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")

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

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

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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, includes 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.

Contents

Corporate Information

Board of Directors

Executive Directors
KWAN Shun Keung Timmy *(Chairman)*
(resigned on 9 December 2016)
YIP Tsz Lam (resigned on 1 February 2016)
MAK Wai Kit
LAW Shiu Wai
LAN Zhi Cheng (appointed on 8 September 2016)

Non-executive Directors
TSANG Hin Man Terence (resigned on 9 May 2016)
LIU Kwong Chi Nelson (redesignated from Independent Non-executive Director on 9 May 2016)

Independent Non-executive Directors
LEE Kwok Tung Louis (resigned on 9 May 2016)
TSANG Ho Ka Eugene
YU Chon Man (resigned on 9 May 2016)
LIU Kwong Chi Nelson (redesignated to Non-executive Director on 9 May 2016)
WONG Fei Tat
PANG Siu Yin

Compliance Officer

MAK Wai Kit

Authorised Representatives

MAK Wai Kit
LAW Shiu Wai

Company Secretary

MAK Wai Kit

Audit Committee

WONG Fei Tat
TSANG Ho Ka Eugene
PANG Siu Yin

Remuneration Committee

TSANG Ho Ka Eugene
MAK Wai Kit
LAW Shiu Wai
LIU Kwong Chi Nelson
WONG Fei Tat
PANG Siu Yin

Nomination Committee

MAK Wai Kit
LAW Shiu Wai
LIU Kwong Chi Nelson
WONG Fei Tat
PANG Siu Yin
LAN Zhi Cheng

Executive Committee

LAN Zhi Cheng
MAK Wai Kit
LAW Shiu Wai

Treasury Committee

LAW Shiu Wai
MAK Wai Kit
LAN Zhi Cheng

Corporate Governance & Risk Management Committee

LIU Kwong Chi Nelson
TSANG Ho Ka Eugene
MAK Wai Kit
LAW Shiu Wai
WONG Fei Tat
PANG Siu Yin
LAN Zhi Cheng

Head Office and Principal Place of Business

Room 1001, 10/F, Grandmark
10 Granville Road, Tsim Sha Tsui
Kowloon

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants
35/F., One Pacific Place
88 Queensway, Hong Kong

Corporate Information

Principal Banker

Industrial and Commercial Bank of China (Asia) Limited
Shop 4, G/F, Chung On Building
297–313 Sha Tsui Road
Tsuen Wan, New Territories

Registered Office

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Company Website

http://www.wintogroup.hk

Principal Share Registrars and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre, 183 Queen's Road East
Wanchai, Hong Kong

GEM Stock Code

8238

Financial Highlights

Results

In HK$	Year ended 31 December 2016	2015	2014	2013	2012
Revenue	**128,562,534**	20,824,027	28,249,445	28,076,113	17,367,913
(Loss)/Profit before tax	**(26,737,619)**	(3,650,971)	10,056,364	18,160,092	10,779,172
Total comprehensive (expenses)/ income for the year	**(27,403,636)**	(5,761,648)	6,626,734	14,572,826	8,731,939

Summary of Assets and Liabilities

In HK$	Year ended 31 December 2016	2015	2014	2013	2012
Total assets	**130,572,187**	70,485,084	46,457,819	31,242,245	18,930,521
Total liabilities	**55,766,280**	6,481,881	36,113,058	19,209,627	13,039,144
Net assets	**74,805,907**	64,003,203	10,344,761	12,032,618	5,891,377

Executive Director's Statement

Dear Shareholders,

On behalf of Board of directors (the "Directors") of Winto Group (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2016 to our shareholders and investors.

The Group has recorded a loss for the year ended 31 December 2016 ("FY2016"). The loss for FY2016 was mainly attributable to (i) the reduction in number of clients from printed media advertising business; (ii) the loss derived from outdoor advertising business; (iii) the realised loss in investment portfolio of listed shares; and (iv) the amortisation of promissory notes measured at amortised cost.

The Group turned from a gross profit of approximately HK$18,417,000 for the year ended 31 December 2015 to a gross loss of approximately HK$513,000 for the year ended 31 December 2016. The Group's gross loss was mainly attributable to the gross loss derived from outdoor advertising business. During the year ended 31 December 2015, the Group's outdoor advertising business leases certain media resources with non-cancellable monthly lease payment which is higher than the average advertising income received from customers during the year ended 31 December 2016.

In order to reduce the reliance upon the existing magazine and advertising business, and attempt to diversify the Group business area, the Group acquired 100% equity interests of Lasermoon Limited and 51% equity interests of Qihui Group (International) Limited (formerly known as Gold Upward Technology Limited) during the year under review. We will pay more attention to identify any suitable investment opportunity in the market and continue to maximise returns for our shareholders and investors.

During the year under review, the Company underwent a placing of new shares exercise. The Board believes that the placing of new shares represents a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base.

We wish to take this opportunity to express my gratitude for the support from business partners, readers, and customers over the years. We would like to thank our dedicated management and staff to their contributions to the Group.

LAN ZHI CHENG
Executive Director

Hong Kong, 24 March 2017

Management Discussion and Analysis

FINANCIAL PERFORMANCE

The Group recorded total revenue of approximately HK$128,563,000 for the year ended 31 December 2016, representing an increase of approximately 517.4% or HK$107,739,000 from approximately HK$20,824,000 for the year ended 31 December 2015. The total gross loss of the Group was approximately HK$513,000 for the year ended 31 December 2016, representing a decrease of approximately 102.8% as compared to gross profit of the year ended 31 December 2015. The Group's net loss increase to approximately HK$27,407,000 for the year ended 31 December 2016 from approximately HK$5,762,000 for the year ended 31 December 2015. Loss per share of the Group for the year ended 31 December 2016 was approximately HK0.36 cents. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016.

BUSINESS REVIEW

The Group is principally engaged in (i) sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in the magazines; (ii) provision of outdoor advertising services; (iii) development and operating e-commerce trading platform; (iv) trade of liquefied natural gas ("LNG") and related products; and (v) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

Print Media business:

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.

- 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 Xpress/Shopping Monthly is a 2-in-1 monthly magazine that mainly focuses on new car models and second-hand car market in Hong Kong. It also covers car installment and parts, as well as a consumer guide of updated information on consumer products.
- Pets Buyer is a bi-monthly magazine that focuses on pets related information such as pet caring tips and knowledge.
- Bplus is a quarterly magazine that focuses on cosmetic and fashion related contents and most current beauty topics.
- Motoz Trader (Free) is a free fortnightly magazine that is extracted from Motoz Trader.
- Motoz Xpress/Shopping Monthly (Free) is a free monthly magazine extracted from Motoz Xpress/Shopping Monthly.

During the year under review, the Group continued the sales and free distribution of its magazines. In addition, the Group has been actively expanding its advertising customers and distribution network with a view to obtaining steady income.

Advertising

For the year ended 31 December 2016, the income from print media advertising of the Group amounted to approximately HK$10,905,000, representing a decrease of approximately 46.7% as compared to last year. This was mainly attributable to (i) the reduction in numbers of clients; and (ii) the decrease in placement of orders from our existing clients.

The main source of revenue of the Group was derived from the sales of advertising spaces in its magazines. The Group possesses outstanding sales and marketing staff who sell advertising spaces directly to customers. In addition, it adopts diversified strategies for expanding its networks of sales and marketing. As the advertising selling strategy of the Group focuses on the distribution network of magazines, it is dedicated to expand its network of free reading sites for increasing the exposure of its magazines to readers. With the on-going expansion of distribution network and a wider range of magazines for distribution, we have launched advertising packages for catering the marketing needs of customers, in order to expand our advertising customer base and increase the attractiveness to our target print media advertising customers.

Sales of Magazines and Distribution of Free Magazines

The paid version of the Group's magazines are mainly for sale at convenience stores, newsstands and book stores in Hong Kong. For the year ended 31 December 2016, the income from sales of magazines of the Group amounted to approximately HK$200,000, representing a decrease of approximately 23.3% as compared to last year primarily because a decrease of magazines sold during the year.

The Group extracted content from some of the paid versions of its magazines, namely Motoz Trader and Motoz Xpress/Shopping Monthly, and published as free versions at various despatching points in Hong Kong for free pick up by the public or for free reading at respective locations, with the objective to increase the sales of its advertisements and the paid versions of its magazines. Free distribution can increase the readers of magazines, and the widened exposure can attract more existing and potential advertising customers, such that the Group's advertising business can be increased. In addition, we select despatching points for capturing our target reader groups. For example, we distributed Pets Buyer to animal clinics in Hong Kong for free reading by customers and distributed Bplus to beauty salons. Currently, the Group has over 1,000 despatching and free distribution points throughout Hong Kong, including petrol filling stations, car parking lots, property agencies, foot massage shops, cafes, hair product companies and club houses. Readers can get the most updated information on automobiles, dinning, beauty and properties whilst filling petrol, taking breaks or having lunch.

Outdoor advertising business:

The Group's outdoor business is carried on by a professional outdoor media advertising company engaged in taxi advertising, minibuses advertising, ice cream vehicle advertising, roof top and exterior wall advertising, outdoor light box advertising, and LED screen advertising. The Group's outdoor business major customers include media agency and customers of jewelry. The Group's outdoor business major suppliers include billboard owners, taxi owners, minibus owners and truck owners for provision of outdoor media resources.

In order to seize some valuable media resources, the Group will enter into exclusive right agreements with certain media resources owners before the Group receives any customer orders. The exclusive right agreement may be of fixed licence fee or with minimum guarantee licence fee plus sharing of revenue based on agreed percentage. The Group will also enter into non-exclusive agreements with media resources owners after receiving customer orders.

During year ended 31 December 2015, in order to seize some valuable media resources, the Group entered into an exclusive right agreement with media resources owners with monthly fixed licence fee of approximately HK$2,000,000 before it received any customers order. The average advertising income received from the customers during the year ended 31 December 2016 turned out to be much lower than the fixed licence fee. As a result, the outdoor advertising business of the Group generated significant gross loss of approximately HK$8,931,000 during the year ended 31 December 2016.

E-commerce trading platform and trade of LNG and related products business:

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

The e-commerce trading platform developed by Lasermoon Group focus on trading of LNG for vehicles, and the development of trading platforms involving the operation of "Ji Qi Mao platform" and "Jia Qi Mao platform" (collectively, the "Platforms").

The Platforms are expected to focus on consumer needs, adopting the integrated online and offline, virtual and reality approaches to connect the upstream, midstream and downstream of LNG industry chain. The Platforms aim to convert the traditional business models to "Ji Qi Mao LNG business model" to reduce the excessive transaction costs arising from the shortage of information, finance, and logistics by integrating the flows of information, logistics, and capital. The expected advantages of the Platforms are traceable LNG transactions, safer, fairer, and transparent supply chains, and effective integration and collaboration of industrial chains.

The LNG business model of the Platforms is expected to aim at connecting the upstream, midstream, and downstream of LNG industry chain and unifying the flows of information, capital, and logistics, especially in the liquefaction of LNG, delivery to consumers, transportation and logistics for industrial applications, transformation from offline traditional sales to online transactions, and the transformation from terminal consumption to process control.

The Platforms also target at improving the transaction efficiency in LNG industry by providing domestic coverage of information in LNG industry, involving tanker geographic information systems, global positioning system, integrated backhaul tanker resources, transactions reviews and approval. The business model is also expected to reduce the unloaded tankers ratio, by adopting five new ways of conducting transactions, through Web (Internet), Wap (mobile Internet), Apps (mobile client), WeChat (service account), and personal computer client, combined with value-added services involving the Internet of Things, cloud computing, big data, and supply chain finance.

In order to improve the Company's efficiency, we have speeded up the development progress in proprietary business platform. Through market resources integration, profit creation as well as our platform companies focus on business management and e-commerce trading platform optimisation, the Group has developed proprietary business for energy and chemical products through a non-wholly owned subsidiary since August 2016, with its extensive resources and channels, hoping to attract trades from upstream and downstream enterprises on the e-commerce trading platform.

During the year ended 31 December 2016, Lasermoon Group contributed revenue approximately HK$93,004,000 to the Group.

Mobile apps development business:

On 29 August 2016, we acquired 51% equity interests of Qihui Group (International) Limited (formerly known as Gold Upward Technology Limited) for a total consideration of RMB6,000,000. Qihui Group (International) Limited together with its subsidiaries (the "Qihui Group") is principally engaged in the mobile phone apps development and provision of app solutions for its clients. It is also involved in WeChat planning, production and promotion, as well as research in blending WeChat with corporate marketing and planning.

During the year ended 31 December 2016, Qihui Group contributed revenue approximately HK$1,202,000 to the Group.

Other business:

On 7 October 2016, the Group entered into a sale and purchase agreement to acquire an office premises situate at office B on 7/F, Valiant Commercial Building, Nos. 22–24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong (the "Property") for a consideration of HK$11,000,000. The acquisition was completed on 30 November 2016. The Property was purchased subject to a tenancy agreement which will expire in December 2017. The Company intends to use the Property as office premises of the Group after the expiry of the tenancy agreement and recovery of vacant possession of the Property. The Directors believe that this can save the rental expenses of the Group and provide stable working environment for the Group in the long run.

PROSPECTS

As a result of facing the downward trend of both our printed media advertising and outdoor advertising business, the Group will regularly review the profile of our magazines and take appropriate cost control measures. The Group will continues to look for other business opportunities in an attempt to diversify its business areas in order to reduce its reliance upon the existing magazine and advertising business.

In 2016, the Group executed a number of strategic acquisitions to develop a diversified business profile. The Group will continue to integrate its business units and regularly review the profile of our business units to enhance return to shareholders.

FINANCIAL REVIEW

Revenue

Total revenue increased by approximately 517.4% from approximately HK$20,824,000 for the year ended 31 December 2015 to approximately HK$128,563,000 for the year ended 31 December 2016. It was mainly attributable to the Group's new trading of LNG and related products business which generated approximately HK$93,004,000 revenue for the year ended 31 December 2016, and revenue from outdoor advertising business, which was set up in August 2015, increased from approximately HK$122,000 for the year ended 31 December 2015 to approximately HK$23,251,000 for the year ended 31 December 2016. However, due to reduction in number of clients in print media advertising business, revenue generated therefrom decreased from approximately HK$20,441,000 for the year ended 31 December 2015 to approximately HK$10,905,000 for the year ended 31 December 2016. Revenue from sales of magazines decreased from approximately HK$261,000 for the year ended 31 December 2015 to approximately HK$200,000 for the year ended 31 December 2016.

Cost of Sales

The Group's major costs of sales included (i) costs of LNG and related products, and (ii) transportation and outdoor billboard rental and licence fee payable to the taxi owners, minibus owners, truck owners and billboard owners for provision of outdoor advertising services.

Cost of sales increased from approximately HK$2,407,000 for the year ended 31 December 2015 to approximately HK$129,075,000 for the year ended 31 December 2016, representing an increase of approximately 5,262.7%. The increase in cost of sales was mainly attributable to the cost derived from LNG and related products business, and outdoor advertising business.

Gross (Loss)/Profit

The Group turned from a gross profit of approximately HK$18,417,000 for the year ended 31 December 2015 to a gross loss of approximately HK$513,000 for the year ended 31 December 2016. The Group's gross loss was mainly attributable to the gross loss derived from outdoor advertising business. During the year ended 31 December 2015, the Group's outdoor advertising business leases certain media resources with non-cancellable monthly lease payment which is higher than the average advertising income received from customers during the year ended 31 December 2016.

Operating expenses

The operating expenses of the Group increased by approximately 15.8% from approximately HK$16,690,000 for the year ended 31 December 2015 to approximately HK$19,325,000 for the year ended 31 December 2016. The increase in the operating expenses was primarily attributable to (i) the increase in operating expenses from outdoor advertising business; (ii) the operating expenses derived from new acquired business; and (iii) the professional fees for acquisition of new business. The increment is partly offset by the absence of professional fees for Listing and donation incurred in the year ended 31 December 2015.

Fair value loss in financial assets held for trading

During the year ended 31 December 2016, the Group acquired listed securities in Hong Kong with a view to better utilising the financial resources of the Group. The subsequent trading price of the listed securities suffered a significant drop due to unusual selling pressure. The Group recorded realised loss on investment securities of approximately HK$4,673,000 (2015: Nil).

Finance Costs

Finance costs of the Group amounted to approximately HK$2,035,000 for the year ended 31 December 2016 (2015: approximately HK$589,000). The increase in finance costs was mainly due to imputed interest incurred on the promissory notes in relation to the acquisition of Lasermoon Group during the year.

Income Tax

Income tax for the Group was approximately HK$669,000 for the year ended 31 December 2016 (2015: approximately HK$2,111,000), decreased by approximately 68.3%. The decrease was mainly due to the decrease in taxable profit of the Group during the year.

Loss Attributable to Owners of the Company

During the year ended 31 December 2016, the Group's loss attributable to owners of the Company increased to approximately HK$26,293,000 from approximately HK$5,762,000 for the year ended 31 December 2015. This was mainly attributable to (i) the reduction in number of clients from printed media advertising business; (ii) the loss derived from outdoor advertising business; (iii) the realised loss in investment portfolio of listed shares; and (iv) the amortisation of promissory notes measured at amortised cost.

Liquidity, Financial Resources and Capital Structure

On 13 December 2016, the Company entered into a placing agreement pursuant to which the Company has agreed to issue 1,440,000,000 new ordinary shares of HK$0.001 each at the placing price of HK$0.028 per share by way of placing to not less than six independent placees (the "Placement"). As at the date of the placing agreement, the closing market price of the Company's shares as quoted on the Stock Exchange was HK$0.029 per share.

On 30 December 2016, the Placement was completed. The net proceeds from the issue of new shares after deducting related transaction costs was approximately HK$38,301,000 and will be used as general working capital of the Group and future business expansion.

	As at 31 December	
	2016	2015
	HK$	HK$
Current assets	**82,081,846**	70,017,592
Current liabilities	**30,159,743**	6,481,881
Current ratio	**2.7**	10.8

The current ratio of the Group as at 31 December 2016 was approximately 2.7 times as compared to approximately 10.8 times as at 31 December 2015. The decrease was mainly resulted from an increase in trade and other payables.

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$44,336,000 (2015: approximately HK$41,175,000).

As at 31 December 2016 and 2015, the Group had bank borrowings of approximately HK$2,719,000 and HK$2,498,000 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:

	2016	2015
	HK$	HK$
Within 1 year	**2,640,525**	2,458,720
Between 1 and 2 years	**78,127**	39,043

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 3.6% as at 31 December 2016 (2015: approximately 3.9%).

Trade Receivables Turnover Days

The trade receivables increased from approximately HK$21,543,000 for the year ended 31 December 2015 to approximately HK$26,409,000 for the year ended 31 December 2016, but the trade receivable turnover days decreased from approximately 378 days for the year ended 31 December 2015 to approximately 75 days for the year ended 31 December 2016. The decrease in trade receivable turnover days was mainly due to the outdoor advertising business and trading of LNG and related products business with shorter trade receivable turnover days. 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

On 9 March 2016, the Group acquired 2,400,000 shares in Tech Pro Technology Development Limited, a company whose shares are listed on the Main Board of the Stock Exchange under stock code: 3823 (the "Tech Pro Shares") from the open market at a consideration of HK$5,154,471. All the Tech Pro Shares have been disposed of by 4 November 2016 and 7 November 2016 and a loss of approximately HK$4,673,000 has been recognised.

The Group acquired the Property for a consideration of HK$11,000,000 during the year. The Group intends to use the Property as its own office premises after the expiry of the existing tenancy agreement in December 2017.

Future plans for material investments and capital assets

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

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

As disclosed in the Company's announcement dated 26 June 2016, the Group and a vendor entered into an acquisition agreement on 24 June 2016 (the "Acquisition Agreement") to acquire 100% equity interests of Lasermoon Limited, a company incorporated in the British Virgin Islands (the "BVI") with limited liability at a total consideration with face value of HK$35,000,000, to be paid by the Company to the vendor (or its nominees) in the following manner: (i) a sum of HK$2,000,000 shall be payable in cash within 30 days from the execution of the Acquisition Agreement; and (ii) an aggregate sum of HK$33,000,000 shall be payable by issue of promissory notes in two separate tranches upon completion.

Lasermoon Group is principally engaged in internet information technology development, e-commerce, sale, installation, testing and maintenance of information system, and development of software in PRC. Lasermoon Group is also expected to focus on trading of LNG, and the development of trading platforms.

The Acquisition Agreement was completed on 28 June 2016, Lasermoon Limited has become a wholly-owned subsidiary of the Company and the financial results of Lasermoon Group is consolidated into the Group for the year ended 31 December 2016.

As disclosed in the Company's announcement dated 29 August 2016, we acquire 51% equity interests of Qihui Group (International) Limited (formerly known as Gold Upward Technology Limited) for a total consideration of RMB6,000,000. Qihui Group is principally engaged in the mobile phone apps development and provision of app solutions for its clients. It is also involved in WeChat planning, production and promotion, as well as research in blending WeChat with corporate marketing and planning.

In October 2016, the Group entered into a sale and purchase agreement to acquire for the Property. The acquisition was completed in November 2016. The Property was purchased subject to a tenancy agreement which will expire in December 2017. The Company intends to use the Property as office premises of the Group after the expiry of the tenancy agreement and recovery of vacant possession of the Property.

Pledge of Assets

As at 31 December 2016, the group has pledged certain plant and equipment with carrying amount of approximately HK$301,000 (31 December 2015: Nil) to secure general banking facilities granted to the Group.

Contingent Liabilities

As at 31 December 2016, the Group is 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 (2015: HK$854,000).

Capital Commitments

As at 31 December 2016, the Group did not have any significant capital commitments.

Information on Employees

As at 31 December 2016, the employee headcount (not including Directors) of the Group was 85 (2015: 16) and the total staff costs, including Directors' emoluments for the year ended 31 December 2016, amounted to approximately HK$5.8 million (2015: approximately HK$5.5 million).

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

RISK MANAGEMENT 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 within 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, with the professional advice and opinions from the external professional consultant by whom internal audit work of the Group was conducted on annual basis, ensures that the first and second lines of defence are effective through constant inspection and monitoring.

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

Risk Management

Foreign Currency Risk

Substantially all of the Group's monetary assets and liabilities are denominated in Hong Kong dollars and Renminbi same as their 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.

Credit risk

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

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

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

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

Liquidity risk

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

Interest risk

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

Use of Proceeds from the Placing

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

Use of net proceeds	Planned amount as stated in the Prospectus	Actual amount utilised up to 31 December 2016	Change of use of proceeds up to 31 December 2016	Actual balance as at 31 December 2016
	HK$ million	HK$ million	HK$ million	HK$ million
Enhance public awareness to the Group's magazines (note (a))	4.3	0.7	0.0	3.6
Publish new magazines (note (b))	7.4	5.0	2.4	0.0
Enhance corporate image and strengthen marketing activities (note (c))	14.9	12.0	2.9	0.0
Working capital	2.3	2.3	0.0	0.0
Total	28.9	20.0	5.3	3.6

Note:

(a) From January to December 2016, Ocean Media placed advertisements to green minibuses and outdoor advertising at Sai Kung and Tuen Mun amounting to approximately HK$656,000.

(b) In September 2015, the Group completed the acquisition of 20% equity interests in Strategist Media. The Company applied HK$5.0 million of the net proceeds from the listing to settle the consideration for the acquisition. Strategist Media is principally engaged in the publication and the sales of weekly Chinese finance and investment magazines, namely 港股策略王, mainly through the network of convenience stores and newsstands in Hong Kong. Magazine contents cover finance, wealth management, property investment, lifestyle and etc. Strategic Media also involves in the businesses of online advertising, investor relation services and event management. As mentioned in the announcement dated 2 December 2016, the Directors consider that there will not be further investment in other magazine(s) in foreseeable future, it is proposed to change the use of the remaining balance of approximately HK$2.4 million to working capital.

(c) In November 2016, the Group completed the acquisition of the Property. The Company applied approximately HK$11,963,000 of the net proceeds from the listing to settle the consideration for the acquisition. As mentioned in the announcement dated 2 December 2016, the Directors consider that there will not be further investment in purchasing office property and renovation works in foreseeable future, it is proposed to change the use of the remaining balance of HK$2.9 million to working capital.

Biographical Details of Directors and Senior Management

Directors

Executive Directors

Mr. MAK Wai Kit, aged 37, was appointed as an executive Director on 23 April 2015. Mr. Mak is also the financial controller of the Group and company secretary of the Company. Mr. Mak joined the Group in 2012 and is primarily responsible for financial management and accounting of the Group. Mr. Mak is a member of the Hong Kong Institute of Certified Public Accountants. He has approximately 10 years of working experience with local and international audit firms. Before joining the Group, Mr. Mak was the audit manager of an international audit firm. He obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University in 2002.

Ms. LAW Shiu Wai, aged 47, was appointed as an executive Director on 23 April 2015. Ms. Law has been an assistant chief operating officer of the Group since March 2015. She holds a bachelor degree of commerce (accounting) from Curtin University of Technology. She is a member of CPA Australia and Hong Kong Institute of Certified Public Accountants. She also has more than 20 years of experience in accounting and administration. As regards her experience with listed companies, Ms. Law was the accounting manager of Dah Hwa International (Holdings) Limited (stock code: 600) from August 1990 to September 1999 and the finance manager of Winteam Pharmaceutical Group Limited (stock code: 570) from March 2007 to December 2009. Both companies are listed on the Main Board of the Stock Exchange.

Mr. LAN Zhi Cheng, aged 40, was appointed as an executive Director on 8 September 2016. Mr. Lan has been the Business Development Manager of the Group since April 2016. He holds a Bachelor's Degree in Engineering (Manufacturing Systems Engineering with Management) from King's College London, University of London. Mr. Lan is the co-founder of BlackPilot, a company which is based in Europe and is specialized in business process management software. He also co-founded Promotiontube, a B-to-B, e-commerce platform. Mr. Lan is a director of Capital Hills Investment Holdings Limited, a commercial property investment company focused on acquiring high-return projects and retail properties at prime locations and engaged in the development and management of serviced apartments and boutique hotels in Hong Kong. Mr. Lan has been an executive director of Affluent Partners Holdings Limited (Stock Code: 1466) since 19 November 2016 and has become its chairman since 10 December 2016.

Non-executive Director

Mr. LIU Kwong Chi Nelson, aged 49, was appointed as an independent non-executive Director on 23 April 2015 and has become a non-executive Director since 9 May 2016. Mr. Liu holds a bachelor degree of social science (hons) from the University of Hong Kong, a bachelor of law (hons) degree from Manchester Metropolitan University, the United Kingdom and a master degree of laws in Chinese & comparative Law from the City University of Hong Kong. Mr. Liu was admitted as a solicitor of the High Court of Hong Kong Special Administrative Region in August 2001. He is a co-founder and a senior partner of Messrs. KCL & Partners with extensive experiences in commercial and corporate legal matters. Mr. Liu is a committee member of the Hong Kong Institute of Patent Attorneys.

Biographical Details of Directors and Senior Management

Independent Non-executive Directors

Mr. TSANG Ho Ka Eugene, aged 35, was appointed as an independent non-executive Director on 23 January 2015. Mr. Tsang is a certified practising accountant of the CPA Australia since March 2006, a certified public accountant of the Hong Kong Institute of Certified Public Accountants since July 2006 and a fellow of the Hong Kong Institute of Certified Public Accountants since July 2014, a member of The Hong Kong Institute of Directors since March 2008, an associate member of the Institute of Certified Management Accountants since February 2007, Australia, an associate member of the Taxation Institute of Hong Kong since January 2008, a Certified Tax Adviser of the Taxation Institute of Hong Kong since May 2010 and a fellow of the Taxation Institute of Hong Kong since July 2014. Mr. Tsang obtained a bachelor's degree of commerce in accounting and finance from the University of New South Wales, Australia in May 2003 and he has completed an accounting extension course in Australian Taxation Law in 2002 and accounting extension course in Australian Corporations Law in the Centre for Continuing Education of the University of Sydney, Australia in 2002.

Mr. Tsang has been an executive director of Newtree Group Holdings Limited (stock code: 1323) since April 2012 to July 2014 and a joint company secretary since April 2012 to 16 October 2014 and since 31 October 2014 to 27 February 2015 and a company secretary since 17 October 2014 to 30 October 2014 respectively. He has also been the chairman of Sky Forever Supply Chain Management Group Limited (stock code: 8047) since September 2013 until June 2014, a non-executive director between September 2013 and July 2014 and the joint company secretary and executive director from May 2013 to September 2013.

He was also a vice-chairman of Capital Finance Holdings Limited (stock code: 8239) from September 2013 to July 2014, an executive director from August 2008 to August 2012, a non-executive director since August 2012 to 27 February 2015, the chief executive officer from September 2008 to February 2012 and the authorized representative and company secretary from April 2007 to August 2012. He has also been an independent non-executive director of Jiu Rong Holdings Limited (stock code: 2358) since July 2014 to October 2015.

Mr. Tsang is currently the managing director of a diversified financial group which specializes itself in private equity in Hong Kong, Greater China and overseas and money lending business in Hong Kong and also a consultant of GenNex Financial Media Limited since January 2012 to now.

Ms. WONG Fei Tat, aged 42, was appointed as an independent non-executive Director on 23 April 2015. Ms. Wong holds a bachelor degree in commerce from the University of Sydney, and a postgraduate diploma in corporate administration and a master degree in corporate governance from the Hong Kong Polytechnic University. Ms. Wong is an associate member of the Chartered Institute of Management Accountants, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries and is a certified practising accountant of CPA Australia. She has over 20 years of experience in the accounting field. Ms. Wong was an independent non-executive director of Beijing Gas Blue Sky Holdings Limited (Hong Kong Stock Code: 6828; Singapore Stock Code: UQ7) from January 2012 to November 2014.

Mr. PANG Siu Yin, aged 57, was appointed as an independent non-executive Director on 24 July 2015. Mr. Pang graduated from the University of Leeds, England with a Bachelor of Laws (Honors) degree in 1984 and obtained a Master's degree in Business Administration from Aston University in Birmingham, England in 1985. He also obtained a Postgraduate Certificate in Laws from the University of Hong Kong in 1988. He has been a practicing solicitor of the High Court of Hong Kong since 1990 and was also admitted as a solicitor in England and Wales in 1997. He is currently a partner of LCP, a firm of solicitors in Hong Kong, with his practice focusing on commercial and litigation. Mr. Pang is an independent non-executive director of Affluent Partners Holdings Limited (Stock Code: 1466) and Beijing Gas Blue Sky Holdings Limited (Hong Kong Stock Code: 6828; Singapore Stock Code: UQ7).

Changes in Directors' Information

Pursuant to Rule 17.50A of the GEM Listing Rules, the changes in Directors' information during the year under review and up to the date of this annual report are as follows:

(1) Mr. Lan Zhi Cheng has been an executive director of Affluent Partners Holdings Limited (Stock Code: 1466) since 19 November 2016 and has become its chairman since 10 December 2016.

(2) Mr. Liu Kwong Chi Nelson has been redesignated as non-executive director since 9 May 2016.

(3) Mr. Pang Siu Yin has been an independent non-executive director of Affluent Partners Holdings Limited (Stock Code: 1466) since 19 November 2016 and an independent non-executive Director of Beijing Gas Blue Sky Holdings Limited (Hong Kong Stock Code: 6828; Singapore Stock Code: UQ7) since 21 February 2017.

Senior Management

Mr. Mak Wai Kit, the financial controller of the Group and the company secretary of the Company, is also an executive Director. Mr. Mak's biographical details are set out under "Directors" above.

Business Model and Strategy

The Group's mission is to establish a strong presence in the advertising industry with its successful experience in the publishing industry with a view to a long term profitability and assets growth. This will be achieved by way of adoption of flexible business model and proactive business strategies. Towards this goal, new businesses were set up or acquired to enrich the Group's business project portfolio during the year under review. More details of the Group's business development and performance and financial review for the year 2016 are set out in the "Executive Director's Statement" and "Management Discussion and Analysis" sections of this annual report.

Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance practices. The Directors of the Company consider that since the listing of the shares of the Company on the GEM of the Stock Exchange on 16 February 2015 (the "Listing Date"), the Company has complied with the Corporate Governance Code (the "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 officer ("CEO") should be separated and should not be performed by the same person. The Company currently has no chairman and CEO. Decisions of the Company are made collectively by 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 2016.

Directors' and Officers' Liability Insurance

The Directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the Directors and officers of the Company.

Board of Directors

The Company is governed by the board of Directors which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises seven Directors of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group.

All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively and acting in the interests of the Company and its shareholders at all times.

There is no relationship, including financial, business, family or other material/relevant relationship(s) between members of the Board.

The Group will continue to update the Directors on the latest developments regarding the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

The Board's present composition is as follows:

Executive Directors

MAK Wai Kit
LAW Shiu Wai
LAN Zhi Cheng (appointed on 8 September 2016)

Non-executive Director

LIU Kwong Chi Nelson (redesignated from Independent Non-executive Director on 9 May 2016)

Independent Non-executive Directors

TSANG Ho Ka Eugene
WONG Fei Tat
PANG Siu Yin

Directors' Attendance at Board and General Meetings

From 1 January 2016 to 31 December 2016, the Board held 12 board meetings and the Company held 1 general meeting and the attendance of each director is set out as follows:

	Number of meetings Attended/Held	
	Board meetings	General meetings
Executive Directors		
Kwan Shun Keung Timmy *(Chairman)* (resigned on 9 December 2016)	10/12	1/1
Yip Tsz Lam (resigned on 1 February 2016)	0/12	0/1
Mak Wai Kit	12/12	1/1
Law Shiu Wai	12/12	1/1
Lan Zhi Cheng (appointed on 8 September 2016)	4/12	0/1
Non-executive Directors		
Tsang Hin Man Terence (resigned on 9 May 2016)	2/12	0/1
Liu Kwong Chi Nelson (redesignated from Independent Non-executive Directors on 9 May 2016)	12/12	1/1
Independent Non-executive Directors		
Lee Kwok Tung Louis (resigned on 9 May 2016)	3/12	0/1
Tsang Ho Ka Eugene	11/12	0/1
Yu Chon Man (resigned on 9 May 2016)	1/12	0/1
Liu Kwong Chi Nelson (redesignated to Non-executive Directors on 9 May 2016)	12/12	1/1
Wong Fei Tat	12/12	1/1
Pang Siu Yin	9/12	1/1

Appointment and Re-election of the Directors

Each of the executive Directors has entered into a service contract with the Company with an initial term of three years commencing from 23 January 2015, 23 April 2015 and 8 September 2016 subject to provisions contained therein. The non-executive Director has signed a letter of appointment with the Company with an initial term of one year commencing from 9 May 2016. One of three independent non-executive directors has entered into a letter of appointment with the Company with an initial term of three years commencing from 23 January 2015 subject to provisions contained therein. The remaining were commencing from 23 April 2015 and 24 July 2015 respectively.

In compliance with the code provision in A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. By virtue of the articles of association of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

Independent Non-executive Directors

The independent non-executive Directors are persons with relevant academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance with financial and other regulatory requirements. In compliance with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules, the Company has three independent non-executive Directors, representing more than one-third of the Board and with at least one of whom having appropriate professional qualifications, or accounting or related financial management expertise. Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence. The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the independent non-executive Directors to be independent and meet the requirements set out in Rule 5.09 of the GEM Listing Rules as at the date of this report.

Directors' Participation in Continuous Professional Trainings

During the year, the Directors received from the Company from time to time the updates on laws, rules and regulations which might be relevant to their roles, duties and functions as director of a listed company. All Directors have been updated with the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefings and professional development to Directors will be arranged whenever necessary.

Audit Committee

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 23 January 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph C3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules has been adopted. Among other things, the primary duties of the Audit Committee are to make recommendations to the Board on appointment or reappointment and removal of external auditor and review financial statements of the Company and judgments in respect of financial reporting.

The Audit Committee consists of all three independent non-executive Directors, namely, Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin. Ms. Wong Fei Tat is the chairman of the Audit Committee.

Six Audit Committee meetings were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Lee Kwok Tung Louis (resigned on 9 May 2016)	2/6
Tsang Ho Ka Eugene	5/6
Yu Chon Man (resigned on 9 May 2016)	1/6
Liu Kwong Chi Nelson (redesignated to non-executive Director on 9 May 2016)	2/6
Wong Fei Tat *(Chairman)*	6/6
Pang Siu Yin	4/6

Remuneration Committee

The Company established a Remuneration Committee on 23 January 2015 pursuant to a resolution in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendation to the Board on the overall remuneration policy and structure relating to all Directors, senior management and general staff of the Group and ensure that none of the Directors or any of their associates determine their own remuneration.

The Remuneration Committee consists of six members, namely, Mr. Tsang Ho Ka Eugene, Mr. Mak Wai Kit, Ms. Law Shiu Wai, Mr. Liu Kwong Chi Nelson, Ms. Wong Fei Tat and Mr. Pang Siu Yin. Mr. Tsang Ho Ka Eugene is the chairman of the Remuneration Committee.

Two Remuneration Committee meeting were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Tsang Ho Ka Eugene *(Chairman)*	2/2
Kwan Shun Keung Timmy (resigned on 9 December 2016)	2/2
Mak Wai Kit	2/2
Law Shiu Wai	2/2
Yu Chon Man (resigned on 9 May 2016)	0/2
Liu Kwong Chi Nelson	2/2
Wong Fei Tat	2/2
Pang Siu Yin	1/2

Nomination Committee

The Company established a Nomination Committee on 23 January 2015 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board annually; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to appointment or reappointment of Directors.

The Nomination Committee consists of six members, namely, Mr. Mak Wai Kit, Ms. Law Shiu Wai, Mr. Lan Zhi Cheng, Mr. Liu Kwong Chi Nelson, Ms. Wong Fei Tat and Mr. Pang Siu Yin. Mr. Mak Wai Kit is the chairman of the Nomination Committee.

Two Nomination Committee meetings were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Yu Chon Man (resigned on 9 May 2016)	0/2
Kwan Shun Keung Timmy (resigned on 9 December 2016)	2/2
Mak Wai Kit *(Chairman)*	2/2
Law Shiu Wai	2/2
Lan Zhi Cheng (appointed on 8 September 2016)	0/2
Lee Kwok Tung Louis (resigned on 9 May 2016)	0/2
Liu Kwong Chi Nelson	2/2
Wong Fei Tat	2/2
Pang Siu Yin	1/2

Corporate Governance & Risk Management Committee

The Company established a Corporate Governance Committee on 23 January 2015 with written terms of reference. The Corporate Governance Committee was renamed as Corporate Governance & Risk Management Committee on 6 January 2016 to add in risk management functions.

The primary functions of the Corporate Governance & Risk Management Committee include, among others, reviewing and making recommendation to the Board in respect of the Group's policies and practices on corporate governance, reviewing and monitoring the Group's policies and practices on corporate governance, reviewing and monitoring the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board, contained in any constitutional documents of the Group, or imposed by the GEM Listing Rules, other applicable laws, regulations, rules and codes, and ensuring that appropriate monitoring systems are in place to ensure compliance with the relevant internal control systems, processes and policies, oversee the effectiveness of the procedures of the internal control system of the Group, monitoring the implementation of the Group's plan to maintain high compliance with own risk management standards, providing guideline to the management on risk management and to set up procedures to identify, assessing and managing material risk factors, and ensuring the management discharge its responsibility in establishing an effective risk management system.

The Corporate Governance & Risk Management Committee consists of seven members, namely, Mr. Tsang Ho Ka Eugene, Mr. Mak Wai Kit, Ms. Law Shiu Wai, Mr. Lan Zhi Cheng, Mr. Liu Kwong Chi Nelson, Ms. Wong Fei Tat and Mr. Pang Siu Yin. Mr. Liu Kwong Chi Nelson is the chairman of the Corporate Governance & Risk Management Committee.

Four Corporate Governance & Risk Management Committee meetings were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Tsang Hin Man Terence (resigned on 9 May 2016)	1/4
Kwan Shun Keung Timmy (resigned on 9 December 2016)	4/4
Mak Wai Kit	4/4
Law Shiu Wai	4/4
Lan Zhi Cheng (appointed on 8 September 2016)	1/4
Lee Kwok Tung Louis (resigned on 9 May 2016)	1/4
Tsang Ho Ka Eugene	3/4
Liu Kwong Chi Nelson *(Chairman)*	4/4
Wong Fei Tat	4/4
Pang Siu Yin	3/4

Executive Committee

The Company established an Executive Committee on 14 July 2015 with written terms of reference. The Committee shall consist of all three executive Directors, namely, Mr. Mak Wai Kit, Ms. Law Shiu Wai and Mr. Lan Zhi Cheng. The chairman of the Committee is Mr. Lan Zhi Cheng.

The Committee is delegated with full powers and authorities save to the extent that such powers and authorities are reserved to the other committees of the Board or the full Board or are specifically reserved below, to do all such things, acts and deeds, to approve and enter into any agreement or document or transaction on behalf of the Company and to approve, execute and authorise the issue, publication or despatch of all such documents as the Committee may consider necessary or desirable in connection with the normal and ordinary course of business and the day-to-day management and operation of the Company.

Four Executive Committee meetings were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Kwan Shun Keung Timmy (resigned on 9 December 2016)	4/4
Yip Tsz Lam (resigned on 1 February 2016)	0/4
Mak Wai Kit	4/4
Law Shiu Wai	4/4
Lan Zhi Cheng *(Chairman)*	1/4

Treasury Committee

The Company established a Treasury Committee on 16 October 2015 with written terms of reference. The Committee shall consist of all three executive Directors, namely, Mr. Mak Wai Kit, Ms. Law Shiu Wai and Mr. Lan Zhi Cheng. The chairman of the Committee is Ms. Law Shiu Wai.

The Committee's role is to review and satisfy itself the appropriateness of proposed treasury transactions including banking, cash management, debt raising and management, investment management and treasury risk management; as well as effective implementation of the Group's financing strategy.

Two Treasury Committee meeting were held during the year ended 31 December 2016. The attendance was as follows:

	Number of meetings Attended/Held
Kwan Shun Keung Timmy (resigned on 9 December 2016)	2/2
Mak Wai Kit	2/2
Law Shiu Wai	1/2
Lan Zhi Cheng (appointed on 8 September 2016)	1/2

Financial Reporting

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 December 2016, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis. The responsibilities of the external auditors regarding their financial reporting are set out in the independent auditor's report contained in this annual report for the year ended 31 December 2016.

Auditor's Remuneration

The audit work of the Group for the year ended 31 December 2016 was performed by the Company's external auditor, Deloitte Touche Tohmatsu ("DTT").

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. The total fee paid/payable in respect of the statutory audit and non-audit services provided by DTT is set out in the following table:

	2016 HK$'000	2015 HK$'000
Audit services	**850**	460
Non-audit services	**—**	—
Total	**850**	460

Risk Management and Internal Control

It is the responsibility of the Board to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders' investment and the Group's assets at all times. The Company has adopted a series of internal control policies and procedures designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Details of the Risk Management and Internal Control Systems are set out in the section headed "Risk Management and Internal Control Systems" of the "Management Discussion and Analysis" on page 14 of this annual report.

During the year, the Group engaged an external professional consultant to review and assess its risk management and internal control systems and reported to the Corporate Governance & Risk Management Committee. The review covered several parts of the systems including risk management, and operational, financial and compliance controls.

The Board, through the Corporate Governance & Risk Management Committee, has conducted a review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2016 covering all material financial, operational and compliance functions, is of the view that the effectiveness of the risk management and internal control systems of the Group are considered as effective and adequate.

Company Secretary

All Directors have access to the advice and services of the Company Secretary. The Company Secretary reports to the Chairman on board governance matters, and is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with Shareholders and management.

Mr. Mak Wai Kit, an executive Director, is the company secretary of the Company as appointed pursuant to Rule 5.14 of the GEM Listing Rules. Mr. Mak is a full-time employee of the Group. During the year, Mr. Mak undertook over 15 hours' professional training to update his skill and knowledge in compliance with the Corporate Governance Code.

Shareholders' Rights

The general meetings of the Group provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

Right to Convene an Extraordinary General Meeting

Any one or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal office as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, signed by the requisitionist(s) and deposit it to the Board or the company secretary of the Company at the Company's principal place of business at Room 1001, 10/F, Grandmark, 10 Granville Road, Tsim Sha Tsui, Kowloon, Hong Kong, and such may consist of several documents in like form, each signed by one or more requisitionist(s).

The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified not in order, the Shareholders will be advised of this outcome accordingly, and an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a of the failure of the Board shall be reimbursed by the Group to the requisitionist(s).

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

(a) At least 14 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes an ordinary resolution; or

(b) At least 21 clear days' notice in writing (and not less than 10 clear business days) if the proposal constitutes a special resolution.

Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

Right to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Investor Relations

The Group has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's website (http://www.wintogroup.hk) as soon as practicable after their release. The Company's constitutional documents are also available on the Company's website. Information on the website shall be updated on a regular basis. Share registration matters shall be handled for the shareholders by the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Environmental, Social, and Governance Report

Scope and Reporting Period

This is the first ESG report by the Group, highlighting its Environmental, Social, and Governance (the "ESG") performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 to the GEM Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

In Hong Kong, the Group is mainly engaged in print media publications. While in Mainland China, the Group involves in e-commerce, development of mobile applications and trading of liquefied natural gas (LNG). This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations in offices in Kowloon Bay and Tsim Sha Tsui, Hong Kong and in Guangzhou and Yinchuan, Mainland China from 1 January 2016 to 31 December 2016, unless otherwise stated.

Stakeholder Engagement and Materiality

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees have been involved in regular engagement meetings to discuss and to review areas of attention which will help the business meet its potential growth and be prepared for future challenges.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via email at info@wintogroup.hk.

Winto's Sustainability Vision

Vision on Environment, Social, and Governance

The environment and natural resources are highly related to our daily lives. Sustainable development has become a popular trend around the globe. Nurturing the green industry and eliminating damage to the environment and the society have become a future direction of the Group's development.

The Group also integrates breakthroughs from both advanced IT technology and natural gas industries, drives innovative technological achievement, efficiency enhancement and organizational revolution within the natural gas industry. Such integration further enhances invention and productivity in smart energy application.

A. *Environmental*

Type of emissions the Group involved in the reporting period was mainly electricity, paper and business air travel. The business does not involve in production-related air, water, and land pollutions which are regulated under national laws and regulations. Total floor area coverage for the Group was 1,202.20 m^2.

1. *Greenhouse Gas Emission*

(i) Greenhouse Gas Emissions

Scope of Greenhouse Gas Emissions	Emission Sources	Emission (in tonnes of CO_2e)	Total Emission (in percentage)
Scope 1			
Direct Emission	NA	NA	NA
Scope 2			
Indirect Emission	Purchased Electricity (for offices and advertising services)*	144.14	96.49%
Scope 3			
Other Indirect Emission	Paper Consumption	2.35	3.51%
	Business Air Travel	2.89	
Total		**149.38**	

Note: Combined margin emission factor (average) of 0.88 t-CO2/MWh was used for purchased electricity in Mainland China.

There were 147.26 tonnes of carbon dioxide equivalent greenhouse gases (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation in the reporting period.

2. *Electricity*

The electricity consumption by the Group was 184,729 kWh (Hong Kong and Guangzhou offices: 38,904 kWh; advertising services: 145,825 kWh; electricity has been included in management fee for Central (Hong Kong) and Yinchuan (Mainland China) offices, no data was available). Energy intensity of office usage was 51.78 kWh/m^2. The Group encourages and constantly reminds employees to adopt energy-saving practices including switching off idling lighting devices and electrical appliances.

3. *Water*

The Group mainly involved water consumption in the offices, which was included in management fee, thus no data was available.

4. *Packaging Material*

The Group did not involve any packaging material in its business operation.

5. *Non-hazardous Wastes*

The Group generates no hazardous waste in its operation. Non-hazardous wastes from the Group's operation are mainly office paper and magazine paper. In addition, to reduce waste generation, employees are also encouraged to bring their own tableware for lunch rather than using disposable tableware.

(i) Office Paper

The Group practises paper saving initiatives, such as encouraging employees to:

- Adopt environmentally-friendly photocopy habits (eg. use duplex printing)
- Use recycling paper for drafting and internal use
- Use electronic device instead of printed hard copies during presentations

Recycling bins were provided in offices' common area to separately collect waste paper for recycling, which was then collected by building management. A total of 0.49 tonnes of paper has been used for daily office operations such as documents printing and deliverables, contributing to 2.35 tonnes of carbon dioxide equivalent.

(ii) Magazine Paper

Although the Group does not involve in printing of its publications, the Group practises a recycling scheme in which readers are encouraged to return read magazines for recycling.

6. *Business Air Travel*

During the reporting period, 17 employees travelled to various provinces in Mainland China for site visit and investigating new business opportunity, resulting in a relative total amount of 2.89 tonnes of carbon dioxide equivalent greenhouse gases.

B. *Social*

1. *Employment and Labour Practices*

(i) Employment

The Group offers competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. The Group had a total number of 88 employees as of 31 December 2016, of which 100% was working as full time staff.

Workforce by Age Group	**18–25**	**26–35**	**36–45**	**46–55**	**56 and above**
2016	19	52	14	3	0

Workforce by Gender	**Male**	**Female**
2016	30	58

Remuneration and performance of employees are reviewed annually. Remuneration is reviewed according to the industry market and inflation rates, while performance of employees is reviewed with reference to the annual salary review and promotion appraisals. Employees are entitled to performance bonus, mandatory provident fund and insurance including medical, pension, injury, unemployment, maternity and business travel. Paid leave such as annual leave, sick leave, maternity leave, paternity leave are offered. Employees working overtime are entitled to overtime compensation leave. Apart from the attractive package provided, the Group offers protection on personal data, and procedures for labour disputes. Employees are also well-informed of the Group's code of conduct, their promotion channels and appraisal procedures from the comprehensive guidelines in the employees' handbook.

The annual turnover rates (categorized by different age groups) in the reporting period are as follows. The Group will continue to provide a well-structured environment to employees to raise their sense of belonging and work efficiency.

Annual Turnover Rate by Age Group (%)	**18–25**	**26–35**	**36–45**	**46–55**	**56 and above**
2016	10.53%	25%	21.43%	33.33%	0%

Annual Turnover Rate by Gender (%)	**Male**	**Female**
2016	36.67%	13.79%

(ii) Employee Health and Safety

The Group is accountable for providing comprehensive occupational health and safety measures and essential protection equipment to its employees. For example, during outdoor advertisement fixing, the Group assigns supervision staff to ensure outsourced advertisement-fixing workers are working in a safe environment with appropriate personal protective equipment (PPE). Assigned supervision staff is also briefed with relevant safety procedures and provided with PPE. For the office setting, technician has been arranged to ensure safe working environment for employees.

Occupational Health and Safety Data	**2016**
Work related fatality	0
Work injury cases >3 days	0
Work injury cases <3 days	0
Lost days due to work injury	0

(iii) Development and Training

All employees are required to engage in training provided by the Group. Such training includes induction training, departmental training, specialised training and external training. Induction training helps employees understand the Group's businesses, policies and work procedures. Departmental training strengthens existing employees' work-related knowledge and practical skills. Specialised training focuses on topics such as communication skills or work attitude, enhancing employees' personal development. External training provides employees with the most updated knowledge and technology, ensuring employees keep pace with the Group's development. Training quality is evaluated by participants after completion of the training course to pursue unceasing improvement.

	2016
Total Number of Employees	88
Total Training Hours	6,188
Average Training Hours Per Employee	70.32

(iv) Employment Communications

Employees are valuable assets of the Group. The Group acknowledges the importance of interactive communications with employees. Regular staff gatherings are arranged to enhance the communications between senior management and employees, such as Christmas party held in December 2016.

The Group rewards employees for their credits and performs disciplinary action for their misconduct. This ensures that good behaviours are fostered and maintained in their work environment. For instance, attendance awards are presented monthly to full-attendance employees to appreciate their devotion and encourage positive work attitude.

Another channel of communications is the appraisal system. The system aims to improve employees' performances, increase their performance satisfaction and sense of accomplishment. It has an open and transparent process in which employees can evaluate their performance through advice from their supervisors and reflect their expectations or feedback to the Group.

(v) Labour Standard

There was no child nor forced labour in the Group's operations in the reporting period. Background check was conducted for every new employee to ensure compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management. Its Mainland's operations are in compliance with Special Protection for Female and Juvenile Workers, Chapter VII, and the Labour Law of the People's Republic of China.

(vi) Equal Opportunity

There is no policy on anti-discrimination, nevertheless equal opportunities are given to employees in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, colour, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law.

2. Operating Practices

(i) Supply Chain Management

The Group has no policy on supply chain management.

(ii) Product Responsibility

The Group has received no complaint or recall on products in 2016.

Intellectual Property

Intellectual property includes trademarks, service marks, copyrights, rights in inventions, rights in know-how etc. Whether registered or unregistered, all rights or forms of protection have an equivalent or similar effect anywhere in the world.

The Group have registered trademarks for its magazine publications, to protect its exclusive right to use the trademarks and avoid other readers using conflicting trademarks.

Confidentiality

Confidential information includes all confidential information or trade secret of the Group. It also includes contact details, requirements of customers, financial information and marketing or business plan of customers. All employees acknowledge and warrant not to disclose the above information by signing the employment contract. Employees violating the confidentiality-related regulations can be dismissed. The Group also has centralised management to control access rights to its confidential information.

(iii) Anti-corruption

The Group commits to managing all business without undue influence and has regarded honesty, integrity, and fairness as its core values. All directors and employees are required to strictly follow the Group's policy to prevent potential bribery, extortion, fraud and money laundering. Anti-corruption policies are also clearly stated in the employment contract. Although entertainment is not defined as "advantage" under the Bribery Ordinance, employees should turn down invitations to meals or entertainment that are excessive in nature or frequency. Whistle-blowing procedures on reporting misconduct and malpractice (including corruption) are also established in the Group's employees' handbook. Employees involved in corruption bring severe damage to the Group's reputation. They can be dismissed and liability shall be pursued in accordance with the law.

C. Community

1. Community Investment

In recognition of corporate influence on social wellbeing, the Group highly supports charitable associations through financial donations.

In January 2016, the Group donated a sum of HKD16,000 to Street Sleepers Action Committee (SSAC). SSAC is a non-governmental charitable organization which raises public awareness on deficiencies in government policies concerning street sleepers' welfare. It aims to assist street sleepers in returning to society through providing care and support. The Group hopes to strengthen street sleepers' self-reliance through its donations.

Report of the Directors

The Directors hereby present their annual report and the audited consolidated financial statements for the year ended 31 December 2016.

Group Reorganisation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 7 December 2012. Through a group reorganisation as fully explained in the Company's prospectus dated 30 January 2015 (the "Prospectus"), the Company has since 9 October 2013 become the holding company of the Group. The Company has completed its initial public offering and the shares of the Company were listed on the Stock Exchange on 16 February 2015.

Principal Activities

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in note 40 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in Statement from the Executive Director as well as the Management Discussion and Analysis on pages 6 and pages 7 to 16 of this annual report respectively. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Management Discussion and Analysis on pages 7 to 16 of this annual report. The Group's performance by reference to environmental and social-related key performance indicators and policies, is set out in the Environmental, Social, and Governance Report on pages 30 to 35 of this annual report.

Results and Appropriations

The results of the Group for the year ended 31 December 2016 and the state of affairs of the Group as at 31 December 2016 are set out in the consolidated financial statements on pages 49 to 51. The Board does not recommend the payment of any final dividend for the year ended 31 December 2016.

Summary of Financial Information

The summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 5.

Investment Property

Details of movements in investment property during the year are set out in note 18 to the consolidated financial statements.

Share Capital

Details of movements in share capital of the Company during the year are set out in note 30 to the consolidated financial statements.

Reserves

Details of movements in reserves of the Group and the Company during the year are set out in note 30 to the consolidated financial statements respectively.

Distributable Reserves

As at 31 December 2016, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$62,119,000.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Permitted Indemnity

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the Year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2016, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for approximately 33.6% of the total sales for the year and sales to the largest customer included therein amounted to approximately 12.9%. Purchases from the Group's five largest suppliers accounted for approximately 92.4% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 37.3%.

Save as disclosed, to the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders (which to the knowledge of the directors) owned more than 5% of the Company's number of issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

Directors

The Directors during the year and up to the date of this report were:

Report of the Directors

Board of Directors

Executive Directors

KWAN Shun Keung Timmy *(Chairman)* (resigned on 9 December 2016)
YIP Tsz Lam (resigned on 1 February 2016)
MAK Wai Kit
LAW Shiu Wai
LAN Zhi Cheng (appointed on 8 September 2016)

Non-executive Directors

TSANG Hin Man Terence (resigned on 9 May 2016)
LIU Kwong Chi Nelson (redesignated from independent non-executive Director on 9 May 2016)

Independent Non-executive Directors

LEE Kwok Tung Louis (resigned on 9 May 2016)
TSANG Ho Ka Eugene
YU Chon Man (resigned on 9 May 2016)
LIU Kwong Chi Nelson (redesignated to non-executive Director on 9 May 2016)
WONG Fei Tat
PANG Siu Yin

In accordance with Article 84(1) Mr. Tsang Ho Ka Eugene and Mr. Mak Wai Kit will retire at the forthcoming annual general meeting ("AGM") and, both of them, being eligible, offer themselves for re-election at the AGM. In accordance with Article 83(3), Mr. Lan Zhi Cheng will retire at the AGM and, being eligible, offer himself for re-election at the AGM.

Biographies of Directors and Other Senior Management

The biographical details of the Directors and other senior management are disclosed in the section headed "Directors and Senior Management Profile" on pages 17 to 19 in this annual report.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Rights to Acquire Shares and Debentures

Save as disclosed in the heading "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or any associated corporation" below, at no time during the year or at the end of the year has been/was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Company's Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Transactions, Arrangements or Contracts

There has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director of the Company or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year.

Equity-linked Agreements

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Remuneration of the Directors

Details of the remuneration of the Directors are set out in note 12 to the consolidated financial statements in this annual report.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2016.

Contracts of Significance

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2016.

No contract of significance (including provision of services) between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2016.

Emolument Policy

The Remuneration Committee is responsible for making recommendations to the Board on Company's policy and structure for all Directors and senior management remuneration, having regard to market competitiveness, individual performance and achievement. The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the scheme is set out on pages 40 to 41 in this annual report.

Non-competition Undertakings

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 date of the listing of the Company.

The controlling shareholders have confirmed the Company that they had complied with the non-competition undertakings during the year. The Board (including the independent non-executive Directors) has reviewed and confirmed the compliance with the non-competition undertakings by the controlling shareholders.

As disclosed in Company's announcement dated 6 March 2017, Fuwin Group (Holdings) Limited ("Fuwin") had disposed of 1,692,232,000 shares or approximately 19.59% of the issued shares capital of the Company on 6 March 2017 (the "Disposal"). Upon completion of the Disposal, Fuwin will cease to hold any shares in the Company.

Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme approved by the resolution of the sole Shareholder passed on 23 January 2015:

1. Purpose

The purpose of the Share Option Scheme is for the Group to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group. The Share Option Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of the Group and allow the Participants to enjoy the results of the Company attained through their efforts and contributions.

2. Participants

(i) any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group;

(ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;

(iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;

(iv) any provider of goods and/or services to the Group; and

(v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up Options (together, the "Participants").

In determining the basis of eligibility of each Participant, the Board would take into account such factors as the Board may at its discretion consider appropriate.

3. Maximum number of Shares available for subscription

The Company shall be entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme does not exceed 30% of the shares in issue of the Company from time to time.

4. Maximum entitlement of Shares of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.

Notwithstanding the above condition, any further grant of Options to a Participant in excess of the 1% limit shall be subject to approval by the Shareholders in general meeting with such Participant and his or her associate abstaining from voting.

5. Term of subscription of Shares upon exercise of Share Options

An Option may be exercised in accordance with the terms of the Share Option Scheme and such other terms and conditions upon which an Option was granted, at any time during the option period after the Option has been granted by the Board but in any event, not longer than 10 years from the date of grant. An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

6. Minimum period for which an option must be held before it can be exercised

Unless otherwise determined by the Board and specified in the offer letter at the time of the offer of the Option, there are neither any performance targets that need to be achieved by the grantee before an Option could be exercised nor any minimum period for which an Option must be held before the Option can be exercised. Subject to the provisions of the Share Option Scheme and the GEM Listing Rules, the Board may when making the offer of Options impose any conditions, restrictions or limitations in relation to the Option as it may at its absolute discretion think fit.

7. Time of acceptance and the amount payable on acceptance of the option

Offer of an Option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the Option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

8. Basis of determining the subscription price

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Board at its sole discretion and notified to the Participant and shall be no less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Option is granted, (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 Business Days immediately preceding the date on which an Option is granted; and (iii) the nominal value of a Share.

9. Life of the Share Option Scheme

The Share Option Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, after which period no further Options will be granted but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

Up to the date of this annual report, no option under the Share Option Scheme has been granted by the Company.

Interests in Competing Business

As far as the Directors are aware of, none of the Directors nor the Controlling Shareholders have any interest 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 year ended 31 December 2016.

Interests of the Compliance Adviser

As at 31 December 2016, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), 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 close 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.

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or Any Associated Corporation

As at 31 December 2016, 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 Securities and Futures Ordinance (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. Lan Zhi Cheng	Beneficial owner	350,000,000	4.05%

Save as disclosed above, as at 31 December 2016, 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 Position in Shares and Underlying Shares of the Company

As at 31 December 2016, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company under section 336 of the SFO, and/or who are directly or indirectly interested in 5% or more of the nominal value of any class of share capital caring rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

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)	2,538,232,000	29.38%
Kwan Shun Keung Timmy	Interests in a controlled corporation (Note 1)	498,000,000	29.38%
Yip Tsz Lam	Interests in a controlled corporation (Note 1)	498,000,000	29.38%
Grand Powerful Group Limited	Beneficial owner (Note 2)	498,000,000	5.76%
Mr. Cheng Ming Kit	Interests in a controlled corporation (Note 2)	498,000,000	5.76%
Ms. Yung Yee Man Sharon	Family interests (Note 3)	498,000,000	5.76%
Mr. Wong Man Hin Charles	Beneficial owner (Note 4)	498,000,000	5.76%
Ms. Loo Chi Yiu	Family interests (Note 4)	498,000,000	5.76%

Notes:

1. Fuwin is owned as to 60% by Mr. Kwan Shun Keung Timmy and 40% by Ms. Yip Tsz Lam.

2. The entire issued share capital of Grand Powerful Group Limited is owned by Mr. Cheng Ming Kit ("Mr. Cheng"). Mr. Cheng 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 and deemed to be interested in the 498,000,000 shares held by Mr. Cheng.

4. Ms. Loo Chi Yiu is the spouse of Mr. Wong Man Hin Charles ("Mr. Wong") and deemed to be interested in the 498,000,000 shares held by Mr. Wong.

Save as disclosed above, as at 31 December 2016, 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 were required to be recorded in the register required to be kept by the Company under section 336 of the SFO and/or who are directly or indirectly interested in 5% 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.

Related Party Transactions

Details of related party transactions of the Group during the year ended 31 December 2016 are set out in note 38 to the consolidated financial statements. Those related party transactions constitute continuing connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

Connected Transactions

During the year, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

Corporate Governance

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 29.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed Public Float under the GEM Listing Rules since the Listing Date and up to the date of this report.

Auditor

The consolidated financial statements for the year ended 31 December 2016 have been audited by Deloitte Touche Tohmatsu ("DTT"). DTT was appointed on 20 September 2016 as the independent auditor of the Company to fill the casual vacancy following the resignation of CCIF CPA Limited on 13 September 2016. Save for the above, there were no other changes in the Company's auditor in the past three years. DTT will retire at the conclusion of the forthcoming annual general meeting ("AGM") of the Company and, being eligible, offer itself for re-appointment at the AGM. A resolution will be proposed at the AGM to re-appoint DTT as the independent auditor of the Company.

By behalf of the Board
LAN ZHI CHENG
Executive Director

Hong Kong, 24 March 2017

Deloitte. 德勤

TO THE SHAREHOLDERS OF WINTO GROUP (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Winto Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 49 to 106, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of trade receivables	
We identified the valuation of trade receivable as a key audit matter as the amount is significant and the identification of doubtful debts requires significant management judgements. At the end of each reporting period, management assesses the recoverability of its trade receivables and makes provisions for doubtful debts, if there is indication that amounts may be irrecoverable. The allowance is measured as the difference between the carrying amount of the trade receivables and its present value of estimated future cash flows. As at 31 December 2016, the carrying amount of the Group's trade receivables, net of allowance for doubtful debts, was HK$26.4 million. Details relating to the Group's trade receivables are set out in note 24 to the consolidated financial statements.	Our procedures in relation to valuation of trade receivables included: • Obtaining an understanding of how allowance for doubtful debts is estimated by the management; • Understanding and testing the Group's key controls relating to the preparation of aging of trade receivables; • Testing the aging analysis of trade receivables to source documents on a sample basis; • Critically challenging management's assessment of the recoverability of trade debtors with little or without settlement subsequent to the end of the reporting period; • Evaluating the reasonableness of management's assessment on recoverability of its trade receivables with reference to credit history, subsequent settlements and aging analysis of each significant debt; and • Evaluating the historical accuracy of the allowance estimation by management by comparing historical allowance made to the actual settlement and actual loss incurred and tracing, on a sample basis, to the source documents.
Impairment of goodwill	
We identified the impairment of goodwill arising from the acquisitions of Qihui Group (International) Limited and its subsidiaries (collectively referred to as "Qihui Group") and Lasermoon Limited and its subsidiaries (collectively referred to as "Lasermoon Group") as a key audit matter, as the amount is quantitatively significant to the Group and the valuation requires an estimation of the value in use of the businesses. The estimation of the value in use is subject to significant management judgements, in respect of the discount rates and terminal and growth rates. During the year, the Group acquired 51% and 100% equity interest in Qihui Group and Lasermoon Group for a consideration of HK$7.1 million and HK$25.6 million, respectively. The goodwill arising from the acquisition of Qihui was HK$7.6 million and Lasermoon was HK$25.5 million. Details relating to the acquisitions and the impairment assessment of the goodwill arising are set out in notes 31 and 21 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of the goodwill arising from the acquisitions of Qihui Group and Lasermoon Group included: • Assessing the appropriateness of the valuation models and obtaining evidence to support the estimated cash flow forecasts prepared by the management and reviewed by an external independent valuer; • Evaluating the appropriateness of the key assumptions and inputs such as the terminal and growth rates used in the respective models by comparing the management's expectations against relevant market forecasts; • Critically challenging the reasonableness of the discount rates adopted by management with reference to available market data; and • Reviewing the model by our internal specialist.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on these statements on 31 March 2016.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirement of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chu, Johnny Chun Yin.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Notes	2016 HK$	2015 HK$
Revenue	5	**128,562,534**	20,824,027
Cost of sales		**(129,075,400)**	(2,406,898)
Gross (loss) profit		**(512,866)**	18,417,129
Other income	7	**37,400**	10,385
Operating expenses		**(19,325,200)**	(16,689,862)
Share of losses of associates	17	**(200,000)**	(612,659)
Impairment loss on interests in associates	17	**—**	(4,187,341)
Other gains or losses	8	**(4,702,423)**	—
Finance costs	9	**(2,034,530)**	(588,623)
Loss before tax	10	**(26,737,619)**	(3,650,971)
Income tax expenses	11	**(669,127)**	(2,110,677)
Loss for the year		**(27,406,746)**	(5,761,648)
Other comprehensive expenses:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operation		**3,110**	—
Total comprehensive expenses for the year		**(27,403,636)**	(5,761,648)
Loss for the year attributable to:			
Owners of the Company		**(26,293,024)**	(5,761,648)
Non-controlling interests		**(1,113,722)**	—
		(27,406,746)	(5,761,648)
Total comprehensive expenses attributable to:			
Owners of the Company		**(26,294,868)**	(5,761,648)
Non-controlling interests		**(1,108,768)**	—
		(27,403,636)	(5,761,648)
Loss per share			
Basic (HK Cents)	15	**(0.36)**	(0.08)

Consolidated Statement of Financial Position

At 31 December 2016

	Notes	2016 HK$	2015 HK$
Non-current assets			
Plant and equipment	16	**1,758,158**	267,492
Interests in associates	17	**—**	200,000
Investment property	18	**11,962,800**	—
Goodwill	19	**33,051,369**	—
Intangible assets	20	**1,718,014**	—
		48,490,341	467,492
Current assets			
Inventories	22	**391,504**	—
Amount due from a former shareholder	23	**2,510**	2,510
Trade and other receivables	24	**36,461,852**	28,390,380
Tax recoverable		**890,162**	449,729
Bank balances and cash	25	**44,335,818**	41,174,973
		82,081,846	70,017,592
Current liabilities			
Trade and other payables	26	**25,174,522**	3,984,118
Bank borrowings	27	**2,640,525**	2,497,763
Tax payable		**39,599**	—
Amounts due to non-controlling shareholders of subsidiaries	28	**2,305,097**	—
		30,159,743	6,481,881
Net current assets		**51,922,103**	63,535,711
Total assets less current liabilities		**100,412,444**	64,003,203

Consolidated Statement of Financial Position

At 31 December 2016

	Notes	2016 HK$	2015 HK$
Non-current liabilities			
Promissory notes payable	29	**25,528,410**	—
Bank borrowings	27	**78,127**	—
		25,606,537	—
Net assets		**74,805,907**	64,003,203
Capital and reserves			
Share capital	30	**8,640,000**	7,200,000
Reserves		**67,369,231**	56,803,203
Total Equity attributable to owners of the Company		**76,009,231**	64,003,203
Non-controlling interests		**(1,203,324)**	—
Total Equity		**74,805,907**	64,003,203

The consolidated financial statements on pages 49 to 106 were approved and authorised for issue by the Board of Directors on 24 March 2017 and are signed on its behalf by:

Lan Zhi Cheng	**Mak Wai Kit**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Attributable to owner of the Company							
	Share capital HK$ (note 30)	Share premium HK$	Convertible bonds reserve HK$	Exchange reserve HK$	Retained profits (accumulated losses) HK$	Total HK$	Non-controlling interests HK$	Total HK$
At 1 January 2015	10,000	—	1,239,824	—	9,094,937	10,344,761	—	10,344,761
Total comprehensive expense for the year	—	—	—	—	(5,761,648)	(5,761,648)	—	(5,761,648)
Issue of new shares	2,510	—	—	—	—	2,510	—	2,510
Issue of shares upon conversion of convertible bonds	2,490	22,492,401	—	—	—	22,494,891	—	22,494,891
Issue of new shares by way of placing	1,200,000	43,200,000	—	—	—	44,400,000	—	44,400,000
Transfer of convertible bonds reserves upon conversion of convertible bonds	—	1,239,824	(1,239,824)	—	—	—	—	—
Share issue expenses	—	(3,477,311)	—	—	—	(3,477,311)	—	(3,477,311)
Capitalisation issue	5,985,000	(5,985,000)	—	—	—	—	—	—
Dividend paid (note 14)	—	—	—	—	(4,000,000)	(4,000,000)	—	(4,000,000)
At 31 December 2015	7,200,000	57,469,914	—	—	(666,711)	64,003,203	—	64,003,203
Loss for the year	—	—	—	—	(26,293,024)	(26,293,024)	(1,113,722)	(27,406,746)
Other comprehensive (expenses) income for the year	—	—	—	(1,844)	—	(1,844)	4,954	3,110
Total comprehensive expenses for the year	—	—	—	(1,844)	(26,293,024)	(26,294,868)	(1,108,768)	(27,403,636)
Issue of new shares by way of placing	1,440,000	38,880,000	—	—	—	40,320,000	—	40,320,000
Share issue expenses	—	(2,019,104)	—	—	—	(2,019,104)	—	(2,019,104)
Arising from acquisition of businesses (note 31)	—	—	—	—	—	—	(94,556)	(94,556)
At 31 December 2016	8,640,000	94,330,810	—	(1,844)	(26,959,735)	76,009,231	(1,203,324)	74,805,907

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 HK$	2015 HK$
Operating activities			
Loss before tax		**(26,737,619)**	(3,650,971)
Adjustments for:			
Interest income		**(1,233)**	(1,889)
Interest expense		**2,034,530**	588,623
Depreciation		**371,961**	36,552
Amortisation of intangible assets		**43,284**	—
Allowance of doubtful debts		**—**	778,000
Share of losses of associates		**200,000**	612,659
Impairment loss on interests in associates		**—**	4,187,341
Operating cash flows before movements in working capital		**(24,089,077)**	2,550,315
Increase in inventories		**(391,504)**	—
Increase in amount due from a former shareholder		**—**	(2,510)
Increase in trade and other receivables		**(5,066,840)**	(10,024,781)
Increase (decrease) in trade and other payables		**19,085,659**	(1,437,392)
Cash used in operations		**(10,461,762)**	(8,914,368)
Hong Kong profits tax paid		**(1,004,217)**	(3,309,471)
Net cash used in operating activities		**(11,465,979)**	(12,223,839)
Investing activities			
Acquisition of an investment property		**(11,962,800)**	—
Acquisition of businesses	31	**(8,808,658)**	—
Acquisition of a subsidiary	32	**(291,541)**	—
Purchase of plant and equipment		**(1,137,279)**	(265,535)
Interest received		**1,233**	1,889
Acquisition of associates		**—**	(5,000,000)
Net cash used in investing activities		**(22,199,045)**	(5,263,646)
Financing activities			
Proceeds from placing of new shares		**40,320,000**	44,400,000
Advance from non-controlling shareholders of a subsidiary		**2,191,144**	—
Repayments of bank borrowings		**(3,475,521)**	(6,124,500)
Expenses in respect of share placing		**(2,019,104)**	(2,759,064)
Interest paid		**(179,120)**	(310,785)
New bank loans raised		**—**	896,833
Proceeds from capital injection		**—**	2,510
Dividends paid		**—**	(4,000,000)
Net cash from financing activities		**36,837,399**	32,104,994
Net increase in cash and cash equivalents		**3,172,375**	14,617,509
Effect of foreign exchange rate		**(11,530)**	—
Cash and cash equivalents at 1 January		**41,174,973**	26,557,464
Cash and cash equivalents at 31 December, representing			
Bank balances and cash		**44,335,818**	41,174,973

1. GENERAL

Winto Group (Holdings) Limited (the "Company") is a public limited company incorporated in the Cayman Islands on 7 December 2012 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidation and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market 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 disclosed in the Corporate Information in the annual report.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 40. The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred as the "Group") have applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 — 2014 cycle

The application of the 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.

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 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Apply HKFRS 9 "Financial instruments" with HKFRS 4 "Insurance contracts"[1]
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 7	Disclosure initiative[4]
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses[4]

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

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2019.
[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 2017.

HKFRS 9 Financial instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirement of HKFRS 9, which applicable to the Group, is described below:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Base on the Group financial instruments and risk management policies as at 31 December 2016. Application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from contracts with customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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

HKFRS 15 Revenue from contracts with customers *(Continued)*

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported (service income from provision of mobile app development services, rental income from outdoor advertising business and advertisement income on magazines) as the timing of revenue recognition may be affected/and the amounts of revenue recognised are subject to variable consideration constraints, and more disclosures relating to revenue is required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

The directors of the Company consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18, however, the allocation of total consideration to the respective performance obligations will be based on relative fair values which will potentially affect the timing and amounts of revenue recognition. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review. In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

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

HKFRS 16 Leases *(Continued)*

Furthermore, extensive disclosure are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$11,368,033 as disclosed in note 37. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

The directors of the Company anticipate that the application of the other new and amendments to HKFRSs will have no material impact on the Group's financial performance and positions and/or the disclosure to the consolidated financial statements of the Group.

3. SIGNIFICANT ACCOUNTANT POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for investment property that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36 "Impairment of assets".

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Business combinations *(Continued)*

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Investments in associates *(Continued)*

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interest in associate that not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Print media advertising

When the outcome of an advertising contract can be estimated reliably, revenue shall be recognized by reference to the stage of completion of the advertising contracts at the end of the reporting period. The outcome of advertising contracts can be estimated reliably when the periodicals are published and all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the advertising contracts will flow to the Group;
- the stage of completion of the advertising contracts at the end of the reporting period can be measured reliably; and
- the costs incurred for the advertising contracts and the costs to complete the advertising contracts can be measured reliably.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Revenue recognition ***(Continued)***

ii) Sale of magazines

Revenue from the sale of magazines is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the customers obtain the possession of the magazines.

iii) Outdoor advertising income

Outdoor advertising income is recognised on a straight-line basis over the contract period.

iv) Liquefied Natural Gas ("LNG")

Sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

v) Mobile app development

Mobile app development income is recognised by stage of completion of the relevant contracts.

vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits

Payments to the Mandatory Provident Fund Scheme and State-managed Retirement Benefit Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "loss before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Taxation *(Continued)*

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or service, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Internally — generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profits or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) *(Continued)*

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading or it is designated as at FTVPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the 'other gains and losses' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a former shareholder, trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTANT POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, bank borrowings, amounts due to non-controlling shareholders of a subsidiary and promissory notes payable) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit, a suitable discount rate and terminal and growth rates in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss or further impairment loss may arise. As at 31 December 2016, no impairment of goodwill is provided. Details of the recoverable amount calculation are disclosed in note 21.

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition, where applicable). Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss or further impairment loss may arise. As at 31 December 2016, the carrying amount of trade receivable is HK$26,409,305 (net of allowance for doubtful debts of HK$778,000) (31 December 2015: carrying amount of HK$21,543,488, net of allowance for doubtful debts of HK$778,000).

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2016 **HK$**	2015 HK$
Print media advertising income	**10,905,400**	20,441,097
Outdoor advertising income	**23,250,990**	121,650
Sales of magazines	**200,467**	261,280
Trading of LNG and related products	**93,003,592**	—
Provision of mobile app development service	**1,202,085**	—
	128,562,534	20,824,027

6. SEGMENT INFORMATION

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

The Group's reportable segments under HKFRS8 are as follows:

1. Print media business, including advertising income and sales of magazines
2. Outdoor advertising business
3. LNG and related products trading business
4. Mobile app development business

For the purpose of assessing segment performance and allocating resources between segments:

Segment assets include all tangible and intangible assets and current assets with the exception of investment property, interests in associates, 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 measurement of segment results for the year ended 31 December 2015 have been revised as a result of the change in the way in which information is reported to the CODM in the current year.

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 2016 and 2015 is set out below.

Segment revenues and results

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

6. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31 December 2016

	Print media business HK$	Outdoor advertising business HK$	LNG and related products trading business HK$	Mobile app development business HK$	Total HK$
Revenue					
Segment revenue	**11,115,867**	**24,441,781**	**93,003,592**	**2,115,713**	**130,676,953**
Inter-segment sales	**(10,000)**	**(1,190,791)**	**—**	**(913,628)**	**(2,114,419)**
External sales	**11,105,867**	**23,250,990**	**93,003,592**	**1,202,085**	**128,562,534**
Segment results	**7,350,783**	**(8,930,604)**	**521,399**	**545,556**	**(512,866)**
Other income					**36,167**
Interest income					**1,233**
Operating expenses					**(19,325,200)**
Share of losses of associates					**(200,000)**
Other gains or losses					**(4,702,423)**
Finance costs					**(2,034,530)**
Loss before tax					**(26,737,619)**

For the year ended 31 December 2015

	Print media business HK$	Outdoor advertising business HK$	Total HK$
Revenue from external Sales	20,702,377	121,650	20,824,027
Segment results	18,431,111	(13,982)	18,417,129
Other income			8,496
Interest income			1,889
Operating expenses			(16,689,862)
Share of losses of associates			(612,659)
Impairment loss on interests in associates			(4,187,341)
Finance costs			(588,623)
Loss before tax			(3,650,971)

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

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

	2016 HK$	2015 HK$
Segment assets		
Print media business	**9,750,680**	53,539,074
Outdoor advertising business	**10,542,456**	7,990,770
LNG and related products trading business	**48,227,697**	—
Mobile app development business	**9,454,905**	—
Total segment assets	**77,975,738**	61,529,844
Investment property	**11,962,800**	—
Interests in associates	**—**	200,000
Bank balances and cash	**39,327,170**	3,532,353
Unallocated assets	**1,306,479**	5,222,887
Consolidated assets	**130,572,187**	70,485,084
Segment liabilities		
Print media business	**1,227,669**	4,223,292
Outdoor advertising business	**1,205,699**	1,125,370
LNG and related products trading business	**24,287,368**	—
Mobile app development business	**1,527,904**	—
Total segment liabilities	**28,248,640**	5,348,662
Promissory notes payable	**25,528,410**	—
Unallocated liabilities	**1,989,230**	1,133,219
Consolidated liabilities	**55,766,280**	6,481,881

Geographical information

The Group's operations are located in Hong Kong and Mainland China. Information about the Group's revenue from external customers is presented based on location of delivery destination of the goods or place of receiving services. Information about the Group's non-current assets (excluding interests in associates) are based on geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2016 HK$	2015 HK$	2016 HK$	2015 HK$
Hong Kong	**34,356,857**	20,824,027	**13,063,279**	267,492
Mainland China	**94,205,677**	—	**35,427,062**	—
	128,562,534	20,824,027	**48,490,341**	267,492

6. SEGMENT INFORMATION *(Continued)*

Information about major customers

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

	2016 **HK$**	2015 HK$
Customer A[1]	**16,530,248**	—
Customer B[2]	**N/A[3]**	5,370,000
Customer C[2]	**N/A[3]**	3,470,000
Customer D[2]	**N/A[3]**	4,018,223
Customer E[2]	**N/A[3]**	2,617,472

1 Revenue from LNG and related products trading business
2 Revenue from print media business
3 The corresponding revenue did not contribute over 10% of the total revenue of the Group

7. OTHER INCOME

	2016 **HK$**	2015 HK$
Bank interest income	**1,233**	1,889
Rental income	**16,000**	—
Sundry income	**20,167**	8,496
	37,400	10,385

8. OTHER GAINS OR LOSSES

	2016 **HK$**	2015 HK$
Net foreign exchange losses	**29,226**	—
Change in fair value of financial assets at fair value through profit or loss (note)	**4,673,197**	—
	4,702,423	—

Note: The loss represented of the Group's investment in an entity listed on the Stock Exchange which was acquired and disposed of during the year ended 31 December 2016.

9. FINANCE COSTS

	2016 HK$	2015 HK$
Effective interest on promissory notes payables	**1,855,410**	—
Interest on bank borrowings	**179,120**	287,944
Interest on convertible bonds	**—**	295,059
Interest on bank overdraft	**—**	5,620
	2,034,530	588,623

10. LOSS BEFORE TAX

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

	2016 HK$	2015 HK$
Staff costs		
Directors' emoluments (note 12)	**2,716,442**	2,260,232
Other staff costs		
— Salaries and other benefits	**2,901,030**	3,105,375
— Contributions to defined contribution retirement plan	**138,641**	102,748
	5,756,113	5,468,355
Allowance for doubtful debts	**—**	778,000
Depreciation	**371,961**	36,552
Amortisation of intangible assets, included in operating expenses	**43,284**	
Auditor's remuneration	**850,000**	460,000
Operating lease expenses in respect of		
— Office premises	**1,277,997**	550,518
— Outdoor media resources, included in cost of sales	**28,560,182**	91,129
Cost of inventory recognised as expenses	**92,482,192**	2,183,520
Gross rental income from an investment property	**(16,000)**	—
Less: direct operating expenses incurred for an investment property that generated rental income during the year	**5,754**	—
	(10,246)	—
Listing expenses	**—**	4,090,726

11. INCOME TAX EXPENSES

	2016 HK$	2015 HK$
Current tax:		
Hong Kong	**680,889**	2,130,258
People's Republic of China ("PRC")	**43,759**	—
	724,648	2,130,258
Overprovision in prior years:		
Hong Kong	**(55,521)**	(19,581)
	669,127	2,110,677

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for both years taking into account the reduction granted by the Hong Kong SAR Government of 75% of the tax payable subject to a maximum education of HK$20,000 for both years.

Under the Law of the People's Republic of China 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.

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

	2016 HK$	2015 HK$
Loss before tax	**(26,737,619)**	(3,650,971)
Tax credit at the Hong Kong Profits Tax rate at 16.5% (2015: 16.5%)	**(4,411,707)**	(602,410)
Tax effect of expenses not deductible for tax purpose	**1,532,055**	1,869,055
Tax effect of income not taxable for tax purpose	**(2,172)**	(312)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**118,405**	—
Tax effect of tax losses not recognised	**3,452,345**	907,359
Overprovision in respect of prior years	**(55,521)**	(19,581)
Others	**35,722**	(43,434)
Income tax expenses for the year	**669,127**	2,110,677

At the end of the reporting period, the Group has unused tax losses of HK$26,422,449 (2015: HK$5,499,146) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$93,556 (2015: Nil) that will expire in 2021. Other losses may be carried forward indefinitely.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO. is as follows:

	Year ended 31 December 2016				
	Fee HK$	Salaries allowances, and benefits-in-kind HK$	Bonus HK$	Retirement benefit scheme contribution HK$	Total HK$
Executive directors					
Kwan Shun Keung, Timmy[1]	—	480,000	—	6,000	486,000
Yip Tsz Lam[2]	—	8,333	—	417	8,750
Mak Wai Kit[3]	—	840,000	70,000	18,000	928,000
Law Shiu Wai[3]	—	480,000	40,000	18,000	538,000
Lam Zhi Cheng[4]	—	150,667	12,600	12,000	175,267
Non-executive director					
Liu Kwong Chi, Nelson[5]	—	120,000	—	3,871	123,871
Tsang Hin Man Terence[6]	—	42,903	—	2,145	45,048
Independent non-executive director					
Lee Kwok Tung Louis[7]	35,753	—	—	—	35,753
Tsang Ho Ka Eugene[8]	100,000	—	—	—	100,000
Yu Chon Man[7]	35,753	—	—	—	35,753
Wong Fei Tat[9]	120,000	—	—	—	120,000
Pang Siu Yin[10]	120,000	—	—	—	120,000
	411,506	2,121,903	122,600	60,433	2,716,442

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

	Year ended 31 December 2015			
	Fee	Salaries allowances, and benefits-in-kind	Retirement benefit scheme contribution	Total
	HK$	HK$	HK$	HK$
Executive directors				
Kwan Shun Keung, Timmy[1]	—	480,000	6,000	486,000
Yip Tsz Lam[2]	—	100,000	5,000	105,000
Mak Wai Kit[3]	—	648,667	12,000	660,667
Law Shiu Wai[3]	—	370,667	12,533	383,200
Non-executive director				
Tsang Hin Man Terence[6]	—	120,000	6,000	126,000
Independent non-executive director				
Lee Kwok Tung Louis[7]	93,817	—	—	93,817
Tsang Ho Ka Eugene[8]	93,817	—	—	93,817
Yu Chon Man[7]	93,817	—	—	93,817
Liu Kwong Chi, Nelson[5]	82,667	—	—	82,667
Wong Fei Tat[9]	82,667	—	—	82,667
Pang Siu Yin[10]	52,580	—	—	52,580
	499,365	1,719,334	41,533	2,260,232

1 Resigned as executive director on 9 December 2016.
2 Resigned as executive director on 1 February 2016.
3 Appointed as executive director on 23 April 2015.
4 Appointed as executive director on 8 September 2016.
5 Appointed as independent non-executive director on 23 April 2015 and re-designed as non-executive director on 9 May 2016.
6 Resigned as non-executive director on 9 May 2016.
7 Appointed as independent non-executive director on 23 January 2015 and resigned on 9 May 2016.
8 Appointed as independent non-executive director on 23 January 2015.
9 Appointed as independent non-executive director on 23 April 2015.
10 Appointed as independent non-executive director on 24 July 2015.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. All the executive directors share the duties of chief executive. The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended 31 December 2016 and 2015, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 13 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments for the both years.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included four directors (2015: three directors), detail of whose remuneration are set out in note 12 above. Detail of the remuneration for the year of the remaining one (2015: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2016 **HK$**	2015 HK$
Salaries, allowances and benefits in kind	**228,000**	352,516
Performance related bonus	**36,400**	320,000
Retirement benefit scheme contribution	**11,950**	15,625
	276,350	688,141

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bonds is as follows:

	2016 **HK$**	2015 HK$
Nil to HK$1,000,000	**1**	2

14. DIVIDENDS

Dividends recognised as distribution during the year:

	2016 **HK$**	2015 HK$
Dividends recognised as distribution during the year: Interim dividends of Nil (2015: HK$4) per share	**—**	4,000,000

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period (2015: HK$4,000,000).

15. LOSS PER SHARE

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

	2016 **HK$**	2015 HK$
Loss attributable to owners of the Company for the purpose of calculation of loss per share	**26,293,024**	5,761,648

	2016 **Numbers of shares**	2015 Numbers of shares
Weighted average number of ordinary shares for the purpose of calculations of loss per share	**7,207,868,852**	7,048,383,562

No diluted earnings per share for both 2016 and 2015 were presented as there were no potential ordinary shares in issue for both years.

16. PLANT AND EQUIPMENT

	Furniture and fixtures HK$	**Office equipment** HK$	**Total** HK$
COST			
At 1 January 2015	40,546	100,745	141,291
Additions	2,441	263,094	265,535
At 31 December 2015	42,987	363,839	406,826
Exchange adjustment	(29,507)	(1,045)	(30,552)
Additions	244,569	892,710	1,137,279
Acquired on acquisitions of a subsidiary/ businesses	724,916	29,210	754,126
At 31 December 2016	982,965	1,284,714	2,267,679
ACCUMULATED DEPRECIATION			
At 1 January 2015	37,249	65,533	102,782
Charge for the year	2,858	33,694	36,552
At 31 December 2015	40,107	99,227	139,334
Exchange adjustment	(1,688)	(86)	(1,774)
Charge for the year	113,539	258,422	371,961
At 31 December 2016	151,958	357,563	509,521
CARRYING AMOUNTS			
At 31 December 2016	831,007	927,151	1,758,158
At 31 December 2015	2,880	264,612	267,492

16. PLANT AND EQUIPMENT *(Continued)*

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and fixtures	20%
Office equipment	20%

The group has pledged certain plant and equipment with carrying amount of approximately HK$300,577 (31 December 2015: Nil) to secure general banking facilities granted to the Group.

17. INTERESTS IN ASSOCIATES

	2016 HK$	2015 HK$
Cost of the investment in associates	**5,000,000**	5,000,000
Share of post-acquisition losses and other comprehensive expense	**(812,659)**	(612,659)
Impairment loss	**(4,187,341)**	(4,187,341)
	—	200,000

Details of the Group's directly held associate at the end of the reporting period are as follows:

Name of company	Place of incorporation/ operation	Attributable equity interest held by the Group		Principal activity
		2016	2015	
Strategist Media Holdings Limited	BVI/Hong Kong	**20%**	20%	Sales and distribution of Chinese finance and investment magazines, sales of advertising spaces in the magazine and online media platforms and event management

On 15 September 2015, the Group acquired 20% equity interest in Strategist Media Holdings Limited and its subsidiaries, comprising Strategist Publishing Limited, Strategist Digital Limited and Strategist Financial Services Limited (collectively referred to as the "Strategist Media Group") at a consideration of HK$5,000,000.

All of the associates are accounted for using the equity method in the consolidated financial statements. During the year ended 31 December 2015, the Group recognised an impairment loss of HK$4,187,341 in respect of the interests in associates, as the aggregate carry amount of the Strategist Media Group is lower than the aggregate recoverable amount. During the year ended 31 December 2016, the Group has recognised its share of losses up to its interests in the associates.

18. INVESTMENT PROPERTY

	HK$
FAIR VALUE	
At 1 January 2015 and 31 December 2015	—
Additions	11,962,800
At 31 December 2016	11,962,800

The Group's investment property interests held to earn rentals and is measured using the fair value model.

The investment property represent an office premise in Hong Kong acquired by the Group on 30 November 2016. The directors of the Company are of the opinion that there is insignificant change in the value of the investment property since its acquisition up to 31 December 2016, hence no adjustment on fair value change has been made.

19. GOODWILL

	HK$
COST AND CARRYING VALUES	
At 1 January 2015 and 31 December 2015	—
Arising on acquisition of businesses (note 31)	33,051,369
At 31 December 2016	33,051,369

Particulars regarding impairment testing on goodwill are disclosed in note 21.

20. INTANGIBLE ASSETS

	LNG and related trading licences HK$	Online LNG trading platform under development HK$	Total HK$
COST			
At 1 January 2015 and 31 December 2015	—	—	—
Acquired on acquisition of a subsidiary (note 32)	311,651	—	311,651
Acquired on acquisition of businesses (note 31)	—	1,449,647	1,449,647
At 31 December 2016	311,651	1,449,647	1,761,298
AMORTISATION			
At 1 January 2015 and 31 December 2015	—	—	—
Charge for the year	43,284	—	43,284
At 31 December 2016	43,284	—	43,284
CARRYING VALUES			
At 31 December 2016	268,367	1,449,647	1,718,014
At 31 December 2015	—	—	—

Intangible assets, except for those under development, are amortised on a straight-line basis over the following periods:

LNG and related trading licences	3 years

Intangible assets under development are amortised when it is ready for their intended use.

21. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing of the goodwill as set out in note 19, it has been allocated to the cash generating units ("CGUs") of mobile app development business of HK$7,570,556 and LNG and related products trading business of HK$25,480,813.

During the year ended 31 December 2016, management of the Group has determined that there are no impairment arising from any of its CGU.

21. IMPAIRMENT TESTING ON GOODWILL *(Continued)*

The recoverable amounts of the mobile app development CGU and LNG and related products trading business CGU have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5 year period, and discount rate of 20.5% and 20% for the mobile app development CGU and LNG and related products trading CGU, respectively. Cash flows beyond the 5-year period are extrapolated using a steady 3% growth rate. Management of the Group believes that a 3% growth rate is reasonable for both CGUs. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of both CGU to exceed the aggregate recoverable amount.

22. INVENTORIES

	2016 **HK$**	2015 HK$
LNG and related products	**391,504**	—

23. AMOUNT DUE FROM A FORMER SHAREHOLDER

The amount is due from Fuwin Group (Holding) Limited ("Fuwin"), a former shareholder of the Company, unsecured, interest-free and repayable on demand. The maximum amount outstanding during the year was HK$2,510.

24. TRADE AND OTHER RECEIVABLES

	2016 **HK$**	2015 HK$
Trade receivables	**27,187,305**	22,321,488
Less: allowance for doubtful debts	**(778,000)**	(778,000)
	26,409,305	21,543,488
Deposits	**4,980,226**	4,331,134
Prepayment	**3,181,807**	2,456,718
Other receivables	**1,890,514**	59,040
	36,461,852	28,390,380

During the year ended 31 December 2016 and 2015, the Group provided customers with credit period ranging from 0 to 90 days and 0 to 180 days respectively, 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.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

All outstanding trade receivables balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collections and the Group's accounting department would monitor the progress of the collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the year ended 31 December 2016 and 2015, no legal actions were taken by the Group for debt collection.

The following is an aged analysis of trade receivables, net of allowance for doubtful debts, presented based on overdue days is as follows:

	2016 **HK$**	2015 HK$
Current	**2,944,100**	10,837,678
1–30 days	**14,587,570**	994,180
31–90 days	**2,694,239**	2,069,450
Over 90 days	**6,183,396**	7,642,180
	26,409,305	21,543,488

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$23,465,205 (31 December 2015: HK$10,705,810) 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.

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.

Aging of trade receivable which are past due but not impaired:

	2016 **HK$**	2015 HK$
1–30 days	**14,587,570**	994,180
31–90 days	**2,694,239**	2,069,450
Over 90 days	**6,183,396**	7,642,180
	23,465,205	10,705,810

Movement in the allowance for doubtful debts:

	2016 **HK$**	2015 HK$
1 January	**778,000**	—
Provision made	**—**	778,000
31 December	**778,000**	778,000

25. BANK BALANCES AND CASH

Bank balances comprise cash and short-term bank deposits with a maturity period of three months period or less bearing prevailing market interest rates. As at 31 December 2016, the effective interest rate range from 0.01% to 0.1% (2015: 0.01% to 0.1%) per annum.

26. TRADE AND OTHER PAYABLES

	2016 HK$	2015 HK$
Trade payables	**9,875,106**	789,665
Other payables and accrued expenses	**6,503,350**	2,152,838
Receipt in advance	**8,796,066**	1,041,615
	25,174,522	3,984,118

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

The following is an aged analysis of trade payables presented based on the invoice date:

	2016 HK$	2015 HK$
0–60 days	**9,164,618**	392,856
61–90 days	**613,298**	212,340
91–180 days	**97,190**	184,469
	9,875,106	789,665

During the year, the credit period granted by the suppliers are generally ranging from 0 to 120 days (2015: 30 to 120 days).

27. BANK BORROWINGS

	2016 HK$	2015 HK$
Secured by plant and equipment	**229,130**	—
Unsecured	**2,489,522**	2,497,763
	2,718,652	2,497,763
Carrying amounts repayable*:		
Within one year	**2,640,525**	2,458,720
More than one year but not more than two years	**78,127**	39,043
	2,718,652	2,497,763
Within one year	**2,640,525**	2,458,720
Carrying amounts of bank borrowings that are not repayable within one year but contain a repayment on demand clause (shown under current liabilities)	**—**	39,043
Amounts due within one year shown under current liabilities	**2,640,525**	2,497,763
Add: Amounts shown under non-current liabilities	**78,127**	—
	2,718,652	2,497,763

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

27. BANK BORROWINGS *(Continued)*

The variable rate bank borrowings carry interest at Hong Kong Dollar Best Lending Rate ("HKBLR") less 0.5% (2015: HKBLR less 0.5%) per annum.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	2016	2015
Effective interest rates		
Fixed-rate borrowings	**5.66%–11.31%**	—
Variable-rate borrowings	**4.75%**	4.75%

The bank borrowings are all denominated in the functional currencies of the respective group entities.

28. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest free and repayable on demand.

29. PROMISSORY NOTES PAYABLE

During the year ended 31 December 2016, the Company issued two interest-free promissory notes with principal amounts of HK$24,250,000 and HK$8,750,000 that will mature on 28 June 2018 and 28 June 2019, respectively (the "Promissory Notes") as part of the consideration to acquire Lasermoon Limited and its subsidiaries (collectively referred to as the "Lasermoon Group") with details set out in note 31(a).

As at 31 December 2016, the fair value of the Promissory Notes of the Group were approximately HK$19,478,186 and HK$6,050,224, respectively. The fair value of the Promissory Notes has been arrived on the basis of a valuation carried out on the date of issue and at the end of reporting period by an independent professional valuer. The effective interest rate is 15.86% and 15.99% per annum respectively.

30. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital HK$
Ordinary shares of HK$0.001 each (1 January 2015: HK$0.01 each)		
Authorised:		
At 1 January 2015	38,000,000	380,000
Increase in authorised shares (note i)	9,962,000,000	99,620,000
Share subdivision (note ii)	90,000,000,000	—
At 31 December 2015 and 31 December 2016	100,000,000,000	100,000,000
Issued and fully paid:		
At 1 January 2015	1,000,000	10,000
Issued during the year (note iii)	251,000	2,510
Issued of shares upon conversion of convertible bonds (note iv)	249,000	2,490
Capitalisation issue (note v)	598,500,000	5,985,000
Issued of new shares by way of placing (note vi)	120,000,000	1,200,000
Share subdivision (note ii)	6,480,000,000	—
At 31 December 2015	7,200,000,000	7,200,000
Issued of new shares by way of placing (note vii)	1,440,000,000	1,440,000
At 31 December 2016	8,640,000,000	8,640,000

(i) 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.

(ii) 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.

(iii) On 29 January 2015, Fuwin subscribed for and the Company allotted and issued 251,000 Shares to Fuwin at par value as part of the reorganisation.

(iv) On 29 January 2015, the Company allotted and issued 249,000 shares of HK$0.01 each to the convertible bondholders of the Company for the conversion of its convertible bonds with a face value of HK$20,000,000 pursuant to the a Convertible Bonds Subscription Agreement.

(v) 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.

(vi) On 16 February 2015, the Company issued and allotted 120,000,000 by way of placing, at the price, of HK$0.37 per placing share raising gross proceeds of approximately HK$44,400,000.

(vii) On 30 December 2016, the Company issued and allocated 1,440,000,000 shares by any of placing, at the placing price of HK$0.028 per placing share, raising gross proceeds of approximately HK$40,320,000.

31. ACQUISITION OF BUSINESSES

(a) On 24 June 2016, the Group acquired 100% of the issued share capital of Lasermoon Limited from an independent third party for a consideration of HK$25,673,000 settled by cash of HK$2,000,000 and the issue of Promissory Notes with a fair value of HK$23,673,000. Details relating to the Promissory Notes are set out in note 29. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$25,480,813. Lasermoon Group is currently engaged in trading of LNG and other related products. Lasermoon Group was acquired as part of the Group's expansion into the LNG trading business.

Consideration transferred

	HK$
Cash	2,000,000
Promissory Notes	23,673,000
	25,673,000

Acquisition related costs amounting to HK$1,341,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition are as follows:

	HK$
Plant and equipment	221,748
Intangible assets	1,449,647
Prepayment and other receivables	860,104
Bank balances and cash	18,427
Bank borrowings	(1,167,056)
Other payables	(799,471)
Less: non-controlling interests	(391,212)
	192,187

The fair value and the gross contractual amounts of prepayment and other receivables at the date of acquisition amounted to HK$860,104. No contractual cash flows is expected to be irrecoverable under the best estimate at acquisition date.

31. ACQUISITION OF BUSINESSES *(Continued)*

(a) *(Continued)*

Goodwill arising on acquisition:

	HK$
Consideration transferred	25,673,000
Less: net assets acquired	(192,187)
Goodwill arising on acquisition	25,480,813

Goodwill arose in the acquisition of Lasermoon Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of Lasermoon Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Lasermoon Group

	HK$
Cash consideration paid	2,000,000
Less: cash and cash equivalent balances acquired	(18,427)
	1,981,573

Included in the loss for the year is a loss of HK$2,251,623 attributable to Lasermoon Group. Revenue for the year includes HK$93,003,592 generated from Lasermoon Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been HK$128,562,534 and loss for the year would have been HK$27,884,269. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

31. ACQUISITION OF BUSINESSES *(Continued)*

(b) On 29 August 2016, the Group acquired 51% of the issued share capital of Qihui Group (International) Limited (formerly named Gold Upward Technology Limited) from an independent third party for a consideration of RMB6,000,000 (equivalent to approximately HK$7,064,961). This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$7,570,556. Qihui Group (International) Limited (formerly named Gold Upward Technology Limited) and its subsidiaries (collectively referred to as the "Qihui Group") is engaged in mobile phone app development and provision of app solutions for its clients. Qihui Group was acquired so as to leverage on the Group's existing business network.

Consideration transferred

	HK$
Cash	7,064,961

Acquisition-related costs amounting to HK$292,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the operating expenses line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$
Plant and equipment	113,981
Trade and other receivables	292,841
Bank balances and cash	237,876
Trade and other payables	(1,522,108)
Amount due to a non-controlling shareholder	(113,953)
	(991,363)

The fair value and the gross contractual amounts of trade and other receivables at the date of acquisition amounted to HK$292,841. No contractual cash flows is not expected to be collected under the best estimate at acquisition date.

Goodwill arising on acquisition:

	HK$
Consideration transferred	7,064,961
Less: non-controlling interests (49% in Qihui Group)	(485,768)
Plus: net liabilities acquired	991,363
Goodwill arising on acquisition	7,570,556

31. ACQUISITION OF BUSINESSES *(Continued)*

(b) *(Continued)*

Goodwill arose in the acquisition of Qihui Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of Qihui Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisition of Qihui Group

	HK$
Cash consideration paid	7,064,961
Less: cash and cash equivalent balances acquired	(237,876)
	6,827,085

Included in the loss for the year is HK$608,461 attributable to the Qihui Group. Revenue for the year includes HK$1,202,085 generated from Qihui Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been HK$130,514,608, and loss for the year would have been HK$27,498,675. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

32. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 8 August 2016, the Group acquired of the entire issued share capital of Ning Xia Zhong Ji He Chuang Energy Limited Company ("Zhong Ji") from an independent third party for consideration of approximately HK$303,203 (RMB260,000). Zhong Ji was acquired by the Group as part of its expansion in the LNG trading business. Zhong Ji held certain LNG and related trading licences. The acquisition was determined by the directors of the Company to be acquisition of assets through acquisition of a subsidiary rather than a business combination because the assets acquired did not constitute a business as defined under HKFRS 3 (revised) "Business Combinations".

The assets acquired and liabilities assumed at the date of acquisition are as follows:

	HK$
Plant and equipment	418,397
Intangible assets	311,651
Other receivables	2,332,334
Tax recoverable	65,744
Bank balances and cash	11,662
Bank borrowings	(2,635,328)
Other payable	(201,257)
	303,203

Net cash outflow on acquisition of Zhong Ji

	HK$
Cash consideration paid	303,203
Less: cash and cash equivalent balances acquired	(11,662)
	291,541

33. SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 January 2015 (the "Scheme") for the purpose of providing incentives and rewards to eligible participants including:

(i) any executive or non-executive director including any independent non-executive director or any employee (whether full-time or part-time) of any member of the Group;

(ii) any trustee of a trust (whether family, discretionary or otherwise) whose beneficiaries or objects include any employee or business associate of the Group;

(iii) any adviser or consultant (in the areas of legal, technical, financial or corporate management) to the Group;

(iv) any provider of goods and/or services to the Group; and

(v) any other person who the Board considers, in its sole discretion, has contributed to the Group to take up options (together, the "Participants").

The Company is entitled to issue options, provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the listing date on 16 February 2015. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme does not exceed 30% of the shares in issue of the Company from time to time. The total number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders, with such individual and his or her close associates (or his associates if the individual is a connected person) abstaining from voting.

Offer of an option shall be deemed to have been accepted by the grantee when the duplicate of the relevant offer letter comprising acceptance of the option duly signed by the grantee together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company within 28 days from the date of the offer.

An option may be exercised in accordance with the terms of the Scheme and such other terms and conditions upon which an option was granted, at any time during the option period after the option has been granted but in any event, not longer than 10 years from the date of grant. An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the expiry of the option period.

33. SHARE OPTION SCHEME *(Continued)*

Options granted may be exercised at any time during the option period and are to be settled by issuance of the Company's shares. The directors may at their absolute discretion determine the period during which an option may be exercised, such period to expire not later than 10 years from the date of grant of the option. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share on the date of grant, (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of the share.

The Scheme will remain valid and effective for a period of 10 years commencing on the date on which the Scheme is adopted, after which period no further options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue.

During the year ended 31 December 2016, no option was granted under the Scheme to directors, employees or consultants of the Group, and as at the end of the reporting period, there was outstanding share options granted under the Scheme (2015: Nil).

34. EMPLOYEE RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly contribution of HK$1,500. Contributions to the plan vest immediately.

The Group's employees who are employed by subsidiaries in the PRC are members of the state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

Save for the above, the Group has no other obligation for payment of retirement benefits to employees.

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of the borrowings disclosed in note 27, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

36. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2016 HK$	2015 HK$
Financial assets		
Loans and receivables	**72,635,637**	62,777,500
Financial liabilities		
Amortised cost	**43,057,126**	5,440,266

Financial risk management objectives and policies

The Group's major financial instruments include amount due from a former shareholder, trade and other receivables, bank balances and cash, trade and other payables, bank borrowings, amount due to non-controlling shareholders of subsidiaries and promissory notes payable. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

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

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

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings (see note 27 for details of these borrowings).

The Group is exposed to cash flow interest rate risk in relation to floating-rate bank borrowings. The Group currently does not have a policy on hedging of interest rate risk. However, the management continuously monitors interest rate exposure and will consider hedging interest rate risk should the need arise.

The Group does not expect any significant interest rate risk which materially affect the Group's results of operations.

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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, 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 13% (2015: 40%) of the total trade receivables of the Company was due from the largest customer and 46% (2015: 93%) of the total trade receivables of the Group was due from the largest 5 customers. Taking into accounts the creditworthiness of the customers, the credit risk measures and the historical levels of bad debts, the directors consider that such concentration of credit risk would not result in significant credit default exposure to the Group.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

36. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average interest rate %	On demand or less than 1 month HK$	Over 1 year but less than 2 years HK$	Over 2 years but within 5 years HK$	Total undiscounted cash flows HK$	Carrying amount HK$
2016						
Bank borrowings	**8.89**	**2,843,137**	**156,254**	**—**	**2,999,391**	**2,718,652**
Trade and other payables		**12,504,967**	**—**	**—**	**12,504,967**	**12,504,967**
Amount due to non-controlling shareholders of subsidiaries		**2,305,097**	**—**	**—**	**2,305,097**	**2,305,097**
Promissory notes payable	**15.89**	**—**	**24,250,000**	**8,750,000**	**33,000,000**	**25,528,410**
		17,653,201	**24,406,254**	**8,750,000**	**50,809,455**	**43,057,126**
2015						
Bank borrowings	4.75	2,497,763	—	—	2,497,763	2,497,763
Trade and other payables		2,942,503	—	—	2,942,503	2,942,503
		5,440,266	—	—	5,440,266	5,440,266

At 31 December 2015, bank borrowings with a repayment on demand clause are included in "on demand or less than 1 year" time band in the above table. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$2,559,378.

Fair value

The carrying amounts of all financial instruments carried at amortised cost are not materially different from their fair values at 31 December 2016 and 31 December 2015.

37. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group was committed to value the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	Office premises		Outdoor media resources	
	2016	2015	**2016**	2015
	HK$	HK$	**HK**	HK$
Within one year	**1,485,758**	105,000	**9,103,270**	28,044,556
In the second to fifth years inclusive	**779,005**	—	**—**	99,000
	2,264,763	105,000	**9,103,270**	28,143,556

Operating lease payments represent rentals payable by the Group for its office and certain media resources. Rentals are fixed for terms ranging from 1 year and 2 years (2015: 1 year to 2 years).

The Group as lessor

Property rental income earned during the year was HK$16,000 (2015: HK$Nil).

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	Office premises	
	2016	2015
	HK$	HK$
Within one year	**192,000**	—

38. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Key management personal remuneration

The key management personnel of the Group are its directors. Further details of their emoluments are disclosed in note 12.

(b) Shareholder's indemnity

Mr. Kwan and Ms. Yip, the former 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 39.

39. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fines of HK$854,000 (2015: 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 shareholders as set out in note 38(b).

40. PARTICULARS OF SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up/ issued capital	Registered capital	Proportion ownership interest held by the Company				Principal activities
					Direct		Indirect		
					2016	2015	2016	2015	
Lucky Channel Limited	Hong Kong	Ordinary	HK$1	HK$1	100%	—	—	—	Investment holding
Allied Power Management Limited	Hong Kong	Ordinary	HK$1	HK$1	100%	—	—	—	Provision of management service
GO Media Limited	Hong Kong	Ordinary	HK$1	HK$1	100%	100%	—	—	Provision of outdoor advertising service
Winsing Group (Holdings) Limited	British Virgin Islands ("BVI")/Hong Kong	Ordinary	US$100	US$100	100%	100%	—	—	Investment holding
Ocean Media (Hong Kong) Limited	Hong Kong	Ordinary	HK$100	HK$100	—	—	100%	100%	Sales and free distribution of Chinese lifestyle magazines and sales of advertising spaces in the magazines
Leading Profile Limited	BVI/Hong Kong	Ordinary	US$1	US$1	100%	—	100%	—	Investment holding
Lasermoon Limited	BVI/Hong Kong	Ordinary	HK$8	HK$8	100%	—	—	—	Investment holding
Deep Rich Limited	Hong Kong	Ordinary	HK$1	HK$1	—	—	100%	—	Investment holding
Shenzhen Yu Shen Energy Development Limited Company* 深圳裕深能源发展有限公司△	PRC	Ordinary	—	HK$100,000	—	—	100%	—	Investment holding
Ning Xia Ji Qi Mao Network Technology Limited Company* 寧夏集氣猫網絡科技有限公司△	PRC	Ordinary	RMB1,295,200	RMB10,000,000	—	—	51%	—	Internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, and development of software

40. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ operations	Class of shares held	Paid up/ issued capital	Registered capital	Proportion ownership interest held by the Company				Principal activities
					Direct		Indirect		
					2016	2015	**2016**	2015	
Shenzhen Yu Shen Bao Technology Limited Company* 深圳裕深寶科技有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**100%**	—	Investment holding
Shenzhen Yu Bao Internet Company Limited* 深圳裕寶網絡有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**100%**	—	Operating e-commerce trading platform of LNG
Ning Xia Zhong Ji He Chuang Energy Limited Company* 寧夏中際合創能源有限公司#	PRC	Ordinary	—	RMB10,000,000	**—**	—	**51%**	—	Trading of LNG
Shenzhen Yu Bao Network Limited Company* 深圳裕寶網絡有限公司#	PRC	Ordinary	—	RMB80,000	**—**	—	**93%**	—	Operating e-commerce trading platform of LNG
Info Strength Limited	BVI/Hong Kong	Ordinary	US$1	US$1	**100%**	100%	**—**	—	Investment holding
Qihui Group (International) Limited (Formerly named Gold Upward Technology Limited)	Hong Kong	Ordinary	HK$1,000	HK$1,000	**—**	—	**51%**	—	Investment holding
Qihui Network Technology (Shenzhen) Company Limited* 啟匯網絡技術(深圳)有限公司∆	PRC	Ordinary	—	RMB1,000,000	**—**	—	**51%**	—	Investment holding
Guangzhou Qihui Marketing and Planning Company Limited* 廣州啟匯營銷策劃有限公司#	PRC	Ordinary	RMB200,000	RMB5,000,000	**—**	—	**51%**	—	Provision of mobile application development service

* Translation for identification purpose only

∆ These companies were established in the PRC in the form of wholly Foreign-owned Enterprises.

\# Limited liability company established in the PRC

None of the subsidiaries had issued any debt securities at the end of the year.

The directors of the Company are of the opinion that none of the Group's subsidiaries has non-controlling interests as at 31 December 2016 that are individually material to the Group, therefore, no further financial information in respect of these subsidiaries with non-controlling interests are presented.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	Note	2016 HK$	2015 HK$
Non-current assets			
Office equipment		**923,700**	56,064
Investments in subsidiaries		**33,696,437**	14,854,102
		34,620,137	14,910,166
Current assets			
Amount due from a former shareholder		**2,510**	2,510
Amounts due from subsidiaries		**22,822,676**	50,635,734
Other receivables		**486,515**	164,291
Cash and cash equivalents		**39,254,102**	8,532,375
		62,565,803	59,334,910
Current liabilities			
Other payables		**(898,779)**	(1,133,219)
Net current assets		**61,667,024**	58,201,691
Total assets less current liabilities		**96,287,161**	73,111,857
Non-current liabilities			
Promissory notes payable		**(25,528,410)**	—
Net assets		**70,758,751**	73,111,857
Capital and reserves			
Share capital	30	**8,640,000**	7,200,000
Reserves		**62,118,751**	65,911,857
Total equity		**70,758,751**	73,111,857

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	Share premium HK$	Convertible bond reserve HK$	Retained profits (accumulated losses) HK$	Total equity HK$
As at 31 December 2014	—	1,239,824	4,582,681	5,822,505
Issue of shares upon conversion of Convertible Bonds	22,492,401	—	—	22,492,401
Issued of new shares by way of placing	43,200,000	—	—	43,200,000
Transfer of convertible bond receive	1,239,824	(1,239,824)	—	—
Share issue expenses	(3,477,311)	—	—	(3,477,311)
Allotment of shares	(5,985,000)	—	—	(5,985,000)
Profit for the year and total comprehensive income for the year	—	—	3,859,262	3,859,262
As at 31 December 2015	57,469,914	—	8,441,943	65,911,857
Issue of new shares by way of placing	38,880,000	—	—	38,880,000
Share issue expenses	(2,019,104)	—	—	(2,019,104)
Loss for the year and total comprehensive income for the year	—	—	(40,654,002)	(40,654,002)
As at 31 December 2016	94,330,810	—	(32,212,059)	62,118,751

42. EVENT AFTER THE REPORTING PERIOD

On 6 March 2017, the Company was informed by Fuwin that it had disposed of 1,692,232,000 shares of the Company at a consideration of HK$0.025 per share. Upon the completion of the transaction Fuwin ceased to hold any shares in the Company.