

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



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

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

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This report, for which the directors (the “Directors”) of Winto Group (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.

FINANCIAL RESULTS

The board of directors (the "Board") of Winto Group (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	Note	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Non-current assets			
Plant and equipment	8	82,410	38,509
Current assets			
Trade and other receivables	9	18,224,565	19,861,846
Due from ultimate holding company		2,510	—
Cash and cash equivalents		56,819,565	26,557,464
		75,046,640	46,419,310
Current liabilities			
Trade and other payables	10	1,965,872	5,438,731
Bank borrowings	11	4,113,007	7,725,430
Tax payable		916,241	749,065
Convertible bonds	12	—	22,199,832
		(6,995,120)	(36,113,058)
Net current assets		68,051,520	10,306,252
Total assets less current liabilities		68,133,930	10,344,761
Net assets		68,133,930	10,344,761
Capital and reserves			
Share capital	13	7,200,000	10,000
Reserve		60,933,930	10,334,761
Total equity attributable to owners of the Company		68,133,930	10,344,761

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)
Operating activities		
(Loss)/Profit before taxation	(566,912)	2,690,763
Adjustments for:		
Depreciation	9,275	11,538
Finance costs	511,883	1,749,633
Interest income	(643)	(3)
Operating profit before changes in working capital	(46,397)	4,451,931
Increase in due from ultimate holding company	(2,510)	—
Decrease in trade and other receivables	889,930	5,468,015
(Decrease)/increase in trade and other payables	(3,485,236)	439,514
Cash (used in)/generated from operations	(2,644,213)	10,359,460
Income tax paid — Hong Kong Profits Tax	(896,833)	(514,309)
Net cash (used in)/generated from operating activities	(3,541,046)	9,845,151
Investing activities		
Payment for the purchase of plant and equipment	(53,176)	(8,700)
Interest received	643	3
Net cash used in investing activities	(52,533)	(8,697)
Financing activities		
Dividends paid	(4,000,000)	(6,950,000)
Drawn down of new bank loans	896,833	514,309
Repayment of bank loans	(4,509,256)	(3,600,653)
Interest paid	(204,447)	(309,556)
Proceeds from issue of convertible bond	—	15,000,000
Proceeds from capital injection	2,510	—
Proceeds from issue of shares upon listing	44,400,000	—
Professional service fees paid in respect of share placing	(2,729,960)	(756,891)
Net cash generated from financing activities	33,855,680	3,897,209
Net increase in cash and cash equivalents	30,262,101	13,733,663
Cash and cash equivalents at 1 January	26,557,464	8,996,693
Cash and cash equivalents at 30 June	56,819,565	22,730,356

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

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

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

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015 are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial information have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited condensed consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The unaudited condensed consolidated financial information should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2014.

The accounting policies and method of computation used in the preparation of unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except as described below.

Adoption of new/revised HKFRS

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

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

3. TURNOVER

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

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

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

4. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

a) Finance costs

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

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

4. PROFIT BEFORE TAXATION (CONTINUED)

b) Staff costs (including directors' emoluments)

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

c) Other items

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

5. INCOME TAX

Income tax recognised in profit or loss:

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

5. INCOME TAX (CONTINUED)

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

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

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

	Six months ended 30 June	
	2015	2014
	HK\$	HK\$
	(Unaudited)	(Unaudited)
(Loss)/Profit before taxation	(566,912)	2,690,763
Notional tax on profit before taxation, calculated at 16.5% (2014: 16.5%)	(93,540)	443,976
Tax effect of non-deductible expenses	1,124,068	676,808
Tax effect of unrecognised temporary differences	33,481	(5,473)
Tax effect of one-off tax reduction	—	(10,000)
Actual tax expense	1,064,009	1,105,311

6. DIVIDEND

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

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

7. (LOSS)/EARNINGS PER SHARE

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

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

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

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

8. PLANT AND EQUIPMENT

	2015 HK\$ (Unaudited)	2014 HK\$ (Audited)
Carrying amounts at 1 January	38,509	51,384
Additions during the period/year	53,176	8,700
Depreciation provided during the period/year	(9,275)	(21,575)
Carrying amounts at 30 June/31 December	82,410	38,509

9. TRADE AND OTHER RECEIVABLES

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

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

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

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

10. TRADE AND OTHER PAYABLES

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Trade payables	762,664	1,032,601
Other payables and accrued expenses	1,203,208	4,406,130
Financial liabilities measured at amortised costs	1,965,872	5,438,731

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

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

11. BANK BORROWINGS

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

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Portion of bank borrowings due for repayment within 1 year	2,932,416	4,295,413
Portion of bank borrowings having agreements containing repayment on demand clauses classified as current liabilities, due for repayment:		
— After 1 year but within 2 years	1,180,591	3,016,665
— After 2 years but within 5 years	—	413,352
	1,180,591	3,430,017
Total bank borrowings	4,113,007	7,725,430

11. BANK BORROWINGS (CONTINUED)

The banking facilities are subject to the fulfilment of covenants. If the Group were in breach of the covenants, the drawn down facilities would become repayable on demand. In addition, the agreement for the Group's bank borrowings contains a clause which gives the lender the right at its sole discretion to demand immediate repayment at any time irrespective of whether the Group has complied with the covenants and met the scheduled repayment obligations.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet the scheduled repayment obligations. At 30 June 2015, none of the covenants relating to drawn down facilities had been breached (2014: nil).

At 30 June 2015, all the bank borrowings were secured by guarantees. Details of the guarantee and the related borrowings are:

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Mr. Kwan and Ms. Yip (Joint personal guarantee)	—	5,272,431
Mr. Kwan (Personal guarantee)	—	261,373
Mr. Kwan and Ms. Yip (Joint personal guarantee) and HKSAR under Special Loan Guarantee Scheme	—	207,478
Mr. Kwan (Personal guarantee) and HKSAR under SME Loan Guarantee Scheme	—	444,250
Mr. Kwan and Ms. Yip (Joint personal guarantee) and HKSAR under SME Loan Guarantee Scheme	—	1,539,898
The Company (corporate guarantee)	4,113,007	—
	4,113,007	7,725,430

Mr. Kwan	Mr. Kwan Shun Keung Timmy
Ms. Yip	Ms. Yip Tsz Lam
HKSAR	The Government of Hong Kong Special Administration Region
SME	Small and Medium Enterprise

12. CONVERTIBLE BONDS

During the year ended 31 December 2013, the Company entered into two subscription agreements in relation to the issue of 12 per cent. coupon convertible bonds ("Convertible Bonds"). The Convertible Bonds were issued in the aggregate principal amount of HK\$20,000,000 in two tranches for HK\$5,000,000 and HK\$15,000,000 during the year ended 31 December 2013 and 2014 respectively. The Convertible Bonds were guaranteed by Mr. Kwan and Ms. Yip.

12. CONVERTIBLE BONDS (CONTINUED)

The Convertible Bonds may be converted at any time between the date of issue to maturity date if:

- Conversion rights are exercisable provided that the Company has produced documentary evidence to the satisfaction of the bondholders evidencing the approval in principle of the Listing by the Stock Exchange or other relevant authority or the Stock Exchange having no comment on the Prospectus in relation to the Listing and the bondholders shall be deemed to have served on the Company the conversion notice exercising in full the entire conversion rights attaching to the Convertible Bonds on the date of the Company producing such documentary evidence.
- On the Conversion Date, the Company shall allot and issue to the bondholders, credited as fully paid, such number of new shares which shall represent 16.6% of the entire enlarged issued share capital of the Company immediately before the completion of the Capitalisation Issue and the Placing as set out in notes 13(f) and (g).

If the Convertible Bonds are not converted within the maturity date, the Company shall redeem the Convertible Bonds at face value on the respective due dates.

During the year ended 31 December 2014, there was no conversion of the Convertible Bonds into shares of the Company by the bondholders and no redemption of the Convertible Bonds by the Company.

On 29 January 2015, all the Convertible Bonds were converted into 249,000 ordinary shares of the Company at HK\$0.01 each due to the approval of the Listing by the Stock Exchange as set out in note 13(e).

On the basis that (i) the ratio of the conversion shares has been fixed at 16.6% of the issued share capital of the Company immediately before the completion of the Capitalization Issue and the completion of the Placing; (ii) it bears no relationship with the Capitalization issue and the number of the placing shares and the placing price as set out in note 13(g); and (iii) the numbers of conversion shares are not subject to any adjustments, the Convertible Bonds are accounted for as compound instruments under HKAS 32 "Financial Instruments — Presentation" and the proceeds have been split between a liability component and an equity component as set out below.

On the date of issue of the Convertible Bonds, the liability component was recognised at fair value, determined based on the valuation performed by an independent professional valuer using the Capital Asset Pricing Model. The residual amount, representing the value of the equity component, is credited to a Convertible Bonds Reserve.

12. CONVERTIBLE BONDS (CONTINUED)

	First tranche	Second tranche	Total
	HK\$	HK\$	HK\$
Face value of convertible bonds at issue date including:			
Equity component on initial recognition	484,415	755,409	1,239,824
Liability component on initial recognition	4,515,585	14,244,591	18,760,176
Liability component:			
At 1 January 2014	4,768,597	—	4,768,597
Add: Second tranche at initial recognition	—	14,244,591	14,244,591
Imputed finance cost	931,439	2,255,205	3,186,644
At 31 December 2014	5,700,036	16,499,796	22,199,832
At 1 January 2015	5,700,036	16,499,796	22,199,832
Add: Imputed finance cost	82,517	212,542	295,059
Less: Converted during the period	(5,782,553)	(16,712,338)	(22,494,891)
At 30 June 2015	—	—	—

The imputed finance cost on the Convertible Bonds is calculated using the effective interest method by applying an effective interest rate of 19.53% and 17.22% per annum for the first and second tranches of the Convertible Bonds respectively.

13. SHARE CAPITAL

	30 June 2015		31 December 2014	
	Number of shares	Share capital HK\$	Number of shares	Share capital HK\$
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Ordinary shares of HK\$0.001 each (1 January 2015 and 31 December 2014: HK\$0.01 each)				
Authorized share capital				
At beginning of period/year	(a) 38,000,000	380,000	38,000,000	380,000
Increase in authorised shares	(b) 9,962,000,000	99,620,000	—	—
Share subdivision	(c) 90,000,000,000	—	—	—
At end of period/year	100,000,000,000	100,000,000	38,000,000	380,000
Issued & fully paid				
At beginning of period/year	1,000,000	10,000	1,000,000	10,000
Issued during the period/year	(d) 251,000	2,510	—	—
Issued of shares upon conversion of Convertible Bonds	(e) 249,000	2,490	—	—
Issued of new shares by way of placing	(g) 120,000,000	1,200,000	—	—
Capitalisation issue	(f) 598,500,000	5,985,000	—	—
Share subdivision	(c) 6,480,000,000	—	—	—
At end of period/year	7,200,000,000	7,200,000	1,000,000	10,000

- (a) The Company was incorporation and registered as an exempted company in the Cayman Islands on 7 December 2012 with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each.
- (b) On 23 January 2015, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 shares of HK\$0.01 each as part of the Reorganisation.
- (c) On 8 June 2015, the authorised share capital of the Company was increased from HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each to HK\$100,000,000 divided into 100,000,000,000 shares of HK\$0.001 each by creation of additional 90,000,000,000 shares.

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

13. SHARE CAPITAL (CONTINUED)

- (d) On 29 January 2015, Fuwin Group (Holdings) Limited (the “Fuwin”) subscribed for and the Company allotted and issued 251,000 Shares to Fuwin at par value as part of the Reorganisation.
- (e) On 29 January 2015, the Company allotted and issued 249,000 shares of HK\$0.01 each to the Convertible Bondholders for the conversion of Convertible Bonds with a face value of HK\$20,000,000 pursuant to the Pre-IPO Convertible Bonds Subscription Agreement. After the Capitalisation Issue under the Reorganisation as set out at point (f) below, the Convertible Bondholders who will be interested in 249,000 shares immediately before the Completion of the Capitalisation Issue would be interested in 99,600,000 shares (representing 400 times of 249,000 shares) immediately after the completion of the Capitalisation Issue, in proportion to their respective shareholdings before the Capitalisation Issue.
- (f) Pursuant to the written resolutions passed by the shareholders of the Company on 23 January 2015 and on 29 January 2015, the directors were authorised to allot and issue 598,500,000 shares by way of capitalisation of a total sum of HK\$5,985,000 standing to the credit of share premium account of the Company credited as fully paid at par to the shareholders as appearing on the register of members of the Company.
- (g) On 16 February 2015, the 180,000,000 placing shares offered by the Company and Fuwin, which comprising 120,000,000 new shares offered by the Company and 60,000,000 sale shares offered by Fuwin, at the placing price of HK\$0.37 per placing share raising gross proceeds of approximately HK\$44,400,000 (the “Placing”).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

14. SEGMENT REPORTING

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

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

a) Major customers

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

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

b) Revenue from major products and services

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

c) Geographical information

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

15. OPERATING LEASE COMMITMENTS

The Group as lessee

At 30 June 2015 and 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2015 HK\$ (Unaudited)	31 December 2014 HK\$ (Audited)
Within one year	252,000	100,000
In the second to fifth years inclusive	231,000	—
	483,000	100,000

The Group leases premises for office under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease when all terms are re-negotiated. None of the leases includes contingent rentals.

16. MATERIAL RELATED PARTY TRANSACTIONS

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

a) Financial guarantee

The details of guarantees provided by the directors are set out in note 11.

b) Key management personal remuneration

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

	Six months ended 30 June	
	2015 HK\$ (Unaudited)	2014 HK\$ (Unaudited)
Short-term employee benefits	776,118	310,000
Post-employment benefits	15,033	6,000
	791,151	316,000

16. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

c) Shareholder indemnity

Mr. Kwan and Ms. Yip, the controlling shareholders and directors of the Company, have provided a joint indemnity in favor of the Group from and against, among other things, all actions, claims, losses, payments, charges, costs, penalties, damages or expenses which the Group may incur, suffer or accrue, directly or indirectly, that may rise from or in connection with the non-compliance matters as set out in note 17.

17. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fines of HK\$854,000 (2014: HK\$854,000) in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines. This possible maximum penalty and fines will be indemnified, when required, by the controlling shareholders as set out in note 16(c).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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

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

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

FINANCIAL REVIEW

Turnover

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Other Revenue

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

Operating Expenses

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

Finance Costs

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

(Loss)/Profit Attributable to Owners of the Company

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

Liquidity, Financial Resources and Capital Structure

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

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

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

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

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

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

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

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

Gearing Ratio

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

Significant Investments Held

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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

Pledge of Assets

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

Contingent Liabilities

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

Capital Commitments

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

Future Plans for Material Investments and Capital Assets

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

Foreign Currency Risk

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

Information on Employees

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

Use of Proceeds from the Placing

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

The future operation plans of the Group are as follows:

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

Comparison of Business Objectives and Actual Business Progress

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

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2015, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

LONG POSITIONS IN THE SHARES

Name of Director	Nature of interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Mr. Kwan Shun Keung Timmy	Interests in a controlled corporation and family interests (Note)	4,404,000,000	61.16%
Ms. Yip Tsz Lam	Interests in a controlled corporation and family interests (Note)	4,404,000,000	61.16%

Note: These shares will be directly held by Fuwin, which is beneficially owned as to 60% by Mr. Kwan and as to 40% by Ms. Yip. Mr. Kwan and Ms. Yip are spouses to each other and they are deemed to be interested in the shares in which his/her spouse is interested.

Save as disclosed above, as at 30 June 2015, none of the Directors nor chief executives had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors were aware, as at 30 June 2015, the following persons (not being Directors or chief executive of the Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

LONG POSITIONS IN THE SHARES

Name	Nature of interest	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Fuwin	Beneficial owner (Note 1)	4,404,000,000	61.16%
Grand Powerful Group Limited	Beneficial owner (Note 2)	498,000,000	6.92%
Mr. Cheng Ming Kit	Interests in a controlled corporation (Note 2)	498,000,000	6.92%
Ms. Yung Yee Man Sharon	Family interests (Note 3)	498,000,000	6.92%
Mr. Wong Man Hin Charles	Beneficial owner (Note 4)	498,000,000	6.92%
Ms. Loo Chi Yiu	Family interests (Note 4)	498,000,000	6.92%

Notes:

1. *The issued share capital of Fuwin is owned as to 60% by Mr. Kwan and 40% by Ms. Yip.*
2. *The entire issued share capital of Grand Powerful Group Limited is owned by Mr. Cheng Ming Kit. Mr. Cheng Ming Kit is therefore deemed to be interested in the 498,000,000 shares held by Grand Powerful Group Limited under the SFO.*
3. *Ms. Yung Yee Man Sharon is the spouse of Mr. Cheng Ming Kit and deemed to be interested in the 498,000,000 shares held by Mr. Cheng Ming Kit.*
4. *Ms. Loo Chi Yiu is the spouse of Mr. Wong Man Hin Charles and deemed to be interested in the 498,000,000 shares held by Mr. Wong Man Hin Charles.*

Save as disclosed above, as at 30 June 2015, the Directors were not aware of any other persons who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, and/or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 23 January 2015. No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the period from the Listing Date to 30 June 2015 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from the Listing Date to 30 June 2015.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The controlling shareholders have entered into a deed of non-competition on 29 January 2015 (the “Deed of Non-competition”). Details of the Deed of Non-competition are set out in the section headed “Relationship with Controlling Shareholders” of the Prospectus and the non-competition undertaking has become effective from the Listing Date.

COMPETING INTERESTS

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

INTERESTS OF THE COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

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

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

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

Hong Kong, 10 August 2015

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