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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 HK$	2017 HK$
Continuing operations			
Revenue	3	**16,999,794**	29,733,580
Cost of sales		**(13,377,939)**	(26,757,323)
Gross profit		**3,621,855**	2,976,257
Other income	5	**679,978**	730,878
Operating expenses		**(31,855,636)**	(20,267,304)
Impairment loss recognised on trade and loan receivables		**(10,661,912)**	(109,630)
Impairment loss on goodwill		**–**	(7,570,556)
Other gains or losses	6	**(365,919)**	3,765,187
Finance costs	7	**(120,930)**	(2,201,868)
Loss before tax	8	**(38,702,564)**	(22,677,036)
Income tax credit (expense)	9	**21,759**	(68,898)
Loss for the year from continuing operations		**(38,680,805)**	(22,745,934)
Discontinued operation			
Profit for the year from discontinued operation	10	**–**	5,769,168
Loss for the year		**(38,680,805)**	(16,976,766)
Other comprehensive income (expense)			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation		**309,699**	(391,433)
Total comprehensive expense for the year		**(38,371,106)**	(17,368,199)

	Notes	**2018**	2017
		HK$	*HK$*
(Loss) profit for the year attributable to:			
Owners of the Company			
– for continuing operations		**(37,463,722)**	(21,240,598)
– for discontinued operation		**–**	6,112,207
Non-controlling interests			
– for continuing operations		**(1,217,083)**	(1,505,336)
– for discontinued operation		**–**	(343,039)
		(38,680,805)	(16,976,766)
Total comprehensive expense attributable to:			
Owners of the Company		**(37,303,735)**	(15,360,658)
Non-controlling interests		**(1,067,371)**	(2,007,541)
		(38,371,106)	(17,368,199)
From continuing and discontinued operations			
Loss per share			
Basic and diluted *(HK Cents)*	12	**(0.43)**	(0.18)
From continuing operations			
Loss per share			
Basic and diluted *(HK Cents)*	12	**(0.43)**	(0.25)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	2018 HK$	2017 HK$
Non-current assets			
Plant and equipment		**2,675,374**	1,440,279
Investment property		**–**	12,900,000
Goodwill		**1,399,146**	–
Intangible assets		**330,000**	–
Equity instruments of fair value through other comprehensive income		**1,423,467**	–
Deposit paid for acquisition of an associate	13	**16,600,000**	–
Rental deposits	13	**570,604**	–
		22,998,591	14,340,279
Current assets			
Financial assets at fair value through profit or loss		**1,062,000**	2,907,000
Amount due from a former shareholder		**–**	2,510
Loan receivables	14	**6,975,770**	–
Trade and other receivables	13	**4,371,950**	5,028,934
Tax recoverable		**–**	657,372
Bank balances and cash		**10,686,511**	41,955,423
		23,096,231	50,551,239
Current liabilities			
Trade and other payables	15	**7,575,844**	6,253,027
Contract liabilities		**550,785**	–
Other borrowing		**10,000,000**	–
Tax payable		**117,353**	68,898
Amounts due to a non-controlling shareholder of a subsidiary		**113,953**	113,953
Bank overdrafts		**2,894,173**	–
		21,252,108	6,435,878
Net current assets		**1,844,123**	44,115,361
Total assets less current liabilities and net assets		**24,842,714**	58,455,640
Capital and reserves			
Share capital		**8,640,000**	8,640,000
Reserves		**18,824,806**	52,166,229
Total equity attributable to owners of the Company		**27,464,806**	60,806,229
Non-controlling interests		**(2,622,092)**	(2,350,589)
Total equity		**24,842,714**	58,455,640

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Attributable to owners of the Company							
	Share capital	Share premium	Exchange reserve	Share options reserve	Accumulated losses	Total	Non-controlling interests	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2017	8,640,000	94,330,810	(1,844)	–	(26,959,735)	76,009,231	(1,203,324)	74,805,907
Loss for the year	–	–	–	–	(15,128,391)	(15,128,391)	(1,848,375)	(16,976,766)
Other comprehensive expense for the year	–	–	(232,267)	–	–	(232,267)	(159,166)	(391,433)
Total comprehensive expense for the year	–	–	(232,267)	–	(15,128,391)	(15,360,658)	(2,007,541)	(17,368,199)
Arising from disposal of a subsidiary	–	–	157,656	–	–	157,656	860,276	1,017,932
At 31 December 2017	8,640,000	94,330,810	(76,455)	–	(42,088,126)	60,806,229	(2,350,589)	58,455,640
Loss for the year	–	–	–	–	(37,463,722)	(37,463,722)	(1,217,083)	(38,680,805)
Other comprehensive income for the year	–	–	159,987	–	–	159,987	149,712	309,699
Total comprehensive expense for the year	–	–	159,987	–	(37,463,722)	(37,303,735)	(1,067,371)	(38,371,106)
Acquisition of a business	–	–	–	–	–	–	795,868	795,868
Recognition of equity settled share-based payment	–	–	–	3,962,312	–	3,962,312	–	3,962,312
At 31 December 2018	8,640,000	94,330,810	83,532	3,962,312	(79,551,848)	27,464,806	(2,622,092)	24,842,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1. GENERAL AND BASIS OF PREPARATION

Winto Group (Holdings) Limited (the "**Company**", together with its subsidiaries, the "**Group**") is a public limited company incorporated in the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the Company's registered office and the principal place of business are Cricket Square, Hutchins, Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Island and Suite 2101-05, 21/F, Sun Hung Kai Centre, 30 Harbour Road, Wan Chai, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company.

In preparing these consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group, in light of the fact that the losses from continuing operations for the year ended 31 December 2018 of HK$38,680,805 and the Group's net current asset has decreased from HK$44,115,361 to HK$1,844,123 as at 31 December 2018. The Group has also incurred a net cash outflow of HK$34,162,712 for the year ended 31 December 2018.

The directors of the Company have performed an assessment of the Group's future liquidity and cash flows, taking into account the following relevant matters:

(1) Fund raising activities

Management has been actively negotiating in secure new source of equity funding and is endeavouring to raise additional funds of not less than HK$10,000,000 to improve cash flows and its financial position and to further support its potential investments in new business development opportunities.

(2) Extension of maturity of other borrowing

The Group's other borrowing of HK$10,000,000 is repayable on 9 June 2019. The management has reached an agreement with the lender on 22 March 2019 to extend the maturity date of the other borrowing to 9 June 2020.

The directors of the Company consider that after taking into account of the above-mentioned financing plans, the Group will have sufficient working capital to finance its operations and to meet its financial obligation for at least the next twelve months from the date of approval of these consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

New and Amendments to HKFRSs that are mandatorily effective for the current year

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Print media advertising
- Sales of magazines
- Outdoor advertising income
- Mobile app development service income
- Exhibition and trade show income

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	Adjustments	Carrying amounts under HKFRS 15 at 1 January 2018
	HK$	*HK$*	*HK$*
Current Liabilities			
Trade and other payables	6,253,027	(1,310,312)	4,942,715
Contract liabilities	–	1,310,312	1,310,312

As at 1 January 2018, deposit received in advance from customers of HK$1,310,312 previously included in trade and other payables were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Adjustments	Amount without application of HKFRS 15
	HK$	*HK$*	*HK$*
Current Liabilities			
Trade and other payables	7,575,844	550,785	8,126,629
Contract liabilities	550,785	(550,785)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$	*HK$*	*HK$*
Operating activities			
Increase in trade and other payables	1,682,291	(759,527)	922,764
Decrease in contract liabilities	(759,527)	759,527	–

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Impairment under ECL model

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.

In the current period, the Group has applied HKFRS 9 simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

As at 1 January 2018, loss allowance for other financial assets at amortised cost mainly comprise of bank balances, trade and other receivables are measured on 12-month ECL ("12m ECL") basis and there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against accumulated losses as the estimated allowance under the ECL model were not materially different from the impairment losses previously recognised under HKAS 39.

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 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after a date to be determined

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

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

HKFRS 16 "Leases"

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK$4,881,219. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$653,339 included in trade and other receivables as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The Group will elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) - Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group will elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

3. REVENUE

The disaggregated information of the Group’s revenue for the year from continuing operations is as follows:

	2018	2017
	HK$	*HK$*
Provision of exhibition and trade show service	**13,474,719**	–
Provision of mobile app development service	**2,214,535**	8,625,033
Print media advertising income	**1,215,100**	1,682,070
Sales of magazines	**62,870**	151,664
Outdoor advertising income	**32,570**	19,274,813
	16,999,794	29,733,580

Apart for sales of magazines which are recognised at a point in time, all other revenue is recognised over time. All the Group’s sales contracts are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

4. SEGMENT INFORMATION

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

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

1. Exhibition and trade show business
2. Mobile app business
3. Magazines and advertising business, including print media advertising, sales of magazines and outdoor advertising

An operating segment regarding the LNG and related products trading business was disposed in the prior year. The segment information below does not include any amounts for the discontinued operation.

During the year, the Group acquired a business which is engaged in exhibition and trade show business.

The measurement of segment results for the year ended 31 December 2017 have been revised as a result of the change in the way in which information is reported to the CODM in the current year. Outdoor advertising business and print media business which were previously disclosed as separate segments have been combined into one segment as magazines and advertising business.

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 2018 and 2017 is set out below.

Segment revenues and results

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

Continuing operations

For the year ended 31 December 2018

	Exhibition and trade show business *HK$*	Mobile app business *HK$*	Magazines and advertising business *HK$*	Total *HK$*
Revenue				
Segment revenue	**13,474,719**	**2,214,535**	**1,320,540**	**17,009,794**
Inter-segment sales	**–**	**–**	**(10,000)**	**(10,000)**
Revenue from external customers	**13,474,719**	**2,214,535**	**1,310,540**	**16,999,794**
Segment results	**4,317,256**	**257,170**	**(952,571)**	**3,621,855**
Other income				**282,629**
Interest income				**397,349**
Operating expenses				**(31,855,636)**
Other gains or losses				**(365,919)**
Impairment loss recognised on trade and loan receivables				**(10,661,912)**
Finance costs				**(120,930)**
Loss before tax				**(38,702,564)**

For the year ended 31 December 2017

	Mobile app business *HK$*	Magazines and advertising business *HK$*	Total *HK$*
Revenue			
Segment revenue	8,831,633	21,896,922	30,728,555
Inter-segment sales	(206,600)	(788,375)	(994,975)
Revenue from external customers	8,625,033	21,108,547	29,733,580
Segment results	1,929,527	1,046,730	2,976,257
Other income			730,122
Interest income			756
Operating expenses			(20,267,304)
Impairment loss recognised on trade receivables			(109,630)
Impairment loss on goodwill			(7,570,556)
Other gains or losses			3,765,187
Finance costs			(2,201,868)
Loss before tax			(22,677,036)

Segment assets and liabilities

Segment assets include all tangible and intangible assets and current assets with the exception of investment property, deposit paid for acquisition of an associate, equity instruments at Fair value through other comprehensive income ("FVTOCI"), financial assets at Fair value through profit or loss ("FVTPL"), loan receivables, unallocated bank balances and cash and other corporate assets. Segment liabilities include provisions and trade and other payables attributable to the activities of the individual segments and borrowings managed directly by the segments.

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

	2018	2017
	HK$	*HK$*
Segment assets		
Exhibition and trade show business	**5,204,851**	–
Mobile app development business	**738,999**	2,383,085
Magazines and advertising business	**617,118**	10,755,004
Total segment assets	**6,560,868**	13,138,089
Loan receivables	**6,975,770**	–
Deposit paid for acquisition of an associate	**16,600,000**	–
Bank balances and cash	**9,024,422**	34,058,425
Equity instruments at FVTOCI	**1,423,467**	–
Financial assets at FVTPL	**1,062,000**	2,907,000
Investment property	**–**	12,900,000
Unallocated assets	**4,448,295**	1,888,004
Consolidated assets	**46,094,822**	64,891,518
Segment liabilities		
Exhibition and trade show business	**3,894,502**	–
Mobile app development business	**4,668,681**	4,002,511
Magazines and advertising business	**627,530**	1,087,673
Total segment liabilities	**9,190,713**	5,090,184
Unallocated liabilities	**12,061,395**	1,345,694
Consolidated liabilities	**21,252,108**	6,435,878

Geographical information

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

Information about the Group's revenue from external customers for continuing operations is presented based on location of delivery destination of the goods and place of services rendered. The Group's non-current assets for continuing operations are substantially based in Hong Kong.

	Revenue from external customers	
	2018	2017
	HK$	*HK$*
Hong Kong	**14,825,259**	21,108,547
Mainland China	**2,174,535**	8,625,033
	16,999,794	29,733,580

Continuing operations

Information about major customers

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

	2018	2017
	HK$	*HK$*
Customer A *(Note a)*	**N/A[1]**	3,166,667
Customer B *(Note b)*	**4,195,130**	**N/A[1]**
Customer C *(Note b)*	**1,745,509**	**N/A[1]**

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the corresponding years.

(a) Revenue from the above customer is arising from magazines and advertising business.

(b) Revenue from the above customers is arising from exhibition and trade show business.

5. OTHER INCOME

	2018	2017
	HK$	*HK$*
Continuing operations		
Interest income on loan receivables	**396,000**	–
Government grants *(note)*	**158,857**	346,175
Rental income	**62,903**	374,097
Dividend from financial assets at FVTPL	**44,428**	–
Bank interest income	**1,349**	756
Sundry income	**16,441**	9,850
	679,978	730,878

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

6. OTHER GAINS OR LOSSES

	2018	2017
	HK$	*HK$*
Continuing operations		
Gain on disposal of subsidiaries	**1,161,846**	–
Net foreign exchange (loss) gain	**(923,894)**	109,565
Net (loss) gain on change in fair value of financial assets at FVTPL	**(539,448)**	92,415
Loss on disposal of plant and equipment	**(64,423)**	–
Gain on disposal of associates *(note)*	**–**	2,000,000
Gain on change in fair value of the investment property	**–**	937,200
Gain on disposal of intangible assets	**–**	626,007
	(365,919)	3,765,182

Note: During the year ended 31 December 2017, the Group disposed of its entire interest in an associate, Strategist Media Group (with nil net carrying value), to a third party for proceeds of HK$2,000,000 resulting in the recognition of a gain on disposal.

7. FINANCE COSTS

	2018	2017
	HK$	*HK$*
Continuing operations		
Interest on other borrowing	**100,000**	–
Interest on bank overdrafts	**14,151**	–
Interest on finance lease	**6,779**	–
Effective interest on promissory notes payables	**–**	2,201,858
Interest on bank borrowings	**–**	10
	120,930	2,201,868

8. LOSS BEFORE TAX

Continuing operations

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

	2018	2017
	HK$	*HK$*
Staff costs		
Director's emoluments	**3,355,874**	2,660,100
Other staff costs		
– Salaries and other benefits	**6,110,206**	5,214,080
– Contributions to defined contribution retirement plan	**240,469**	208,397
	9,706,549	8,082,577
Depreciation	**979,021**	585,972
Amortisation of intangible assets	**–**	273,607
Auditor's remuneration	**1,250,000**	1,460,000
Equity settled share based payment expense to consultants *(note)*	**3,380,927**	–
Impairment loss recognised on trade and loan receivables	**10,661,912**	109,630
Operating lease expense in respect of		
– Office premises	**2,098,526**	1,592,783
– Outdoor media resources, included in cost of sales	**–**	14,031,340
Gross rental income from an investment property	**(62,903)**	(374,097)
Less: direct operating expense incurred that generated rental income during the year	**19,818**	74,073
	43,085	(300,024)

Note: The amount represents the fair value of the Company's options granted to certain consultants for their services rendered during the year.

9. INCOME TAX (CREDIT) EXPENSE

	2018	2017
	HK$	*HK$*
Continuing operations		
Current tax:		
Hong Kong	–	68,898
Overprovision in prior years:		
Hong Kong	**(21,759)**	–
	(21,759)	68,898

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. There is no impact to the Group as the Group does not have any assessable profit in Hong Kong.

Corporate income tax in the PRC is calculated at 25% on the assessable profit for the year.

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

	2018	2017
	HK$	*HK$*
Loss before tax	**(38,702,564)**	(22,677,036)
Tax credit at the Hong Kong Profits Tax rate at 16.5% (2017: 16.5%)	**(6,385,923)**	(3,741,711)
Tax effect of expenses not deductible for tax purpose	**1,688,103**	2,031,800
Tax effect of income not taxable for tax purpose	**(191,706)**	(387,163)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(231,057)**	(239,461)
Tax effect of tax losses not recognised	**5,120,583**	2,407,926
Overprovision in prior years	**(21,759)**	–
Others	**–**	(2,493)
Income tax (credit) expense for the year	**(21,759)**	68,898

Also, at the end of the reporting period, the Group has unused tax losses of HK$72,049,776 (2017: HK$41,015,940) 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$5,890,227 that will expire before 2023 (2017: HK$3,063,723 that will expire before 2022). Other losses may be carried forward indefinitely.

10. DISCONTINUED OPERATION

During the year ended 31 December 2017, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group disposed of its entire interest in Lasermoon Limited ("**Lasermoon**"). Lasermoon and its subsidiaries (the "**Lasermoon Group**") carried out all of the Group's liquefied nature gas ("**LNG**") and related products trading business in PRC and was regarded as a discontinued operation.

The results from the discontinued operation for the period from 1 January 2017 to 24 July 2017 (date of disposal).

	1.1.2017 to 24.7.2017 *HK$*
Loss from LNG and related products trading business for year	(621,839)
Gain on disposal of LNG and related products trading business	6,391,007
	5,769,168

Result of discontinued operation

The results of the LNG and related products trading business, which have been included in the consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2017 to 24 July 2017 (date of disposal), were as follows:

	1.1.2017 to 24.7.2017 *HK$*
Revenue	99,578,294
Cost of sales	(99,146,984)
Gross profit	431,310
Other income	25,364
Operating expenses	(981,297)
Finance costs	(97,216)
Loss for the year	(621,839)
Attributable to:	
Owners of the Company	(278,800)
Non-controlling interests	(343,039)
	(621,839)

Loss for the period from discontinued operation includes the following:

	1.1.2017 to 24.7.2017 *HK$*
Amortisation of intangible assets	60,598
Interest expense	97,216
Interest income	1,601
Depreciation	138,558
Operating lease expense in respect of office premises	71,604
Staff costs	
– Salaries and other benefit	669,132
– Contributions to defined contribution retirement plan	67,515

During the year ended 31 December 2017, Lasermoon Group paid HK$109,006 in respect of the Group's net operating cash flows, paid HK$92,078 in respect of the Group's investing activities and contributed HK$757,137 to the Group's financing activities.

11. DIVIDENDS

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

12. LOSS PER SHARE

Continuing operations

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

	2018	2017
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**37,463,722**	21,240,598

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of loss per share	**8,640,000,000**	8,640,000,000

No diluted loss per share has been presented for the year ended 31 December 2017 because there were no potential ordinary shares outstanding.

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the conversion of the Company's outstanding share options since their assumed exercise would result in a decrease in loss per share from continuing operations.

Continuing and discontinued operations

The calculation of the basic loss per share attributable to the owners of the Company for continuing and discontinued operations during the year ended 31 December 2017, was calculated based on the below figures:

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

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

For discontinued operation

The earnings per share for discontinued operation was as follows:

	2017
	HK cents
Basic	0.07

The calculation of the earnings per share for the discontinued operation was based on:

	2017
	HK$
Profit for discontinued operation attributable to owners of the Company	6,112,207

The denominators used were the same as those set out above for the continuing operations.

13. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$	*HK$*
Trade receivables	**4,281,899**	4,545,812
Less: allowance for impairment loss	**(1,922,490)**	(887,630)
	2,359,409	3,658,182
Deposits	**17,556,088**	743,367
Rental deposits	**653,339**	743,367
Prepayment	**326,689**	391,247
Interest receivables	**263,000**	–
Other receivables	**384,029**	236,138
	21,542,554	5,028,934
Less: deposits paid for acquisition of an associate shown under non-current assets (note)	**(16,600,000)**	–
rental deposits shown under non-current assets	**(570,604)**	–
	4,371,950	5,028,934

Note: The amount represents the deposit paid for acquisition of indirect equity interest in 眾體時代(北京) 科技有限公司 (Zhongti Times (Beijing) Technology Co., Ltd.) (“Zhongti”) based on the contract signed on 12 December 2018. A revised agreement was entered with the vendor on 25 March 2019. Details of the subsequent event is set out in note 16(b).

The Group provided customers with credit period ranging from 0 to 90 days from the date on which invoice was issued. The credit terms of each customer of the Group were determined by the Group's sales team and were subject to review and approval of the Group's management based on the customers' payment history, transaction volume and length of business relationship with the Group.

All outstanding trade receivables balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collections and the Group's accounting department would monitor the progress of the collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the years ended 31 December 2018 and 2017, 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:

	2018	2017
	HK$	*HK$*
Current	**1,831,416**	1,763,168
1-30 days	**190,000**	405,962
31-90 days	**119,993**	438,300
Over 90 days	**218,000**	1,050,752
	2,359,409	3,658,182

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$527,993 (31 December 2017: HK$1,895,014) 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.

As at 31 December 2018, the Group has HK$218,000 of trade receivables past due over 90 days but not impaired. The Group does not consider such balances are defaulted due to long and on-going business relationship, good repayment record and good credit quality from these customers.

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.

14. LOAN RECEIVABLES

	2018	2017
	HK$	*HK$*
Fixed-rate loan receivables		
Within one year	**16,602,822**	–
Less: allowance for impairment loss	**(9,627,052)**	–
	6,975,770	–

Included in loan receivables are two loans with a principal amount of HK$5,000,000 ("Loan A") and RMB10,000,000 (equivalent to HK$11,602,822) ("Loan B"), respectively, advanced to independent third parties, with details as follows:

(1) In respect of Loan A, the amount carried interest at 1% per month and is repayable on 24 February 2019. Loan A and related interest was fully settled on 20 March 2019.

(2) In respect of the Loan B, it originally carried interest at 4% per month and was repayable in May 2018. Following a supplementary agreement entered with the borrower (the "Borrower"), the terms of Loan B was revised to interest bearing at 1% per month and repayable in May 2019. Loan B is secured by a pledge of the entire share capital in an entity (the "Entity") wholly owned by the Borrower. Loan B was advanced to the Borrower for the purpose to provide financial assistance to the Entity to acquire a 10% interest in a business engaged in lottery related business in the Mainland China (the "Target Business"). As at date of the consolidated financial statements, the Entity has not yet acquired the 10% interest in the Target Business. However, the Entity has advanced a convertible loan of the same amount due on the same date as Loan B to the Target Business ("Loan C"). Loan C may be convertible at the option of the Entity to acquire 10% interest in the Target Business. On 12 March 2019, the Group, the Entity, the Borrower and the Target Business entered into an agreement, whereby repayment at the maturity date by the Target Business on Loan C will be directly paid to the Group as the repayment of Loan B. The management has assessed Loan B for expected credit losses and has determined that Loan B was credit impaired and has recognised an impairment loss of HK$9,627,052 during the year. The impairment loss was determined based on the financial position of the Target Business as at 31 December 2018. No interest income was recognised on Loan B during the year ended 31 December 2018.

15. TRADE AND OTHER PAYABLES

	2018	2017
	HK$	*HK$*
Trade payables	**1,150,866**	1,054,407
Other payables	**2,151,224**	1,321,764
Accrued expenses	**4,273,754**	2,566,544
Receipt in advance	**–**	1,310,312
	7,575,844	6,253,027

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

	2018	2017
	HK$	*HK$*
0 – 60 days	**817,285**	867,471
61 – 90 days	**149,050**	127,700
Over 90 days	**184,531**	59,236
	1,150,866	1,054,407

During the year, the credit period granted by the suppliers are generally ranging from 0 to 120 days (2017: 0 to 120 days).

16. EVENT AFTER THE REPORTING PERIOD

The following events occurred subsequent to the end of the reporting period:

(a) Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company on 19 February 2019, the share consolidation on the basis of every twenty shares in the existing issued and unissued share capital into one consolidated share (the "**Share Consolidation**") was approved.

Upon the Share Consolidation becoming effective, the authorised share capital of the Company became HK$100,000,000 divided into 5,000,000,000 ordinary shares of HK$0.02 each, the issued and fully paid capital became 432,000,000 ordinary shares of HK$0.02 each.

Also upon the Share Consolidation becoming effective, the 148,800,000 outstanding Share Options became 7,440,000 Share Options with an exercise price of HK$1.3 per Share Option.

(b) On 25 March 2019, the Group entered into a revised agreement to acquire 15% indirect equity interest in Zhongti. On the same date, previous agreement and supplementary agreements which was entered with the vendor were terminated. Zhongti is principally engaged in online advertising, online gaming and entertainment platform specialising in the development and operation of boutique internet games. The consideration for the acquisition will be settled in cash of HK$21,000,000, of which HK$16,600,000 will be offset by the deposit paid as at 31 December 2018. On completion, Zhongti will be accounted for as an associate, as in the opinion of the management the Group will have significant influence over Zhongti.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Continuing operation

The Group recorded total revenue of approximately HK$17,000,000 for the year ended 31 December 2018, representing a decrease of approximately 43% or HK$12,734,000 from approximately HK$29,734,000 for the year ended 31 December 2017. The Group recorded total gross profit of HK$3,622,000 for the year ended 31 December 2018, representing an increase of approximately 22% or HK$646,000 from approximately HK$2,976,000 for the year ended 31 December 2017. The Group's net loss increase to approximately HK$38,681,000 for the year ended 31 December 2018 from approximately HK$16,977,000 for the year ended 31 December 2017. Loss per share of the Group for the year ended 31 December 2018 was approximately HK0.43 cents. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2018.

Business Review

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

Exhibition and trade show business:

During the current year, the Group extended its business sector in promotion and marketing by acquiring 67% of the issued share capital of to be Concepts Limited ("TBC"). TBC is engaged in organising a wide range of exhibition and trade show.

During the year ended 31 December 2018, the revenue generated from the exhibition and trade show business amounted to HK$13,475,000. There was no such revenue in 2017.

Magazines and advertising business:

During the year, The Group owned and published 4 magazines, including Motoz Trader, Motoz Trader (Free), Shopping Monthly (a 2-in-1 dual cover magazine), Shopping Monthly (Free) (a 2-in-1 dual cover magazine).

The magazines of the Group cover readership of different market segments and age groups by focusing on different areas of interests in lifestyle, including automotive, beauty and fashion, property, dining and electronic products.

- Motoz Trader is a fortnightly magazine that focuses on new car models, second-hand car market and properties while also provides lifestyle information including dinning, fashion and beauty.

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

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

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

During the year ended 31 December 2018, the revenue generated from the magazines and advertising business amounted to approximately HK$1,311,000, representing a decrease of approximately 94% as compared to last year. The decrease was mainly due to shrinking traditional print media market and significant decrease in outdoor advertising revenue by approximately HK$13,295,000 as a result of the loss in exclusivity of the outdoor advertising board in Elizabeth House, Causeway Bay, Hong Kong.

Mobile apps development business:

This segment is principally engaged in the mobile phone apps development and provision of app solutions for its clients. It is also involved in WeChat planning, production and promotion, as well as research in blending WeChat with corporate marketing and planning.

During the year ended 31 December 2018, the revenue generated from mobile apps development amounted to approximately HK$2,215,000, representing a decrease of approximately 74% as compared to last year.

Prospects

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

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

Financial Review

Continuing operations

Revenue

Total revenue decreased by approximately 43% from approximately HK$29,734,000 for the year ended 31 December 2017 to approximately HK$17,000,000 for the year ended 31 December 2018. It was mainly due to shrinking of the traditional print media business, loss in exclusivity of the advertising board, and keen competition of the mobile app development business. The revenue generated from the magazine and advertising business and mobile app business decreased by 94% and 74% respectively.

The revenue of the Group is mainly contributed from the exhibition and trade show business, amounted to HK$13,475,000 or 79% of the total revenue of the Group.

Cost of Sales

The Group's major costs of sales included the production costs directly attributable to organising the exhibitions and trade shows.

For the year ended 31 December 2018, the cost of sales of the exhibition and trade show amounted to HK$9,157,000 or 68% of the total cost of sales.

Align with the decrease in revenue of the magazines and advertising business and mobile apps development business, the cost of sales of the respective business were decreased by HK$17,798,000 and HK$4,739,000 or 89% and 71% compared to last year respectively.

Gross Profit

Gross profit of the Group is mainly contributed by the exhibition and trade show business, represented HK$4,318,000 for the current year.

Gross loss of HK$953,000 is resulted from the magazines and advertising business as compared to the gross profit of HK$1,047,000 in last year. And the gross profit generated from the mobile apps business decreased from HK$1,929,000 in last year to HK$258,000 in the current year, representing a decrease of HK$1,671,000 or 87%.

Other Income

Other income mainly represented the interest income arising from loan receivables during the year and other income decreased from approximately HK$731,000 for the year ended 31 December 2017 to approximately HK$680,000 for the year ended 31 December 2018.

Operating Expenses

The operating expenses of the Group increased by approximately 57% from approximately HK$20,267,000 for the year ended 31 December 2017 to approximately HK$31,856,000 for the year ended 31 December 2018. The increase in the operating expenses was primarily attributable to the share options granted to consultants of approximately HK$3,381,000, increase in staff costs by approximately HK$1,624,000 and increase in other operating expenses as a result of acquisition of 67% interest in TBC.

Other gains or losses

The other gains or losses represented a net loss of HK$366,000 for the year ended 31 December 2018, mainly consisted of the net foreign exchange loss and net loss on the change in fair value of financial assets at FVTPL, off set by the gain of disposal of subsidiaries in current year.

Impairment loss recognised on loan receivables

As at 31 December 2018, impairment loss of HK$9,627,000 is recognised on loan receivable, details are disclosed in note 14 to the consolidated financial statements in this announcement.

Finance Costs

Finance costs of the Group amounted to approximately HK$121,000 for the year ended 31 December 2018, compared to the finance costs of approximately HK$2,202,000 for the year ended 31 December 2017. The decrease in finance costs was mainly due to imputed interest incurred on the promissory notes in last year.

Income Tax Credit (Expense)

Income tax credit for the Group was approximately HK$22,000 for the year ended 31 December 2018, compared to the income tax expense of HK$69,000 for the year for the last year.

Loss from Continuing Operation Attributable to Owners of the Company

During the year ended 31 December 2018, the Group's loss attributable to owners of the Company increased to approximately HK$37,464,000 from approximately HK$21,241,000 for the year ended 31 December 2017. This was mainly attributable to (i) increase in operating expense; and (ii) impairment loss recognised on trade and loan receivables. But it was partly offset by (i) there is no further impairment loss on goodwill in current year; and (ii) decrease in finance costs.

Discontinued Operation

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

Liquidity, Financial Resources and Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 December 2018.

	As at 31 December	
	2018	2017
	HK$	*HK$*
Current assets	**23,096,231**	50,551,239
Current liabilities	**21,252,108**	6,435,878
Current ratio	**1.1**	7.9

The current ratio of the Group as at 31 December 2018 was approximately 1.1 times as compared to approximately 7.9 times as at 31 December 2017.

As at 31 December 2018, the Group had cash and cash equivalents of approximately HK$10,687,000 (2017: approximately HK$41,955,000).

The scheduled repayment date of the Group's other borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	2018	2017
	HK$	*HK$*
Within 1 year	**10,000,000**	–

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 52% as at 31 December 2018 (2017: 0%).

Trade Receivables Turnover Days

The trade receivables decreased from approximately HK$3,658,000 for the year ended 31 December 2017 to approximately HK$2,359,000 for the year ended 31 December 2018, but the trade receivable turnover days increased from approximately 45 days for the year ended 31 December 2017 to approximately 51 days for the year ended 31 December 2018. All outstanding trade receivable balances are reviewed by the Group's sales and marketing department on a monthly basis to ensure that any overdue receivable is promptly monitored and appropriate collection actions are taken.

Treasury policies

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

Significant Investments Held

During the year ended 31 December 2018, saved for the equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss, there was no other significant investment held by the Group.

Future plans for material investments and capital assets

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

In March 2018, the Group completed the disposal of 100% equity interests in Lucky Channel Limited. The consideration was HK$12.9 million.

In March 2018, the Group completed the acquisition of 67% equity interest in to be Concepts Limited ("**TBC**"). The consideration was HK$3.1 million. TBC is principally engaged in organising exhibitions and trade shows for the promotion of products and services, and providing ancillary services. The Directors consider that TBC can broaden the Group's revenue source and leverage with the existing business.

In December 2018, the Group disposed its entire interest in Singulaity Group Holdings Limited to SNC Limited ("**SNC**"), an independent third party, in exchange for a 9.09% equity interest in SNC.

Pledge of Assets

As at 31 December 2018 and 2017, the Group had no assets pledged for bank borrowings or for other purpose.

Contingent Liabilities

As at 31 December 2018, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2018, saved as disclosed in note 16 to the consolidated financial statements in this announcement in relation to the acquisition of Zhongti, the Group did not have any other significant capital commitments.

Information on Employees

As at 31 December 2018, the employee headcount (not including Directors) of the Group was 19 (2017: 47) and the total staff costs, including Directors' emoluments for the year ended 31 December 2018, amounted to approximately HK$9.7 million (2017: approximately HK$8.1 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 betaken into account while having the annual salary review and promotion appraisal. In addition to a basic salary, bonuses would be paid to staff with reference to the financial performance of the Group. The Group would also provide trainings or seminars that relating to publication business and offer options that may be granted to the employees under the share option scheme. The Group pays commission to its sales and marketing staff which was calculated based on an agreed percentage of sharing specified in their respective contracts in accordance of the total monthly sales solicited by such staff which is arrived at mutual agreement between the Company and the respective staff.

Risk Management and Internal Control Systems

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

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

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

Risk Management

Currency risk

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

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

Interest rate risk

In current year, the Group was exposed to fair value interest rate risk in relation to fixed-rate other borrowing.

The Group is not exposed to any significant interest rate risk which may materially affect the Group's results of operations in 2018 and 2017.

Equity price risk

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

Credit risk

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

In respect of trade and other receivables and loan 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 24% (2017: 11%) of the total trade receivables of the Company was due from the largest customer and 73% (2017: 43%) 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 bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Liquidity risk

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

Use of Proceeds from the Placing

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

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 16 February 2015 through a placement of 180,000,000 ordinary shares of HK$0.01 each in the share capital of the Group at the price of HK$0.37 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK$28.9 million. Up to 31 December 2018, the net proceeds was fully utilised.

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

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

Up to 31 December 2018, the net proceeds was fully utilised.

EVENT AFTER THE REPORTING PERIOD

Details of the event after the reporting period are disclosed in note 16 to the consolidated financial statements in this announcement.

CORPORATE GOVERNANCE PRACTICES

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

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

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

CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all the Directors confirmed that they have complied with the required standard of dealings and its code of conduct regarding Director's securities transactions during the year ended 31 December 2018.

AUDIT COMMITTEE

The Audit Committee has been established in accordance with the GEM Listing Rules, comprising three independent non-executive Directors, namely, Mr. Tsang Zee Ho Paul (Chairman), Mr. Wen Kai and Mr. Tse Chi Wai.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and there lated notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT OPINION

The auditor of the Group has issued an opinion with a material uncertainty related to going concern paragraph on the consolidated financial statements of the Group for the period under audit. An extract of the auditor's report is set out in the section headed "Extract of the Auditor's Report" below.

Extract of the Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the discourse requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 1 to the consolidated financial statements, which states that the Group incurred losses from continuing operations for the year ended 31 December 2018 of HK$38,680,805 and the Group's net current assets decreased from HK$44,115,361 to HK$1,844,123 as at 31 December 2018. The Group has also incurred a net cash outflow of HK$34,162,712 for the year ended 31 December 2018. The Group is actively identifying alternative sources of funding to meet its liquidity needs for the next twelve months from the end of the reporting period. However, the likelihood of the successful implementation of fund raising activities could not be determined as at the date of our report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Hong Kong, 29 March 2019

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

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

* *for identification purpose only*