4**

As demonstrated in the above table, the Group's revenue generated from printer media advertising segment had decreased significantly from FY2014 to FY2016 and from PE2016 to PE2017 and became not as significant as it was to the Group's overall revenue in the past. As discussed with the management of the Company, the significant decrease was due to the reduction in number of clients and the decrease in placement of orders from the Group's existing clients. Though the drop in the Group's revenue generated from printer media advertising segment had been fairly compensated by the increase in the revenue generated from the outdoor advertising segment which commenced in August 2015, the segment results of outdoor advertising segment indeed recorded losses for FY2015 and FY2016 respectively according to the 2016 Annual Report (Segment results are not available in the 2017 3Q Report). As discussed with the management of the Company, the loss of outdoor advertising segment for FY2015 was principally due to its new start up in the same year. The Group recorded a loss for outdoor advertising segment again in FY2016 as the Group's average advertising income received from its customers in the same year was lower than the cost of leasing of certain media resources that entered into in FY2015 with non-cancellable clause with 1 year term. Though the revenue generated from mobile app development service segment recorded a significant increase recently, as the Group only engaged in mobile app development service business in August 2016, its contribution to the Group's revenue was still relatively limited as compared to its outdoor advertising segment.

C. Business prospect of the Group

In light of the historical financial unsatisfactory performance of the Group, we have discussed with the management of the Company and we understand that the Group currently does not have any material development plan but to continue their existing business and try to seek opportunity to obtain more exclusive agreement for outdoor advertising segment and to manage the operating cost on each of the business segment better. In addition, even the revenue from the mobile app development service segment recorded a significant increase in PE2017, the Group does not have any further development plan on mobile app development service at the current stage as the Group only engaged in mobile app development service business in August 2016 and hence this segment is still regarded as a relatively new sector to the Group and was still loss-making for PE2017 and therefore the Group could not take the risk to significantly invest into this new segment. Without a significant capital deployment in this segment, the Group consider that it would be difficult for it to compete in the mobile app market.

According to the Letter from GF Securities, the Offeror has identified certain potential investment opportunities which involve acquisition of the shareholding of two target companies that are engaging in multi-media advertising business (the "**Potential Acquisition**") but the Offeror has no intention to introduce major changes to the business of the Group. The proposed acquisitions are at preliminary stage, the size of shareholding of the target companies to be acquired and the scale of the proposed acquisitions have yet to be determined. Negotiation with relevant parties will only take place after close of the Offer. Taking into account that (i) the Offeror has no intention to introduce major changes to the business of the Group; and (ii) the Potential Acquisition are only at preliminary stage, we are of the view that the potential effect brought by the Potential Acquisition to the Group is still uncertain at the current stage.

According to the 2017 3Q Report, outdoor advertising was the major operating segment of the Group which contributed approximately 66.0% of the total revenue of the Group for the nine months ended 30 September 2017. Print media advertising, sales of magazines and provision of mobile app development service contributed approximately 5.0%, 0.4% and 28.5% of the total revenue of the Group for the nine months ended 30 September 2017 respectively.

Given that the revenue of outdoor advertising segment contributed most of the Group's total revenue for PE2017, we believe that the outlook for outdoor advertising industry shall to a significant extent affect the overall business prospect of the Group.

According to the HKTDC Article, the increasing popularity of digital and new media changes the advertising industry. Advertisers paid more attention to digital and online advertising as they try to grasp the increasing penetration of the internet and mobile internet. Many advertisers rely on more online advertising resources including online platforms and social media as a new medium for their marketing purpose.

In addition, according to the PWC Article, the advertising market transit from traditional media to internet advertising and there are more new market players such as social media networks and live broadcast to involve in the advertising market. The expected growth of outdoor advertising segment will be much slower than the internet advertising segment in Hong Kong from 2015 to 2020 principally due to the rapid growth of online video streaming, one of the growth drivers of internet advertising, as a result of the improvement of broadband coverage and the speed of the network, the connectivity of smart devices and the convenience of browsing information for users to watch online videos. In particular, it's expected that the compound annual growth rate ("**CAGR**") of the internet advertising segment in Hong Kong will be approximately 10.6% from 2015 to 2020, which is higher than that of the outdoor advertising segment in Hong Kong of approximately 4.5% for the same period. In light of the expected slow growth of the outdoor advertising segment, the business and financial prospect of the Group shall be negatively affected in a significant extent.

Mobile app development service segment contributed approximately 28.5% of the total revenue of the Group for the nine months ended 30 September 2017. According to the CNNIC Report, the number of mobile users in China reached approximately 724 million in June 2017, an increase of approximately 28.3 million users by comparing to the end of 2016. The proportion of users using mobile internet also increased from approximately 95.1% at the end of 2016 to approximately 96.3% in June 2017. In the first half of 2017, the number of users for various types of mobile applications kept increasing. For example, the food take-away application users recorded an increase of approximately 41.4% from the end of 2016 to the end of first half of 2017. Though the outlook of the mobile app development market in China is relatively positive, as the mobile app development service of the Group is still regarded as a new business sector to the Group and the Group does not have further development plan on this sector, we consider there is uncertainty to the contribution of the mobile app development segment to the overall financial performance of the Group in the near future.

D. Conclusion

Having considered that (i) the deteriorating financial performance of the Group from FY2014 to FY2016; (ii) the unsatisfactory return to the Shareholders for FY2015, FY2016, PE2016 and PE2017; (iii) the uncertainty as to the effectiveness of the cost control measures to be adopted by the Group and hence the time required for the outdoor advertising segment to record a profit in a sustainable way; (iv) the uncertainty as to when the mobile app development service segment will operated in a significant scale in the near future as the Group does not have any further development plan on the same; (v) the expected slow growth of the outdoor advertising industry; and (vi) the potential effect brought by the Potential Acquisition to the Group is still uncertain at the current stage, the outlook of the Group remains uncertain in the foreseeable future. As such, we are of the view that the Offer provides a good opportunity to those Shareholders who wish to redeploy their investment from the Company.

2. Information of the Offeror and its intention regarding the Group

A. Information on the Offeror and SVF

As disclosed in the Letter from GF Securities, the Offeror is a company incorporated in the BVI with limited liability. As at the Latest Practicable Date, Mr. Tang is the sole ultimate beneficial owner and the sole director of the Offeror. The principal business of the Offeror is investment holding.

Mr. Tang, aged 55, holds a Bachelor of Social Science (Honours) degree from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in the United Kingdom, a member of the Taxation Institute of Hong Kong and the Hong Kong Institute of Directors. Mr. Tang has over 25 years of accounting, auditing and financial advisory experience and held key management position in numerous listed companies in Hong Kong and United States. Mr. Tang has been an executive Director since 13 July 2017.

Maxace is a company incorporated in the BVI with limited liability and its sole ultimate beneficial owner is Mr. Tang. Maxace is the beneficial owner of 360,000,000 Shares representing approximately 4.17% of the issued share capital of the Company as at the Latest Practicable Date.

SVF is a hedge fund with sizeable investments in industries such as new energy, aviation, healthcare and technology and the beneficial owner of 2,568,816,000 Shares, representing approximately 29.73% of the issued share capital of the Company as at the Latest Practicable Date. As a result of the charging of Shares held by SVF in favour of GF Securities as security under the Facility pursuant to the SVF Security Deed, SVF is presumed to be acting in concert with the Offeror under the Takeovers Code. Save as disclosed in the Composite Document, SVF and Mr. Tang have no other relationship.

Though since the appointment of Mr. Tang as the executive Director of the Company on 13 July 2017, the Company has been improving from both operational and financial perspectives as disclosed in the Letter from GF Securities, considering that Mr. Tang's background and experience was more on the field of accounting and financial advisory and does not possess operating experience in relation to outdoor advertising and mobile app development business, we are therefore of the view that the future prospects of the Group are not certain in a foreseeable future.

B. Intention of the Offeror regarding the Group

As disclosed in the Letter from GF Securities, the Offeror intends to continue with the existing business of the Group and does not intend to introduce major changes to its existing operations. However, it is currently expected that the Offeror will require all Directors (excluding Mr. Tang) to resign from the Board, and the Offeror will nominate one new executive director and three new independent non-executive directors to be appointed to the Board at the earliest time as allowed under the Takeovers Code. Further details of the New Directors are set out in the Letter from GF Securities. In light of the Offeror intends to significantly change the Board composition and the experience and expertise of the New Directors are more on investment, corporate finance transaction and financial and accounting management, we are therefore of the view that the future prospects of the Group are not certain in a foreseeable future.

3. Principal terms of the Offer

The Offer Price of HK$0.05781 per Offer Share represents:

(i) a premium of approximately 23.00% to the closing price of HK$0.047 per Share as quoted on the Stock Exchange on the date of the Last Trading Day;

(ii) a premium of approximately 25.67% over the average closing price of HK$0.046 per Share in the last five consecutive trading days up to and including the date of the Last Trading Day;

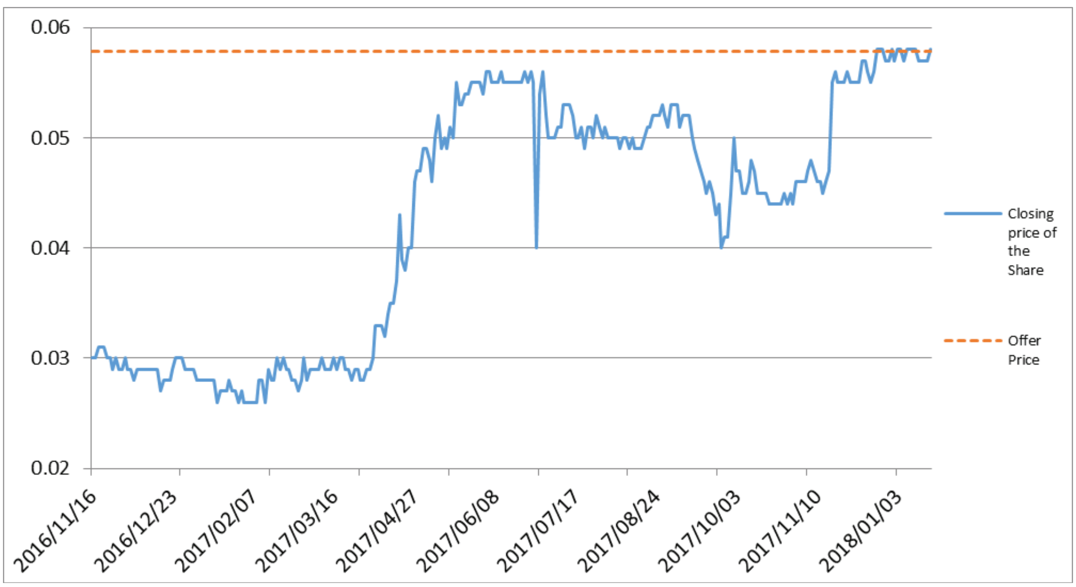
(iii) a premium of approximately 25.67% over the average closing price of HK$0.046 per Share in the last ten consecutive trading days up to and including the date of the Last Trading Day;

(iv) a premium of approximately 1.42% over the closing price of HK$0.057 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and

(v) a premium of approximately 622.63% over the unaudited consolidated net asset value of the Group as at 30 September 2017 of approximately HK$0.008 per Share extracted from the 2017 3Q Report.

A. Historical price movement analysis

Set out below is a chart showing the movement of the daily closing price of the Shares as quoted on the Stock Exchange during the last twelve months preceding the date of the Last Trading Day on 16 November 2017 with both dates inclusive, and from 17 November 2017 to the Latest Practicable Date (i.e. 19 January 2018) (the "**Review Period**"), of which we considered it an appropriate period to reflect the recent market valuation to the Share:



Source: the Stock Exchange website (www.hkex.com.hk)

During the Review Period, the lowest closing price of the Shares was HK$0.026 recorded on 18 January 2017, 27 January 2017, 2 to 8 February 2017 and 13 February 2017 (the "**Lowest Closing Price**"), while the highest closing price of the Shares was HK$0.058 recorded on 20 to 22 December 2017, 29 December 2017, 3 to 4 January 2018, 8 to 11 January 2018 and 18 January 2018 (the "**Highest Closing Price**"). The average closing price of the Shares during the Company Share Review Period is HK$0.043 (the "**Average Closing Price**"). The Offer Price is within the range of the Lowest Closing Price and the Highest Closing Price, closed to the Highest Closing Price and above the Average Closing Price during the Review Period. In addition, we also noted that among a total of 283 trading days during the Review Period, the closing prices of the Shares in a total of 272 trading days, or 96.1% of which, were equal to or below the Offer Price.

After considering that (a) the Offer Price is closed to the Highest Closing Price and above the Average Closing Price during the Review Period; (b) the Shares was traded equal to or below the Offer Price in approximately 96.1% of the total trading days during the Review Period; and (c) the Offer Price represented a premium over net tangible assets of the Group as at 30 September 2017, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

B. Historical trading volume and liquidity analysis

Set out below are the historical monthly trading volume of the Shares and the respective percentages of the average daily trading volume of the Shares as compared to the number of total issued Shares.

	Total trading volume *(No. of Shares)*	**No. of trading days**	**Average daily trading volume of the Shares** *(No. of Shares)*	**% of the average daily trading volume to the total number of issued Shares** *(Note)*
2016				
November (from 16 November)	43,536,000	11	3,957,818	0.05%
December	160,944,000	20	8,047,200	0.11%
2017				
January	135,712,000	19	7,142,737	0.08%
February	2,118,560,000	20	105,928,000	1.23%
March	2,728,648,000	23	118,636,870	1.37%
April	1,442,396,000	17	84,846,824	0.98%
May	1,128,804,000	20	56,440,200	0.65%
June	1,408,288,000	22	64,013,091	0.74%
July	641,268,000	21	30,536,571	0.35%
August	618,496,000	22	28,113,455	0.33%
September	646,470,000	21	30,784,286	0.36%
October	82,204,100	20	4,110,205	0.05%
November	270,888,000	14	19,349,143	0.22%
December	1,930,008,000	19	101,579,368	1.18%
2018				
January (up to the Latest Practicable Date)	79,886,000	14	5,706,143	0.07%

Source: the Stock Exchange website (www.hkex.com.hk)

Note: Based on 7,200,000,000 Shares for the period from 16 November 2016 to 30 December 2017 and 8,640,000,000 Shares from 1 January 2017 to the Latest Practicable Date. On 30 December 2016, the Company issued and allotted 1,440,000,000 Shares by way of placing and the number of issued shares of the Company increased from 7,200,000,000 Shares to 8,640,000,000 Shares.

As illustrated in the above table, the percentage of the average daily trading volume ranged from approximately 0.05% to 1.37% of the total number of the issued Shares during the Review Period. The average daily trading volume of the Shares during the Review Period was approximately 47,477,414 shares, representing approximately 0.55% of the total number of issued Shares. The liquidity of the Shares was therefore considered as relatively thin during the Review Period, with an average trading volume of the Shares below 1.0% of the total number of the issued Shares except February 2017 to March 2017 and December 2017.

Given the thin trading volume of the Shares in the Review Period, a sufficiently active market may not exist to enable the Independent Shareholders to sell the Shares in bulk quantity without exerting a downward pressure on the price of the Shares in the short term. Therefore, we anticipate that the Independent Shareholders may have difficulties in selling a significant number of Shares in the open market within a short period of time if the same trading pattern of the Shares persists during and after the Offer Period, and consider that the Independent Shareholders should accept the Offer if they are not able to sell the Shares in the market at a price higher than the Offer Price.

C. Comparable companies analysis

To further evaluate the fairness and reasonableness of the Offer Price, we have attempted to carry out comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted comparison approaches in the evaluation of a company, namely the price-to-earnings approach, price-to-book approach and dividends approach. The Group principally engages in (i) sales and free distribution of Chinese language lifestyle magazines; (ii) the sales of advertising space in the magazines; (iii) provision of outdoor advertising services; and (iv) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production. We have attempted, by our exhaustive means, to identify companies which (i) are listed on the Main Board of the Stock Exchange and (ii) have principal businesses being similar to that of the Group, i.e. over 50% of the total revenue attributed to the provision of outdoor advertising services in Hong Kong according to their respective latest published financial report. As at the Latest Practicable Date, we identified 3 listed companies with over 50% revenue attributed to outdoor advertising services according to their respective latest published financial report, however, the advertising channel or the principal place of operation of the 3 listed companies are in China and therefore we consider their valuation is not comparable to the Company.

RECOMMENDATION

In light of the Offer Price was at a premium of approximately 1.42% over the closing price of the Share as quoted on the Stock Exchange as at the Latest Practicable Date, and having considered the principal factors and reasons stated above, in particular:

(i) the deteriorating financial performance of the Group from FY2014 to FY2016 and the slightly improvement of the adjusted net loss position of the Group from PE2016 to PE2017 after excluding the 3Q Non-recurring Items;

(ii) the unsatisfactory return to the Shareholders for FY2015, FY2016, PE2016 and PE2017;

(iii) the prospects and outlook of the Group would remain uncertain in the near future in particular (a) the uncertainty as to the effectiveness of the cost control measures to be adopted by the Group and hence the time required for the outdoor advertising segment to record a profit in a sustainable way; (b) the uncertainty as to when the mobile app development service segment will operate in a significant scale in the near future as the Group does not have any further development plan on the same at the current stage as this segment is still regarded as a relatively new sector to the Group and was still loss-making for PE2017 and therefore the Group could not take the risk to significantly invest into this new segment; (c) the expected slow growth of the outdoor advertising industry as identified in the PWC Article; (d) the potential effect brought by the Potential Acquisition to the Group is still uncertain at the current stage; (e) the limited operating experience of Mr. Tang in relation to outdoor advertising and mobile app development business; and (f) the Offeror intends to significantly change the Board composition but the experience and expertise of the New Directors are more on investment, corporate finance transaction and financial and accounting management;

(iv) the Offer Price is fair and reasonable in particular, (a) the Offer Price is closed to the Highest Closing Price and above the Average Closing Price during the Review Period; (b) the Shares was traded equal to or below the Offer Price in 96.1% of the total trading days during the Review Period; and (c) the Offer Price represented a premium over net tangible assets of the Group as at 30 September 2017; and

(v) the liquidity of the Shares during the Review Period was thin and it is uncertain whether the liquidity of the Shares could be improved to allow the Independent Shareholders to dispose of their holdings in the Shares in the market without exerting downward pressure on the price of the Shares,

we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and the Offer provides a good opportunity to those Independent Shareholders who wish to redeploy their investment in the Company and we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

However, Independent Shareholders should monitor carefully and closely the market price and the liquidity of the Shares before the end of the Offer Period and consider selling their Shares in the open market rather than accepting the Offer if the net proceeds from the market sale of their Shares after deducting all transaction costs are more than the net amount to be received under the Offer. Those Independent Shareholders who wish to retain some or all of their investments in the Shares and/or are confident in the future prospects of the Group or otherwise are reminded to closely monitor the development of the Group and the publication of the Company (including the Composite Document) in this regard.

The Independent Shareholders are strongly advised that the decision to accept the Offer or to hold their investments in the Shares is subject to individual circumstances and investment objectives. As different Independent Shareholders would have different investment criteria, objectives, risk preferences and tolerance levels and/or circumstances, we would recommend any Independent Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant Acceptance Form(s), if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
TC Capital International Limited
Edward Wu
Chairman

Note: Mr. Edward Wu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2005. He has participated in and completed various advisory transactions in respect of connected transactions of listed companies in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

(a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar, being Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by post or by hand, marked "**Winto Group (Holdings) Limited General Offer**" on the envelope, as soon as possible and in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked "**Winto Group (Holdings) Limited General Offer**" the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked "**Winto Group (Holdings) Limited General Offer**" the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "**Winto Group (Holdings) Limited General Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "**Winto Group (Holdings) Limited General Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or GF Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorize and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code) and the Registrar has recorded the Form of Acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in your favour executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(g) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and the relevant certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects in accordance with the Takeovers Code and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount (rounding up to the nearest cent) representing the cash consideration due to each of the Independent Shareholders who accepts the Offer less seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) business days (as defined under the Takeovers Code) after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar in accordance with the Takeovers Code.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date, unless the Offer are extended or revised in accordance with the Takeovers Code. The Offer is unconditional.

(b) The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code. If the Offeror revises the terms of the Offer, all the Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

(d) If the Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as so extended.

(e) Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders who accept the Offer become entitled to withdraw their acceptance under the paragraph headed "6. RIGHT OF WITHDRAWAL" below and duly do so.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended, or has expired (and, in each case, whether as to acceptances or in all respects).

The announcement will state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror and persons acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

In computing the total number or principal amount of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in paragraph headed "1. PROCEDURES FOR ACCEPTANCE OF THE OFFER" above, and which have been received by the Registrar respectively no later than 4:00 p.m. on the Closing Date, unless the Offer is extended or revised in accordance with the Takeovers Code, shall be included.

(b) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules.

6. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "5. ANNOUNCEMENTS" above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

If the Offer is withdrawn, the Offeror must, as soon as possible but in any event within 10 days thereof, post the Share certificates(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to, or make such share certificate(s) and/or document(s) available for collection by, the relevant Independent Shareholders who have accepted the Offer.

7. STAMP DUTY

The seller's Hong Kong ad valorem stamp duty arising in connection with acceptance of the Offer amounting to 0.1% of the amount payable in respect of the relevant acceptances by the Shareholders, or (if higher), the market value of the Shares, will be deducted from the amount payable to Shareholders who accept the Offer. The Offeror will bear its own portion of buyer's Hong Kong ad valorem stamp duty at the rate of 0.1% of the amount payable in respect of the relevant acceptances, or (if higher), the market value of the Shares, and will be responsible to account to the Stamp Office of Hong Kong for stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

8. OVERSEAS SHAREHOLDERS

As the Offer to persons not residing in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are residents, Overseas Shareholders whose addresses as shown in the register of members of the Company are outside Hong Kong or who are citizens, residents or nationals of a jurisdiction outside Hong Kong should obtain information about and observe any applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

According to the overseas holder list of the Company provided by the Registrar, there is no Overseas Shareholder as of the Latest Practicable Date. The Company has not obtained any legal advice on the laws and regulations of the jurisdictions where such Overseas Shareholders are located (if any) in connection with the acceptance of the Offer.

Any acceptance of any Overseas Shareholders will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

9. TAXATION ADVICE

Shareholders are recommended to consult their own professional advisers as to the taxation implications of accepting or rejecting the Offer. The Offeror accepts no responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

10. GENERAL

(a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and the Offeror, its beneficial owners, the Company, GF Capital, GF Securities, TC Capital, the Registrar, any of their respective directors and professional advisers and any other parties involved in the Offer and any of their respective agents do not accept any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form(s) of Acceptance will constitute an authority to the Offeror, GF Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as they may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares acquired under the Offer are sold by such person or persons free from all encumbrances whatsoever and together with all rights accruing or attaching thereto including the rights to receive in full all dividends and distributions recommended, declared, made or paid on or after the date on which the Offer is made.

(g) References to the Offer in this Composite Document and the Form of Acceptance shall include any revision and/or extension thereof.

(h) The making of the Offer to the Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of all relevant jurisdictions in connection therewith, including, but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Such Overseas Shareholders shall be fully responsible for the payment of any transfer or other taxes and duties due by such Overseas Shareholders in respect of the relevant jurisdictions. The Overseas Shareholders are recommended to seek professional advice on deciding whether or not to accept the Offer.

(i) Acceptances of the Offer by any persons will be deemed to constitute a warranty by such persons that such persons are permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and regulations. Any such persons will be responsible for any such issue, transfer and other applicable taxes or other governmental payments payable by such persons.

(j) Subject to the Takeovers Code, the Offeror reserves the right to notify any matter (including the making of the Offer) to all or any Independent Shareholders with registered address(es) outside Hong Kong or whom the Offeror or GF Securities knows to be nominees, trustees or custodians for such persons by announcement in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Independent Shareholders to receive or see such notice, and all references in this Composite Document to notice in writing shall be construed accordingly.

(k) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, its beneficial owners, the Company, GF Capital, GF Securities or TC Capital or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

(l) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Set out below is a summary of the financial information of the Group for each of the three years ended 31 December 2015 and 2016, as extracted from the annual report of the Company for the three years ended 31 December 2016, and certain unaudited consolidated financial information of the Group for the six months ended 30 June 2017 and the nine months ended 30 September 2017 as extracted from the interim report of the Company for the six months ended 30 June 2017 and the third quarterly report of the Company for the nine months ended 30 September 2017 respectively.

	For the nine months ended 30 September	For the six months ended 30 June	For the year ended 31 December		
	2017	**2017**	**2016**	**2015**	**2014**
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Revenue *(note)*	24,771,302	16,668,961	128,562,534	20,824,027	28,249,445
(Loss)/profit before taxation *(note)*	(12,057,672)	(8,264,366)	(26,737,619)	(3,650,971)	10,056,364
Net (loss)/profit attributable to owners of the Company *(note)*	(11,377,724)	(8,404,364)	(26,293,024)	(5,761,648)	6,626,734
Net loss attributable to non-controlling interest *(note)*	(702,055)	(480,811)	(1,113,722)	—	—
Charge for tax *(note)*	(22,107)	(27,813)	(669,127)	(2,110,677)	(3,429,630)
Amount absorbed by dividend	—	—	—	—	—
(Loss)/earning per share (cents)	(0.13)	(0.097)	(0.36)	(0.08)	0.11
Dividend per share	—	—	—	4.00	9.07

	As at 30 September 2017	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015	As at 31 December 2014
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
Consolidated net asset value attributable to owners of the Company	70,711,066	67,199,434	76,009,231	64,003,203	10,344,761

Note: As disclosed in the interim report of the Company for the six months ended 30 June 2017, the Company entered into a disposal agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited ("Lasermoon") on 5 June 2017. The disposal was completed in July 2017. The items in the above table have included the operation results of Lasermoon and its subsidiaries, which include but not limited to (i) revenue of approximately HK$93,004,000; (ii) loss before taxation of approximately HK$2,208,000; (iii) net loss attributable to owners of the Company of approximately HK$1,432,000; (iv) net loss attributable to non-controlling interest of approximately HK$828,000; and (v) charge for tax of approximately HK$44,000 for the year ended 31 December 2016.

For the financial year ended 31 December 2015, the Group recorded a provision for impairment loss on interests of associates of HK$4.2 million. For further details of the impairment loss on interests of associates, please refer to notes 14 to the consolidated financial statements set out in the annual report of the Company for the financial year ended 31 December 2015.

During the year ended 31 December 2016, the Group invested in an entity listed on the Stock Exchange. The subsequent trading price of the listed securities suffered a significant drop due to unusual selling pressure. The Group recorded realised loss on financial assets at fair value through profit or loss of HK$4.7 million

Save as disclosed above, there were no extraordinary items or exceptional items in respect of the consolidated income statement of the Group for each of the three years ended 31 December 2016, as well as for the nine months ended 30 September 2017 respectively.

No qualified opinion had been given in the auditor's reports issued by the auditors of the Company in respect of the three years ended 31 December 2016.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Set out below is the audited consolidated financial statements of the Group extracted from the annual report of the Company for the year ended 31 December 2016.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	**2016** **HK$**	2015 HK$
Revenue	5	**128,562,534**	20,824,027
Cost of sales		**(129,075,400)**	(2,406,898)
Gross (loss) profit		**(512,866)**	18,417,129
Other income	7	**37,400**	10,385
Operating expenses		**(19,325,200)**	(16,689,862)
Share of losses of associates	17	**(200,000)**	(612,659)
Impairment loss on interests in associates	17	**—**	(4,187,341)
Other gains or losses	8	**(4,702,423)**	—
Finance costs	9	**(2,034,530)**	(588,623)
Loss before tax	10	**(26,737,619)**	(3,650,971)
Income tax expenses	11	**(669,127)**	(2,110,677)
Loss for the year		**(27,406,746)**	(5,761,648)
Other comprehensive expenses:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**3,110**	—
Total comprehensive expenses for the year		**(27,403,636)**	(5,761,648)
Loss for the year attributable to:			
Owners of the Company		**(26,293,024)**	(5,761,648)
Non-controlling interests		**(1,113,722)**	—
		(27,406,746)	(5,761,648)
Total comprehensive expenses attributable to:			
Owners of the Company		**(26,294,868)**	(5,761,648)
Non-controlling interests		**(1,108,768)**	—
		(27,403,636)	(5,761,648)
Loss per share			
Basic (HK Cents)	15	**(0.36)**	(0.08)

Consolidated Statement of Financial Position

At 31 December 2016

	Notes	2016 HK$	2015 HK$
Non-current assets			
Plant and equipment	16	**1,758,158**	267,492
Interests in associates	17	**—**	200,000
Investment property	18	**11,962,800**	—
Goodwill	19	**33,051,369**	—
Intangible assets	20	**1,718,014**	—
		48,490,341	467,492
Current assets			
Inventories	22	**391,504**	—
Amount due from a former shareholder	23	**2,510**	2,510
Trade and other receivables	24	**36,461,852**	28,390,380
Tax recoverable		**890,162**	449,729
Bank balances and cash	25	**44,335,818**	41,174,973
		82,081,846	70,017,592
Current liabilities			
Trade and other payables	26	**25,174,522**	3,984,118
Bank borrowings	27	**2,640,525**	2,497,763
Tax payable		**39,599**	—
Amounts due to non-controlling shareholders of subsidiaries	28	**2,305,097**	—
		30,159,743	6,481,881
Net current assets		**51,922,103**	63,535,711
Total assets less current liabilities		**100,412,444**	64,003,203

Consolidated Statement of Financial Position

At 31 December 2016

	Notes	**2016** **HK$**	2015 HK$
Non-current liabilities			
Promissory notes payable	29	**25,528,410**	—
Bank borrowings	27	**78,127**	—
		25,606,537	—
Net assets		**74,805,907**	64,003,203
Capital and reserves			
Share capital	30	**8,640,000**	7,200,000
Reserves		**67,369,231**	56,803,203
Total Equity attributable to owners of the Company		**76,009,231**	64,003,203
Non-controlling interests		**(1,203,324)**	—
Total Equity		**74,805,907**	64,003,203

The consolidated financial statements on pages II-3 to II-60 were approved and authorised for issue by the Board of Directors on 24 March 2017 and are signed on its behalf by:

Lan Zhi Cheng
Director

Mak Wai Kit
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owner of the Company							
	Share capital HK$ (note 30)	Share premium HK$	Convertible bonds reserve HK$	Exchange reserve HK$	Retained profits (accumulated losses) HK$	Total HK$	Non-controlling interests HK$	Total HK$
At 1 January 2015	10,000	—	1,239,824	—	9,094,937	10,344,761	—	10,344,761
Total comprehensive expense for the year	—	—	—	—	(5,761,648)	(5,761,648)	—	(5,761,648)
Issue of new shares	2,510	—	—	—	—	2,510	—	2,510
Issue of shares upon conversion of convertible bonds	2,490	22,492,401	—	—	—	22,494,891	—	22,494,891
Issue of new shares by way of placing	1,200,000	43,200,000	—	—	—	44,400,000	—	44,400,000
Transfer of convertible bonds reserves upon conversion of convertible bonds	—	1,239,824	(1,239,824)	—	—	—	—	—
Share issue expenses	—	(3,477,311)	—	—	—	(3,477,311)	—	(3,477,311)
Capitalisation issue	5,985,000	(5,985,000)	—	—	—	—	—	—
Dividend paid (note 14)	—	—	—	—	(4,000,000)	(4,000,000)	—	(4,000,000)
At 31 December 2015	**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 (expenses) income for the year	**—**	**—**	**—**	**(1,844)**	**—**	**(1,844)**	**4,954**	**3,110**
Total comprehensive expenses 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 businesses (note 31)	**—**	**—**	**—**	**—**	**—**	**—**	**(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**

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 HK$	2015 HK$
Operating activities			
Loss before tax		**(26,737,619)**	(3,650,971)
Adjustments for:			
Interest income		**(1,233)**	(1,889)
Interest expense		**2,034,530**	588,623
Depreciation		**371,961**	36,552
Amortisation of intangible assets		**43,284**	—
Allowance of doubtful debts		**—**	778,000
Share of losses of associates		**200,000**	612,659
Impairment loss on interests in associates		**—**	4,187,341
Operating cash flows before movements in working capital		**(24,089,077)**	2,550,315
Increase in inventories		**(391,504)**	—
Increase in amount due from a former shareholder		**—**	(2,510)
Increase in trade and other receivables		**(5,066,840)**	(10,024,781)
Increase (decrease) in trade and other payables		**19,085,659**	(1,437,392)
Cash used in operations		**(10,461,762)**	(8,914,368)
Hong Kong profits tax paid		**(1,004,217)**	(3,309,471)
Net cash used in operating activities		**(11,465,979)**	(12,223,839)
Investing activities			
Acquisition of an investment property		**(11,962,800)**	—
Acquisition of businesses	31	**(8,808,658)**	—
Acquisition of a subsidiary	32	**(291,541)**	—
Purchase of plant and equipment		**(1,137,279)**	(265,535)
Interest received		**1,233**	1,889
Acquisition of associates		**—**	(5,000,000)
Net cash used in investing activities		**(22,199,045)**	(5,263,646)
Financing activities			
Proceeds from placing of new shares		**40,320,000**	44,400,000
Advance from non-controlling shareholders of a subsidiary		**2,191,144**	—
Repayments of bank borrowings		**(3,475,521)**	(6,124,500)
Expenses in respect of share placing		**(2,019,104)**	(2,759,064)
Interest paid		**(179,120)**	(310,785)
New bank loans raised		**—**	896,833
Proceeds from capital injection		**—**	2,510
Dividends paid		**—**	(4,000,000)
Net cash from financing activities		**36,837,399**	32,104,994
Net increase in cash and cash equivalents		**3,172,375**	14,617,509
Effect of foreign exchange rate		**(11,530)**	—
Cash and cash equivalents at 1 January		**41,174,973**	26,557,464
Cash and cash equivalents at 31 December, representing			
Bank balances and cash		**44,335,818**	41,174,973

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

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 the Growth Enterprise Market 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 disclosed in the Corporate Information in the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40. The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company.

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 Company and its subsidiaries (collectively referred as the "Group") have 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 HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 — 2014 cycle

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 on the disclosures set out in these 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]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
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 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

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

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

[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 2017.

HKFRS 9 Financial instruments

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

Key requirement of HKFRS 9, which applicable to the Group, is described below:

- in relation to the impairment of financial assets, HKFRS 9 requires 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.

Base on the Group financial instruments and risk management policies as at 31 December 2016. Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

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

HKFRS 15 Revenue from contracts with customers *(Continued)*

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 have an impact on the amounts reported (service income from provision of mobile app development services, rental income from outdoor advertising business and advertisement income on magazines) as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

The directors of the Company consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18, however, the allocation of total consideration to the respective performance obligations will be based on relative fair values which will potentially affect the timing and amounts of revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

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. Under the 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

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

HKFRS 16 Leases *(Continued)*

Furthermore, extensive disclosure are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$11,368,033 as disclosed in note 37. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence 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 upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosure to the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTANT POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for investment property that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36 "Impairment of assets".

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Business combinations *(Continued)*

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Investments in associates *(Continued)*

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interest in associate that not related to the Group.

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) Print media advertising

When the outcome of an advertising contract can be estimated reliably, revenue shall be recognized 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Revenue recognition ***(Continued)***

ii) Sale of magazines

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

iii) Outdoor advertising income

Outdoor advertising income is recognised on a straight-line basis over the contract period.

iv) Liquefied Natural Gas ("LNG")

Sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

v) Mobile app development

Mobile app development income is recognised by stage of completion of the relevant contracts.

vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits

Payments to the Mandatory Provident Fund Scheme and State-managed Retirement Benefit Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or service, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Internally — generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profits or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading or it is designated as at FTVPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a former shareholder, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments ***(Continued)***

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank borrowings, amounts due to non-controlling shareholders of a subsidiary and promissory notes payable) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, a suitable discount rate and terminal and growth rates in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss or further impairment loss may arise. As at 31 December 2016, no impairment of goodwill is provided. Details of the recoverable amount calculation are disclosed in note 21.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss or further impairment loss may arise. As at 31 December 2016, the carrying amount of trade receivable is HK$26,409,305 (net of allowance for doubtful debts of HK$778,000) (31 December 2015: carrying amount of HK$21,543,488, net of allowance for doubtful debts of HK$778,000).

5. REVENUE

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

	2016 **HK$**	2015 HK$
Print media advertising income	**10,905,400**	20,441,097
Outdoor advertising income	**23,250,990**	121,650
Sales of magazines	**200,467**	261,280
Trading of LNG and related products	**93,003,592**	—
Provision of mobile app development service	**1,202,085**	—
	128,562,534	20,824,027

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. 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 purposes of resource allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

The Group's reportable segments under HKFRS8 are as follows:

1. Print media business, including advertising income and sales of magazines
2. Outdoor advertising business
3. LNG and related products trading business
4. Mobile app development business

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

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 measurement of segment results for the year ended 31 December 2015 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 2016 and 2015 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.

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For the year ended 31 December 2016

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2016

	Print media business HK$	Outdoor advertising business HK$	LNG and related products trading business HK$	Mobile app development business HK$	Total HK$
Revenue					
Segment revenue	**11,115,867**	**24,441,781**	**93,003,592**	**2,115,713**	**130,676,953**
Inter-segment sales	**(10,000)**	**(1,190,791)**	**—**	**(913,628)**	**(2,114,419)**
External sales	**11,105,867**	**23,250,990**	**93,003,592**	**1,202,085**	**128,562,534**
Segment results	**7,350,783**	**(8,930,604)**	**521,399**	**545,556**	**(512,866)**
Other income					**36,167**
Interest income					**1,233**
Operating expenses					**(19,325,200)**
Share of losses of associates					**(200,000)**
Other gains or losses					**(4,702,423)**
Finance costs					**(2,034,530)**
Loss before tax					**(26,737,619)**

For the year ended 31 December 2015

	Print media business HK$	Outdoor advertising business HK$	Total HK$
Revenue from external Sales	20,702,377	121,650	20,824,027
Segment results	18,431,111	(13,982)	18,417,129
Other income			8,496
Interest income			1,889
Operating expenses			(16,689,862)
Share of losses of associates			(612,659)
Impairment loss on interests in associates			(4,187,341)
Finance costs			(588,623)
Loss before tax			(3,650,971)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

	2016 **HK$**	2015 HK$
Segment assets		
Print media business	**9,750,680**	53,539,074
Outdoor advertising business	**10,542,456**	7,990,770
LNG and related products trading business	**48,227,697**	—
Mobile app development business	**9,454,905**	—
Total segment assets	**77,975,738**	61,529,844
Investment property	**11,962,800**	—
Interests in associates	**—**	200,000
Bank balances and cash	**39,327,170**	3,532,353
Unallocated assets	**1,306,479**	5,222,887
Consolidated assets	**130,572,187**	70,485,084
Segment liabilities		
Print media business	**1,227,669**	4,223,292
Outdoor advertising business	**1,205,699**	1,125,370
LNG and related products trading business	**24,287,368**	—
Mobile app development business	**1,527,904**	—
Total segment liabilities	**28,248,640**	5,348,662
Promissory notes payable	**25,528,410**	—
Unallocated liabilities	**1,989,230**	1,133,219
Consolidated liabilities	**55,766,280**	6,481,881

Geographical information

The Group's operations are located in Hong Kong and Mainland China. Information about the Group's revenue from external customers is presented based on location of delivery destination of the goods or place of receiving services. Information about the Group's non-current assets (excluding interests in associates) are based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2016 **HK$**	2015 HK$	**2016** **HK$**	2015 HK$
Hong Kong	**34,356,857**	20,824,027	**13,063,279**	267,492
Mainland China	**94,205,677**	—	**35,427,062**	—
	128,562,534	20,824,027	**48,490,341**	267,492

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For the year ended 31 December 2016

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	2016 **HK$**	2015 HK$
Customer A[1]	**16,530,248**	—
Customer B[2]	**N/A[3]**	5,370,000
Customer C[2]	**N/A[3]**	3,470,000
Customer D[2]	**N/A[3]**	4,018,223
Customer E[2]	**N/A[3]**	2,617,472

1 Revenue from LNG and related products trading business
2 Revenue from print media business
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group

7. OTHER INCOME

	2016 **HK$**	2015 HK$
Bank interest income	**1,233**	1,889
Rental income	**16,000**	—
Sundry income	**20,167**	8,496
	37,400	10,385

8. OTHER GAINS OR LOSSES

	2016 **HK$**	2015 HK$
Net foreign exchange losses	**29,226**	—
Change in fair value of financial assets at fair value through profit or loss (note)	**4,673,197**	—
	4,702,423	—

Note: The loss represented of the Group's investment in an entity listed on the Stock Exchange which was acquired and disposed of during the year ended 31 December 2016.

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9. FINANCE COSTS

	2016 HK$	2015 HK$
Effective interest on promissory notes payables	**1,855,410**	—
Interest on bank borrowings	**179,120**	287,944
Interest on convertible bonds	**—**	295,059
Interest on bank overdraft	**—**	5,620
	2,034,530	588,623

10. LOSS BEFORE TAX

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

	2016 HK$	2015 HK$
Staff costs		
Directors' emoluments (note 12)	**2,716,442**	2,260,232
Other staff costs		
— Salaries and other benefits	**2,901,030**	3,105,375
— Contributions to defined contribution retirement plan	**138,641**	102,748
	5,756,113	5,468,355
Allowance for doubtful debts	**—**	778,000
Depreciation	**371,961**	36,552
Amortisation of intangible assets, included in operating expenses	**43,284**	
Auditor's remuneration	**850,000**	460,000
Operating lease expenses in respect of		
— Office premises	**1,277,997**	550,518
— Outdoor media resources, included in cost of sales	**28,560,182**	91,129
Cost of inventory recognised as expenses	**92,482,192**	2,183,520
Gross rental income from an investment property	**(16,000)**	—
Less: direct operating expenses incurred for an investment property that generated rental income during the year	**5,754**	—
	(10,246)	—
Listing expenses	**—**	4,090,726

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For the year ended 31 December 2016

11. INCOME TAX EXPENSES

	2016 HK$	2015 HK$
Current tax:		
Hong Kong	**680,889**	2,130,258
People's Republic of China ("PRC")	**43,759**	—
	724,648	2,130,258
Overprovision in prior years:		
Hong Kong	**(55,521)**	(19,581)
	669,127	2,110,677

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years taking into account the reduction granted by the Hong Kong SAR Government of 75% of the tax payable subject to a maximum education of HK$20,000 for both years.

Under the Law of the People's Republic of China 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 loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016 HK$	2015 HK$
Loss before tax	**(26,737,619)**	(3,650,971)
Tax credit at the Hong Kong Profits Tax rate at 16.5% (2015: 16.5%)	**(4,411,707)**	(602,410)
Tax effect of expenses not deductible for tax purpose	**1,532,055**	1,869,055
Tax effect of income not taxable for tax purpose	**(2,172)**	(312)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**118,405**	—
Tax effect of tax losses not recognised	**3,452,345**	907,359
Overprovision in respect of prior years	**(55,521)**	(19,581)
Others	**35,722**	(43,434)
Income tax expenses for the year	**669,127**	2,110,677

At the end of the reporting period, the Group has unused tax losses of HK$26,422,449 (2015: HK$5,499,146) 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$93,556 (2015: Nil) that will expire in 2021. Other losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO. is as follows:

	Year ended 31 December 2016				
	Fee	Salaries allowances, and benefits-in-kind	Bonus	Retirement benefit scheme contribution	Total
	HK$	HK$	HK$	HK$	HK$
Executive directors					
Kwan Shun Keung, Timmy[1]	—	480,000	—	6,000	486,000
Yip Tsz Lam[2]	—	8,333	—	417	8,750
Mak Wai Kit[3]	—	840,000	70,000	18,000	928,000
Law Shiu Wai[3]	—	480,000	40,000	18,000	538,000
Lam Zhi Cheng[4]	—	150,667	12,600	12,000	175,267
Non-executive director					
Liu Kwong Chi, Nelson[5]	—	120,000	—	3,871	123,871
Tsang Hin Man Terence[6]	—	42,903	—	2,145	45,048
Independent non-executive director					
Lee Kwok Tung Louis[7]	35,753	—	—	—	35,753
Tsang Ho Ka Eugene[8]	100,000	—	—	—	100,000
Yu Chon Man[7]	35,753	—	—	—	35,753
Wong Fei Tat[9]	120,000	—	—	—	120,000
Pang Siu Yin[10]	120,000	—	—	—	120,000
	411,506	2,121,903	122,600	60,433	2,716,442

Notes to the Consolidated Financial Statements

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12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	Year ended 31 December 2015			
	Fee	Salaries allowances, and benefits-in-kind	Retirement benefit scheme contribution	Total
	HK$	HK$	HK$	HK$
Executive directors				
Kwan Shun Keung, Timmy[1]	—	480,000	6,000	486,000
Yip Tsz Lam[2]	—	100,000	5,000	105,000
Mak Wai Kit[3]	—	648,667	12,000	660,667
Law Shiu Wai[3]	—	370,667	12,533	383,200
Non-executive director				
Tsang Hin Man Terence[6]	—	120,000	6,000	126,000
Independent non-executive director				
Lee Kwok Tung Louis[7]	93,817	—	—	93,817
Tsang Ho Ka Eugene[8]	93,817	—	—	93,817
Yu Chon Man[7]	93,817	—	—	93,817
Liu Kwong Chi, Nelson[5]	82,667	—	—	82,667
Wong Fei Tat[9]	82,667	—	—	82,667
Pang Siu Yin[10]	52,580	—	—	52,580
	499,365	1,719,334	41,533	2,260,232

1 Resigned as executive director on 9 December 2016.
2 Resigned as executive director on 1 February 2016.
3 Appointed as executive director on 23 April 2015.
4 Appointed as executive director on 8 September 2016.
5 Appointed as independent non-executive director on 23 April 2015 and re-designed as non-executive director on 9 May 2016.
6 Resigned as non-executive director on 9 May 2016.
7 Appointed as independent non-executive director on 23 January 2015 and resigned on 9 May 2016.
8 Appointed as independent non-executive director on 23 January 2015.
9 Appointed as independent non-executive director on 23 April 2015.
10 Appointed as independent non-executive director on 24 July 2015.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. All the executive directors share the duties of chief executive. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended 31 December 2016 and 2015, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 13 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 both years.

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13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four directors (2015: three directors), detail of whose remuneration are set out in note 12 above. Detail of the remuneration for the year of the remaining one (2015: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016	2015
	HK$	HK$
Salaries, allowances and benefits in kind	**228,000**	352,516
Performance related bonus	**36,400**	320,000
Retirement benefit scheme contribution	**11,950**	15,625
	276,350	688,141

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bonds is as follows:

	2016	2015
	HK$	HK$
Nil to HK$1,000,000	**1**	2

14. DIVIDENDS

Dividends recognised as distribution during the year:

	2016	2015
	HK$	HK$
Dividends recognised as distribution during the year:		
Interim dividends of Nil (2015: HK$4) per share	**—**	4,000,000

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: HK$4,000,000).

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15. LOSS PER SHARE

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

	2016 **HK$**	2015 HK$
Loss attributable to owners of the Company for the purpose of calculation of loss per share	**26,293,024**	5,761,648

	2016 **Numbers of shares**	2015 Numbers of shares
Weighted average number of ordinary shares for the purpose of calculations of loss per share	**7,207,868,852**	7,048,383,562

No diluted earnings per share for both 2016 and 2015 were presented as there were no potential ordinary shares in issue for both years.

16. PLANT AND EQUIPMENT

	Furniture and fixtures HK$	**Office equipment** HK$	**Total** HK$
COST			
At 1 January 2015	40,546	100,745	141,291
Additions	2,441	263,094	265,535
At 31 December 2015	42,987	363,839	406,826
Exchange adjustment	(29,507)	(1,045)	(30,552)
Additions	244,569	892,710	1,137,279
Acquired on acquisitions of a subsidiary/ businesses	724,916	29,210	754,126
At 31 December 2016	982,965	1,284,714	2,267,679
ACCUMULATED DEPRECIATION			
At 1 January 2015	37,249	65,533	102,782
Charge for the year	2,858	33,694	36,552
At 31 December 2015	40,107	99,227	139,334
Exchange adjustment	(1,688)	(86)	(1,774)
Charge for the year	113,539	258,422	371,961
At 31 December 2016	151,958	357,563	509,521
CARRYING AMOUNTS			
At 31 December 2016	831,007	927,151	1,758,158
At 31 December 2015	2,880	264,612	267,492

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16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	20%
Office equipment	20%

The group has pledged certain plant and equipment with carrying amount of approximately HK$300,577 (31 December 2015: Nil) to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES

	2016 HK$	2015 HK$
Cost of the investment in associates	**5,000,000**	5,000,000
Share of post-acquisition losses and other comprehensive expense	**(812,659)**	(612,659)
Impairment loss	**(4,187,341)**	(4,187,341)
	—	200,000

Details of the Group's directly held associate at the end of the reporting period are as follows:

Name of company	**Place of incorporation/ operation**	**Attributable equity interest held by the Group**		**Principal activity**
		2016	2015	
Strategist Media Holdings Limited	BVI/Hong Kong	**20%**	20%	Sales and distribution of Chinese finance and investment magazines, sales of advertising spaces in the magazine and online media platforms and event management

On 15 September 2015, the Group acquired 20% equity interest in Strategist Media Holdings Limited and its subsidiaries, comprising Strategist Publishing Limited, Strategist Digital Limited and Strategist Financial Services Limited (collectively referred to as the "Strategist Media Group") at a consideration of HK$5,000,000.

All of the associates are accounted for using the equity method in the consolidated financial statements. During the year ended 31 December 2015, the Group recognised an impairment loss of HK$4,187,341 in respect of the interests in associates, as the aggregate carry amount of the Strategist Media Group is lower than the aggregate recoverable amount. During the year ended 31 December 2016, the Group has recognised its share of losses up to its interests in the associates.

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18. INVESTMENT PROPERTY

	HK$
FAIR VALUE	
At 1 January 2015 and 31 December 2015	—
Additions	11,962,800
At 31 December 2016	11,962,800

The Group's investment property interests held to earn rentals and is measured using the fair value model.

The investment property represent an office premise in Hong Kong acquired by the Group on 30 November 2016. The directors of the Company are of the opinion that there is insignificant change in the value of the investment property since its acquisition up to 31 December 2016, hence no adjustment on fair value change has been made.

19. GOODWILL

	HK$
COST AND CARRYING VALUES	
At 1 January 2015 and 31 December 2015	—
Arising on acquisition of businesses (note 31)	33,051,369
At 31 December 2016	33,051,369

Particulars regarding impairment testing on goodwill are disclosed in note 21.

Notes to the Consolidated Financial Statements

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20. INTANGIBLE ASSETS

	LNG and related trading licences HK$	Online LNG trading platform under development HK$	Total HK$
COST			
At 1 January 2015 and 31 December 2015	—	—	—
Acquired on acquisition of a subsidiary (note 32)	311,651	—	311,651
Acquired on acquisition of businesses (note 31)	—	1,449,647	1,449,647
At 31 December 2016	311,651	1,449,647	1,761,298
AMORTISATION			
At 1 January 2015 and 31 December 2015	—	—	—
Charge for the year	43,284	—	43,284
At 31 December 2016	43,284	—	43,284
CARRYING VALUES			
At 31 December 2016	268,367	1,449,647	1,718,014
At 31 December 2015	—	—	—

Intangible assets, except for those under development, are amortised on a straight-line basis over the following periods:

LNG and related trading licences 3 years

Intangible assets under development are amortised when it is ready for their intended use.

21. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing of the goodwill as set out in note 19, it has been allocated to the cash generating units ("CGUs") of mobile app development business of HK$7,570,556 and LNG and related products trading business of HK$25,480,813.

During the year ended 31 December 2016, management of the Group has determined that there are no impairment arising from any of its CGU.

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21. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

The recoverable amounts of the mobile app development CGU and LNG and related products trading business CGU have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5 year period, and discount rate of 20.5% and 20% for the mobile app development CGU and LNG and related products trading CGU, respectively. Cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. Management of the Group believes that a 3% growth rate is reasonable for both CGUs. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of both CGU to exceed the aggregate recoverable amount.

22. INVENTORIES

	2016	2015
	HK$	HK$
LNG and related products	**391,504**	—

23. AMOUNT DUE FROM A FORMER SHAREHOLDER

The amount is due from Fuwin Group (Holding) Limited ("Fuwin"), a former shareholder of the Company, unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK$2,510.

24. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	HK$
Trade receivables	**27,187,305**	22,321,488
Less: allowance for doubtful debts	**(778,000)**	(778,000)
	26,409,305	21,543,488
Deposits	**4,980,226**	4,331,134
Prepayment	**3,181,807**	2,456,718
Other receivables	**1,890,514**	59,040
	36,461,852	28,390,380

During the year ended 31 December 2016 and 2015, the Group provided customers with credit period ranging from 0 to 90 days and 0 to 180 days respectively, 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.

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24. TRADE AND OTHER RECEIVABLES *(Continued)*

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 2016 and 2015, 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:

	2016	2015
	HK$	HK$
Current	**2,944,100**	10,837,678
1–30 days	**14,587,570**	994,180
31–90 days	**2,694,239**	2,069,450
Over 90 days	**6,183,396**	7,642,180
	26,409,305	21,543,488

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$23,465,205 (31 December 2015: HK$10,705,810) 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 receivable which are past due but not impaired:

	2016	2015
	HK$	HK$
1–30 days	**14,587,570**	994,180
31–90 days	**2,694,239**	2,069,450
Over 90 days	**6,183,396**	7,642,180
	23,465,205	10,705,810

Movement in the allowance for doubtful debts:

	2016	2015
	HK$	HK$
1 January	**778,000**	—
Provision made	**—**	778,000
31 December	**778,000**	778,000

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25. BANK BALANCES AND CASH

Bank balances comprise cash and short-term bank deposits with a maturity period of three months period or less bearing prevailing market interest rates. As at 31 December 2016, the effective interest rate range from 0.01% to 0.1% (2015: 0.01% to 0.1%) per annum.

26. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	HK$
Trade payables	**9,875,106**	789,665
Other payables and accrued expenses	**6,503,350**	2,152,838
Receipt in advance	**8,796,066**	1,041,615
	25,174,522	3,984,118

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:

	2016	2015
	HK$	HK$
0–60 days	**9,164,618**	392,856
61–90 days	**613,298**	212,340
91–180 days	**97,190**	184,469
	9,875,106	789,665

During the year, the credit period granted by the suppliers are generally ranging from 0 to 120 days (2015: 30 to 120 days).

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For the year ended 31 December 2016

27. BANK BORROWINGS

	2016 HK$	2015 HK$
Secured by plant and equipment	**229,130**	—
Unsecured	**2,489,522**	2,497,763
	2,718,652	2,497,763
Carrying amounts repayable*:		
Within one year	**2,640,525**	2,458,720
More than one year but not more than two years	**78,127**	39,043
	2,718,652	2,497,763
Within one year	**2,640,525**	2,458,720
Carrying amounts of bank borrowings that are not repayable within one year but contain a repayment on demand clause (shown under current liabilities)	**—**	39,043
Amounts due within one year shown under current liabilities	**2,640,525**	2,497,763
Add: Amounts shown under non-current liabilities	**78,127**	—
	2,718,652	2,497,763

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

27. BANK BORROWINGS *(Continued)*

The variable rate bank borrowings carry interest at Hong Kong Dollar Best Lending Rate ("HKBLR") less 0.5% (2015: HKBLR less 0.5%) per annum.

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

	2016	2015
Effective interest rates		
Fixed-rate borrowings	**5.66%–11.31%**	—
Variable-rate borrowings	**4.75%**	4.75%

The bank borrowings are all denominated in the functional currencies of the respective group entities.

28. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest free and repayable on demand.

29. PROMISSORY NOTES PAYABLE

During the year ended 31 December 2016, the Company issued two interest-free promissory notes with principal amounts of HK$24,250,000 and HK$8,750,000 that will mature on 28 June 2018 and 28 June 2019, respectively (the "Promissory Notes") as part of the consideration to acquire Lasermoon Limited and its subsidiaries (collectively referred to as the "Lasermoon Group") with details set out in note 31(a).

As at 31 December 2016, the fair value of the Promissory Notes of the Group were approximately HK$19,478,186 and HK$6,050,224, respectively. The fair value of the Promissory Notes has been arrived on the basis of a valuation carried out on the date of issue and at the end of reporting period by an independent professional valuer. The effective interest rate is 15.86% and 15.99% per annum respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

30. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$
Ordinary shares of HK$0.001 each (1 January 2015: HK$0.01 each)		
Authorised:		
At 1 January 2015	38,000,000	380,000
Increase in authorised shares (note i)	9,962,000,000	99,620,000
Share subdivision (note ii)	90,000,000,000	—
At 31 December 2015 and 31 December 2016	100,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2015	1,000,000	10,000
Issued during the year (note iii)	251,000	2,510
Issued of shares upon conversion of convertible bonds (note iv)	249,000	2,490
Capitalisation issue (note v)	598,500,000	5,985,000
Issued of new shares by way of placing (note vi)	120,000,000	1,200,000
Share subdivision (note ii)	6,480,000,000	—
At 31 December 2015	7,200,000,000	7,200,000
Issued of new shares by way of placing (note vii)	1,440,000,000	1,440,000
At 31 December 2016	8,640,000,000	8,640,000

(i) 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.

(ii) On 8 June 2015, the authorised share capital of the Company was increased from HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each to HK$100,000,000 divided into 100,000,000,000 shares of HK$0.001 each by creation of additional 90,000,000,000 shares.

Pursuant to a special resolution passed on 5 June 2015, each of the Company's authorised and issued shares of par value HK$0.01 each were subdivided into ten shares of par value of HK$0.001 each (the "Share Subdivision"). The Share Subdivision was effective on 8 June 2015 and the authorised share capital of the Company was divided into 100,000,000,000 shares of HK$0.001 each and the issued share capital of the Company was divided into 7,200,000,000 of HK$0.001 each. Details of Share Subdivision are disclosed in the circular issued by the Company on 14 May 2015.

(iii) 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.

(iv) On 29 January 2015, the Company allotted and issued 249,000 shares of HK$0.01 each to the convertible bondholders of the Company for the conversion of its convertible bonds with a face value of HK$20,000,000 pursuant to the a Convertible Bonds Subscription Agreement.

(v) 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.

(vi) On 16 February 2015, the Company issued and allotted 120,000,000 by way of placing, at the price, of HK$0.37 per placing share raising gross proceeds of approximately HK$44,400,000.

(vii) On 30 December 2016, the Company issued and allocated 1,440,000,000 shares by any of placing, at the placing price of HK$0.028 per placing share, raising gross proceeds of approximately HK$40,320,000.

Notes to the Consolidated Financial Statements

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31. ACQUISITION OF BUSINESSES

(a) On 24 June 2016, the Group acquired 100% of the issued share capital of Lasermoon Limited from an independent third party for a consideration of HK$25,673,000 settled by cash of HK$2,000,000 and the issue of Promissory Notes with a fair value of HK$23,673,000. Details relating to the Promissory Notes are set out in note 29. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$25,480,813. Lasermoon Group is currently engaged in trading of LNG and other related products. Lasermoon Group was acquired as part of the Group's expansion into the LNG trading business.

Consideration transferred

	HK$
Cash	2,000,000
Promissory Notes	23,673,000
	25,673,000

Acquisition related costs amounting to HK$1,341,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	HK$
Plant and equipment	221,748
Intangible assets	1,449,647
Prepayment and other receivables	860,104
Bank balances and cash	18,427
Bank borrowings	(1,167,056)
Other payables	(799,471)
Less: non-controlling interests	(391,212)
	192,187

The fair value and the gross contractual amounts of prepayment and other receivables at the date of acquisition amounted to HK$860,104. No contractual cash flows is expected to be irrecoverable under the best estimate at acquisition date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

31. ACQUISITION OF BUSINESSES *(Continued)*

(a) *(Continued)*

Goodwill arising on acquisition:

	HK$
Consideration transferred	25,673,000
Less: net assets acquired	(192,187)
Goodwill arising on acquisition	25,480,813

Goodwill arose in the acquisition of Lasermoon Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Lasermoon Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Lasermoon Group

	HK$
Cash consideration paid	2,000,000
Less: cash and cash equivalent balances acquired	(18,427)
	1,981,573

Included in the loss for the year is a loss of HK$2,251,623 attributable to Lasermoon Group. Revenue for the year includes HK$93,003,592 generated from Lasermoon Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been HK$128,562,534 and loss for the year would have been HK$27,884,269. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

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31. ACQUISITION OF BUSINESSES *(Continued)*

(b) On 29 August 2016, the Group acquired 51% of the issued share capital of Qihui Group (International) Limited (formerly named Gold Upward Technology Limited) from an independent third party for a consideration of RMB6,000,000 (equivalent to approximately HK$7,064,961). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$7,570,556. Qihui Group (International) Limited (formerly named Gold Upward Technology Limited) and its subsidiaries (collectively referred to as the "Qihui Group") is engaged in mobile phone app development and provision of app solutions for its clients. Qihui Group was acquired so as to leverage on the Group's existing business network.

Consideration transferred

	HK$
Cash	7,064,961

Acquisition-related costs amounting to HK$292,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$
Plant and equipment	113,981
Trade and other receivables	292,841
Bank balances and cash	237,876
Trade and other payables	(1,522,108)
Amount due to a non-controlling shareholder	(113,953)
	(991,363)

The fair value and the gross contractual amounts of trade and other receivables at the date of acquisition amounted to HK$292,841. No contractual cash flows is not expected to be collected under the best estimate at acquisition date.

Goodwill arising on acquisition:

	HK$
Consideration transferred	7,064,961
Less: non-controlling interests (49% in Qihui Group)	(485,768)
Plus: net liabilities acquired	991,363
Goodwill arising on acquisition	7,570,556

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For the year ended 31 December 2016

31. ACQUISITION OF BUSINESSES *(Continued)*

(b) *(Continued)*

Goodwill arose in the acquisition of Qihui Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of Qihui Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Qihui Group

	HK$
Cash consideration paid	7,064,961
Less: cash and cash equivalent balances acquired	(237,876)
	6,827,085

Included in the loss for the year is HK$608,461 attributable to the Qihui Group. Revenue for the year includes HK$1,202,085 generated from Qihui Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been HK$130,514,608, and loss for the year would have been HK$27,498,675. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

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32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 8 August 2016, the Group acquired of the entire issued share capital of Ning Xia Zhong Ji He Chuang Energy Limited Company ("Zhong Ji") from an independent third party for consideration of approximately HK$303,203 (RMB260,000). Zhong Ji was acquired by the Group as part of its expansion in the LNG trading business. Zhong Ji held certain LNG and related trading licences. The acquisition was determined by the directors of the Company to be acquisition of assets through acquisition of a subsidiary rather than a business combination because the assets acquired did not constitute a business as defined under HKFRS 3 (revised) "Business Combinations".

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	HK$
Plant and equipment	418,397
Intangible assets	311,651
Other receivables	2,332,334
Tax recoverable	65,744
Bank balances and cash	11,662
Bank borrowings	(2,635,328)
Other payable	(201,257)
	303,203

Net cash outflow on acquisition of Zhong Ji

	HK$
Cash consideration paid	303,203
Less: cash and cash equivalent balances acquired	(11,662)
	291,541

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33. SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 January 2015 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants including:

(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").

The Company is 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 Scheme does not exceed 10% of the Shares in issue on the listing date on 16 February 2015. 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 Scheme does not exceed 30% of the shares in issue of the Company from time to time. The total number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders, with such individual and his or her close associates (or his associates if the individual is a connected person) abstaining from voting.

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.

An option may be exercised in accordance with the terms of the 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 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.

Notes to the Consolidated Financial Statements

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33. SHARE OPTION SCHEME *(Continued)*

Options granted may be exercised at any time during the option period and are to be settled by issuance of the Company's shares. The directors may at their absolute discretion determine the period during which an option may be exercised, such period to expire not later than 10 years from the date of grant of the option. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the share.

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

During the year ended 31 December 2016, no option was granted under the Scheme to directors, employees or consultants of the Group, and as at the end of the reporting period, there was outstanding share options granted under the Scheme (2015: Nil).

34. EMPLOYEE RETIREMENT BENEFITS PLANS

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. 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 contribution of HK$1,500. Contributions to the plan vest immediately.

The Group's employees who are employed by subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

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

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of the borrowings disclosed in note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

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36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 **HK$**	2015 HK$
Financial assets		
Loans and receivables	**72,635,637**	62,777,500
Financial liabilities		
Amortised cost	**43,057,126**	5,440,266

Financial risk management objectives and policies

The Group's major financial instruments include amount due from a former shareholder, trade and other receivables, bank balances and cash, trade and other payables, bank borrowings, amount due to non-controlling shareholders of subsidiaries and promissory notes payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity 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.

Market risk

(i) *Currency risk*

Substantially all of 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.

(ii) *Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 27 for details of these borrowings).

The Group is 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 does not expect any significant interest rate risk which materially affect the Group's results of operations.

Notes to the Consolidated Financial Statements

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36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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 13% (2015: 40%) of the total trade receivables of the Company was due from the largest customer and 46% (2015: 93%) 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.

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36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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.

	Weighted average interest rate	On demand or less than 1 month	Over 1 year but less than 2 years	Over 2 years but within 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$	HK$	HK$	HK$	HK$
2016						
Bank borrowings	**8.89**	**2,843,137**	**156,254**	**—**	**2,999,391**	**2,718,652**
Trade and other payables		**12,504,967**	**—**	**—**	**12,504,967**	**12,504,967**
Amount due to non-controlling shareholders of subsidiaries		**2,305,097**	**—**	**—**	**2,305,097**	**2,305,097**
Promissory notes payable	**15.89**	**—**	**24,250,000**	**8,750,000**	**33,000,000**	**25,528,410**
		17,653,201	**24,406,254**	**8,750,000**	**50,809,455**	**43,057,126**
2015						
Bank borrowings	4.75	2,497,763	—	—	2,497,763	2,497,763
Trade and other payables		2,942,503	—	—	2,942,503	2,942,503
		5,440,266	—	—	5,440,266	5,440,266

At 31 December 2015, bank borrowings with a repayment on demand clause are included in "on demand or less than 1 year" time band in the above table. 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. At that time, the aggregate principal and interest cash outflows will amount to HK$2,559,378.

Fair value

The carrying amounts of all financial instruments carried at amortised cost are not materially different from their fair values at 31 December 2016 and 31 December 2015.

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37. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group was committed to value the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Office premises		Outdoor media resources	
	2016	2015	**2016**	2015
	HK$	HK$	**HK**	HK$
Within one year	**1,485,758**	105,000	**9,103,270**	28,044,556
In the second to fifth years inclusive	**779,005**	—	**—**	99,000
	2,264,763	105,000	**9,103,270**	28,143,556

Operating lease payments represent rentals payable by the Group for its office and certain media resources. Rentals are fixed for terms ranging from 1 year and 2 years (2015: 1 year to 2 years).

The Group as lessor

Property rental income earned during the year was HK$16,000 (2015: HK$Nil).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	Office premises	
	2016	2015
	HK$	HK$
Within one year	**192,000**	—

38. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personal remuneration

The key management personnel of the Group are its directors. Further details of their emoluments are disclosed in note 12.

(b) Shareholder's indemnity

Mr. Kwan and Ms. Yip, the former 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 39.

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39. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fines of HK$854,000 (2015: 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 38(b).

40. PARTICULARS OF SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up/ issued capital	Registered capital	Proportion ownership interest held by the Company				Principal activities
					Direct		Indirect		
					2016	2015	**2016**	2015	
Lucky Channel Limited	Hong Kong	Ordinary	HK$1	HK$1	**100%**	—	**—**	—	Investment holding
Allied Power Management Limited	Hong Kong	Ordinary	HK$1	HK$1	**100%**	—	**—**	—	Provision of management service
GO Media Limited	Hong Kong	Ordinary	HK$1	HK$1	**100%**	100%	**—**	—	Provision of outdoor advertising service
Winsing Group (Holdings) Limited	British Virgin Islands ("BVI")/Hong Kong	Ordinary	US$100	US$100	**100%**	100%	**—**	—	Investment holding
Ocean Media (Hong Kong) Limited	Hong Kong	Ordinary	HK$100	HK$100	**—**	—	**100%**	100%	Sales and free distribution of Chinese lifestyle magazines and sales of advertising spaces in the magazines
Leading Profile Limited	BVI/Hong Kong	Ordinary	US$1	US$1	**100%**	—	**100%**	—	Investment holding
Lasermoon Limited	BVI/Hong Kong	Ordinary	HK$8	HK$8	**100%**	—	**—**	—	Investment holding
Deep Rich Limited	Hong Kong	Ordinary	HK$1	HK$1	**—**	—	**100%**	—	Investment holding
Shenzhen Yu Shen Energy Development Limited Company* 深圳裕深能源发展有限公司△	PRC	Ordinary	—	HK$100,000	**—**	—	**100%**	—	Investment holding
Ning Xia Ji Qi Mao Network Technology Limited Company* 寧夏集氣猫網絡科技有限公司△	PRC	Ordinary	RMB1,295,200	RMB10,000,000	**—**	—	**51%**	—	Internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, and development of software

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40. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up/ issued capital	Registered capital	Proportion ownership interest held by the Company Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Principal activities
Shenzhen Yu Shen Bao Technology Limited Company* 深圳裕深寶科技有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**100%**	—	Investment holding
Shenzhen Yu Bao Internet Company Limited* 深圳裕寶網絡有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**100%**	—	Operating e-commerce trading platform of LNG
Ning Xia Zhong Ji He Chuang Energy Limited Company* 寧夏中際合創能源有限公司#	PRC	Ordinary	—	RMB10,000,000	**—**	—	**51%**	—	Trading of LNG
Shenzhen Yu Bao Network Limited Company* 深圳裕寶網絡有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**93%**	—	Operating e-commerce trading platform of LNG
Info Strength Limited	BVI/Hong Kong	Ordinary	US$1	US$1	**100%**	100%	**—**	—	Investment holding
Qihui Group (International) Limited (Formerly named Gold Upward Technology Limited)	Hong Kong	Ordinary	HK$1,000	HK$1,000	**—**	—	**51%**	—	Investment holding
Qihui Network Technology (Shenzhen) Company Limited* 啟匯網絡技術(深圳)有限公司△	PRC	Ordinary	—	RMB1,000,000	**—**	—	**51%**	—	Investment holding
Guangzhou Qihui Marketing and Planning Company Limited* 廣州啟匯營銷策劃有限公司#	PRC	Ordinary	RMB200,000	RMB5,000,000	**—**	—	**51%**	—	Provision of mobile application development service

* Translation for identification purpose only

△ These companies were established in the PRC in the form of wholly Foreign-owned Enterprises.

\# Limited liability company established in the PRC

None of the subsidiaries had issued any debt securities at the end of the year.

The directors of the Company are of the opinion that none of the Group's subsidiaries has non-controlling interests as at 31 December 2016 that are individually material to the Group, therefore, no further financial information in respect of these subsidiaries with non-controlling interests are presented.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2016 HK$	2015 HK$
Non-current assets			
Office equipment		**923,700**	56,064
Investments in subsidiaries		**33,696,437**	14,854,102
		34,620,137	14,910,166
Current assets			
Amount due from a former shareholder		**2,510**	2,510
Amounts due from subsidiaries		**22,822,676**	50,635,734
Other receivables		**486,515**	164,291
Cash and cash equivalents		**39,254,102**	8,532,375
		62,565,803	59,334,910
Current liabilities			
Other payables		**(898,779)**	(1,133,219)
Net current assets		**61,667,024**	58,201,691
Total assets less current liabilities		**96,287,161**	73,111,857
Non-current liabilities			
Promissory notes payable		**(25,528,410)**	—
Net assets		**70,758,751**	73,111,857
Capital and reserves			
Share capital	30	**8,640,000**	7,200,000
Reserves		**62,118,751**	65,911,857
Total equity		**70,758,751**	73,111,857

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	Share premium HK$	Convertible bond reserve HK$	Retained profits (accumulated losses) HK$	Total equity HK$
As at 31 December 2014	—	1,239,824	4,582,681	5,822,505
Issue of shares upon conversion of Convertible Bonds	22,492,401	—	—	22,492,401
Issued of new shares by way of placing	43,200,000	—	—	43,200,000
Transfer of convertible bond receive	1,239,824	(1,239,824)	—	—
Share issue expenses	(3,477,311)	—	—	(3,477,311)
Allotment of shares	(5,985,000)	—	—	(5,985,000)
Profit for the year and total comprehensive income for the year	—	—	3,859,262	3,859,262
As at 31 December 2015	57,469,914	—	8,441,943	65,911,857
Issue of new shares by way of placing	38,880,000	—	—	38,880,000
Share issue expenses	(2,019,104)	—	—	(2,019,104)
Loss for the year and total comprehensive income for the year	—	—	(40,654,002)	(40,654,002)
As at 31 December 2016	94,330,810	—	(32,212,059)	62,118,751

42. EVENT AFTER THE REPORTING PERIOD

On 6 March 2017, the Company was informed by Fuwin that it had disposed of 1,692,232,000 shares of the Company at a consideration of HK$0.025 per share. Upon the completion of the transaction Fuwin ceased to hold any shares in the Company.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2017

The following is the full text of the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 extracted from the interim report of the Company for the six months ended 30 June 2017:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2017

	Note	Three months ended 30 June		Six months ended 30 June	
		2017	2016	**2017**	2016
		HK$	HK$	**HK$**	HK$
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations					
Revenue	3	**8,739,829**	9,959,931	**16,668,961**	16,342,502
Cost of sales		**(8,212,308)**	(8,722,408)	**(14,897,249)**	(16,471,342)
Gross profit/(loss)		**527,521**	1,237,523	**1,771,712**	(128,840)
Other income		**204,055**	3,386	**325,213**	15,803
Operating expenses		**(5,002,814)**	(3,825,021)	**(10,361,291)**	(7,219,611)
Loss from operations		**(4,271,238)**	(2,584,112)	**(8,264,366)**	(7,332,648)
Fair value change on financial assets at fair value through profit or loss		**(384,000)**	384,000	**(590,043)**	869,529
Other gain or losses		**(68,671)**	—	**(68,671)**	—
Gain on disposal of associates		**—**	—	**2,000,000**	—
Finance costs		**(990,108)**	(16,663)	**(1,934,282)**	(41,149)
Share of loss of associates		**—**	—	**—**	(200,000)
Loss before taxation	4	**(5,714,017)**	(2,216,775)	**(8,857,362)**	(6,704,268)
Income tax credit (expenses)	5	**10,792**	(269,684)	**(27,813)**	(269,684)
Loss for the period from continuing operations		**(5,703,225)**	(2,486,459)	**(8,885,175)**	(6,973,952)
Discontinued operations					
Loss for the period from discontinued operations		**(259,222)**	—	**(585,354)**	—
Loss for the period		**(5,962,447)**	(2,486,459)	**(9,470,529)**	(6,973,952)

	Note	Three months ended 30 June		Six months ended 30 June	
		2017	2016	**2017**	2016
		HK$	HK$	**HK$**	HK$
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Other comprehensive expenses:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operation		**(48,730)**	—	**(226,548)**	—
Total comprehensive expenses for the period		**(6,011,177)**	(2,486,459)	**(9,697,077)**	(6,973,952)
Loss for the period from continuing operations attributable to:					
Owners of the Company		**(5,673,185)**	(2,486,459)	**(8,404,364)**	(6,973,952)
Non-controlling interests		**(30,040)**	—	**(480,811)**	—
		(5,703,225)	(2,486,459)	**(8,885,175)**	(6,973,952)
Loss for the period from discontinued operations attributable to:					
Owners of the Company		**(71,166)**	—	**(262,377)**	—
Non-controlling interests		**(188,056)**	—	**(322,977)**	—
		(259,222)	—	**(585,354)**	—
Total comprehensive expenses attributable to:					
Owners of the Company		**(5,702,062)**	(2,486,459)	**(8,809,797)**	(6,973,952)
Non-controlling interests		**(309,115)**	—	**(887,280)**	—
		(6,011,177)	(2,486,459)	**(9,697,077)**	(6,973,952)
Basic loss per share					
From continuing and discontinued operations (HK Cents)	7	**(0.066)**	(0.035)	**(0.100)**	(0.097)
From continuing operations (HK cents)	7	**(0.066)**	(0.035)	**(0.097)**	(0.097)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	**30 June 2017 HK$ (Unaudited)**	31 December 2016 HK$ (Audited)
Non-current assets			
Plant and equipment	8	**1,062,366**	1,758,158
Investment property	8	**11,962,800**	11,962,800
Goodwill	8	**7,570,556**	33,051,369
Intangible assets	8	**449,850**	1,718,014
		21,045,572	48,490,341
Current assets			
Inventories		**—**	391,504
Amount due from a former shareholder		**2,510**	2,510
Trade and other receivables	9	**11,922,124**	36,461,852
Financial assets at fair value through profit or loss	10	**3,328,000**	—
Tax recoverable		**1,413,847**	890,162
Bank balances and cash		**39,922,128**	44,335,818
		56,588,609	82,081,846
Assets of a disposal group classified as held for sale	11	**51,973,496**	—
		108,562,105	82,081,846

	Note	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
Current liabilities			
Trade and other payables	12	**8,210,332**	25,174,522
Bank borrowings	13	**—**	2,640,525
Tax payable		**27,813**	39,599
Amounts due to non-controlling shareholders of subsidiaries		**113,953**	2,305,097
		8,352,098	30,159,743
Liabilities associated with disposal group classified as held for sale	11	**56,146,749**	—
		64,498,847	30,159,743
Net current assets		**44,063,258**	51,922,103
Total assets less current liabilities		**65,108,830**	100,412,444
Non-current liabilities			
Promissory notes payable	14	**—**	25,528,410
Bank borrowings		**—**	78,127
		—	25,606,537
Net assets		**65,108,830**	74,805,907
Capital and reserves			
Share capital	15	**8,640,000**	8,640,000
Reserves		**58,559,434**	67,369,231
Total equity attributable to owners of the Company		**67,199,434**	76,009,231
Non-controlling interests		**(2,090,604)**	(1,203,324)
Total equity		**65,108,830**	74,805,907

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK$	Share premium HK$	Exchange reserve HK$	Accumulated losses HK$	Total HK$	Non-controlling interests HK$	Total HK$
At 1 January 2016 (audited)	7,200,000	57,469,914	—	(666,711)	64,003,203	—	64,003,203
Loss for the period and total comprehensive expense for the period	—	—	—	(6,973,952)	(6,973,952)	—	(6,973,952)
Acquisition of subsidiaries	—	—	—	—	—	391,212	391,212
At 30 June 2016 (unaudited)	7,200,000	57,469,914	—	(7,640,663)	57,029,251	391,212	57,420,463
Balance at 1 January 2017 (audited)	8,640,000	94,330,810	(1,844)	(26,959,735)	76,009,231	(1,203,324)	74,805,907
Loss for the period	—	—	—	(8,666,741)	(8,666,741)	(803,788)	(9,470,529)
Other comprehensive expense for the period	—	—	(143,056)	—	(143,056)	(83,492)	(226,548)
Total comprehensive expenses for the period	—	—	(143,056)	(8,666,741)	(8,809,797)	(887,280)	(9,697,077)
Balance at 30 June 2017 (unaudited)	8,640,000	94,330,810	(144,900)	(35,626,476)	67,199,434	(2,090,604)	65,108,830

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Note	Six months ended 30 June 2017 HK$ (Unaudited)	2016 HK$ (Unaudited)
Operating activities			
Loss before taxation		**(9,442,716)**	(6,704,268)
Adjustments for:			
Depreciation		**391,085**	36,842
Amortisation of intangible assets		**51,941**	—
Interest expense		**2,020,242**	41,149
Share of loss of associates		**—**	200,000
Interest income		**(1,823)**	(415)
Fair value change on financial assets at fair value through profit or loss		**590,043**	(869,529)
Operating cash flows before changes in working capital		**(6,391,228)**	(7,296,221)
Decrease in inventories		**391,504**	—
Decrease in trade and other receivables		**446,123**	3,727,707
Decrease/(increase) in trade and other payables		**6,557,899**	(670,282)
Cash generated from/(used in) operations		**1,004,298**	(4,238,796)
Income tax paid — Hong Kong profits tax paid		**(523,685)**	(859,996)
Net cash generated from (used in) operating activities		**480,613**	(5,098,792)
Investing activities			
Purchase of plant and equipment		**(167,584)**	(144,460)
Purchase of financial assets at fair value through profit or loss		**(3,918,043)**	(5,154,471)
Interest received		**1,823**	415
Acquisition of business	17	**—**	18,427
Acquisition of a subsidiary	18	**(449,850)**	—
Net cash used in investing activities		**(4,533,654)**	(5,280,089)
Financing activities			
New bank loans raised		**2,941,766**	—
Repayment of bank borrowings		**(2,202,237)**	(1,317,172)
Interest paid		**(85,970)**	(46,270)
Net cash generated from/(used in) financing activities		**653,559**	(1,363,442)
Net decrease in cash and cash equivalents		**(3,399,482)**	(11,742,323)
Effect of foreign exchange rate		**(98,018)**	—
Cash and cash equivalents at 1 January		**44,335,818**	41,174,973
Cash and cash equivalents at 30 June		**40,838,318**	29,432,650
Analysis of balances of cash and cash equivalents			
Deposits with banks with original maturity of no more than three months		**39,922,128**	29,432,650
Cash and cash equivalents attributable to a disposal group classified as held for sale	11	**916,190**	—
		40,838,318	29,432,650

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 7 December 2012, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares have been listed on the GEM since 16 February 2015 (the "Listing").

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 are presented in Hong Kong dollars ("HK$"), unless otherwise stated.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial information have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited condensed consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The unaudited condensed consolidated financial information should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2016.

The accounting policies and method of computation used in the preparation of unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except as described below.

Adoption of new/revised HKFRS

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

3. REVENUE

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.

The amount of each significant category of revenue recognised in turnover during the period from continuing operations is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK$ (Unaudited)	2016 HK$ (Unaudited)	**2017 HK$ (Unaudited)**	2016 HK$ (Unaudited)
Print media advertising income	**492,858**	3,391,024	**719,049**	4,623,324
Outdoor advertising income	**5,385,138**	6,513,845	**10,534,476**	11,611,188
Sales of magazines	**42,426**	55,062	**83,838**	107,990
Provision of mobile app development service	**2,819,407**	—	**5,331,598**	—
	8,739,829	9,959,931	**16,668,961**	16,342,502

4. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging (crediting):

a) Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2017 HK$ (Unaudited)	2016 HK$ (Unaudited)	**2017 HK$ (Unaudited)**	2016 HK$ (Unaudited)
Effective interest on promissory notes payable	**990,108**	—	**1,934,272**	—
Interest on bank overdraft	**—**	—	**—**	1
Interest on bank borrowings wholly repayable within five years	**—**	16,663	**10**	41,148
	990,108	16,663	**1,934,282**	41,149

4. LOSS BEFORE TAXATION (CONTINUED)

b) Staff costs (including directors' emoluments)

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Salaries and other benefits	**2,132,510**	1,389,036	**4,568,295**	2,808,685
Contributions to defined contribution retirement plan	**70,819**	46,890	**146,754**	98,848
	2,203,329	1,435,926	**4,715,049**	2,907,533

c) Other items

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation	**127,602**	20,723	**253,027**	36,842
Auditor's remuneration	**605,000**	92,500	**820,000**	155,000
Operating lease charge in respect of:				
— office premises	**457,928**	273,928	**789,427**	496,429
— outdoor media resources, included in cost of sales	**4,221,196**	7,084,428	**8,485,160**	13,932,610
Cost of inventory	**436,100**	479,804	**882,208**	929,572
Donation	**—**	—	**—**	16,000
Gross rental income from an investment property	**(122,570)**	—	**(207,667)**	—
Less: direct operating expenses incurred for an investment property that generating rental income during the period	**18,065**	—	**37,357**	—
	(104,505)	—	**(170,310)**	—

5. INCOME TAX (CREDIT) EXPENSES

Income tax recognised in profit or loss from continuing operations:

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax:				
Hong Kong	**(10,792)**	269,684	**27,813**	269,684
	(10,792)	269,684	**27,813**	269,684

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

Under the Law of the People's Republic of China 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 periods.

6. DIVIDEND

No dividend has been paid or proposed for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

7. BASIC LOSS PER SHARE

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)	**2017 (Unaudited)**	2016 (Unaudited)
Loss attributable to owners of the Company for the purpose of basic loss per share	**(5,673,185)**	(2,486,459)	**(8,404,364)**	(6,973,952)
Weighted average number of ordinary shares for the purpose of basic loss per share	**8,640,000,000**	7,200,000,000	**8,640,000,000**	7,200,000,000
Basic loss per share	**HK$(0.066) cents**	HK$(0.035) cents	**HK$(0.097) cents**	HK$(0.097) cents

From discontinued operations

Basic loss per share from discontinued operations is HK$0.003 cents per share (six months ended 30 June 2016: HK$ nil cents per share) based on the loss for the period from discontinued operations of HK$ 262,377 (six months ended 30 June 2016: HK$ nil) and the denominators detailed above for basic loss per share.

No presentation of diluted loss per share for the six months ended 30 June 2017 and 2016 as there were no potential ordinary shares outstanding for both periods.

8. CAPITAL EXPENDITURES

Six months ended 30 June 2017	Plant and equipment HK$	Investment property HK$	Goodwill HK$	Intangible assets HK$
Carrying amounts at 1 January 2017 (audited)	**1,758,158**	**11,962,800**	**33,051,369**	**1,718,014**
Additions during the period	**167,584**	**—**	**—**	**449,850**
Depreciation/amortisation provided during the period	**(391,085)**	**—**	**—**	**(51,941)**
Transfer to assets of a disposal group classified as held for sale	**(491,314)**	**—**	**(25,480,813)**	**(1,666,073)**
Currency translation difference	**19,023**	**—**	**—**	**—**
Carrying amounts at 30 June 2017 (unaudited)	**1,062,366**	**11,962,800**	**7,570,556**	**449,850**

Six months ended 30 June 2016	Plant and equipment HK$	Goodwill HK$	Intangible assets HK$
Carrying amounts at 1 January 2016 (audited)	267,492	—	—
Additions during the period	144,460	—	—
Acquisition of business	221,748	25,480,813	1,449,647
Depreciation provided during the period	(36,842)	—	—
Carrying amounts at 30 June 2016 (unaudited)	596,858	25,480,813	1,449,647

The Group's investment property interests held to earn rentals and is measured using the fair value model.

The investment property represent an office premise in Hong Kong acquired by the Group on 30 November 2016. The directors of the Company are of the opinion that there is insignificant change in the value of the investment property since its acquisition up to 30 June 2017, hence no adjustment on fair value change has been made.

9. TRADE AND OTHER RECEIVABLES

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. Trade receivables of approximately HK$19,394,000 as at 30 June 2017 have been classified as part of a disposal group held for sale.

The following is an analysis of trade receivable by age, present based on overdue days. The analysis below include those classified as part of a disposal group held for sale, net of allowance for doubtful debts:

	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
Current	**4,004,998**	2,944,100
1–30 days	**9,060,309**	14,587,570
31–90 days	**3,750,441**	2,694,239
Over 90 days	**10,131,677**	6,183,396
	26,947,425	26,409,305

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the allowance for doubtful debts

	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
At 1 January	**778,000**	778,000
Impairment loss recognised	**—**	—
At 30 June/31 December	**778,000**	778,000

As at 30 June 2017, trade receivables amounting to HK$778,000 (as at 31 December 2016: 778,000) were individually determined to be impaired.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
Listed securities — held-for-trading		
— Equity securities — Hong Kong	**3,328,000**	—
Market value of listed securities	**3,328,000**	—

The fair value of all equity securities is based on their closing prices as at 30 June 2017 in an active market.

11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

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 Limited ("Lasermoon"). The Lasermoon and its subsidiaries (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 assets and liabilities attributable to the Lasermoon Group are expected to be sold within twelve months from the end of the current interim reporting period have been classified as a disposal group held for sales and are separately presented in the condensed consolidated statement of financial position. The operations area included in the Group's LNG and related products trading business for segment reporting purposes (see note 16).

The sales proceeds are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised.

11. ASSETS AND LIBILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

(a) Major classes of assets and liabilities of Lasermoon Group as at the end of the current interim period are as follows:

	HK$ **(Unaudited)**
Assets	
Bank balance and cash	916,190
Trade and others receivables	23,419,106
Plant and equipment	491,314
Goodwill	25,480,813
Intangible assets	1,666,073
Total assets classified as held for sale	51,973,496
Liabilities	
Promissory notes payable	27,462,682
Bank borrowings	3,554,540
Trade and other payables	22,871,254
Amounts due to non-controlling shareholders of subsidiaries	2,258,273
Total liabilities associated with disposal group	56,146,749

The Lasermoon Group has pledged certain plant and equipment with carrying amount of approximately HK$250,000 (31 December 2016: 301,000) to secure general banking facilities granted to the Lasermoon Group.

11. ASSETS AND LIBILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

(b) Result of discontinued operations

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	**46,341,210**	—	**93,825,731**	—
Cost of sales	**(46,331,964)**	—	**(93,457,366)**	—
Gross profit	**9,246**	—	**368,365**	—
Other income	**13,055**	—	**13,063**	—
Operating expenses	**(292,408)**	—	**(880,822)**	—
Finance costs	**(38,482)**	—	**(85,960)**	—
Loss before taxation	**(308,589)**	—	**(585,354)**	—
Income tax credit	**49,367**	—	**—**	—
Loss for the period	**(259,222)**	—	**(585,354)**	—
Attributable to:				
Owners of the Company	**(71,166)**	—	**(262,377)**	—
Non-controlling interests	**(188,056)**	—	**(322,977)**	—
	(259,222)	—	**(585,354)**	—

(c) Cash generated from discontinued operations

	Six months ended 30 June	
	2017	2016
	HK$	HK$
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(107,467)**	—
Net cash used in investing activities	**(91,671)**	—
Net cash generated from financing activities	**862,826**	—
Net cash inflow for the period	**663,688**	—

12. TRADE AND OTHER PAYABLES

The following is an analysis of trade payable by age, present based on invoice days. The analysis below include those classified as part of a disposal group held for sale:

	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
0–60 days	**4,743,350**	9,164,618
61–90 days	**127,700**	613,298
91–180 days	**12,153,968**	97,190
Over 180 days	**893,015**	—
	17,918,033	9,875,106

13. BANK BORROWINGS

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

	30 June 2017 HK$ (Unaudited)	31 December 2016 HK$ (Audited)
Secured by plant and equipment	**—**	229,130
Unsecured	**—**	2,489,522
	—	2,718,652

13. BANK BORROWINGS (CONTINUED)

Movement in borrowings is analysed as follows:

	Six months ended	
	2017	2016
	HK$	HK$
	(Unaudited)	(Unaudited)
Opening balance at 1 January	**2,718,652**	2,497,763
Proceeds from new borrowings	**2,941,766**	—
Repayments of borrowings	**(2,202,237)**	(1,317,172)
Transferred to liabilities associated with disposal group classified as held for sale	**(3,554,540)**	—
Acquisition of business	**—**	1,167,056
Currency translation difference	**96,359**	—
Closing balance at 30 June	**—**	2,347,647

14. PROMISSORY NOTES PAYABLE

On 28 June 2016, the Company issued two interest-free promissory notes with a principal amount of HK$24,250,000 and HK$8,750,000 and mature on 28 June 2018 and 28 June 2019 respectively (the "Promissory Notes").

As at 30 June 2017, the fair value of the Promissory Notes of the Group were approximately HK$20,951,000 (31 December 2016: HK$19,478,000) and HK$6,511,000 (2016: HK$6,050,000) respectively. The fair value of Promissory Notes has been arrived on the basis of a valuation carried out on the date of issue and at the end of reporting period by an independent professional valuer. The effective interest rate is 15.86% and 15.99% per annum respectively. The closing balance of the Promissory Notes is transferred to liabilities classified as held for sale as set out in note 11.

15. SHARE CAPITAL

		30 June 2017		31 December 2016	
		Number of shares	Share capital HK$	Number of shares	Share capital HK$
		(Unaudited)	(Unaudited)	(Audited)	(Audited)
Ordinary shares of HK$0.001 each					
Authorized share capital					
At beginning of period/year		**100,000,000,000**	**100,000,000**	100,000,000,000	100,000,000
At end of period/year		**100,000,000,000**	**100,000,000**	100,000,000,000	100,000,000
Issued and fully paid					
At beginning of period/year		**8,640,000,000**	**8,640,000**	7,200,000,000	7,200,000
Issued of new shares by way of placing	(a)	**—**	**—**	1,440,000,000	1,440,000
At end of period/year		**8,640,000,000**	**8,640,000**	8,640,000,000	8,640,000

(a) On 30 December 2016, the Company issued and allotted 1,440,000,000 shares by way of placing, at the placing price of HK$0.028 per placing share, raising gross proceeds of approximately HK$40,320,000.

The holders of ordinary shares 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.

16. SEGMENT REPORTING

Segment results, assets and liabilities

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 purposes of resource allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

The Group's reportable segments under HKFRS8 are as follows:

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

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

Segment assets include all tangible and intangible assets and current assets with the exception of investment property, 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.

An operating segment regarding the LNG and related products trading business was discontinued in the current period. The segment information reported does not include any amounts for these discontinued operations, which are described in more detail in note 11.

The measurement of segment results for the six months ended 30 June 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.

Segment revenues and results

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

16. SEGMENT REPORTING (CONTINUED)

Segment results, assets and liabilities (Continued)

Segment revenues and results (Continued)

For the six months ended 30 June 2017

Continuing operations

	Print media business HK$ (unaudited)	Outdoor advertising business HK$ (unaudited)	Mobile app development business HK$ (unaudited)	Total HK$ (unaudited)
Revenue				
Segment revenue	**971,012**	**10,882,540**	**5,241,534**	**17,095,086**
Inter-segment sales	**(168,125)**	**(258,000)**	**—**	**(426,125)**
External sales	**802,887**	**10,624,540**	**5,241,534**	**16,668,961**
Segment results	**(1,074,754)**	**1,383,286**	**1,463,180**	**1,771,712**
Other income				**324,634**
Interest income				**579**
Operating expenses				**(10,361,291)**
Fair value change on financial assets at fair value through profit or loss				**(590,043)**
Other gains or losses				**(68,671)**
Gain on disposal of associates				**2,000,000**
Finance costs				**(1,934,282)**
Loss before tax				**(8,857,362)**

For the six months ended 30 June 2016

Continuing operations

	Print media business HK$ (unaudited)	Outdoor advertising business HK$ (unaudited)	Total HK$ (unaudited)
Revenue from external Sales	4,731,314	11,611,188	16,342,502
Segment results	3,764,909	(3,893,749)	(128,840)
Other income			15,388
Interest income			415
Operating expenses			(7,219,611)
Share of losses of associates			(200,000)
Fair value change on financial assets at fair value through profit or loss			869,529
Finance costs			(41,149)
Loss before tax			(6,704,268)

16. SEGMENT REPORTING (CONTINUED)

Segment results, assets and liabilities (Continued)

Segment assets and liabilities

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

	Note	**30 June 2017 HK$ (unaudited)**	31 December 2016 HK$ (audited)
Segment assets			
Print media business		**8,887,792**	9,750,680
Outdoor advertising business		**9,322,324**	10,542,456
LNG and related products trading business		**—**	48,227,697
Mobile app development business		**10,261,274**	9,454,905
Total segment assets		**28,471,390**	77,975,738
Investment property		**11,962,800**	11,962,800
Bank balances and cash		**32,366,251**	39,327,170
Assets of a disposal group classified as held for sale	11	**51,973,496**	—
Unallocated assets		**4,833,740**	1,306,479
Consolidated assets		**129,607,677**	130,572,187
Segment liabilities			
Print media business		**837,797**	1,227,669
Outdoor advertising business		**1,067,735**	1,205,699
LNG and related products trading business		**—**	24,287,368
Mobile app development business		**2,834,034**	1,527,904
Total segment liabilities		**4,739,566**	28,248,640
Promissory notes payable		**—**	25,528,410
Liabilities associated with disposal group classified as held for sale	11	**56,146,749**	—
Unallocated liabilities		**3,612,532**	1,989,230
Consolidated liabilities		**64,498,847**	55,766,280

17. ACQUISITION OF BUSINESS

On 24 June 2016, the Company entered into an agreement with an independent third party vendor to acquire 100% equity interest of Lasermoon Limited for total consideration of HK$35,000,000 (subject to downward adjustment in respect of the guaranteed profit as described in the acquisition agreement). Lasermoon Limited and its subsidiaries (the "Lasermoon Group") is principally engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, and development of software in PRC. The acquisition was completed on 28 June 2016.

The vendor has agreed to provide a profit guarantee to the Company in relation to the consolidated net profit after tax of the Lasermoon Group for each of the two financial years ending 31 December 2017 and 31 December 2018 shall be not less than HK$3,500,000 respectively (the "Profit Guarantee"). If Lasermoon Group fails to meet the Profit Guarantee, the vendor shall pay the Company a compensation in cash of an amount equivalent to 2.5 times the shortfall for the corresponding year.

17. ACQUISITION OF BUSINESS (CONTINUED)

The provisional fair value of identifiable assets and liabilities of Lasermoon Group as at the date of acquisition were:

	30 June 2016 HK$ (Unaudited)
Net assets acquired:	
Intangible assets	1,449,647
Plant and equipment	221,748
Other receivables and prepayment	860,104
Cash and cash equivalents	18,427
Trade and other payable	(799,471)
Bank borrowing	(1,167,056)
The provisional fair value of net assets acquired	583,399
Less: Non-controlling interests	(391,212)
	192,187
Goodwill arising on acquisition	25,480,813
Total consideration	25,673,000
Total consideration satisfied by:	
Cash	2,000,000
Promissory Notes (Note 13)	23,673,000
Contingent consideration payable	—
Total consideration	25,673,000
Net cash outflow arising on acquisition:	
Cash consideration	—
Cash and bank balance acquired	18,427
	18,427

As at the date of these unaudited condensed consolidated financial statements, the Group has not finalized the fair value assessments for intangible assets acquired from the acquisition. The relevant fair value of net assets acquired stated above are on a provisional basis.

The acquired business contributed revenue of HK$ nil and loss after income tax of HK$ nil for the period from 28 June 2016 to 30 June 2016.

17. ACQUISITION OF BUSINESS (CONTINUED)

Had the acquisition occurred on 1 January 2016, the Lasermoon Group's revenue and loss after income tax would have been approximately HK$ nil and approximately HK$478,000 respectively for the period ended 30 June 2016.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In March 2017, the Group acquired of the 100% equity interests in i-Lend Finance Limited ("i-Lend") from an independent third party for consideration of HK$450,000. i-Lend is a licensed money lender that is regulated under the Money Lenders Ordinance in Hong Kong. The Directors consider that i-Lend can broaden the Group's revenue source and leveraged with the existing business. The acquisition was determined by the directors of the Company to be acquisition of assets through acquisition of a subsidiary rather than a business combination because the assets acquired did not constitute a business as defined under HKFRS 3 (revised) "Business Combinations".

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	HK$ (unaudited)
Intangible assets	449,850
Bank balance and cash	150
Net cash outflow on acquisition of i-Lend	450,000
Cash consideration paid	450,000
Less: cash and cash equivalent balances acquired	(150)
	449,850

19. MATERIAL RELATED PARTY TRANSACTIONS

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

a) Key management personal remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 4 is as follows:

	Six months ended 30 June	
	2017	2016
	HK$	HK$
	(Unaudited)	(Unaudited)
Short-term employee benefits	**1,130,000**	1,252,742
Post-employment benefits	**30,000**	23,562
	1,160,000	1,276,304

b) Shareholder indemnity

Mr. Kwan Shun Keung Timmy and Ms. Yip Taz Lam, the former 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 20.

20. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fine of HK$854,000 (31 December 2016: 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 fine will be indemnified, when required, by the controlling shareholders as set out in note 19(b).

21. EVENT AFTER THE REPORTING PERIOD

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 Limited ("Lasermoon"). Lasermoon Limited and its subsidiaries (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 is HK$36,000,000, and shall be satisfied by the purchaser (i) as to HK$3,000,000, is settled 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.

4. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

The following is the full text of the unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2017 extracted from the third quarterly report of the Company for the nine months ended 30 September 2017:

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

For the three and nine months ended 30 September 2017

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017	2016	**2017**	2016
		HK$	HK$	**HK$**	HK$
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Continuing operations					
Revenue	3	**8,102,341**	8,424,961	**24,771,302**	24,767,463
Cost of sales		**(6,788,945)**	(8,788,950)	**(21,686,194)**	(25,260,292)
Gross profit/(loss)		**1,313,396**	(363,989)	**3,085,108**	(492,829)
Other income		**336,504**	3,233	**661,717**	19,036
Operating expenses		**(4,738,491)**	(5,883,055)	**(15,099,782)**	(13,102,666)
Loss from operations		**(3,088,591)**	(6,243,811)	**(11,352,957)**	(13,576,459)
Fair value change on financial assets at fair value through profit or loss		**—**	(5,596,800)	**(590,043)**	(4,727,271)
Share of loss of associates		**—**	—	**—**	(200,000)
Other gain or losses		**155,867**	—	**87,196**	—
Gain on disposal of associates		**—**	—	**2,000,000**	—
Finance costs		**(267,586)**	(902,963)	**(2,201,868)**	(944,112)
Loss before tax		**(3,200,310)**	(12,743,574)	**(12,057,672)**	(19,447,842)
Income tax credit (expense)	4	**5,706**	(268,271)	**(22,107)**	(537,955)
Loss for the period from continuing operation		**(3,194,604)**	(13,011,845)	**(12,079,779)**	(19,985,797)
Discontinued operations					
Profit/(loss) for the period from discontinued operations	5	**6,354,522**	(440,745)	**5,769,168**	(440,745)
Profit/(loss) for the period		**3,159,918**	(13,452,590)	**(6,310,611)**	(20,426,542)

	Note	Three months ended 30 September 2017 HK$ (Unaudited)	2016 HK$ (Unaudited)	Nine months ended 30 September 2017 HK$ (Unaudited)	2016 HK$ (Unaudited)
Other comprehensive (expenses)/ income:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operation		**(82,606)**	1,053	**(309,154)**	1,053
Total comprehensive income/ (expenses) for the period		**3,077,312**	(13,451,537)	**(6,619,765)**	(20,425,489)
Loss for the period from continuing operations attributable to:					
Owners of the Company		**(2,973,360)**	(13,011,845)	**(11,377,724)**	(19,985,797)
Non-controlling interests		**(221,244)**	—	**(702,055)**	—
		(3,194,604)	(13,011,845)	**(12,079,779)**	(19,985,797)
Profit/(loss) for the period from discontinued operations attributable to:					
Owners of the Company		**6,374,584**	(343,409)	**6,112,207**	(343,409)
Non-controlling interests		**(20,062)**	(97,336)	**(343,039)**	(97,336)
		6,354,522	(440,745)	**5,769,168**	(440,745)
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company		**3,353,976**	(13,354,201)	**(5,455,821)**	(20,328,153)
Non-controlling interests		**(276,664)**	(97,336)	**(1,163,944)**	(97,336)
		3,077,312	(13,451,537)	**(6,619,765)**	(20,425,489)
Basic profit/(loss) per share					
From continuing and discontinued operations (HK Cents)	7	**0.04**	(0.19)	**(0.06)**	(0.28)
From continuing operations (HK cents)	7	**(0.03)**	(0.18)	**(0.13)**	(0.27)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2017

	Share capital HK$	Share premium HK$	Exchange reserve HK$	Accumulated losses HK$	Total HK$	Non-controlling interests HK$	Total HK$
Balance at 1 January 2016 (audited)	7,200,000	57,469,914	—	(666,711)	64,003,203	—	64,003,203
Loss for the period	—	—	—	(20,329,206)	(20,329,206)	(97,336)	(20,426,542)
Other comprehensive income:							
Exchange gain on translation of foreign operations	—	—	1,053	—	1,053	—	1,053
Total comprehensive (expense)/ income for the period	—	—	1,053	(20,329,206)	(20,328,153)	(97,336)	(20,425,489)
Acquisition of subsidiaries	—	—	—	—	—	391,212	391,212
Balance at 30 September 2016 (unaudited)	7,200,000	57,469,914	1,053	(20,995,917)	43,675,050	293,876	43,968,926
Balance at 1 January 2017 (audited)	8,640,000	94,330,810	(1,844)	(26,959,735)	76,009,231	(1,203,324)	74,805,907
Loss for the period	—	—	—	(5,265,516)	(5,265,516)	(1,045,095)	(6,310,611)
Other comprehensive expense:							
Exchange gain on translation of foreign operations	—	—	(190,305)	—	(190,305)	(118,849)	(309,154)
Total comprehensive expense for the period	—	—	(190,305)	(5,265,516)	(5,455,821)	(1,163,944)	(6,619,765)
Disposal of subsidiaries	—	—	157,656	—	157,656	860,276	1,017,932
Balance at 30 September 2017 (unaudited)	8,640,000	94,330,810	(34,493)	(32,225,251)	70,711,066	(1,506,992)	69,204,074

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 7 December 2012, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares are listed on the GEM since 16 February 2015 (the "Listing").

The unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2017 are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company, unless otherwise stated.

The unaudited condensed consolidated financial results of the Group for the nine months ended 30 September 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial results have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited condensed consolidated financial results in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The unaudited condensed consolidated financial results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2016.

Adoption of new/revised HKFRS

The adoption of the new/revised HKFRS that are relevant to the Group and effective from the current period, did not have any significant effect on the results and financial position of the Group for the current and prior accounting periods.

The Group has not early adopted any new/revised HKFRS that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRS but are not yet in a position to reasonably estimate whether these new and revised HKFRS would have a significant impact on the Group's results of operations and financial position.

3. REVENUE

The principal activities of the Group are (i) sales and free distribution of Chinese lifestyle magazines, the sales of advertising space in the magazines; (ii) provision of outdoor advertising service; and (iii) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

The amount of each significant category of revenue recognised in turnover during the period from continuing operations is as follows:

	Three months ended 30 September		**Nine months ended 30 September**	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Printed media advertising	**528,939**	2,768,502	**1,247,988**	7,391,826
Outdoor advertising	**5,814,460**	5,612,197	**16,348,936**	17,223,385
Sales of magazines	**30,772**	44,262	**114,610**	152,252
Provision of mobile app development service	**1,728,170**	—	**7,059,768**	—
	8,102,341	8,424,961	**24,771,302**	24,767,463

4. INCOME TAX (CREDIT) EXPENSES

Income tax recognised in profit or loss from continuing operations:

	Three months ended 30 September		**Nine months ended 30 September**	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax:				
Hong Kong	**(5,706)**	268,271	**22,107**	537,955
	(5,706)	268,271	**22,107**	537,955

Hong Kong profits tax has been provided at the rate of 16.5% (three and nine months ended 30 September 2016: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

The tax rate applicable to the PRC subsidiaries in the Group were 25% (three and nine months ended 30 September 2016: 25%) during the period. However, no provision for PRC enterprise income tax has been made in the financial statements for the nine months ended 30 September 2017 (three and nine months ended 30 September 2016: Nil) as the PRC subsidiaries did not generate any assessable profit for the period.

5. DISCONTINUED OPERATIONS

On 5 June 2017, the Company entered into a disposal agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited ("Lasermoon"). Lasermoon and its subsidiaries (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 disposal was completed in July 2017.

The profit for the period from the discontinued operations is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive income have been restated to re-present the LNG and related products trading business as a discontinued operation.

	Three months ended 30 September		**Nine months ended 30 September**	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss of LNG and related products trading business	**(36,485)**	(440,745)	**(621,839)**	(440,745)
Gain on disposal of LNG and related products trading business	**6,391,007**	—	**6,391,007**	—
	6,354,522	(440,745)	**5,769,168**	(440,745)

6. DIVIDEND

No dividend has been paid or proposed by the Group for the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil).

7. PROFIT/(LOSS) PER SHARE

From continuing operations

The calculation of basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	**2017**	2016
	HK$	HK$	**HK$**	HK$
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic loss per share	**(2,973,360)**	(13,011,845)	**(11,377,724)**	(19,985,797)
Weighted average number of ordinary shares for the purpose of basic loss per share	**8,640,000,000**	7,200,000,000	**8,640,000,000**	7,200,000,000
Basic loss per share	**HK$(0.03) cents**	HK$(0.18) cents	**HK$(0.13) cents**	HK$(0.27) cents

From discontinued operations

Basic profit per share from discontinued operations is HK$0.07 cents per share (nine months ended 30 September 2016: HK$0.01 cents loss per share) based on the profit for the period from discontinued operations of HK$6,112,207 (nine months ended 30 September 2016: loss of HK$343,409) and the denominators detailed above for basic loss per share.

No presentation of diluted loss per share for the nine months ended 30 September 2017 and 2016 as there were no potential ordinary shares outstanding for both periods.

5. STATEMENT OF INDEBTEDNESS

At the close of business on 30 November 2017, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Composite Document, the Group had unsecured and unguaranteed amount due to a non-controlling shareholder of a subsidiary of the Company of approximately HK$0.1 million.

Save as disclosed above and apart from intra-group liabilities, the Group did not have, at the close of business on 30 November 2017, any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptance, acceptance credits, hire purchase commitments, mortgages and charges, guarantees or other material contingent liabilities.

Commitments

As at the close of business on 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has no significant capital commitment.

Pledge of assets

As at the close of business on 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has not pledged any of its assets to the banks to secure credit facilities granted to the Group.

Contingent liabilities

As at the close of business on 30 November 2017, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the Group has no material contingent liabilities.

Disclaimer

Apart from intra-group liabilities between the Company and its subsidiaries or between the subsidiaries of the Group and normal trade payables in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, mortgages, charges or debentures, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills and payables), acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 30 November 2017. The Directors confirmed that no material changes in indebtedness and contingent liabilities of the Group since 30 November 2017 up to and including the Latest Practicable Date.

6. MATERIAL CHANGE

Save as disclosed below,

(1) in July 2017, the Group completed the disposal of entire interests in a subsidiary, Lasermoon Limited ("**Lasermoon**") which is engaged in trading of liquefied natural gas and related products to an independent third party at an aggregate consideration of HK$36.0 million, details of which were set out in the Company's circular dated 6 July 2017 (the "**Circular**"). As a result, as disclosed in the third quarterly report of the Company for the nine months ended 30 September 2017 (the "**2017 Q3 Report**"), the Group recorded a gain of approximately HK$6.4 million (subject to final audit) upon the completion of the disposal. Such amount as reported in the 2017 Q3 Report was different from the gain on disposal of approximately HK$2.8 million as disclosed in the Circular due to: (i) the gain on disposal as disclosed in the Circular was an estimation based on Lasermoon's unaudited consolidated management accounts as at 31 March 2017 whereas the relevant gain as reported in the 2017 Q3 Report was calculated based on the disposal group's unaudited consolidated management accounts as at the completion date; and (ii) the gain on disposal as reported in the 2017 Q3 Report had excluded the professional fees and transaction costs of approximately HK$1.5 million incurred for the transaction which was accounted for on the group level in the estimated gain as disclosed in the Circular. Accordingly, the operation of the trading business of the Group, being one of the business segment of the Group before the disposal, has been discontinued, as disclosed in the 2017 Q3 Report. Based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2017, non-current assets, current assets (excluding tax recoverable and cash and bank balances), current liabilities and non-current liabilities of the Group as at 30 September 2017 decreased by approximately 56%, 53%, 76% and 100% as compared with that as at 31 December 2016, respectively, which was mainly due to the disposal of Lasermoon;

(2) as disclosed in the 2017 Q3 Report, the Group recorded the gross profit for the nine months ended 30 September 2017 as compared to a gross loss for the nine months ended 30 September 2016, mainly attributable to the gross profit derived from the provision of mobile app development service business (which was acquired in August 2016) and outdoor advertising business, being net-off by an approximate 83% decrease in printed media advertising income of the Group for the nine months ended 30 September 2017, as compared with that for the nine months ended 30 September 2016, owing to the reduction in numbers of clients in the printed media advertising business;

(3) as disclosed in the 2017 Q3 Report, the Group recorded an approximate 69% decrease in the loss for the period for the nine months ended 30 September 2017, as compared with that for the nine months ended 30 September 2016, mainly attributable to (i) the turnaround of gross loss for the nine months ended 30 September 2016 to gross profit for the nine months ended 30 September 2017 as mentioned in point (2) above; (ii) an approximate 88% decrease in the loss from

the fair value change on financial asset for the nine months ended 30 September 2017, as compared with that for the nine months ended 30 September 2016; and (iii) the turnaround of the loss from discontinued operations for the nine months ended 30 September 2016 to profit from discontinued operations for the nine months ended 30 September 2017 due to the gain on disposal as mentioned in point (1) above,

the Directors confirm that there had been no material change in the financial or trading position or outlook of the Group since 31 December 2016, being the date to which the latest published audited financial statements of the Group were made up, and up to and including the Latest Practicable Date.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Royson Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 6 December 2017 of the property interests of the Group.

Royson Valuation Advisory Limited
Unit 1806, 18/F, The L. Plaza
Nos. 367–375 Queen's Road Central
Hong Kong

23 January 2018

The Board of Directors
Winto Group (Holdings) Limited
Room 1001, 10th Floor, Grandmark
No. 10 Granville Road, Tsim Sha Tsui
Kowloon, Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value a property in which Winto Group (Holdings) Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in Hong Kong, we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property interests as at 6 December 2017 (the "**Valuation Date**").

This letter which forms part of our valuation explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's — length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

We have valued the property interests on market basis and the direct comparison method is adopted where comparison based on prices realised on actual sales of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of values.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 8 to the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited, Rule 11 of the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission and the HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

TAX LIABILITY

There may be potential tax liability which would arise if the property interests were to be sold. Should disposal of the property interests located in Hong Kong be conducted, as advised by the Company, the potential tax liabilities arising include profits tax of 16.5% of net profit upon disposal. As the Group has no intention to dispose of the property interests, the likelihood of any tax liability being crystallized is remote.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We also caused searches to be made at the Land Registry in respect of the property interests located in Hong Kong and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation certificate.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 6 December 2017 by Mr Ian Ng, who is a registered professional surveyor.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation is limited to the client to whom this valuation is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This valuation is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our valuation in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this valuation are in Hong Kong Dollar (HKD).

Our valuation certificate is herewith attached.

Yours faithfully,
For and on behalf of
Royson Valuation Advisory Limited

Ian Ng
MHKIS RPS(GP)
Associate Director

Mr. Ian Ng is a Registered Professional Surveyor with over 10 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.

VALUATION CERTIFICATE

Property interests held by the Group for investment in Hong Kong

Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 6 December 2017
Office B on 7/F, Valiant Commercial Building, Nos.22–24 Prat Avenue, Kowloon 9/452 shares of and in Kowloon Inland Lot Nos. 6373 and 8904 (the "**Lot**")	The property comprises an office unit on 7th floor of a 19-storey office building completed in about 1986. As scaled from a registered floor plan, the saleable area of the property is approximately 920 sq.ft. The property is situated on Prat Avenue near its junction with Chatham Road South in Tsim Sha Tsui District in Kowloon. Developments in vicinity are mainly office, commercial and hotel developments. The property is held under Conditions of Regrant Nos. 5292 and 8420 both for a term of 150 years commencing on 24 June 1889. The aggregate annual Government rent payable for the Lot is HKD478.	The property, as at the Valuation Date, was subject to a tenancy expiring on 16 January 2018 at a monthly rental of HKD25,000 inclusive of Government rent, rates and management fee.	HKD12,900,000 (Hong Kong Dollars Twelve Million Nine Hundred Thousand)

Notes:

(1) The registered owner of the property is Lucky Channel Limited, which is a wholly-owned subsidiary of the Company, vide an Assignment by memorial no.16120900980011 dated 30 November 2016 at a consideration of HKD11,000,000.

(2) The property is subject to a Deed of Covenant vide memorial no. UB3234019 dated 26 November 1986.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror, the Offeror Director, their associates and parties acting in concert with any of them, the terms and conditions of the Offer and the intention of the Offeror regarding the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Offeror, its associates and parties acting in concert with any of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised		*HK$*
100,000,000,000	Shares of HK$0.001 each	100,000,000
Issued and fully paid		
8,640,000,000	Shares of HK$0.001 each	8,640,000

All of the existing issued Shares currently in issue rank *pari passu* in all respects with each other, including, in particular, as to rights in respect of capital, dividends and voting.

As at the Latest Practicable Date, the Company did not have any outstanding options, warrants or other conversion rights affecting the Shares.

No Shares have been issued since 31 December 2016, being the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Interests of the Directors in the Shares or securities of the Company

As at the Latest Practicable Date, the following Directors had, or were deemed to have, interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares, underlying Shares and debentures of the Company or shares, underlying shares and debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO), which are 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 they were taken or deemed to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which are required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company
Mr. Tang	Interests in controlled corporations *(Note)*	2,554,576,000	29.56%

Note: Mr. Tang is the ultimate beneficial owner of these Shares, of which 360,000,000 Shares and 2,194,576,000 Shares are directly held by Maxace and the Offeror respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and their respective associates had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), interests or short positions in the Shares, underlying Shares and debentures of the Company and shares, underlying shares and debentures of its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which are required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders and other person's interests and short positions in the Shares and the underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors) held interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), or interests and short positions in the Shares and underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were 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 a general meeting of the Company:

Name of Substantial Shareholder(s)	Nature of interest	Total number of Shares interested	Approximate percentage of the existing issued share capital of the Company
SVF	Beneficial owner	2,508,816,000	29.73%
CM Asset Management (Hongkong) Company Limited	Fund manager	2,508,816,000	29.73%
Maxace	Beneficial owner *(Note 1)*	360,000,000	4.17%
The Offeror	Beneficial owner *(Note 1)*	2,194,576,000	25.39%
Flame Capital Limited	Beneficial owner *(Note 2)*	846,000,000	9.79%
Ms. Chung Oi Ling Stella	Interests in a controlled corporation *(Note 2)*	846,000,000	9.79%

Notes:

1. The entire issued share capital of Maxace and the Offeror are wholly owned by Mr. Tang.

2. The entire issued share capital of Flame Capital Limited is owned by Ms. Chung Oi Ling Stella.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was aware of any person (other than a Director) who, as at the Latest Practicable Date, had any interests in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code), interests or short positions in the Shares and underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, 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 a general meeting of the Company.

4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

(a) save for the S&P Agreement, the acquisition of a total of 490,344,000 Shares on 27 December 2017 and 29 December 2017 on market and as disclosed in this Composite Document, none of the Directors have dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

(b) none of the pension funds of the Company or any member of the Group or any advisers to the Company (including the Independent Financial Adviser) as specified in class (2) of the definition of "associate" under the Takeovers Code but excluding exempt principal traders (as defined under the Takeovers Code) owned or controlled any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

(c) save for the S&P Agreement and the acquisition of the Sale Shares, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

(d) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;

(e) as disclosed in the section headed "Irrevocable Undertakings" in the "Letter from GF Securities", SVF, Mr. Yuan and Perfect Wood have committed not to accept the Offer in respect of the Shares each of whom beneficially owns (if they are entitled to the Offer). Other than this, no person had irrevocably committed himself/herself to accept or reject the Offer; and

(f) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company.

5. SHAREHOLDINGS AND DEALINGS IN SHARES OF THE OFFEROR

Save as disclosed in paragraph headed "3. DISCLOSURE OF INTERESTS" in this Appendix, none of the Company nor any Director had any interest in the shares of the Offeror, and no such person (including the Company) had dealt in the shares of the Offeror during the Relevant Period.

6. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

(a) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) save for the S&P Agreement, there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) save for the S&P Agreement, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

7. SERVICE CONTRACTS OF DIRECTORS

Mr. Tang has entered into a director's service contract with the Company for a term of three years commencing from 13 July 2017, subject to retirement by rotation and re-election in accordance with the articles of association of the Company. The service contract can be terminated by either party by giving three months' notice in writing. The director's remuneration of Mr. Tang is HK$910,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

Save as the aforesaid, as at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

(a) was entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period;

(b) is a continuous contract with a notice period of 12 months or more; or

(c) is a fixed term contract with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by any member of the Group) has been entered into by the members of the Group after the date two years before the commencement of the Offer Period up to and including the Latest Practicable Date and which is or may be material:

(a) the memorandum of understanding dated 11 April 2016 entered into between Leading Profile Limited (a direct wholly-owned subsidiary of the Company) ("Leading Profile") and 麥鳳梅 (Mai Fengmei*) ("Mai"), pursuant to which Leading Profile intends to acquire and Mai intends to sell 51% of the equity interests in 廣州啟匯營銷策劃有限公司 (Guangzhou Qihui Marketing and Planning Company Limited*) ("Guangzhou Qihui") for a consideration of RMB6,000,000;

(b) the sale and purchase agreement dated 24 June 2016 entered into between the Company and Goldlink Capital Limited in respect of the acquisition of the entire issued share capital of the Lasermoon Limited for a total consideration of HK$35,000,000;

(c) the supplemental memorandum of understanding dated 4 July 2016 entered into between Leading Profile and Mai in relation to the extension of the due diligence period of the memorandum of understanding dated 11 April 2016 pursuant to which Leading Profile intends to acquire and Mai intends to sell 51% of the equity interests in Guangzhou Qihui for a consideration of RMB6,000,000;

(d) the sale and purchase agreement dated 29 August 2016 entered into between the Info Strength Limited (a direct wholly-owned subsidiary of the Company) and Mai, pursuant to which Info Strength Limited has acquired 51% of the issued share capital in Guangzhou Qihui from Mai for a consideration of RMB6,000,000;

(e) the provisional agreement dated 7 October 2016 entered into between Lucky Channel Limited (a wholly-owned subsidiary of the Company) and Suncity Travel Company Limited in relation to the acquisition of an office premises situate at Office B on 7/F., Valiant Commercial Building, Nos 22–24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong for a consideration of HK$11,000,000;

(f) the placing agreement dated 13 December 2016 entered into between the Company and VC Brokerage Limited, pursuant to which VC Brokerage Limited has agreed to place, on a best effort basis, the placing shares comprising up to 1,440,000,000 new Shares of the Company at the placing price of HK$0.028 per placing share to not less than six independent placees;

* *For identification purposes only*

(g) the disposal agreement dated 5 June 2017 entered into between Luck Ocean Limited (the "**Luck Ocean**") and the Company, pursuant to which, among other things, Luck Ocean conditionally agreed to acquire, and the Company conditionally agreed to sell, the entire equity interest in Lasermoon Limited, for an aggregate consideration of HK$36,000,000; and

(h) the compliance adviser agreement dated 25 October 2017 entered into between the Company and Gram Capital Limited in relation to the appointment of Gram Capital Limited as the compliance adviser to the Company.

9. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors are aware, no litigation or claims of material importance is pending or threatened by or against the Company and any of its subsidiaries.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which are contained in this Composite Document.

Name	Qualification
TC Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Royson Valuation Advisory Limited	independent professional valuer

Each expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion herein of its letter, report and/or references to their names, in the form and context in which they are included.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours (i.e. from 9:00 a.m. to 5:00 p.m.) on Monday to Friday, except for public holidays, at the office of the Company at Room 1001, 10/F, Grandmark, 10 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.wintogroup.hk) for so long as the Offer remain open for acceptance during the period from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum and articles of association of the Company;

(b) the annual report of the Company for the financial year ended 31 December 2014;

(c) the annual report of the Company for the financial year ended 31 December 2015;

(d) the annual report of the Company for the financial year ended 31 December 2016;

(e) the first quarterly report of the Company for the three months ended 31 March 2017;

(f) the interim report of the Company for the six months ended 30 June 2017;

(g) the third quarterly report of the Company for the nine months ended 30 September 2017;

(h) the letter from the Board, the text of which is set out on pages 23 to 30 of this Composite Document;

(i) the letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Composite Document;

(j) the letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 47 of this Composite Document;

(k) the letters of consent from the Independent Financial Adviser and Royson Valuation Advisory Limited referred to in the paragraph headed "10. EXPERT AND CONSENT" in this Appendix IV;

(l) each service contract referred to in paragraph headed "7. SERVICE CONTRACTS OF DIRECTORS" in this Appendix IV;

(m) each material contract referred to in paragraph headed "8. MATERIAL CONTRACTS" in this Appendix IV; and

(n) the valuation report from Royson Valuation Advisory Limited on the property interest of the Group as set out in Appendix III in this Composite Document.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than relating to the Company) and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DEALINGS IN SECURITIES OF THE COMPANY DURING THE RELEVANT PERIOD

Save as disclosed below, Mr. Tang, the Offeror and parties acting in concert with any one of them have not dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible into Shares during the Relevant Period:

Name of Purchaser	Name of Vendor	Date of Transaction	Transaction	Total number of Shares acquired/ (disposed of)	Average price per Share	Price Range
Offeror	Wong Man Hin Charles	5/12/2017	Purchase	1,704,232,000	0.050	0.050
Offeror	on market	27/12/2017	Purchase	400,000,000	0.057	0.057
Offeror	on market	29/12/2017	Purchase	90,344,000	0.057	0.057
Maxace	on market	29/6/2017	Purchase	10,000,000	0.0495	0.0495
Maxace	Lan Zhi Cheng	11/7/2017	Purchase	350,000,000	0.055	0.055
SVF	on market	29/5/2017	Purchase	4,000,000	0.054	0.054
SVF	on market	31/5/2017	Purchase	33,000,000	0.055	0.055
SVF	on market	1/6/2017	Purchase	4,720,000	0.054	0.054
SVF	on market	2/6/2017	Purchase	11,592,000	0.054	0.054
SVF	on market	5/6/2017	Purchase	58,520,000	0.0548	0.054–0.055
SVF	on market	7/6/2017	Purchase	656,000	0.054	0.054
SVF	on market	8/6/2017	Purchase	9,488,000	0.054	0.054
SVF	on market	9/6/2017	Purchase	12,024,000	0.054	0.054
SVF	on market	12/6/2017	Purchase	21,576,000	0.055	0.055
SVF	on market	14/6/2017	Purchase	78,288,000	0.0549	0.054–0.055
SVF	on market	16/6/2017	Purchase	10,136,000	0.054	0.054
SVF	on market	19/6/2017	Purchase	10,432,000	0.054	0.054
SVF	on market	20/6/2017	Purchase	18,888,000	0.055	0.055
SVF	on market	21/6/2017	Purchase	22,064,000	0.055	0.055
SVF	Grand Powerful Group Limited	22/6/2017	Purchase	498,000,000	0.055	0.055
SVF	on market	22/6/2017	Purchase	2,216,000	0.055	0.055
SVF	on market	23/6/2017	Purchase	16,728,000	0.055	0.055
SVF	on market	27/6/2017	Purchase	65,024,000	0.055	0.055
SVF	on market	28/6/2017	Purchase	23,776,000	0.055	0.055
SVF	on market	29/6/2017	Purchase	130,832,000	0.0518	0.043–0.055
SVF	on market	30/6/2017	Purchase	48,456,000	0.0542	0.053–0.055
SVF	on market	13/7/2017	Purchase	51,880,000	0.053	0.053
SVF	on market	31/7/2017	Purchase	1,968,000	0.0495	0.049–0.050

Name of Purchaser	Name of Vendor	Date of Transaction	Transaction	Total number of Shares acquired/ (disposed of)	Average price per Share	Price Range
SVF	on market	1/8/2017	Purchase	4,952,000	0.0499	0.049–0.050
SVF	on market	2/8/2017	Purchase	21,744,000	0.0495	0.049–0.050
SVF	on market	17/8/2017	Purchase	32,296,000	0.05	0.049–0.050
SVF	on market	18/8/2017	Purchase	20,168,000	0.05	0.049–0.050
SVF	on market	22/8/2017	Purchase	62,432,000	0.0528	0.051–0.053
SVF	on market	24/8/2017	Purchase	37,600,000	0.0529	0.052–0.053
SVF	on market	25/8/2017	Purchase	36,896,000	0.0529	0.052–0.053
SVF	on market	28/8/2017	Purchase	36,896,000	0.0529	0.052–0.053
SVF	on market	30/8/2017	Purchase	36,896,000	0.0527	0.052–0.053
SVF	on market	31/8/2017	Purchase	36,896,000	0.0527	0.052–0.053
SVF	on market	1/9/2017	Purchase	36,896,000	0.0526	0.052–0.053
SVF	on market	4/9/2017	Purchase	36,896,000	0.0528	0.051–0.053
SVF	on market	26/9/2017	Purchase	1,096,000	0.0411	0.041–0.042
SVF	on market	27/9/2017	Purchase	9,000,000	0.0424	0.040–0.045
SVF	on market	28/9/2017	Purchase	6,008,000	0.0441	0.042–0.046
SVF	on market	29/9/2017	Purchase	21,056,000	0.0468	0.045–0.049

3. SHAREHOLDINGS AND DISCLOSURE OF INTERESTS

The Offeror is a company incorporated in the BVI with limited liability and is wholly owned by Mr. Tang, the sole director of the Offeror. As at the Latest Practicable Date, Mr. Tang, the Offeror and parties acting in concert with any of them are interested in 4,633,048,000 Shares, representing 53.62% of the entire share capital of the Company. Save as disclosed above, the Offeror confirms that, as at the Latest Practicable Date:

(a) Mr. Tang, the Offeror and parties acting in concert with any of them (including GF Capital and GF Securities) did not own or have control or direction over any voting rights in any Shares nor own or have direction over any other rights or interests in the issued share capital or voting rights of the Company during the Relevant Period;

(b) Mr. Tang, the Offeror and parties acting in concert with any of them have no other outstanding securities, warrants, options, derivatives or other securities that are convertible or exchangeable into Shares or other types of equity interest in the Company during the Relevant Period;

(c) save for the acquisition of the Sale Shares and as disclosed in the section headed "Dealings in securities of the Company during the Relevant Period" in this Appendix V, none of Mr. Tang, the Offeror nor parties acting concert with any of them have dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;

(d) none of Mr. Tang, the Offeror nor parties acting in concert with any of them have borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the Relevant Period;

(e) save for the Irrevocable Undertakings, none of Mr. Tang, the Offeror nor parties acting in concert with any of them have received any irrevocable commitment to accept or not to accept the Offer;

(f) there is no outstanding derivative in respect of the securities in the Company entered into by Mr. Tang, the Offeror nor parties acting in concert with any of them;

(g) no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or convertible securities, warrants, options or derivatives of the Company and Mr. Tang, the Offeror and parties acting in concert with any of them during the Relevant Period; and

(h) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with Mr. Tang, the Offeror and parties acting in concert with any of them, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

4. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

As at the Latest Practicable Date:

(a) none of Mr. Tang, the Offeror and parties acting in concert with any of them had received any irrevocable commitment to accept the Offer;

(b) save for (i) the S&P Agreement; (ii) the Irrevocable Undertakings; (iii) the Subscription Agreement; (iv) the Share Charge Deed; (v) the Facility Agreement; (vi) the Security Deeds; and (vii) the Personal Guarantee, there is no arrangement (whether by way of option, indemnity, or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or the shares of the Offeror which may be material to the Offer;

(c) no benefit (other than statutory compensation) was or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer;

(d) save for the S&P Agreement, there is no agreement or arrangement to which Mr. Tang, the Offeror or parties acting in concert with any of them, is a party which relates to circumstances in which the Offeror may or may not seek to invoke a pre-condition or a condition to the Offer;

(e) save for the S&P Agreement; the Subscription Agreement and the Share Charge Deed, there is no agreement, arrangement or understanding (including any compensation arrangement) between Mr. Tang, the Offeror or parties acting in concert with any of them and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Offer;

(f) save for the S&P Agreement; the Subscription Agreement and the Share Charge Deed, no material contracts had been entered into by the Offeror in which any Director has a material personal interest;

(g) save for the Facility Agreement, there is no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;

(h) save for the respective consideration under the S&P Agreement, there is no other consideration paid or payable by the Offeror to the Vendors; and

(i) save for the Transaction, there is no special deal (as defined under Rule 25 of the Takeovers Code) between Mr. Tang, the Offeror and the parties acting in concert with any of them on one hand and the Vendor and their respective concert parties on the other hand.

5. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualification of the experts whose letter/opinion is contained in this Composite Document:

Name	Qualification
GF Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
GF Securities	a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO

Each of the above experts has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion of its advices, reports and/or the references to its name in the form and context in which it appear.

6. MATERIAL CONTRACTS IN RELATION TO THE OFFER

The following contracts have been entered into by Mr. Tang, the Offeror and parties acting in concert with them in relation to the Offer which is or may be material:

(a) the S&P Agreement;

(b) the Subscription Agreement;

(c) the Share Charge Deed; and

(d) the bought and sold notes dated 4 December 2017 entered into between the Vendor and the Offeror pursuant to the S&P Agreement.

7. MARKET PRICES

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	Closing price per Share *(HK$)*
31 May 2017	0.055
30 June 2017	0.056
31 July 2017	0.051
31 August 2017	0.053
30 September 2017	0.05
31 October 2017	0.044
16 November 2017 (being the Last Trading Date)	0.047
30 November 2017	0.056
29 December 2017	0.057
19 January 2018 (being the Latest Practicable Date)	0.057

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$0.058 per Share on 20 December 2017, 21 December 2017, 22 December 2017, 29 December 2017, 3 January 2018, 4 January 2018, 8 January 2018, 9 January 2018, 10 January 2018, 11 January 2018 and 18 January 2018; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.04 per Share on 28 June 2017 and 25 September 2017.

8. MISCELLANEOUS

(a) The Offeror is a company incorporated in the BVI with limited liability, and is wholly owned by Mr. Tang. Mr. Tang has been an executive Director since 13 July 2017.

(b) The principal members of the Offeror's concert group are (i) the Offeror; (ii) Mr. Tang; (iii) Maxace; and (iv) SVF.

(c) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI. The correspondence address of the Offeror is suite 31, 24/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

(d) Maxace is a company incorporated in the BVI with limited liability, and is wholly owned by Mr. Tang.

(e) The registered office of Maxace is situated at 3rd Floor, J & C Building, P.O. Box 933, Road Town, Tortola, BVI, VG1110. The correspondence address of Maxace is suite 31, 24/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

(f) Mr. Tang is the sole director of the Offeror and Maxace. The address of Mr. Tang is suite 31, 24/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

(g) SVF is a company incorporated in the Cayman Islands with limited liability and beneficially owned by CM Securities Investment Limited (31.25%), Haitong Global Investment SPC III Haitong Smart Portfolio Fund SP (37.5%) and Orient Finance Holdings Hong Kong Limited (31.25%). The registered office of SVF is situated at Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The correspondence address of SVF is suite 1003–1004, 10/F, ICBC Tower, Three Garden Road, Central, Hong Kong. The directors of SVF are John Cullinane, David Egglishaw and Bing Lin.

(h) The financial adviser to the Offeror in respect of the Offer is GF Capital. GF Securities is making the Offer on behalf of the Offeror. The registered address of both of GF Capital and GF Securities is 29 & 30/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.

(i) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts in the case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at Room 1001, 10th Floor, Grandmark, No. 10 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) the Company's website (http://www.wintogroup.hk/en/home) during the period from the date of this Composite Document onwards for as long as the Offer remain open for acceptance:

(a) the memorandum and articles of association of the Offeror;

(b) the material contracts referred to in paragraph headed "6. MATERIAL CONTRACTS IN RELATION TO THE OFFER" in this Appendix;

(c) the letter from GF Securities, the text of which is set out in the section headed "LETTER FROM GF SECURITIES" in this Composite Document;

(d) the written consents from the experts as referred to in the paragraph headed "5. EXPERTS' QUALIFICATIONS AND CONSENTS" in this Appendix;

(e) the Note; and

(f) the Irrevocable Undertakings.