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 2016

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 2016

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	**2016**	2015
		HK$	*HK$*	***HK$***	*HK$*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3	**9,959,931**	4,991,140	**16,342,502**	10,260,332
Cost of sales		**(8,722,408)**	(512,834)	**(16,471,342)**	(1,065,453)
Gross profit/(loss)		**1,237,523**	4,478,306	**(128,840)**	9,194,879
Other revenue		**3,386**	5,149	**15,803**	5,286
Operating expenses		**(3,825,021)**	(2,107,933)	**(7,219,611)**	(9,255,194)
(Loss)/Profit from operations		**(2,584,112)**	2,375,522	**(7,332,648)**	(55,029)
Fair value change on financial assets at fair value through profit or loss		**384,000**	—	**869,529**	—
Finance costs	4	**(16,663)**	(43,377)	**(41,149)**	(511,883)
Share of loss of associates		**—**	—	**(200,000)**	—
(Loss)/Profit before taxation		**(2,216,775)**	2,332,145	**(6,704,268)**	(566,912)
Income tax	5	**(269,684)**	(572,433)	**(269,684)**	(1,064,009)
(Loss)/Profit for the period attributable to owners of the Company		**(2,486,459)**	1,759,712	**(6,973,952)**	(1,630,921)
Other comprehensive income for the period		**—**	—	**—**	—
Total comprehensive (loss)/income for the period attributable to owners of the Company		**(2,486,459)**	1,759,712	**(6,973,952)**	(1,630,921)
		HK cents	*HK cents*	***HK cents***	*HK cents*
(Loss)/Earning per share					
Basic and diluted	7	**(0.03)**	0.03	**(0.10)**	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	Note	**30 June 2016** *HK$* **(Unaudited)**	31 December 2015 *HK$* (Audited)
Non-current assets			
Intangible assets		**1,449,647**	—
Goodwill		**25,480,813**	—
Plant and equipment		**596,858**	267,492
Interests in associates		**—**	200,000
		27,527,318	467,492
Current assets			
Due from ultimate holding company		**2,510**	2,510
Trade and other receivables	8	**25,522,778**	28,390,380
Financial assets at fair value through profit or loss		**6,024,000**	—
Tax recoverable		**1,040,040**	449,729
Cash and cash equivalents		**29,432,650**	41,174,973
		62,021,978	70,017,592
Current liabilities			
Trade and other payables	9	**6,108,186**	3,984,118
Bank borrowings		**2,347,647**	2,497,763
Promissory notes		**23,673,000**	—
		(32,128,833)	(6,481,881)
Net current assets		**29,893,145**	63,535,711
Total assets less current liabilities		**57,420,463**	64,003,203
Net assets		**57,420,463**	64,003,203
Capital and reserves			
Share capital		**7,200,000**	7,200,000
Reserve		**50,220,463**	56,803,203
Total equity attributable to owners of the Company		**57,420,463**	64,003,203

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital *HK$*	Share premium *HK$*	Convertible bonds reserve *HK$*	Retained profits/ (accumulated loss) *HK$*	Non-controlling interests *HK$*	Total equity *HK$*
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 *(note 6)*	—	—	—	(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)	7,200,000	57,469,914	—	3,464,016	—	68,133,930
Balance at 1 January 2016 (audited)	7,200,000	57,469,914	—	(666,711)	—	64,003,203
Loss for the period and total comprehensive loss for the period	—	—	—	(6,973,952)	—	(6,973,952)
Acquisition of subsidiaries	—	—	—	—	391,212	391,212
Balance at 30 June 2016 (unaudited)	7,200,000	57,469,914	—	(7,640,663)	391,212	57,420,463

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 2016 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 2016 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 2015.

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 2015, 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 principal activities of the Group are sales and free distribution of Chinese lifestyle magazines and the sales of advertising space in the magazines, provision of outdoor advertising services and e-commence business.

Revenue 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 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Print media advertising	**3,391,024**	4,974,211	**4,623,324**	10,132,676
Outdoor advertising	**6,513,845**	—	**11,611,188**	—
Sales of magazines	**55,062**	16,929	**107,990**	127,656
	9,959,931	4,991,140	**16,342,502**	10,260,332

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Finance costs

	Three months ended 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on bank overdraft	**—**	—	**1**	3,824
Interest on bank borrowings wholly repayable within five years	**16,663**	43,377	**41,148**	213,000
Interest on convertible bonds	**—**	—	**—**	295,059
Total interest expense on financial liabilities not at fair value through profit or loss	**16,663**	43,377	**41,149**	511,883

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 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Salaries, wages and other benefits	**1,389,036**	1,027,738	**2,808,685**	2,314,853
Contributions to defined contribution retirement plan	**46,890**	30,669	**98,848**	57,340
	1,435,926	1,058,407	**2,907,533**	2,372,193

c) **Other items**

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation	**20,723**	4,859	**36,842**	9,275
Auditor's remuneration	**92,500**	52,500	**155,000**	195,000
Operating lease charge in respect of premises	**273,928**	61,000	**496,429**	121,000
Cost of inventory	**479,804**	504,164	**929,572**	1,021,428
Donation	**—**	—	**16,000**	690,000
Listing expenses	**—**	—	**—**	4,090,726

5. INCOME TAX

Income tax recognised in profit or loss:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	HK$	*HK$*	***HK$***	*HK$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current income tax:				
Hong Kong profits tax				
Current tax	**269,684**	572,433	**269,684**	1,064,009
	269,684	572,433	**269,684**	1,064,009

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2015: 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.

Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	Six months ended 30 June	
	2016	*2015*
	HK$	*HK$*
	(Unaudited)	(Unaudited)
(Loss)/Profit before taxation	**(6,704,268)**	(566,912)
Notional tax on profit before taxation, calculated at 16.5% (2015: 16.5%)	**(1,106,204)**	(93,540)
Tax effect of non-deductible expenses	**446,819**	1,124,068
Tax effect of non-taxable income	**(68)**	—
Tax effect of unrecognised temporary differences	**(6,079)**	33,481
Tax effect of unused tax losses	**935,216**	—
Actual tax expense	**269,684**	1,064,009

6. **DIVIDEND**

During the six months periods ended 30 June 2015, the Company declared an interim dividend of HK$4,000,000 (HK$4.00 per share declared and paid) to its shareholders, 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 intra-group dividends.

No other dividend has been paid or proposed by the Group for the six months ended 30 June 2016.

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

The basic and diluted loss per share for the six months ended 30 June 2016 and 2015 is calculated based on the loss attributable to owners of the Company for the six months ended 30 June 2016 in the amount of HK$6,973,952 (2015: 1,630,921) and the weighted average of 7,200,000,000 ordinary shares (six months ended 30 June 2015: 6,894,254,144 after adjusting for share subdivision and capitalisation issue in 2015) in issue during the period, calculated as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit attributable to equity holders of the Company	**(2,486,459)**	1,759,712	**(6,973,952)**	(1,630,921)
Weighted average number of ordinary shares	**7,200,000,000**	6,894,254,144	**7,200,000,000**	6,894,254,144
Basic (loss)/earning per share	**(0.03) cents**	HK$0.03 cents	**(0.10) cents**	HK$(0.02) cents

Diluted (loss)/earnings per share for six months ended 30 June 2016 and 2015 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 2016	31 December 2015
	HK$	*HK$*
	(Unaudited)	(Audited)
Trade receivables		
— For services already invoiced	**14,749,756**	22,321,488
Less: allowance for doubtful debts	**(778,000)**	(778,000)
Loans and receivables	**13,971,756**	21,543,488
Deposits	**4,772,209**	4,331,134
Prepayment	**5,914,460**	2,456,718
Other receivables	**864,353**	59,040
	25,522,778	28,390,380

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

	30 June 2016 *HK$* **(Unaudited)**	31 December 2015 *HK$* (Audited)
For services invoiced		
Current	**3,456,702**	10,837,678
1–30 days	**1,630,690**	994,180
31–90 days	**2,263,944**	2,069,450
Over 90 days	**6,620,420**	7,642,180
	13,971,756	21,543,488

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 2016 *HK$* **(Unaudited)**	31 December 2015 *HK$* (Audited)
At 1 January	**778,000**	—
Impairment loss recognised	**—**	778,000
At 30 June/31 December	**778,000**	778,000

As at 30 June 2016, trade receivables amounting to HK$778,000 (as at 31 December 2015: 778,000) were individually determined to be impaired.

9. TRADE AND OTHER PAYABLES

	30 June 2016 *HK$* **(Unaudited)**	31 December 2015 *HK$* (Audited)
Trade payables	**1,198,135**	789,665
Other payables and accrued expenses	**4,538,182**	2,152,838
Receipt in advance	**371,869**	1,041,615
Financial liabilities measured at amortised costs	**6,108,186**	3,984,118

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

	30 June 2016 HK$ (Unaudited)	31 December 2015 HK$ (Audited)
0–60 days	**1,025,431**	392,856
61–90 days	**129,300**	212,340
91–180 days	**43,404**	184,469
Over 180 days	**—**	—
	1,198,135	789,665

10. SEGMENT REPORTING

a) Segment results, assets and liabilities

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments.

In addition to receiving segment information CODM is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

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 six months ended 30 June 2016 and 2015 is set out below.

Segment results

	Six months ended 30 June					
	2016			2015		
	Print media HK$ (Unaudited)	**Outdoor advertising HK$ (Unaudited)**	**Total HK$ (Unaudited)**	Print media HK$ (Unaudited)	Outdoor advertising HK$ (Unaudited)	Total HK$ (Unaudited)
Revenue from external customers	**4,741,314**	**12,286,928**	**17,028,242**	10,260,332	—	10,260,332
Inter-segment revenue	**(10,000)**	**(675,740)**	**(685,740)**	—	—	—
Reportable segment revenue	**4,731,314**	**11,611,188**	**16,342,502**	10,260,332	—	10,260,332
Reportable segment profit/(loss)	**1,908,762**	**(5,948,777)**	**(4,040,015)**	5,660,026	—	5,660,026
Unallocated income			**869,842**			597
Unallocated expenses			**(3,534,095)**			(6,227,535)
(Loss)/profit before taxation			**(6,704,268)**			(566,912)

Other segment information

	Six months ended 30 June							
	2016				2015			
	Print media	**Outdoor advertising**	**Unallocated**	**Total**	Print media	Outdoor advertising	Unallocated	Total
	HK$	***HK$***	***HK$***	***HK$***	*HK$*	*HK$*	*HK$*	*HK$*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Interest income from bank deposit	**69**	**33**	**313**	**415**	46	—	597	643
Finance costs	**(41,149)**	**—**	**—**	**(41,149)**	(216,842)	—	(295,059)	(511,883)
Depreciation for the year	**(6,557)**	**(19,724)**	**(10,561)**	**(36,842)**	(8,559)	—	(716)	(9,275)
Impairment loss on trade receivables	**—**	**—**	**—**	**—**	—	—	—	—
Addition to non-current assets	**3,480**	**10,200**	**130,780**	**144,460**	7,398	—	45,778	53,176

b) **Major customers**

	Six months ended 30 June	
	2016	2015
	HK$	*HK$*
	(Unaudited)	(Unaudited)
Customer 1	**2,188,000**	—
Customer 2	**1,795,000**	—
Customer 3	**1,668,000**	—
Customer 4	**—**	2,570,731
Customer 5	**—**	2,301,253
Customer 6	**—**	1,492,682

Revenues from each of the above customers accounted for 10 percent or more of the Group's revenue for the six months ended 30 June 2016 and 2015.

c) **Geographical information**

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The Group is principally engaged in the sale and free distribution of Chinese language lifestyle magazines, the sale of advertising space in the magazines, provision of outdoor advertising services and e-commerce business.

On 11 April 2016, a wholly-owned subsidiary of the Company entered into a memorandum of understanding to acquire 51% equity interests in 廣州啟匯營銷策劃有限公司 (Guangzhou Qihui Marketing and Planning Company Limited) (the "Qihui") for a consideration of RMB6,000,000 (the "Possible Acquisition"). Qihui is principally engaged in the mobile phone apps development and provision of app solutions for its clients. It is also involved in WeChat planning, production and promotion, as well as research in blending WeChat with corporate marketing and planning. As additional time is required for, among other things, completing the due diligence work and negotiating the terms for the transaction documents for the Possible Acquisition, the vendor and the Company entered into a supplemental memorandum of understanding on 4 July 2016 to extend the due diligence period to 4 September 2016.

On 28 June 2016, we acquired 100% equity interests of Lasermoon Limited for a total consideration of HK$35,000,000. Lasermoon Limited together with its subsidiaries (the "Lasermoon Group") is principally engaged in internet information technology development, LNG e-commerce trading, sale, installation, testing and maintenance of information system, and development of software in PRC.

As a result of the downturn of advertising business, the Group continues to look for other business opportunities in an attempt to diversify its business areas in order to reduce its reliance upon the existing magazine and advertising business. The Directors hold the view that there are huge opportunities in e-commerce market in the PRC and the popularity of mobile applications has helped to fuel the e-commerce growth. The PRC government also encourages the use of mobile applications and e-commerce trading platforms. The operation of LNG e-commerce business will have potential positive financial impacts to the Group. The Directors believe that the business model of Lasermoon Group would fit the current business operation trend and consumer behaviors in the PRC.

Financial Review

Revenue

Total revenue increased by approximately 59.3% from approximately HK$10,260,000 for the six months ended 30 June 2015 to approximately HK$16,343,000 for the six months ended 30 June 2016. It was mainly because outdoor advertising business, which was set up in August 2015, generated approximately HK$11,611,000 revenue for the six months ended 30 June 2016. However, due to reduction in number of clients in printed media advertising business, revenue generated therefrom decreased from approximately HK$10,133,000 for the six months ended 30 June 2015 to approximately HK$4,623,000 for the six months ended 30 June 2016. Revenue from sale of magazines decreased from approximately HK$128,000 for the six months ended 30 June 2015 to approximately HK$108,000 for the six months ended 30 June 2016.

Cost of Sales

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

Cost of sales increased from approximately HK$1,065,000 for the six months ended 30 June 2015 to approximately HK$16,471,000 for the six months ended 30 June 2016. The increase in cost of sales was mainly attributable to the cost derived from outdoor advertising business.

Gross Profit/(Loss)

The Group turned from a gross profit of approximately HK$9,195,000 for the six months ended 30 June 2015 to a gross loss of approximately HK$129,000 for the six months ended 30 June 2016.

The Group's gross loss was attributable to the gross loss derived from outdoor advertising business. During the year ended 31 December 2015, the Group leases certain media resources with non-cancellable monthly lease payment which is higher than the average advertising income received during the six months ended 30 June 2016.

Other Revenue

Other revenue being the refund for cancellation of director's life insurance plan during this period increased from approximately HK$5,000 for the six months ended 30 June 2015 to approximately HK$16,000 for the six months ended 30 June 2016.

Fair Value Change on Financial Assets at Fair Value through Profit or Loss

During the six months ended 30 June 2016, the Group recorded unrealised fair value gain on changes on investment securities of approximately HK$870,000 (six months ended 30 June 2015: nil).

Operating Expenses

The operating expenses of the Group decreased by approximately 22% from approximately HK$9,255,000 for the six months ended 30 June 2015 to approximately HK$7,220,000 for the six months ended 30 June 2016. The decrease in the operating expenses was primarily due to absence of professional fees for Listing and donation incurred in the six months ended 30 June 2015.

Finance Costs

Finance costs of the Group amounted to approximately HK$41,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: approximately HK$512,000). The decrease in finance costs was mainly due to less interest incurred on the convertible bonds during the period. On 29 January 2015, all convertible bonds were converted into 249,000 ordinary shares of the Company at HK$0.01 each upon approval of the Listing by the Stock Exchange.

Loss Attributable to Owners of the Company

During the six months ended 30 June 2016, the Group's loss attributable to owners of the Company increased to approximately HK$6,974,000 from approximately HK$1,631,000 for the six months ended 30 June 2015. This was mainly attributable to (i) the reduction in number of clients; and (ii) the loss derived from outdoor advertising business.

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 2016 *HK$*	31 December 2015 *HK$*
Current assets	**62,021,978**	70,017,592
Current liabilities	**32,128,833**	6,481,881
Current ratio	**1.9**	10.8

The current ratio of the Group at 30 June 2016 was approximately 1.9 times as compared to that of approximately 10.8 times at 31 December 2015. It was mainly resulted from (i) a decrease in cash and cash equivalent; and (ii) increase in Promissory Notes incurred during the period.

At 30 June 2016, the Group had total cash and cash equivalents of approximately HK$29,433,000 (31 December 2015: approximately HK$41,175,000).

As at 30 June 2016 and 31 December 2015, the Group had bank borrowings of approximately HK$2,348,000 and HK$2,498,000 respectively. The scheduled repayment dates 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 2016 *HK$*	31 December 2015 *HK$*
Within 1 year	**2,347,647**	2,458,720
Between 1 and 2 years	**—**	39,043
Between 2 and 5 years	**—**	—

As at 30 June 2016, the Group did not have any convertible bond.

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 45.3% as at 30 June 2016 (31 December 2015: approximately 3.9%). It was mainly resulted from Promissory Notes incurred during the period.

Significant Investments Held

During the six months ended 30 June 2016, there was no significant investment held by the Group.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

Pursuant to the Company's announcement dated 26 June 2016, the Group and a vendor entered into an acquisition agreement on 24 June 2016 (the "Acquisition Agreement") to acquire 100% equity interests of Lasermoon Limited, a company incorporated in the British Virgin Islands (the "BVI") with limited liability at a total consideration of HK$35,000,000, to be paid by the Company to the vendor (or its nominees) in the following manner: (i) a sum of HK2,000,000 shall be payable in cash within 30 days from the execution of the Acquisition Agreement; and (ii) an aggregate sum of HK33,000,000 shall be payable by issue of Promissory Notes in two separate tranches upon completion.

Lasermoon Limited together with its subsidiaries (the "Lasermoon Group") is principally engaged in internet information technology development, e-commerce, sale, installation, testing and maintenance of information system, and development of software in PRC.

The Acquisition Agreement was completed on 28 June 2016, Lasermoon Limited has become a wholly-owned subsidiary of the Company and the financial results of Lasermoon Group is consolidated into the Group for the six months ended 30 June 2016.

Pledge of Assets

As at 30 June 2016, the Group had no assets pledged for bank borrowings or for other purpose (31 December 2015: Nil).

Contingent Liabilities

As at 30 June 2016, the Group was subject to maximum penalty and fine 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 2015: HK$854,000).

Capital Commitments

As at 30 June 2016, the Group did not have any significant capital commitment.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus of the Group dated 30 January 2015 and the announcement of the Group dated 11 April 2016 and 4 July 2016, 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 dollar, the Group's exposure to exchange rate risk is limited.

Information on Employees

As at 30 June 2016, the employee headcount (not including Directors) of the Group was 16 (31 December 2015: 17) and the total staff costs, including Directors' emoluments, for the six months ended 30 June 2016 amounted to approximately HK$2.9 million (six months ended 30 June 2015: approximately HK$2.3 million).

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

Risk Management

Credit risk

Credit risk exposure represents trade receivable from customers which principally arise from our business activities.

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

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

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

Interest risk

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

Use of Proceeds from the Placing

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

Use of net proceeds	**Planned amount as stated in the Prospectus** *HK$ million*	**Actual amount utilised up to 30 June 2016** *HK$ million*	**Actual balance as at 30 June 2016** *HK$ million*
Enhance public awareness to the Group's magazines *(note (a))*	4.3	0.4	3.9
Publish new magazines *(note (b))*	7.4	5.0	2.4
Enhance corporate image and strengthen marketing activities *(note (c))*	14.9	0.0	14.9
Working capital	2.3	2.3	0.0
Total	28.9	7.7	21.2

Notes:

(a) For the six months ended 30 June 2016, Ocean Media placed advertisements to green minibuses and outdoor advertisements at Sai Kung and Tuen Mun amounting to approximately HK$395,000.

(b) In September 2015, the Group completed the acquisition of 20% equity interests in Strategist Media. The Company applied HK$5.0 million of the net proceeds from the listing to settle the consideration for the acquisition. Strategist Media is principally engaged in the publication and the sales of weekly Chinese finance and investment magazines, namely *港股策略王*, mainly through the network of convenience stores and newsstands in Hong Kong. Magazine contents cover finance, wealth management, property investment, lifestyle and etc. Strategic Media also involves in the businesses of online advertising, investor relation services and event management.

(c) 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 six months ended 30 June 2016, 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.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding Director's securities transactions during the six months ended 30 June 2016.

COMPLIANCE WITH THE DEED OF NON-COMPETITION

For the purpose of the listing of the Company, each of Fuwin Group (Holdings) Limited, Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam, being the controlling shareholders of the Company, have entered into a deed of non-competition dated 29 January 2015 (the "Deed of Non-competition") in favour of the Company, further details of which are disclosed in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The independent non-executive Directors have reviewed the compliance with the Deed of Non-competition by Fuwin Group (Holdings) Limited, Mr. Kwan Shun Keung Timmy and Ms. Yip Tsz Lam during the period from the Listing Date up to 30 June 2016, and are satisfied that the Deed of Non-competition has been complied with by all of them throughout.

INTERESTS IN COMPETING BUSINESS

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 six months ended 30 June 2016.

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 2016, 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 (the "Committee") with written terms of reference in compliance with the GEM Listing Rules. As at the date of this announcement, the Committee consists of three independent non-executive Directors, namely Ms. Wong Fei Tat (chairman of the Committee), Mr. Tsang Ho Ka Eugene and Mr. Pang Siu Yin. The Committee has reviewed the unaudited consolidated financial results of the Group for the six months ended 30 June 2016.

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 during the six months ended 30 June 2016 and up to the date of this announcement, except for code provision A.2.1.

Code provision A.2.1 stipulates that the roles of chairman and chief executive 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, 9 August 2016

As at the date of this announcement, the Board comprises Mr. Kwan Shun Keung Timmy, Mr. Mak Wai Kit and Ms. Law Shiu Wai as executive directors; Mr. Liu Kwong Chi Nelson as non-executive director; and Mr. Tsang Ho Ka Eugene, 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.