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Winto Group (Holdings) Limited
惠陶集團（控股）有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 8238)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

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

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

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

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

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

For the three and six months ended 30 June 2015

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)	2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)
Turnover	3	4,991,140	5,055,120	10,260,332	10,402,838
Cost of sales		(512,834)	(543,122)	(1,065,453)	(1,130,742)
Gross profit		4,478,306	4,511,998	9,194,879	9,272,096
Other revenue		5,149	1,931	5,286	2,292
Operating expenses		(2,107,933)	(1,605,206)	(9,255,194)	(4,833,992)
(Loss)/Profit from operations		2,375,522	2,908,723	(55,029)	4,440,396
Finance costs	4	(43,377)	(974,488)	(511,883)	(1,749,633)
(Loss)/Profit before taxation		2,332,145	1,934,235	(566,912)	2,690,763
Income tax	5	(572,433)	(501,704)	(1,064,009)	(1,105,311)
(Loss)/Profit for the period attributable to owners of the Company		1,759,712	1,432,531	(1,630,921)	1,585,452
Other comprehensive income for the period		—	—	—	—
Total comprehensive (loss)/income for the period attributable to owners of the Company		1,759,712	1,432,531	(1,630,921)	1,585,452
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
(Loss)/Earning per share					
Basic and diluted	7	0.02	0.02	(0.02)	0.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015 <i>HK\$</i> (Unaudited)	31 December 2014 <i>HK\$</i> (Audited)
Non-current assets			
Plant and equipment		82,410	38,509
Current assets			
Trade and other receivables	8	18,224,565	19,861,846
Due from ultimate holding company		2,510	—
Cash and cash equivalents		56,819,565	26,557,464
		<u>75,046,640</u>	<u>46,419,310</u>
Current liabilities			
Trade and other payables	9	1,965,872	5,438,731
Bank borrowings		4,113,007	7,725,430
Tax payable		916,241	749,065
Convertible bonds		—	22,199,832
		<u>(6,995,120)</u>	<u>(36,113,058)</u>
Net current assets		<u>68,051,520</u>	10,306,252
Total assets less current liabilities		<u>68,133,930</u>	10,344,761
Net assets		<u>68,133,930</u>	10,344,761
Capital and reserves			
Share capital		7,200,000	10,000
Reserve		60,933,930	10,334,761
Total equity attributable to owners of the Company		<u>68,133,930</u>	<u>10,344,761</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Convertible bonds reserve <i>HK\$</i>	Retained profits <i>HK\$</i>	Total equity <i>HK\$</i>
Balance at 1 January 2014 (audited)	10,000	—	484,415	11,538,203	12,032,618
Profit for the period and total comprehensive income for the period	—	—	—	1,585,452	1,585,452
Issue of convertible bonds	—	—	755,409	—	755,409
Dividend paid (<i>note 6</i>)	—	—	—	(6,950,000)	(6,950,000)
Balance at 30 June 2014 (unaudited)	<u>10,000</u>	<u>—</u>	<u>1,239,824</u>	<u>6,173,655</u>	<u>7,423,479</u>
Balance at 1 January 2015 (audited)	10,000	—	1,239,824	9,094,937	10,344,761
Loss for the period and total comprehensive loss for the period	—	—	—	(1,630,921)	(1,630,921)
Dividend paid (<i>note 6</i>)	—	—	—	(4,000,000)	(4,000,000)
Issue of new shares	2,510	—	—	—	2,510
Issue of shares upon conversion of convertible bonds	2,490	22,492,401	—	—	22,494,891
Transfer of convertible bonds reserve upon conversion of convertible bonds	—	1,239,824	(1,239,824)	—	—
Issue of new shares by way of placing	1,200,000	43,200,000	—	—	44,400,000
Share issue expenses	—	(3,477,311)	—	—	(3,477,311)
Capitalisation issue	5,985,000	(5,985,000)	—	—	—
Balance at 30 June 2015 (unaudited)	<u>7,200,000</u>	<u>57,469,914</u>	<u>—</u>	<u>3,464,016</u>	<u>68,133,930</u>

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").

Pursuant to a group reorganisation (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group on 9 October 2013, the details of which are as set out in the prospectus issued by the Company dated 30 January 2015 (the "Prospectus").

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015 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 2015 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 2014.

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 2014, 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. TURNOVER

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

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

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Advertising income	4,974,211	4,966,941	10,132,676	10,185,455
Sales of magazines	16,929	88,179	127,656	217,383
	<u>4,991,140</u>	<u>5,055,120</u>	<u>10,260,332</u>	<u>10,402,838</u>

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Finance costs

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest on bank overdraft	—	20,067	3,824	27,064
Interest on bank borrowings wholly repayable within five years	43,377	133,497	213,000	282,492
Interest on convertible bonds	—	820,924	295,059	1,440,077
	<u>43,377</u>	<u>974,488</u>	<u>511,883</u>	<u>1,749,633</u>
Total interest expense on financial liabilities not at fair value through profit or loss	<u>43,377</u>	<u>974,488</u>	<u>511,883</u>	<u>1,749,633</u>

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

b) Staff costs (including directors' emoluments)

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	1,027,738	735,894	2,314,853	1,173,774
Contributions to defined contribution retirement plan	30,669	21,314	57,340	40,567
	<u>1,058,407</u>	<u>757,208</u>	<u>2,372,193</u>	<u>1,214,341</u>

c) **Other items**

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Depreciation	4,859	5,709	9,275	11,538
Auditor's remuneration	52,500	75,000	195,000	150,000
Operating lease charge in respect of premises	61,000	60,000	121,000	120,000
Cost of inventory	504,164	513,085	1,021,428	1,057,485
Donation	—	—	690,000	3,000
Listing expenses	—	279,767	4,090,726	2,616,688

5. **INCOME TAX**

Income tax recognised in profit or loss:

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	HK\$	HK\$	HK\$	HK\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax:				
Hong Kong profits tax				
Current tax	572,433	501,704	1,064,009	1,105,311
	<u>572,433</u>	<u>501,704</u>	<u>1,064,009</u>	<u>1,105,311</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

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

6. **DIVIDEND**

During the six months periods ended 30 June 2015 and 2014, the Company declared an interim dividend of HK\$4,000,000 (HK\$4.00 per share declared and paid) and HK\$6,950,000 (HK\$6.95 per share declared and paid) to its shareholders respectively, the dividends represented dividends declared by the companies now comprising the Group to the then equity holders of the companies prior to the Listing, after elimination of intragroup dividends.

No other dividend has been paid or proposed by the Group for the six months ended 30 June 2015.

7. **(LOSS)/EARNINGS PER SHARE**

Basic (loss)/earnings per share for the six months ended 30 June 2015 and 2014 is calculated by dividing the (loss)/profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

In determining the weighted average number of ordinary shares in issue, the capitalisation issue of 598,500,000 ordinary shares completed on 29 January 2015 (the “Capitalisation Issue”) was deemed to have been in issue on 1 January 2014, and have been adjusted to reflect the impact of the share subdivision effected during the six months ended 30 June 2015, for the purpose of the calculation of basic (loss)/earnings per share.

	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	<u>1,759,712</u>	<u>1,432,531</u>	<u>(1,630,921)</u>	<u>1,585,452</u>
Weighted average number of ordinary shares	<u>7,169,425,414</u>	<u>7,079,500,000</u>	<u>7,169,425,414</u>	<u>7,079,500,000</u>
Basic (loss)/earning per share	<u>HK\$0.02</u> <u>cents</u>	<u>HK\$0.02</u> <u>cents</u>	<u>HK\$(0.02)</u> <u>cents</u>	<u>HK\$0.02</u> <u>cents</u>

Diluted (loss)/earnings per share for six months ended 30 June 2015 and 2014 were same as the basic (loss)/earnings per share because there is anti-dilutive effect as if the conversion of all potential ordinary shares arising from convertible bonds.

8. TRADE AND OTHER RECEIVABLES

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Trade receivables		
— For services already invoiced	<u>12,006,077</u>	<u>17,068,632</u>
Advertising income receivables not yet invoiced	<u>5,988,741</u>	<u>1,946,560</u>
Loans and receivables	<u>17,994,818</u>	<u>19,015,192</u>
Deposits and prepayment	<u>229,747</u>	<u>99,303</u>
Deferred professional service fees in respect of share placing	<u>—</u>	<u>747,351</u>
	<u>18,224,565</u>	<u>19,861,846</u>

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

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
For services invoiced		
Current	<u>1,900,000</u>	<u>15,085,000</u>
1–30 days	<u>695,886</u>	<u>1,223,512</u>
31–90 days	<u>1,340,672</u>	<u>673,720</u>
Over 90 days	<u>8,069,519</u>	<u>86,400</u>
	<u>12,006,077</u>	<u>17,068,632</u>

No impairment loss on trade receivables was recognised for the six months ended 30 June 2015 and the year ended 31 December 2014.

9. TRADE AND OTHER PAYABLES

	30 June	31 December
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Audited)
Trade payables	762,664	1,032,601
Other payables and accrued expenses	1,203,208	4,406,130
	<u>1,965,872</u>	<u>5,438,731</u>

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

	30 June	31 December
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Audited)
0–60 days	371,800	382,921
61–90 days	174,364	149,300
91–180 days	216,500	468,080
Over 180 days	—	32,300
	<u>762,664</u>	<u>1,032,601</u>

10. SEGMENT REPORTING

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

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

a) Major customers

	Six months ended 30 June	
	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
	(Unaudited)	(Unaudited)
Customer 1	<u>2,570,731</u>	<u>2,665,731</u>
Customer 2	<u>2,301,253</u>	<u>2,890,661</u>
Customer 3	<u>1,492,682</u>	<u>1,444,824</u>

Revenues from each of the above customers accounted for 10 percent or more of the Group's turnover for the six months ended 30 June 2015 and 2014.

b) Revenue from major products and services

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

c) Geographical information

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

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

The Group is dedicated to provide the latest, fullest and quickest information to its readers. The Company may publish new magazines covering areas of interests of those mentioned in the Prospectus and/or other areas such as finance and fashion; and if market opportunities arise, the Company may consider acquisition(s) of or cooperation with other magazine company(ies) for development of new magazines. By doing so, the Group will have more extensive range of lifestyle magazines to attract existing and potential advertising customers to purchase advertising package. We will expand our editing and design teams in coping with the increased editing and design workload for publishing our new magazines. We also will continue to expand the distribution network of our magazines and plan to place advertisements in electronic media for increasing our marketing activities and the public awareness of the Group, in order to increase the Group's income such that we can share our fruitful results with investors.

On 21 July 2015, a wholly-owned subsidiary of the Company entered into a subscription agreement to subscribe for new shares representing 20% of the enlarged issued share capital of the target company (the "Target Company"), which will hold the entire issued share capital and the businesses of Strategist Publishing Limited after going through a corporate and business restructuring before the completion of the subscription. The consideration for the subscription is HK\$5.0 million. Strategist Publishing Limited is principally engaged in the publication and the sales of a weekly Chinese finance and investment magazine, namely 港股策略王, mainly through the network of convenience stores and newsstands in Hong Kong. Magazine contents cover finance, wealth management, property investment, lifestyle and etc. Strategist Publishing Limited also involves in the businesses of online advertising, investor relations services and event management. In view of the recent increase in stock market activities, we believe that more readers will be interested in stock related topics and the acquisition of interests in the Target Company will allow the Group to involve in the publication of a finance and investment magazine. Having considered the acceptability of this magazine to the market, we expect that the acquisition will enable the Group to capture further advertising business opportunities through cross-selling advertising spaces in broadened range of magazines.

Financial Review

Turnover

Total turnover decreased by approximately 1.4% from approximately HK\$10,403,000 for the six months ended 30 June 2014 to approximately HK\$10,260,000 for the six months ended 30 June 2015, primarily because a decrease of magazines sold during the period. Revenue from advertising income decreased from approximately HK\$10,185,000 for the six months ended 30 June 2014 to approximately HK\$10,133,000 for the six months ended 30 June 2015 and revenue from sales of the magazines decreased from approximately HK\$217,000 for the six months ended 30 June 2014 to approximately HK\$128,000 for the six months ended 30 June 2015.

Cost of Sales

The Group's major costs of sales is the printing costs which included the fees payable to the printers for provision of printing services (supply of paper, ink, etc. for the printing of the magazines inclusive). Cost of sales decreased from approximately HK\$1,131,000 for the six months ended 30 June 2014 to approximately HK\$1,065,000 for the six months ended 30 June 2015, representing a decrease of approximately 5.8%. The decrease in cost of sales was mainly attributable to the decrease of printing cost of Motors Trader. Only one issue of Motor Trader was published in February 2015 because of the Chinese New Year as compared to two issues of Motor Trader were published in February 2014.

Gross Profit and Gross Profit Margin

The gross profit and gross profit margin of the Group were approximately HK\$9,195,000 and 89.6% for the six months ended 30 June 2015 respectively.

Other Revenue

There was other revenue of approximately HK\$5,000 for the six months ended 30 June 2015 while other revenue of approximately HK\$2,000 was made in corresponding period of last year. The increase was mainly due to increase in income from disposal of scrap papers.

Operating Expenses

The operating expenses of the Group increased by approximately 91.5% from approximately HK\$4,834,000 for the six months ended 30 June 2014 to approximately HK\$9,255,000 for the six months ended 30 June 2015. The increase in the operating expenses was primarily due to increase in professional fees for Listing, listing-related expenses and donation during the period.

Finance Costs

Finance costs of the Group amounted to approximately HK\$512,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$1,750,000). The decrease in finance costs was mainly due to less interest incurred on the convertible bonds during the period.

(Loss)/Profit Attributable to Owners of the Company

During the six months ended 30 June 2015, the Group turned to loss attributable to owners of the Company of approximately HK\$1,631,000 from profit attributable to owners of the Company of approximately HK\$1,585,000 for the six months ended 30 June 2014. This was mainly attributable to an increase in professional fees for Listing, listing-related expenses and donation during the period.

Liquidity, Financial Resources and Capital Structure

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

	30 June 2015 HK\$	31 December 2014 HK\$
Current assets	75,046,640	46,419,310
Current liabilities	6,995,120	36,113,058
Current ratio	10.7	1.3

The current ratio of the Group at 30 June 2015 was approximately 10.7 times as compared to that of approximately 1.3 times at 31 December 2014. It was mainly resulted from the absence of convertible bonds at 30 June 2015.

At 30 June 2015, the Group had total cash and cash equivalents of approximately HK\$56,820,000 (31 December 2014: approximately HK\$26,557,000).

As at 30 June 2015 and 31 December 2014, the Group had bank borrowings of approximately HK\$4,113,000 and HK\$7,725,000 respectively. The scheduled repayment date of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	30 June 2015 HK\$	31 December 2014 HK\$
Within 1 year	2,932,416	4,295,413
Between 1 and 2 years	1,180,591	3,016,665
Between 2 and 5 years	—	413,352

As at 30 June 2015, the Group had bank borrowings of approximately HK\$4,113,000 which were provided using variable rate (31 December 2014: approximately HK\$6,577,000 and HK\$1,148,000 which were provided using variable rate and fixed rate respectively).

As at 30 June 2015, the Group did not have any convertible bonds. During the six months ended 30 June 2015, a banking facility with total facility amount of approximately HK\$5.7 million was signed from the Group's major bank to a wholly-owned subsidiary. The HK\$6,000,000 guarantee by the Group in respect of the obligations and liabilities of a wholly-owned subsidiary has been executed.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 6.0% as at 30 June 2015 (31 December 2014: approximately 289.3%).

Significant Investments Held

During the six months ended 30 June 2015, there was no significant investment held by the Group.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the six months ended 30 June 2015, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies, save as disclosed in the Prospectus.

Pledge of Assets

As at 30 June 2015, the Group has no assets pledged for bank borrowings or for other purpose (31 December 2014: Nil).

Contingent Liabilities

As at 30 June 2015, the Group was subject to maximum penalty and fines of HK\$854,000 in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines (31 December 2014: HK\$854,000).

Capital Commitments

As at 30 June 2015, the Group did not have any significant capital commitment.

Future Plans for Material Investments and Capital Assets

Save as disclosed above and in the Prospectus, the Group did not have other plan for material investments and capital assets.

Foreign Currency Risk

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

Information on Employees

As at 30 June 2015, the employee headcount of the Group was 11 (31 December 2014: 10) and the total staff costs, including Directors' emoluments, amounted to approximately HK\$2.4 million (30 June 2014: approximately HK\$1.2 million). The Group offers competitive remuneration packages commensurate with industry practice. In order to attract and retain valuable employees, the Group reviews the performance of its employees annually and such review results will be taken into account while having the annual salary review and promotion appraisal. In addition to a basic salary, bonuses would be paid to staff with reference to the financial performance of the Group. The Group would also provide trainings or seminars that relating to publication business and offer options that may be granted to the employees under the share option scheme. The Group pays commission to its sales and marketing staff which was calculated based on an agreed percentage of sharing specified in their respective contracts in accordance of the total monthly sales solicited by such staff which is arrived at mutual agreement between the Company and the respective staff.

Use of Proceeds from the Placing

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

The future operation plans of the Group are as follows:

- approximately HK\$4.3 million for enhancing public awareness to the Group's magazines;
- approximately HK\$7.4 million for publishing new magazines (can be applied for acquisition(s) of or cooperation with other magazine company(ies) for development of new magazines since the publication of change of use of proceeds announcement dated 26 June 2015);
- approximately HK\$14.9 million for enhancing corporate image and strengthening marketing activities; and
- approximately HK\$2.3 million for working capital.

Comparison of Business Objectives and Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress during the six months ended 30 June 2015 (the "Review Period") is set out below.

Business objectives for the Review Period		Use of proceeds (HK\$M)	Actual Business Progress for the Review Period
Objectives	Activities		
Enhance public awareness to the Group's magazines	The Group will place advertisements on media channels including television broadcasts	0.5	No proceeds have been spent in this regard as the Group is now exploring other more cost effective ways to achieve the same objective.
Publish new magazines	The Group will publish 2 new monthly magazines with contents in traveling (both a paid version and a free version which will not have full editorial contents as the paid version) and second-hand commercial vehicles	0.6	As announced on 26 June 2015, the publication of such magazines has been delayed as more time was required for the planning and market feasibility searches. The Company has not utilised any amount of net proceeds for publishing of new magazines. During the research process, the Company has identified good market potential for magazines covering other areas of interests including finance, fashion, etc. As announced on 21 July 2015, the Group acquired 20% equity interests in a company which holds 100% of Strategist Publishing Limited by way of share subscription for a consideration of HK\$5.0 million. Strategist Publishing Limited is principally engaged in the publication and the sales of a weekly Chinese finance and investment magazine, namely 港股策略王, mainly through the network of convenience stores and newsstands in Hong Kong. Magazine contents cover finance, wealth management, property investment, lifestyle and etc. Strategist Publishing Limited also involves in the businesses of online advertising, investor relations services and event management.
Enhance corporate image and strengthen marketing activities	Purchase of office property and renovation works	15.5	The Group is yet in the process of selecting suitable location and property, and thus no proceeds have been spent in this regard.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the Listing Date to 30 June 2015, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

COMPETING INTERESTS

As far as the Directors are aware of, none of the Directors nor the controlling shareholders have any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group during the period from the Listing Date to 30 June 2015.

INTERESTS OF THE COMPLIANCE ADVISER

Mr. Wong Man Hin Charles was interested in 6.92% of the issued share capital of the Company. Mr. Wong holds the position as managing director of VC Brokerage Limited, a wholly owned subsidiary of the holding company of VC Capital Limited (namely Value Convergence Holdings Limited with stock code: 821). He is also a member of senior management and a non-voting member of the executive committee of Value Convergence Holdings Limited. As at 30 June 2015, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), save for disclosed and except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2014, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The Audit Committee consists of six independent non-executive Directors, namely Mr. Lee Kwok Tung Louis (chairman of the Committee), Mr. Tsang Ho Ka Eugene, Mr. Yu Chon Man, Mr. Liu Kwong Chi Nelson, Ms. Wong Fei Tat and Mr. Pang Siu Yin. The audit committee has reviewed the unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

The directors of the Company consider that the Company has complied with the CG Code from the Listing Date up to the date of this announcement, except for code provision A.2.1.

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

By Order of the Board
Winto Group (Holdings) Limited
Kwan Shun Keung Timmy
Chairman

Hong Kong, 10 August 2015

As at the date of this announcement, the Board comprises Mr. Kwan Shun Keung Timmy, Ms. Yip Tsz Lam, Mr. Mak Wai Kit and Ms. Law Shiu Wai as executive directors; Mr. Tsang Hin Man Terence as non-executive director; and Mr. Lee Kwok Tung Louis, Mr. Tsang Ho Ka Eugene, Mr. Yu Chon Man, Mr. Liu Kwong Chi Nelson, Ms. Wong Fei Tat and Mr. Pang Siu Yin as independent non-executive directors.

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