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 2019

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 2019

	Notes	**2019** **HK$**	2018 *HK$*
Continuing operations			
Revenue	*3*	**20,604,683**	14,785,259
Cost of sales		**(11,400,582)**	(11,420,574)
Gross profit		**9,204,101**	3,364,685
Other income	*5*	**87,884**	521,121
Operating expenses		**(24,378,912)**	(26,888,850)
Impairment loss recognised under expected credit loss model		**(22,702,474)**	(9,790,491)
Other gains or losses	*6*	**(262,003)**	(1,455,383)
Finance costs	*7*	**(1,541,431)**	(120,930)
Loss before tax	*8*	**(39,592,835)**	(34,369,848)
Income tax (expense)/credit	*9*	**(173,772)**	21,759
Loss for the year from continuing operations		**(39,766,607)**	(34,348,089)
Discontinued operation			
Profit/(loss) for the year from discontinued operation	*10*	**290,510**	(4,332,716)
Loss for the year		**(39,476,097)**	(38,680,805)
Other comprehensive (expense)/ income for the year			
Item that will not be reclassified to profit or loss:			
Fair value loss on equity instruments at fair value through other comprehensive income		**(1,423,467)**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(201,461)**	309,699
Reclassification adjustment for a foreign operation disposed of		**20,276**	–
Other comprehensive (expense)/ income for the year, net of income tax		**(1,604,652)**	309,699
Total comprehensive expense for the year		**(41,080,749)**	(38,371,106)

	Notes	**2019**	2018
		HK$	*HK$*
Loss for the year attributable to:			
Owners of the Company			
– for continuing operations		**(39,206,651)**	(34,497,905)
– for discontinued operation		**305,656**	(2,965,817)
		(38,900,995)	(37,463,722)
Non-controlling interests			
– for continuing operations		**(559,956)**	149,816
– for discontinued operation		**(15,146)**	(1,366,899)
		(575,102)	(1,217,083)
		(39,476,097)	(38,680,805)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(40,407,994)**	(37,303,735)
Non-controlling interests		**(672,755)**	(1,067,371)
		(41,080,749)	(38,371,106)
			(restated)
From continuing and discontinued operations			
Loss per share			
Basic and diluted *(HK cents)*	*12*	**(9.00)**	(8.67)
			(restated)
From continuing operations			
Loss per share			
Basic and diluted *(HK cents)*	*12*	**(9.08)**	(7.99)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$	2018 HK$
Non-current assets			
Plant and equipment		**1,450,156**	2,675,374
Goodwill		**1,399,146**	1,399,146
Intangible assets		**330,000**	330,000
Equity instruments at fair value through other comprehensive income		–	1,423,467
Deposit paid for acquisition of an associate		–	16,600,000
Rental deposits		–	570,604
		3,179,302	22,998,591
Current assets			
Financial assets at fair value through profit or loss		–	1,062,000
Loan receivables	*13*	–	6,975,770
Trade and other receivables	*14*	**8,765,776**	4,371,950
Contract costs		**869,651**	–
Tax recoverable		**137,608**	–
Bank balances and cash		**3,603,473**	10,686,511
		13,376,508	23,096,231
Current liabilities			
Trade and other payables	*15*	**7,121,180**	7,575,844
Contract liabilities		**1,159,283**	550,785
Other borrowing		**10,000,000**	10,000,000
Amount due to a non-controlling shareholder of a subsidiary		–	113,953
Tax payables		**173,772**	117,353
Bank overdrafts		–	2,894,173
		18,454,235	21,252,108
Net current (liabilities)/assets		**(5,077,727)**	1,844,123
Total assets less current liabilities		**(1,898,425)**	24,842,714

	Notes	2019	2018
		HK$	HK$
Non-current liability			
Loan from a shareholder		**10,000,000**	–
Net (liabilities)/assets		**(11,898,425)**	24,842,714
Capital and reserves			
Share capital		**8,640,000**	8,640,000
Reserves		**(20,924,152)**	18,824,806
Total (capital deficiency)/ equity attributable to owners of the Company		**(12,284,152)**	27,464,806
Non-controlling interests		**385,727**	(2,622,092)
Total (capital deficiency)/equity		**(11,898,425)**	24,842,714

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 Workshop A, 14th Floor, V Ga Building, 532 Castle Peak Road, Kowloon, Hong Kong respectively.

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties and certain financial instruments that are measured at fair values at the end of each reporting period.

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 Group incurred a net loss attributable to owners of the Company of HK$38,900,995 (2018: HK$37,463,722) and had net operating cash outflows of HK$14,093,826 (2018: 20,608,450) during the year ended 31 December 2019 and, as of that date, the Group's total liabilities exceeded its total assets by HK$11,898,425 (2018: total assets exceeded its total liabilities of HK$24,842,714). Notwithstanding the above result, the consolidated financial statements have been prepared on a going concern basis.

The management closely monitors the Group's financial performance and liquidity position. The validity of the going concern basis depends upon the success of the Group's future operations, its ability to generate adequate cash flows in order to meet its financial obligations as and when they fall due such that the Group can meet its future working capital and financing requirements.

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:

Mr. Lui, the ultimate shareholder and director of the Company, has granted an unsecured loan facility of up to HK$40,000,000 (the "**Facility**") during the available period which will expire on 31 December 2021. The Facility bears an interest of 2% per annum. During the year ended 31 December 2019, an aggregate amount of HK$10,000,000 of the Facility has been drawn down by the Company. At 31 December 2019, the Facility of HK$30,000,000 was unutilised, unrestricted and available to be drawn down.

Mr. Lui has also agreed to provide continuing financial support to the Group and confirmed that he will not demand repayment and will not withdraw the Facility provided to the Group and have financial ability to provide facility granted to the Group within the next twelve months.

The directors of the Company have reviewed the Group's cash flow projections prepared by the management. The cash flow projections cover a period of not less than twelve months from 31 December 2019. Based on the cash flow projections, the Group will have sufficient financial resources to meet its financial obligations as and when they fall due in the coming twelve months from 31 December 2019. The management has made key assumptions on the projections with regard to the anticipated cash flows from the Group's operations and capital expenditures.

The directors of the Company consider that after taking into account of the above-mentioned matters, 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 (the "**HKICPA**") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

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 on the disclosures set out in these consolidated financial statements.

HKFRS 16 *Leases*

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases*, and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. During the year ended 31 December 2019, application of HKFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term of the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of relevant group entities at the date of initial application. The incremental borrowing rate applied is 5.13%.

	At 1 January 2019 *HK$*
Operating lease commitments disclosed at 31 December 2018	4,881,219
Less: recognition exemption − short-term leases	(460,569)
Undiscounted lease liabilities relating to operating leases recognised upon application of HKFRS 16	4,420,650
Less: future finance costs	(239,372)
Lease liabilities at 1 January 2019	4,181,278
Analysed as:	
Current	1,873,885
Non-current	2,307,393
	4,181,278

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises of the following:

	Right-of-use assets *HK$*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	4,181,278
By class:	
Office premises	4,181,278

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$	*HK$*	*HK$*
Non-current assets			
Right-of-use assets	–	4,181,278	4,181,278
Current liabilities			
Lease liabilities	–	(1,873,885)	(1,873,885)
Non-current liabilities			
Lease liabilities	–	(2,307,393)	(2,307,393)

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening statement of financial position at 1 January 2019 as disclosed above.

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 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

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

2 Effective for business combinations 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.

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

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, *the Amendments to References to the Conceptual Framework in HKFRS Standards*, will be effective for annual periods beginning on or after 1 January 2020.

The directors anticipate that the application of all new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

Disaggregation of revenue from contracts with customers

Continuing operations

	2019	2018
	HK$	*HK$*
Provision of exhibition and trade show service	**13,106,568**	13,474,719
Publications and media advertising income	**7,498,115**	1,310,540
	20,604,683	14,785,259
Timing of revenue recognition		
A point in time	**70,140**	62,870
Overtime	**20,534,543**	14,722,389
	20,604,683	14,785,259

Transaction allocated to the remaining performance obligation for contract with customer

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to all its sale contracts such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations.

4. OPERATING SEGMENTS

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

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

1. Exhibition and trade show business

2. Mobile app business

3. Publications and media advertising business, including print and online media advertising and sales of publications

During the year ended 31 December 2019, the Group acquired a business which is engaged in exhibition and trade show business.

An operating segment regarding the mobile app business was discontinued during the year ended 31 December 2019. The segment information reported below does not include any amounts for this discontinued operation.

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 2019 and 2018 is set out below.

Segment revenues and results

Continuing operations

For the year ended 31 December 2019

	Exhibition and trade show business *HK$*	Publications and media advertising business *HK$*	Total *HK$*
Revenue			
Segment revenue	**13,106,568**	**7,498,115**	**20,604,683**
Inter-segment sales	**–**	**–**	**–**
Revenue from external customers	**13,106,568**	**7,498,115**	**20,604,683**
Segment profit	**3,918,066**	**5,286,035**	**9,204,101**
Other income			**87,884**
Operating expenses			**(24,378,912)**
Impairment loss recognised under expected credit loss model			**(22,702,474)**
Other gains or losses			**(262,003)**
Finance costs			**(1,541,431)**
Loss before tax			**(39,592,835)**
Income tax expense			**(173,772)**
Loss for the year			**(39,766,607)**

For the year ended 31 December 2018

	Exhibition and trade show business *HK$*	Publications and media advertising business *HK$*	Consolidated *HK$*
Revenue			
Segment revenue	13,474,719	1,320,540	14,795,259
Inter-segment sales	–	(10,000)	(10,000)
Revenue from external customers	13,474,719	1,310,540	14,785,259
Segment profit/(loss)	4,317,256	(952,571)	3,364,685
Other income			521,121
Operating expenses			(26,888,850)
Impairment loss recognised under expected credit loss model			(9,790,491)
Other gains or losses			(1,455,383)
Finance costs			(120,930)
Loss before tax			(34,369,848)
Income tax credit			21,759
Loss for the year			(34,348,839)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit earned/(loss suffered) from each segment without allocation of other income, operating expenses, other gains or losses, impairment loss recognised on trade and other receivables and loan receivables and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

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 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.

	2019	2018
	HK$	*HK$*
Segment assets		
Exhibition and trade show business	**5,483,189**	5,204,851
Publications and media advertising business	**8,129,521**	617,118
Total segment assets	**13,612,710**	5,821,969
Loan receivables	**–**	6,975,770
Deposit paid for acquisition of an associate	**–**	16,600,000
Bank balances and cash	**1,407,190**	9,024,422
Equity instrument at FVTOCI	**–**	1,423,467
Financial assets at FVTPL	**–**	1,062,000
Assets related to discontinued operation	**–**	738,899
Unallocated assets	**1,535,910**	4,448,295
Consolidated assets	**16,555,810**	46,094,822
Segment liabilities		
Exhibition and trade show business	**1,997,794**	3,894,502
Publications and media advertising business	**1,569,188**	627,530
Total segment liabilities	**3,566,982**	4,522,032
Liabilities related to discontinued operations	**–**	4,668,681
Unallocated liabilities	**24,887,253**	12,061,395
Consolidated liabilities	**28,454,235**	21,252,108

Geographical information

The Group's continuing operations are located in Guangdong-Hong Kong-Macao Greater Bay Area.

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.

	Revenue external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	HK$	*HK$*	***HK$***	*HK$*
Continuing operations				
Guangdong-Hong Kong-Macao Greater Bay Area	**20,604,683**	14,785,259	**3,179,302**	4,382,590

Note: Non-current assets excluded those discontinued operation, financial instrument and deposit paid for acquisition of an associate

Continuing operations

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

	2019	2018
	HK$	*HK$*
Customer A *(Note a)*	**4,089,800**	4,195,130
Customer B *(Note a)*	**N/A[1]**	1,745,509
Customer C *(Note a)*	**2,891,784**	N/A[1]
Customer D *(Note b)*	**2,097,087**	–

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 customers is arising from exhibition and trade show business.

(b) Revenue from the above customer is arising from publications and media advertising business.

5. OTHER INCOME

	2019	2018
	HK$	*HK$*
Continuing operations		
Dividend from financial assets at FVTPL	**–**	44,428
Interest income on loan receivables	**87,000**	396,000
Rental income	**–**	62,903
Bank interest income	**884**	1,349
Sundry income	**–**	16,441
	87,884	521,121

6. OTHER GAINS OR LOSSES

	2019	2018
	HK$	*HK$*
Continuing operations		
(Loss)/gain on disposal of subsidiaries	**(220,548)**	632
Loss arising on change in fair value of financial assets at FVTPL	**(34,040)**	(539,448)
Loss on disposal of plant and equipment	**–**	(64,423)
Net foreign exchange loss	**(7,415)**	(852,144)
	(262,003)	(1,455,383)

7. FINANCE COSTS

	2019	2018
	HK$	*HK$*
Continuing operations		
Interest on bank overdrafts	**122,226**	14,151
Interest on other borrowings	**1,269,991**	100,000
Interest on loan from a shareholder	**16,438**	–
Interest on finance lease	**–**	6,779
Interest on lease liabilities	**132,776**	–
	1,541,431	120,930

8. LOSS BEFORE TAX

Loss for the year has been arrived at after charging/(crediting):

	2019	2018
	HK$	*HK$*
Continuing operations		
Auditors' remuneration	**960,000**	1,250,000
Equity-settled share-based payment expenses to consultants	**574,676**	3,380,927
Impairment loss recognised on loan receivables	**1,751,533**	9,627,052
Impairment loss recognised on trade and other receivables, net	**950,941**	163,439
Impairment loss recognised on refundable deposit	**20,000,000**	–
Depreciation of plant and equipment	**838,749**	961,729
Depreciation of right-of-use asset	**1,745,185**	–
Operating lease expense in respect of office premises	**–**	1,888,310
Rental expenses in respect of short-term leases	**534,370**	–
Staff costs		
Directed emoluments	**4,928,046**	3,355,874
Other staff costs		
– salaries, allowances and benefits in kind	**6,841,530**	5,627,980
– contributions to retirement benefits scheme	**248,879**	93,946
	7,090,409	5,721,926
Gross rental income from an investment property	**–**	(62,903)
Less: direct operating expenses incurred that generated rental income during the year	**–**	19,818
	–	(43,085)

9. INCOME TAX EXPENSE/(CREDIT)

	2019	2018
	HK$	*HK$*
Continuing operations		
Hong Kong Profits Tax		
– Current tax	**–**	–
– Overprovision in prior years	**–**	(21,759)
	–	(21,759)
Macau Complementary Tax		
– Current tax	**173,772**	–

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$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 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.

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

Macau Complementary Tax is calculated at 12% on the estimated assessable profits for both years.

10. DISCONTINUED OPERATION

During the year ended 31 December 2019, the Group entered into a share purchase agreement with an independent third party to dispose of its entire 51% equity interest in Qihui Group (International) Limited and its subsidiaries (collectively referred as the "**Qihui Group**"), which carried out the Group's mobile app business. The disposal was completed in 2019.

The loss for the period from the discontinued mobile app business is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the mobile app business as a discontinued operation.

	2019	2018
	HK$	*HK$*
Loss from mobile app business for the period/year	**(30,910)**	(5,493,930)
Gain on disposal of mobile app business	**321,420**	1,161,214
Profit/(loss) for the period/year	**290,510**	(4,332,716)
Profit/(loss) for the period/year attributable to:		
– Owners of the Company	**305,656**	(2,965,817)
– Non-controlling interest	**(15,146)**	(1,366,899)
	290,510	(4,332,716)

Loss from mobile app business for the period/year, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2019	2018
	HK$	*HK$*
Revenue	–	2,214,535
Cost of sales	–	(1,957,365)
Other income	–	158,857
Operating expense	**(30,910)**	(4,966,786)
Other gain or losses	–	(71,750)
Impairment loss recognised on trade receivables	–	(871,421)
Loss before tax	**(30,910)**	(5,493,930)
Income tax expense	–	–
Loss for the period/year	**(30,910)**	(5,493,930)

Loss for the period/year from discontinued operation has been arrived at after charging:

	2019	2018
	HK$	*HK$*
Depreciation of plant and equipment	**2,454**	17,292
Operating leases expense in respect of office premises	–	210,216
Employee benefits expense:		
– salaries, allowances and benefits in kind	–	1,089,111
– contributions to retirement benefits scheme	–	121,023
	–	1,210,134

During the year ended 31 December 2019, mobile app business contributed HK$188,730 net cash inflow (2018: HK$2,541,415 net cash inflow) to the Group's operating cash flows and HK$92,620 net cash outflow (2018: nil) to the Group's investing cash flows. No financing cash flow was derived from mobile app business for both years.

11. DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

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 based on the following data:

	2019	2018
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**(39,206,651)**	(34,497,905)

	2019	2018
		(restated)
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	**432,000,000**	432,000,000

The calculation of diluted loss per share does not assume the exercise of the Company's outstanding share options as they had an anti-dilutive effect to the basic loss per share from continuing operations for the years ended 31 December 2019 and 2018.

The weighted average number of ordinary shares in issue for the years ended 31 December 2018 have been retrospectively adjusted for the share consolidation of the ordinary shares of the Company that was affected on 20 February 2019.

Continuing and discontinued operations

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

	2019	2018
	HK$	*HK$*
Loss for the year attributable to owners of the Company	**(38,900,995)**	(37,463,722)

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

13. LOAN RECEIVABLES

	2019	2018
	HK$	*HK$*
Fixed-rate loan receivables		
Within one year	–	16,602,822
Less: allowance for credit losses	–	(9,627,052)
	–	6,975,770

Included in loan receivables as at 31 December 2018 were 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. During the year ended 31 December 2019, it has come to the notice of the Group that the cheque in the amount of HK$5,350,000 drawn by the borrower in favour of the Group for the full settlement of Loan A and the interest accrued was dishonoured. Loan A and the interest accrued were subsequently in full during the year ended 31 December 2019.

(2) In respect of 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 for the year ended 31 December 2018. 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.

A further impairment loss of HK$1,751,533 was recognised during the year ended 31 December 2019 as the Group has determined that there is no realistic prospect of recovery in relation of Loan B.

14. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$	*HK$*
Trade receivables	**3,179,701**	4,281,899
Less: allowance for credit losses	**(158,408)**	(1,922,490)
	3,021,293	2,359,409
Deposits	**1,679,200**	17,556,088
Rental deposits	**82,735**	653,339
Prepayment	**127,660**	326,689
Interest receivables	**–**	263,000
Other receivables	**3,854,888**	384,029
	8,765,776	21,542,554
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)
	8,765,776	4,371,950

Note: At 31 December 2018, the amount of HK$16,600,000 represents the deposit paid for acquisition of indirect equity interest in Zhongti Times (Beijing) Technology Co., Ltd.* (眾體時代(北京)科技有限公司) ("**Zhongti**") based on the contract signed on 12 December 2018. The Group further paid HK$3,400,000 to Zhongti during the year ended 31 December 2019.

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 were 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 would be settled in cash of HK$21,000,000, of which HK$20,000,000 have be offset by the deposit paid. On completion, Zhongti would be accounted for as an associate, as in the opinion of the management the Group will have significant influence over Zhongti. The revised agreement was lapsed on 31 May 2019.

Based on the announcement of the Company dated 19 July 2019, Zhongti proposed a repayment schedule to repay the total deposit paid by the Group of HK$20,000,000 ("**Deposit A**"), being 50% of the Deposit A would be settled before the end of September 2019 and the remaining 50% of the Deposit A would be settled before the end of 2019. At 31 December 2019 and up to the date of approval of the consolidated financial statements of the Group for the year ended 31 December 2019, the entire amount of the Deposit A remained unsettled. The directors of the Company consider that the Deposit A is irrecoverable and impairment loss of HK$20,000,000 has been recognised during the year ended 31 December 2019.

* *For identification purpose only*

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 collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the years ended 31 December 2019 and 2018, no legal actions were taken by the Group for debt collection.

The following is an aging analysis of trade receivables (net of allowance for credit losses) at the end of the reporting period presented based on the overdue days:

	2019	2018
	HK$	*HK$*
Current	**2,784,938**	1,831,416
1–30 days	**124,900**	190,000
31–90 days	**50,395**	119,993
Over 90 days	**61,060**	218,000
	3,021,293	2,359,409

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$236,355 (31 December 2018: HK$527,993) 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 2019, the Group has HK$61,060 (2018: 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.

15. TRADE AND OTHER PAYABLES

	2019	2018
	HK$	*HK$*
Trade payables	**1,294,582**	1,150,866
Other payables	**31,155**	2,151,224
Accrued expenses *(Note)*	**5,795,443**	4,273,754
	7,121,180	7,575,844

Note: Accruals mainly consist of accrued staff costs and accrued professional fee.

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

During the year, the credit period granted by the suppliers are generally ranging from 0 to 60 days (2018: 0 to 120 days).

The following is an aging analysis of trade payables at the end of the reporting period presented based on the invoice dates:

	2019	2018
	HK$	*HK$*
0–60 days	**1,038,217**	817,285
61–90 days	**256,365**	149,050
Over 90 days	**–**	184,531
	1,294,582	1,150,866

16. EVENTS AFTER REPORTING PERIOD

The coronavirus disease 2019 outbreak since early 2020 has brought additional uncertainties in the global macroeconomic situation. The Group expects the event may potentially affect the Group's business performance in the first half year of 2020. The degree of impact could not be reasonably estimated at this stage. The Group will closely monitor the development of the epidemic and assess its impact on the financial position and operating results of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Continuing operation

The Group recorded total revenue of approximately HK$20,605,000 for the year ended 31 December 2019, representing an increase of approximately 39% or HK$5,820,000 from approximately HK$14,785,000 for the year ended 31 December 2018. The Group recorded total gross profit of approximately HK$9,204,000 for the year ended 31 December 2019, representing an increase approximately HK$5,839,000 from approximately HK$3,365,000 for the year ended 31 December 2018. The Group's net loss increase to approximately HK$39,476,000 for the year ended 31 December 2019 from approximately HK$38,681,000 for the year ended 31 December 2018. Loss per share of the Group for the year ended 31 December 2019 was approximately HK$9 cents. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019.

Business Review

The Group is principally engaged in (i) sales and distribution of publications, and the sales of print and online advertising spaces, and (ii) promotion of products and services by organizing exhibitions and shows.

Publications and media advertising business

During the year, The Group owned and published six publications, including Exmoo News, Travel Macao, 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 publications 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.

- Exmoo News is a Chinese-language daily newspaper (published every Monday to Friday) published in Macau which covers a wide range of readership by focusing on different areas including Macau daily local as well as Hong Kong, the PRC and international news, finance and economy, entertainment, sports, fashion and lifestyle, cultural knowledge, etc. As at the date of this announcement, the number of distribution points of the newspaper are 641 in Macau covering commercial buildings, luxury apartments, banks, airport and lounge, ports, petrol kiosk, food centre, car parks, universities and governmental offices, etc. and the daily circulation reaches about 50,000 copies, which is one of the highest circulation and wide coverage in Macau.

- Travel Macao is a Chinese-language travel leisure fortnightly magazine (published alternate Friday) published in Macau which provides comprehensive information to readers relating to travel, dining, shopping, culture and entertainment in Macau. It is distributed in major terminals in Hong Kong and Macau as well as certain hotels in Macau. In addition to the printed magazine distributed in Macau and Hong Kong, Travel Macao also provides website version, digital social media platforms such as Facebook page and WeChat platform to readers.

- 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 2019, the revenue generated from the publications and media advertising business amounted to approximately HK$7,498,000, increased from approximately HK$1,311,000 for the year ended 31 December 2018.

Exhibition and trade show business

During the year ended 31 December 2019, the revenue generated from the exhibition and trade show business amounted to approximately HK$13,107,000, slightly decreased from approximately HK$13,475,000 for the year ended 31 December 2018.

Prospects

Looking forward to 2020, the Group will pay close attention to the uncertainties in the economic environment, and stay alert to formulate strategies to pursue steady development and strive for generous returns to our shareholders.

Financial Review

Continuing operations

Revenue

Total revenue increased by approximately 39% from approximately HK$14,785,000 for the year ended 31 December 2018 to approximately HK$20,605,000 for the year ended 31 December 2019. It was mainly due to the Group extended its business sector geographically to Guangdong-Hong Kong-Macao Greater Bay Area. The revenue generated from publications and media advertising business increased approximately HK$6,220,000 as compared with approximately HK$1,311,000 for the year ended 31 December 2018.

The revenue of the Group contributed from the exhibition and trade show business, amounted to approximately HK$13,107,000 or 64% of the total revenue of the Group for the year ended 31 December 2019.

Cost of Sales

For the year ended 31 December 2019, the cost of sales of the exhibition and trade show and publications and media advertising business amounted to approximately HK$9,189,000 or 81% and approximately HK$2,212,000 or 19% respectively of the total cost of sales.

Gross Profit

The gross profit of the exhibition and trade show business, represented approximately HK$3,918,000 for the current year.

Due to the expansion of publications and media advertising business extended, the gross profit generated from the publications and media advertising business increased from gross loss of approximately HK$953,000 in last year to gross profit of approximately HK$5,286,000 in the current year.

Other Income

Other income mainly represented the interest income arising from loan receivables during the year and other income decreased from approximately HK$521,000 for the year ended 31 December 2018 to approximately HK$88,000 for the year ended 31 December 2019.

Operating Expenses

The operating expenses of the Group decreased by approximately 9% from approximately HK$26,889,000 for the year ended 31 December 2018 to approximately HK$24,371,000 for the year ended 31 December 2019. The decrease in the operating expenses was mainly due to effective cost control on administrative expenses.

Other Gains or Losses

The other gains or losses represented a net loss of approximately HK$262,000 for the year ended 31 December 2019, mainly consisted of the disposal loss of a subsidiary.

Impairment Loss Recognised on Trade and Other Receivables and Loan Receivables

As at 31 December 2019, impairment loss of approximately HK$22,710,000 is recognised on trade and other receivables and loan receivables.

Finance Costs

Finance costs of the Group amounted to approximately HK$1,541,000 for the year ended 31 December 2019, compared to HK$121,000 for the year ended 31 December 2018. The increase in finance costs was mainly due to interest paid to an independent third party borrower.

Income Tax (Expense) Credit

Income tax expense for the Group was approximately HK$174,000 for the year ended 31 December 2019, compared to the income tax credit of approximately HK$22,000 for the last year.

Loss from Continuing Operation Attributable to Owners of the Company

During the year ended 31 December 2019, the Group's loss attributable to owners of the Company increased to approximately HK$38,901,000 from approximately HK$37,464,000 for the year ended 31 December 2018. This was mainly attributable to (i) impairment loss recognised on trade and other receivables and loan receivables; and (ii) increase in finance costs.

Discontinued Operation

During the year ended 31 December 2019, the financial results of mobile apps development business segment was classified as the discontinued operation.

Liquidity, Financial Resources and Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 December 2019.

	As at 31 December	
	2019	2018
	HK$	*HK$*
Current assets	**13,376,508**	23,096,231
Current liabilities	**18,454,235**	21,252,108
Current ratio	**0.7**	1.1

The current ratio of the Group as at 31 December 2019 was approximately 0.7 times as compared to approximately 1.1 times as at 31 December 2018.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$3,603,000 (2018: approximately HK$10,687,000).

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately -168% as at 31 December 2019 (2018: 52%).

Trade Receivables Turnover Days

The trade receivables increased from approximately HK$2,359,000 for the year ended 31 December 2018 to approximately HK$3,021,000 for the year ended 31 December 2019, and the trade receivable turnover days decreased from approximately 58 days for the year ended 31 December 2018 to approximately 54 days for the year ended 31 December 2019. 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 2019, saved for the equity instruments at fair value through other comprehensive income, 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

During the year ended 31 December 2019, the Group completed the disposal of 51% equity interests in Qihui Group (International) Limited.

Pledge of Assets

As at 31 December 2019 and 2018, the Group had no material pledge of assets.

Contingent Liabilities

As at 31 December 2019, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2019, the Group did not have any significant capital commitments.

Information on Employees

As at 31 December 2019, the employee headcount (not including Directors) of the Group was 32 (2018: 19) and the total staff costs, including Directors' emoluments for the year ended 31 December 2019, amounted to approximately HK$11,934,000 (2018: approximately HK$8,496,000).

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

Risk Management and Internal Control Systems

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

The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defence, business units are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defence, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are 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.

Risk Management

Currency risk

Substantially all of the Group's monetary assets and liabilities are denominated in Hong Kong dollars and Macau Pataca 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 borrowings.

The Group is not expect any significant interest rate risk which materially affect the Group's results of operations in 2019 and 2018.

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 23% (2018: 24%) of the total trade receivables of the Company was due from the largest customer and 51% (2018: 73%) of the total trade receivables of the Group was due from the largest five 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 balance 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.

Event after the Reporting Period

Details of the event after the reporting period are disclosed in note 16 to this results 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 CEO. Decisions of the Company are shared among the executive Directors, 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 2019.

AUDIT COMMITTEE

The Audit Committee has been established in accordance with the GEM Listing Rules, comprising three independent non-executive Directors, namely, Ms. Wong Chi Ling (Chairlady), Mr. Wong Ling Yan Philip, and Mr. Lee Man Yeung.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

SCOPE OF WORK OF HLB HODGSON IMPEY CHENG LIMITED

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 the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLB Hodgson Impey Cheng Limited 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. HLB Hodgson Impey Cheng Limited on the preliminary announcement.

EXTRACTS OF INDEPENDENT AUDITORS' REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2019.

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 2019, 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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the consolidated financial statements, which states that the Group incurred a net loss attributable to owners of the Company of HK$38,900,995 and had net operating cash outflows of HK$14,093,826 for the year ended 31 December 2019 and, as of that date, the Group's total liabilities exceeded its total assets by HK$11,898,425. These matters, along with other matters as described in note 3 to the consolidated financial statements, indicate the existence of a material uncertainties which 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
Li Ka Yee Daphne
Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises Mr. Hung Yuen Kin and Ms. Li Ka Yee Daphne as executive directors, Mr. Lui Man Wah as non-executive director and Ms. Wong Chi Ling, Mr. Wong Ling Yan Philip and Mr. Lee Man Yeung 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*