

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



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This report, for which the directors (the “Directors”) of Winto Group (Holdings) Limited (the “Company”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



FINANCIAL RESULTS

The board of directors (the "Board") of Winto Group (Holdings) Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three and six months ended 30 June 2017

	Note	Three months ended 30 June		Six months ended 30 June	
		2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Continuing operations					
Revenue	3	8,739,829	9,959,931	16,668,961	16,342,502
Cost of sales		(8,212,308)	(8,722,408)	(14,897,249)	(16,471,342)
Gross profit/(loss)		527,521	1,237,523	1,771,712	(128,840)
Other income		204,055	3,386	325,213	15,803
Operating expenses		(5,002,814)	(3,825,021)	(10,361,291)	(7,219,611)
Loss from operations		(4,271,238)	(2,584,112)	(8,264,366)	(7,332,648)
Fair value change on financial assets at fair value through profit or loss		(384,000)	384,000	(590,043)	869,529
Other gain or losses		(68,671)	—	(68,671)	—
Gain on disposal of associates		—	—	2,000,000	—
Finance costs		(990,108)	(16,663)	(1,934,282)	(41,149)
Share of loss of associates		—	—	—	(200,000)
Loss before taxation	4	(5,714,017)	(2,216,775)	(8,857,362)	(6,704,268)
Income tax credit (expenses)	5	10,792	(269,684)	(27,813)	(269,684)
Loss for the period from continuing operations		(5,703,225)	(2,486,459)	(8,885,175)	(6,973,952)
Discontinued operations					
Loss for the period from discontinued operations		(259,222)	—	(585,354)	—
Loss for the period		(5,962,447)	(2,486,459)	(9,470,529)	(6,973,952)

Note	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Other comprehensive expenses: Item that may be reclassified subsequently to profit or loss: Exchange differences on translation of foreign operation	(48,730)	—	(226,548)	—
Total comprehensive expenses for the period	(6,011,177)	(2,486,459)	(9,697,077)	(6,973,952)
Loss for the period from continuing operations attributable to:				
Owners of the Company	(5,673,185)	(2,486,459)	(8,404,364)	(6,973,952)
Non-controlling interests	(30,040)	—	(480,811)	—
	(5,703,225)	(2,486,459)	(8,885,175)	(6,973,952)
Loss for the period from discontinued operations attributable to:				
Owners of the Company	(71,166)	—	(262,377)	—
Non-controlling interests	(188,056)	—	(322,977)	—
	(259,222)	—	(585,354)	—
Total comprehensive expenses attributable to:				
Owners of the Company	(5,702,062)	(2,486,459)	(8,809,797)	(6,973,952)
Non-controlling interests	(309,115)	—	(887,280)	—
	(6,011,177)	(2,486,459)	(9,697,077)	(6,973,952)
Basic loss per share				
From continuing and discontinued operations (HK Cents)	7 (0.066)	(0.035)	(0.100)	(0.097)
From continuing operations (HK cents)	7 (0.066)	(0.035)	(0.097)	(0.097)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Note	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
Non-current assets			
Plant and equipment	8	1,062,366	1,758,158
Investment property	8	11,962,800	11,962,800
Goodwill	8	7,570,556	33,051,369
Intangible assets	8	449,850	1,718,014
		21,045,572	48,490,341
Current assets			
Inventories		—	391,504
Amount due from a former shareholder		2,510	2,510
Trade and other receivables	9	11,922,124	36,461,852
Financial assets at fair value through profit or loss	10	3,328,000	—
Tax recoverable		1,413,847	890,162
Bank balances and cash		39,922,128	44,335,818
		56,588,609	82,081,846
Assets of a disposal group classified as held for sale	11	51,973,496	—
		108,562,105	82,081,846

	Note	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
Current liabilities			
Trade and other payables	12	8,210,332	25,174,522
Bank borrowings	13	—	2,640,525
Tax payable		27,813	39,599
Amounts due to non-controlling shareholders of subsidiaries		113,953	2,305,097
		8,352,098	30,159,743
Liabilities associated with disposal group classified as held for sale	11	56,146,749	—
		64,498,847	30,159,743
Net current assets		44,063,258	51,922,103
Total assets less current liabilities		65,108,830	100,412,444
Non-current liabilities			
Promissory notes payable	14	—	25,528,410
Bank borrowings		—	78,127
		—	25,606,537
Net assets		65,108,830	74,805,907
Capital and reserves			
Share capital	15	8,640,000	8,640,000
Reserves		58,559,434	67,369,231
Total equity attributable to owners of the Company		67,199,434	76,009,231
Non-controlling interests		(2,090,604)	(1,203,324)
Total equity		65,108,830	74,805,907



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$	Share premium HK\$	Exchange reserve HK\$	Accumulated losses HK\$	Total HK\$	Non- controlling interests HK\$	Total HK\$
At 1 January 2016 (audited)	7,200,000	57,469,914	—	(666,711)	64,003,203	—	64,003,203
Loss for the period and total comprehensive expense for the period	—	—	—	(6,973,952)	(6,973,952)	—	(6,973,952)
Acquisition of subsidiaries	—	—	—	—	—	391,212	391,212
At 30 June 2016 (unaudited)	7,200,000	57,469,914	—	(7,640,663)	57,029,251	391,212	57,420,463
Balance at 1 January 2017 (audited)	8,640,000	94,330,810	(1,844)	(26,959,735)	76,009,231	(1,203,324)	74,805,907
Loss for the period	—	—	—	(8,666,741)	(8,666,741)	(803,788)	(9,470,529)
Other comprehensive expense for the period	—	—	(143,056)	—	(143,056)	(83,492)	(226,548)
Total comprehensive expenses for the period	—	—	(143,056)	(8,666,741)	(8,809,797)	(887,280)	(9,697,077)
Balance at 30 June 2017 (unaudited)	8,640,000	94,330,810	(144,900)	(35,626,476)	67,199,434	(2,090,604)	65,108,830

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Note	Six months ended 30 June	
		2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Operating activities			
Loss before taxation		(9,442,716)	(6,704,268)
Adjustments for:			
Depreciation		391,085	36,842
Amortisation of intangible assets		51,941	—
Interest expense		2,020,242	41,149
Share of loss of associates		—	200,000
Interest income		(1,823)	(415)
Fair value change on financial assets at fair value through profit or loss		590,043	(869,529)
Operating cash flows before changes in working capital		(6,391,228)	(7,296,221)
Decrease in inventories		391,504	—
Decrease in trade and other receivables		446,123	3,727,707
Decrease/(increase) in trade and other payables		6,557,899	(670,282)
Cash generated from/(used in) operations		1,004,298	(4,238,796)
Income tax paid — Hong Kong profits tax paid		(523,685)	(859,996)
Net cash generated from (used in) operating activities		480,613	(5,098,792)
Investing activities			
Purchase of plant and equipment		(167,584)	(144,460)
Purchase of financial assets at fair value through profit or loss		(3,918,043)	(5,154,471)
Interest received		1,823	415
Acquisition of business	17	—	18,427
Acquisition of a subsidiary	18	(449,850)	—
Net cash used in investing activities		(4,533,654)	(5,280,089)
Financing activities			
New bank loans raised		2,941,766	—
Repayment of bank borrowings		(2,202,237)	(1,317,172)
Interest paid		(85,970)	(46,270)
Net cash generated from/(used in) financing activities		653,559	(1,363,442)
Net decrease in cash and cash equivalents		(3,399,482)	(11,742,323)
Effect of foreign exchange rate		(98,018)	—
Cash and cash equivalents at 1 January		44,335,818	41,174,973
Cash and cash equivalents at 30 June		40,838,318	29,432,650
Analysis of balances of cash and cash equivalents			
Deposits with banks with original maturity of no more than three months		39,922,128	29,432,650
Cash and cash equivalents attributable to a disposal group classified as held for sale	11	916,190	—
		40,838,318	29,432,650



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited condensed consolidated financial information have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of the unaudited condensed consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The unaudited condensed consolidated financial information should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2016.

The accounting policies and method of computation used in the preparation of unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016, except as described below.

Adoption of new/revised HKFRS

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

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

3. REVENUE

The 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; and (iii) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

The amount of each significant category of revenue recognised in turnover during the period from continuing operations is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Print media advertising income	492,858	3,391,024	719,049	4,623,324
Outdoor advertising income	5,385,138	6,513,845	10,534,476	11,611,188
Sales of magazines	42,426	55,062	83,838	107,990
Provision of mobile app development service	2,819,407	—	5,331,598	—
	8,739,829	9,959,931	16,668,961	16,342,502

4. LOSS BEFORE TAXATION

Loss before taxation from continuing operations is arrived at after charging (crediting):

a) Finance costs

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Effective interest on promissory notes payable	990,108	—	1,934,272	—
Interest on bank overdraft	—	—	—	1
Interest on bank borrowings wholly repayable within five years	—	16,663	10	41,148
	990,108	16,663	1,934,282	41,149



4. LOSS BEFORE TAXATION (CONTINUED)

b) Staff costs (including directors' emoluments)

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)
Salaries and other benefits	2,132,510	1,389,036	4,568,295	2,808,685
Contributions to defined contribution retirement plan	70,819	46,890	146,754	98,848
	2,203,329	1,435,926	4,715,049	2,907,533

c) Other items

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)	HK\$ (Unaudited)
Depreciation	127,602	20,723	253,027	36,842
Auditor's remuneration	605,000	92,500	820,000	155,000
Operating lease charge in respect of:				
— office premises	457,928	273,928	789,427	496,429
— outdoor media resources, included in cost of sales	4,221,196	7,084,428	8,485,160	13,932,610
Cost of inventory	436,100	479,804	882,208	929,572
Donation	—	—	—	16,000
Gross rental income from an investment property	(122,570)	—	(207,667)	—
Less: direct operating expenses incurred for an investment property that generating rental income during the period	18,065	—	37,357	—
	(104,505)	—	(170,310)	—

5. INCOME TAX (CREDIT) EXPENSES

Income tax recognised in profit or loss from continuing operations:

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Current tax:				
Hong Kong	(10,792)	269,684	27,813	269,684
	(10,792)	269,684	27,813	269,684

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2016: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong.

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 periods.

6. DIVIDEND

No dividend has been paid or proposed for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

7. BASIC LOSS PER SHARE

From continuing operations

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

	Three months ended 30 June		Six months ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)	2017 (Unaudited)	2016 (Unaudited)
Loss attributable to owners of the Company for the purpose of basic loss per share	(5,673,185)	(2,486,459)	(8,404,364)	(6,973,952)
Weighted average number of ordinary shares for the purpose of basic loss per share	8,640,000,000	7,200,000,000	8,640,000,000	7,200,000,000
Basic loss per share	HK\$(0.066) cents	HK\$(0.035) cents	HK\$(0.097) cents	HK\$(0.097) cents

From discontinued operations

Basic loss per share from discontinued operations is HK\$0.003 cents per share (six months ended 30 June 2016: HK\$ nil cents per share) based on the loss for the period from discontinued operations of HK\$ 262,377 (six months ended 30 June 2016: HK\$ nil) and the denominators detailed above for basic loss per share.

No presentation of diluted loss per share for the six months ended 30 June 2017 and 2016 as there were no potential ordinary shares outstanding for both periods.

8. CAPITAL EXPENDITURES

Six months ended 30 June 2017	Plant and equipment HK\$	Investment property HK\$	Goodwill HK\$	Intangible assets HK\$
Carrying amounts at 1 January 2017 (audited)	1,758,158	11,962,800	33,051,369	1,718,014
Additions during the period	167,584	—	—	449,850
Depreciation/amortisation provided during the period	(391,085)	—	—	(51,941)
Transfer to assets of a disposal group classified as held for sale	(491,314)	—	(25,480,813)	(1,666,073)
Currency translation difference	19,023	—	—	—
Carrying amounts at 30 June 2017 (unaudited)	1,062,366	11,962,800	7,570,556	449,850

Six months ended 30 June 2016	Plant and equipment HK\$	Goodwill HK\$	Intangible assets HK\$
Carrying amounts at 1 January 2016 (audited)	267,492	—	—
Additions during the period	144,460	—	—
Acquisition of business	221,748	25,480,813	1,449,647
Depreciation provided during the period	(36,842)	—	—
Carrying amounts at 30 June 2016 (unaudited)	596,858	25,480,813	1,449,647

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 30 June 2017, hence no adjustment on fair value change has been made.

9. TRADE AND OTHER RECEIVABLES

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. Trade receivables of approximately HK\$19,394,000 as at 30 June 2017 have been classified as part of a disposal group held for sale.

The following is an analysis of trade receivable by age, present based on overdue days. The analysis below include those classified as part of a disposal group held for sale, net of allowance for doubtful debts:

	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
Current	4,004,998	2,944,100
1–30 days	9,060,309	14,587,570
31–90 days	3,750,441	2,694,239
Over 90 days	10,131,677	6,183,396
	26,947,425	26,409,305

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

Movements in the allowance for doubtful debts

	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
At 1 January	778,000	778,000
Impairment loss recognised	—	—
At 30 June/31 December	778,000	778,000

As at 30 June 2017, trade receivables amounting to HK\$778,000 (as at 31 December 2016: 778,000) were individually determined to be impaired.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
Listed securities — held-for-trading — Equity securities — Hong Kong	3,328,000	—
Market value of listed securities	3,328,000	—

The fair value of all equity securities is based on their closing prices as at 30 June 2017 in an active market.

11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 2 June 2017, the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited (“Lasermoon”). The Lasermoon and its subsidiaries (the “Lasermoon Group”) is engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, development of software and trading of LNG and other related products in PRC. The assets and liabilities attributable to the Lasermoon Group are expected to be sold within twelve months from the end of the current interim reporting period have been classified as a disposal group held for sales and are separately presented in the condensed consolidated statement of financial position. The operations area included in the Group’s LNG and related products trading business for segment reporting purposes (see note 16).

The sales proceeds are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised.



11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

- (a) Major classes of assets and liabilities of Lasermoon Group as at the end of the current interim period are as follows:

	HK\$ (Unaudited)
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Assets	
Bank balance and cash	916,190
Trade and others receivables	23,419,106
Plant and equipment	491,314
Goodwill	25,480,813
Intangible assets	1,666,073
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Total assets classified as held for sale	51,973,496
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Liabilities	
Promissory notes payable	27,462,682
Bank borrowings	3,554,540
Trade and other payables	22,871,254
Amounts due to non-controlling shareholders of subsidiaries	2,258,273
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Total liabilities associated with disposal group	56,146,749
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The Lasermoon Group has pledged certain plant and equipment with carrying amount of approximately HK\$250,000 (31 December 2016: 301,000) to secure general banking facilities granted to the Lasermoon Group.

11. ASSETS AND LIABILITIES OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONTINUED)

(b) Result of discontinued operations

	Three months ended 30 June		Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Revenue	46,341,210	—	93,825,731	—
Cost of sales	(46,331,964)	—	(93,457,366)	—
Gross profit	9,246	—	368,365	—
Other income	13,055	—	13,063	—
Operating expenses	(292,408)	—	(880,822)	—
Finance costs	(38,482)	—	(85,960)	—
Loss before taxation	(308,589)	—	(585,354)	—
Income tax credit	49,367	—	—	—
Loss for the period	(259,222)	—	(585,354)	—
Attributable to:				
Owners of the Company	(71,166)	—	(262,377)	—
Non-controlling interests	(188,056)	—	(322,977)	—
	(259,222)	—	(585,354)	—

(c) Cash generated from discontinued operations

	Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Net cash used in operating activities	(107,467)	—
Net cash used in investing activities	(91,671)	—
Net cash generated from financing activities	862,826	—
Net cash inflow for the period	663,688	—



12. TRADE AND OTHER PAYABLES

The following is an analysis of trade payable by age, present based on invoice days. The analysis below include those classified as part of a disposal group held for sale:

	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
0–60 days	4,743,350	9,164,618
61–90 days	127,700	613,298
91–180 days	12,153,968	97,190
Over 180 days	893,015	—
	17,918,033	9,875,106

13. BANK BORROWINGS

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

	30 June 2017 HK\$ (Unaudited)	31 December 2016 HK\$ (Audited)
Secured by plant and equipment	—	229,130
Unsecured	—	2,489,522
	—	2,718,652

13. BANK BORROWINGS (CONTINUED)

Movement in borrowings is analysed as follows:

	Six months ended	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Opening balance at 1 January	2,718,652	2,497,763
Proceeds from new borrowings	2,941,766	—
Repayments of borrowings	(2,202,237)	(1,317,172)
Transferred to liabilities associated with disposal group classified as held for sale	(3,554,540)	—
Acquisition of business	—	1,167,056
Currency translation difference	96,359	—
Closing balance at 30 June	—	2,347,647

14. PROMISSORY NOTES PAYABLE

On 28 June 2016, the Company issued two interest-free promissory notes with a principal amount of HK\$24,250,000 and HK\$8,750,000 and mature on 28 June 2018 and 28 June 2019 respectively (the "Promissory Notes").

As at 30 June 2017, the fair value of the Promissory Notes of the Group were approximately HK\$20,951,000 (31 December 2016: HK\$19,478,000) and HK\$6,511,000 (2016: HK\$6,050,000) respectively. The fair value of 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. The closing balance of the Promissory Notes is transferred to liabilities classified as held for sale as set out in note 11.

15. SHARE CAPITAL

	30 June 2017		31 December 2016	
	Number of shares (Unaudited)	Share capital HK\$ (Unaudited)	Number of shares (Audited)	Share capital HK\$ (Audited)
Ordinary shares of HK\$0.001 each				
Authorized share capital				
At beginning of period/year	100,000,000,000	100,000,000	100,000,000,000	100,000,000
At end of period/year	100,000,000,000	100,000,000	100,000,000,000	100,000,000
Issued and fully paid				
At beginning of period/year	8,640,000,000	8,640,000	7,200,000,000	7,200,000
Issued of new shares by way of placing (a)	—	—	1,440,000,000	1,440,000
At end of period/year	8,640,000,000	8,640,000	8,640,000,000	8,640,000

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

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

16. SEGMENT REPORTING

Segment results, assets and liabilities

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. 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, 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.

An operating segment regarding the LNG and related products trading business was discontinued in the current period. The segment information reported does not include any amounts for these discontinued operations, which are described in more detail in note 11.

The measurement of segment results for the six months ended 30 June 2016 have been revised as a result of the change in the way in which information is reported to the CODM in the current year.

Segment revenues and results

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

16. SEGMENT REPORTING (CONTINUED)

Segment results, assets and liabilities (Continued)

Segment revenues and results (Continued)

For the six months ended 30 June 2017

Continuing operations

	Print media business HK\$ (unaudited)	Outdoor advertising business HK\$ (unaudited)	Mobile app development business HK\$ (unaudited)	Total HK\$ (unaudited)
Revenue				
Segment revenue	971,012	10,882,540	5,241,534	17,095,086
Inter-segment sales	(168,125)	(258,000)	—	(426,125)
External sales	802,887	10,624,540	5,241,534	16,668,961
Segment results	(1,074,754)	1,383,286	1,463,180	1,771,712
Other income				324,634
Interest income				579
Operating expenses				(10,361,291)
Fair value change on financial assets at fair value through profit or loss				(590,043)
Other gains or losses				(68,671)
Gain on disposal of associates				2,000,000
Finance costs				(1,934,282)
Loss before tax				(8,857,362)

For the six months ended 30 June 2016

Continuing operations

	Print media business HK\$ (unaudited)	Outdoor advertising business HK\$ (unaudited)	Total HK\$ (unaudited)
Revenue from external Sales	4,731,314	11,611,188	16,342,502
Segment results	3,764,909	(3,893,749)	(128,840)
Other income			15,388
Interest income			415
Operating expenses			(7,219,611)
Share of losses of associates			(200,000)
Fair value change on financial assets at fair value through profit or loss			869,529
Finance costs			(41,149)
Loss before tax			(6,704,268)

16. SEGMENT REPORTING (CONTINUED)

Segment results, assets and liabilities (Continued)

Segment assets and liabilities

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

	Note	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Segment assets			
Print media business		8,887,792	9,750,680
Outdoor advertising business		9,322,324	10,542,456
LNG and related products trading business		—	48,227,697
Mobile app development business		10,261,274	9,454,905
Total segment assets		28,471,390	77,975,738
Investment property		11,962,800	11,962,800
Bank balances and cash		32,366,251	39,327,170
Assets of a disposal group classified as held for sale	11	51,973,496	—
Unallocated assets		4,833,740	1,306,479
Consolidated assets		129,607,677	130,572,187
Segment liabilities			
Print media business		837,797	1,227,669
Outdoor advertising business		1,067,735	1,205,699
LNG and related products trading business		—	24,287,368
Mobile app development business		2,834,034	1,527,904
Total segment liabilities		4,739,566	28,248,640
Promissory notes payable		—	25,528,410
Liabilities associated with disposal group classified as held for sale	11	56,146,749	—
Unallocated liabilities		3,612,532	1,989,230
Consolidated liabilities		64,498,847	55,766,280



17. ACQUISITION OF BUSINESS

On 24 June 2016, the Company entered into an agreement with an independent third party vendor to acquire 100% equity interest of Lasermoon Limited for total consideration of HK\$35,000,000 (subject to downward adjustment in respect of the guaranteed profit as described in the acquisition agreement). Lasermoon Limited and its subsidiaries (the “Lasermoon Group”) is principally engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, and development of software in PRC. The acquisition was completed on 28 June 2016.

The vendor has agreed to provide a profit guarantee to the Company in relation to the consolidated net profit after tax of the Lasermoon Group for each of the two financial years ending 31 December 2017 and 31 December 2018 shall be not less than HK\$3,500,000 respectively (the “Profit Guarantee”). If Lasermoon Group fails to meet the Profit Guarantee, the vendor shall pay the Company a compensation in cash of an amount equivalent to 2.5 times the shortfall for the corresponding year.

17. ACQUISITION OF BUSINESS (CONTINUED)

The provisional fair value of identifiable assets and liabilities of Lasermoon Group as at the date of acquisition were:

	30 June 2016 HK\$ (Unaudited)
Net assets acquired:	
Intangible assets	1,449,647
Plant and equipment	221,748
Other receivables and prepayment	860,104
Cash and cash equivalents	18,427
Trade and other payable	(799,471)
Bank borrowing	(1,167,056)
The provisional fair value of net assets acquired	583,399
Less: Non-controlling interests	(391,212)
	192,187
Goodwill arising on acquisition	25,480,813
Total consideration	25,673,000
Total consideration satisfied by:	
Cash	2,000,000
Promissory Notes (Note 13)	23,673,000
Contingent consideration payable	—
Total consideration	25,673,000
Net cash outflow arising on acquisition:	
Cash consideration	—
Cash and bank balance acquired	18,427
	18,427

As at the date of these unaudited condensed consolidated financial statements, the Group has not finalized the fair value assessments for intangible assets acquired from the acquisition. The relevant fair value of net assets acquired stated above are on a provisional basis.

The acquired business contributed revenue of HK\$ nil and loss after income tax of HK\$ nil for the period from 28 June 2016 to 30 June 2016.



17. ACQUISITION OF BUSINESS (CONTINUED)

Had the acquisition occurred on 1 January 2016, the Lasermoon Group's revenue and loss after income tax would have been approximately HK\$ nil and approximately HK\$478,000 respectively for the period ended 30 June 2016.

This 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.

18. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

In March 2017, the Group acquired of the 100% equity interests in i-Lend Finance Limited ("i-Lend") from an independent third party for consideration of HK\$450,000. i-Lend is a licensed money lender that is regulated under the Money Lenders Ordinance in Hong Kong. The Directors consider that i-Lend can broaden the Group's revenue source and leveraged with the existing business. 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\$ (unaudited)
Intangible assets	449,850
Bank balance and cash	150
<hr/>	
Net cash outflow on acquisition of i-Lend	450,000
<hr/>	
Cash consideration paid	450,000
Less: cash and cash equivalent balances acquired	(150)
<hr/>	
	449,850
<hr/>	

19. MATERIAL RELATED PARTY TRANSACTIONS

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

a) Key management personal remuneration

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

	Six months ended 30 June	
	2017 HK\$ (Unaudited)	2016 HK\$ (Unaudited)
Short-term employee benefits	1,130,000	1,252,742
Post-employment benefits	30,000	23,562
	1,160,000	1,276,304

b) Shareholder indemnity

Mr. Kwan Shun Keung Timmy and Ms. Yip Taz Lam, 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 20.

20. CONTINGENT LIABILITIES

The Group is subject to maximum penalty and fine of HK\$854,000 (31 December 2016: 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 fine will be indemnified, when required, by the controlling shareholders as set out in note 19(b).



21. EVENT AFTER THE REPORTING PERIOD

On 2 June 2017, the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited (“Lasermoon”). Lasermoon Limited and its subsidiaries (the “Lasermoon Group”) is engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, development of software and trading of LNG and other related products in PRC.

The total consideration for the disposal is HK\$36,000,000, and shall be satisfied by the purchaser (i) as to HK\$3,000,000, is settled by cash and (ii) as to HK\$33,000,000, the purchaser’s assumption of the rights and obligations of the Company under the promissory notes in the aggregate principal amount of HK\$33 million issued by the Company on 28 June 2016 in favour of Goldlink Capital Limited (the “Goldlink Capital”) in two separate tranches as partial settlement of the consideration under the sale and purchase agreement dated 24 June 2016 entered into between the Company and Goldlink Capital in accordance with the terms and conditions of the deed of novation and assignment entered into between the Company, the purchaser and Goldlink Capital on 5 June 2017. The disposal was completed in July 2017.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

In March 2017, the Group completed the disposal of 20% equity interests in Strategist Media Holdings Limited (the “SMHL”). The consideration was HK\$2.0 million.

In March 2017, the Group completed the acquisition of 100% equity interests in i-Lend Finance Limited (“i-Lend”). The consideration was HK\$450,000. i-Lend is a licensed money lender that is regulated under the Money Lenders Ordinance in Hong Kong. The Directors consider that i-Lend can broaden the Group’s revenue source and leverage with the existing business. While i-Lend has not yet commenced operation, the Group is still seeking relevant senior management to monitor the overall money lending business and fix up the business development plan.

On 5 June 2017, the Company and the purchaser entered into a disposal agreement, pursuant to which the Company has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire the 100% of the issued share capital of the Lasermoon Limited, at the consideration of HK\$36 million. The disposal was completed in July 2017.

The advertising industry, especially the traditional media, remains challenging and the economic outlook is still uncertain. In May 2017, the Group suspended the publication of two of the Group’s magazines, Pets Buyer and Bplus. The Group will reallocate the resources to and focus on the development of the Group’s remaining magazines.

The Group will continue to look for other opportunities in an attempt to diversify its business in order to reduce its reliance upon the existing magazine and advertising business. The Group will also continue to review and integrate its business units and so as to reduce costs and enhance return to shareholders.



FINANCIAL REVIEW

Continuing operations

Revenue

Total revenue increased by approximately 2.0% from approximately HK\$16,343,000 for the six months ended 30 June 2016 to approximately HK\$16,669,000 for the six months ended 30 June 2017. It was mainly attributable to the Group's new mobile app development business which generated approximately HK\$5,332,000 revenue for the six months ended 30 June 2017. However, due to reduction in number of clients in printed media advertising business, revenue generated therefrom decreased from approximately HK\$4,623,000 for the six months ended 30 June 2016 to approximately HK\$719,000 for the six months ended 30 June 2017.

Cost of Sales

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

Cost of sales decreased from approximately HK\$16,471,000 for the six months ended 30 June 2016 to approximately HK\$14,897,000 for the six months ended 30 June 2017, representing a decrease of approximately 9.6%. The decrease in cost of sales was mainly attributable to the decrement of the cost derived from outdoor advertising business.

Gross Profit/(Loss)

The Group turned from a gross loss of approximately HK\$129,000 for the six months ended 30 June 2016 to a gross profit of approximately HK\$1,772,000 for the six months ended 30 June 2017. The Group's gross profit was mainly attributable to the gross profit derived from provision of mobile app development service business and outdoor advertising business.

Other Income

Other income is mainly property rental income during this period and other income increased from approximately HK\$16,000 for the six months ended 30 June 2016 to approximately HK\$325,000 for the six months ended 30 June 2017.

Operating Expenses

The operating expenses of the Group increased by approximately 43.5% from approximately HK\$7,220,000 for the six months ended 30 June 2016 to approximately HK\$10,361,000 for the six months ended 30 June 2017. The increase in the operating expenses was primarily attributable to new mobile app development business.



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

During the six months ended 30 June 2017, the Group recorded unrealised fair value loss on changes on investment securities of approximately HK\$590,000 (unrealised fair value gain on changes on investment securities for the six months ended 30 June 2016: HK\$870,000).

Gain on Disposal of Associates

In March 2017, the Group completed the disposal of 20% equity interests in SMHL. The consideration and the gain on disposal were HK\$2.0 million.

Finance Costs

Finance costs of the Group amounted to approximately HK\$1,934,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$41,000). The increase in finance costs was mainly due to imputed interest incurred on the promissory notes in relation to the acquisition of Lasermoon Group in June 2016.

Loss from continuing operations Attributable to Owners of the Company

During the six months ended 30 June 2017, the Group's loss attributable to owners of the Company increased to approximately HK\$8,404,000 from approximately HK\$6,974,000 for the six months ended 30 June 2016. This was mainly attributable to (i) the loss generated by printed media advertising business and new mobile app development business; (ii) the amortisation of promissory notes measured at amortised cost for the six months ended 30 June 2017; (iii) professional fee in relation to the disposal of Lasermoon Group; and (iv) unrealised fair value loss on changes on investment securities. But it was offset by (i) gain on disposal of associates; and (ii) reduction in loss derived from outdoor advertising business.

Discontinued operations

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

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.

	30 June 2017 HK\$	31 December 2016 HK\$
Current assets	108,562,105	82,081,846
Current liabilities	64,498,847	30,159,743
Current ratio	1.7	2.7

The current ratio of the Group at 30 June 2017 was approximately 1.7 times as compared to that of approximately 2.7 times at 31 December 2016. It was mainly resulted from the non-current assets of Lasermoon Group classified as held for sale.

At 30 June 2017, the Group had total cash and cash equivalents (include those classified as part of a disposal group held for sale) of approximately HK\$40,838,000 (31 December 2016: approximately HK\$44,336,000).

As at 30 June 2017 and 31 December 2016, the Group had bank borrowings (include those classified as part of a disposal group held for sale) of approximately HK\$3,554,540 and HK\$2,719,000 respectively. The scheduled repayment dates of the Group's bank borrowings, as set out in the loan agreements and without considering the effect of any repayment on demand clauses were as follows:

	30 June 2017 HK\$	31 December 2016 HK\$
Within 1 year	3,554,540	2,640,525
Between 1 and 2 years	—	78,127

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings (include those classified as part of a disposal group held for sale) over shareholders' fund, was 5.3% as at 30 June 2017 (31 December 2016: approximately 3.6%).

Significant Investments Held

During the six months ended 30 June 2017, there was no significant investment held by the Group.



Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

On 2 June 2017, the Company entered into a share purchase agreement with an independent third party, pursuant to which the Company disposed of its entire interests in Lasermoon Limited (“Lasermoon”). Lasermoon Limited and its subsidiaries (the “Lasermoon Group”) is engaged in internet information technology development, e-commerce, sales, installation, testing and maintenance of information system, development of software and trading of LNG and other related products in PRC.

The total consideration for the disposal is HK\$36,000,000, and shall be satisfied by the purchaser (i) as to HK\$3,000,000, is settled by cash and (ii) as to HK\$33,000,000, the purchaser’s assumption of the rights and obligations of the Company under the promissory notes in the aggregate principal amount of HK\$33 million issued by the Company on 28 June 2016 in favour of Goldlink Capital Limited (the “Goldlink Capital”) in two separate tranches as partial settlement of the consideration under the sale and purchase agreement dated 24 June 2016 entered into between the Company and Goldlink Capital in accordance with the terms and conditions of the deed of novation and assignment entered into between the Company, the purchaser and Goldlink Capital on 5 June 2017. The disposal was completed in July 2017.

Pledge of Assets

As at 30 June 2017, the group has pledged certain plant and equipment with carrying amount of approximately HK\$250,000 (31 December 2016: HK\$301,000) to secure general banking facilities granted to the Group.

Contingent Liabilities

As at 30 June 2017, the Group was subject to maximum penalty and fine of HK\$854,000 in respect of non-compliance of relevant rules and regulations in relation to registration and requirements in relation to the distribution of the magazines (31 December 2016: HK\$854,000).

Capital Commitments

As at 30 June 2017, the Group did not have any significant capital commitment.

Future Plans for Material Investments and Capital Assets

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



Information on Employees

As at 30 June 2017, the employee headcount (not including Directors) of the Group was 87 (31 December 2016: 85) and the total staff costs, including Directors' emoluments, for the six months ended 30 June 2017 amounted to approximately HK\$5,400,000 (six months ended 30 June 2016: approximately HK\$2,900,000).

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

Risk Management

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. The Directors monitor interest rate exposures and will consider hedging significant interest rate risk should the need arise.

Use of Proceeds from the Placing

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

The net proceeds from the issue of new shares of the Group at the time of its listing on GEM on 16 February 2015 through a placement of 180,000,000 ordinary shares of HK\$0.01 each in the share capital of the Group at the price of HK\$0.37 per share, after deduction of the related underwriting fees and issuance expenses paid by the Group in connection thereto, were approximately HK\$28,900,000.

Use of net proceeds	Planned amount as stated in the Prospectus HK\$ million	Actual amount utilised up to 30 June 2017 HK\$ million	Change of use of proceeds up to 30 June 2017 HK\$ million	Actual balance as at 30 June 2017 HK\$ million
Enhance public awareness to the Group's magazines (note (a))	4.3	(1.2)	0.0	3.1
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	(7.6)	5.3	0.0
Total	28.9	(25.8)	0.0	3.1



Notes:

- (a) During the year 2016, Ocean Media placed advertisements to green minibuses and outdoor advertising at Sai Kung and Tuen Mun amounting to approximately HK\$656,000. From January to June 2017, Ocean Media placed advertisements to green minibuses and outdoor advertising at Causeway Bay amounting to approximately HK\$563,000.
- (b) In September 2015, the Group completed the acquisition of 20% equity interests in Strategist Media. The Company applied HK\$5,000,000 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\$2,400,000 to working capital.
- (c) In November 2016, the Group completed the acquisition of an office 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 approximately HK\$2,900,000 to working capital.

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

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

As at 30 June 2017, the Group had used approximately HK\$3.9 million towards purchase of shares held-for-trading, approximately HK\$0.5 million for acquisition of a company engaged in money lending business, and approximately HK\$2.2 million as payment of legal and professional fee. As at 30 June 2017, the remaining balance of the proceeds from the placing was approximately HK\$31.7 million, which is placed as deposits with bank and will be used as general working capital of the Group and future business expansion.



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

As at 30 June 2017, 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 30 June 2017, none of the Directors nor chief executives had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or were recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.



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


As at 30 June 2017, so far as the Directors are aware, the following persons (other than the Directors or chief executive 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 carrying 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 interests	Number of Shares or Underlying Shares	Approximate percentage of shareholding interests
Shareholder Value Fund	Beneficial owner	2,077,240,000	24.04%
CM Asset Management (Hongkong) Company Limited	Fund manager	2,077,240,000	24.04%
Mr. Wong Man Hin Charles	Beneficial owner (Note 1)	1,704,232,000	19.72%
Ms. Loo Chi Yiu	Family interests (Note 1)	1,704,232,000	19.72%
Flame Capital Limited	Beneficial owner (Note 2)	846,000,000	9.79%
Ms. Chung Oi Ling Stella	Interests in a controlled corporation (Note 2)	846,000,000	9.79%

Notes:

- Ms. Loo Chi Yiu is the spouse of Mr. Wong Man Hin Charles ("Mr. Wong") and deemed to be interested in the 1,704,232,000 shares held by Mr. Wong.
- The entire issued share capital of Flame Capital Limited is owned by Ms. Chung Oi Ling Stella.



Save as disclosed above, as at 30 June 2017, 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 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.

SHARE OPTION SCHEME

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

DIRECTORS’ RIGHTS TO ACQUIRE SHARES

At no time during the six months ended 30 June 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2017, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company’s shares.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings concerning securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made specific enquiry, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding Director’s securities transactions during the six months ended 30 June 2017.



NON-COMPETITION UNDERTAKINGS

The former 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 Company did not have any controlling Shareholder as at 30 June 2017.


INTERESTS IN COMPETING BUSINESS

Interests of Directors in businesses which might compete with the Group during the six months ended 30 June 2017 were as follows:

Mr. Lan Zhi Cheng, who has been appointed as an executive Director since 8 September 2016, is also an executive director of the holding company of Huge Mind Investment Limited (“Huge Mind”), which is engaged in money lending business in Hong Kong. Although the business nature of Huge Mind is similar to that of i-Lend, a newly acquired money lending business which has not commenced operations, the two companies are of different scale and are operating independently. Therefore, the Board is of the view that the businesses of Huge Mind did not compete with the businesses of the Group. Mr. Lam has resigned as executive Director with effect from 2 August 2017.

Mr. Tsang Ho Ka Eugene, who has been appointed as an independent non-executive Director since 23 January 2015, is also the managing director of New Horizon Capital (Group) Limited and New Horizon Finance (HK) Limited (the “New Horizons”), both of which are principally engaged in the business including private equity investment in Hong Kong, the PRC and overseas, and New Horizon Finance (HK) Limited also engaged in the money lending business in Hong Kong. Although the business nature of the New Horizons is partially similar to that of i-Lend, a newly acquired money lending business which has not commenced operations, the New Horizons and i-Lend are of different scale and are operating independently. Therefore, the Board is of the view that the businesses of the New Horizons did not compete with the businesses of the Group.

Mr. Pang Siu Yin, who has been appointed as an independent non-executive Director since 24 July 2015, is also an independent non-executive director of Affluent Partners Holding Limited (“Affluent Partners”) (HKEx Stock Code: 1466), which is also engaged in, among others, money lending business in Hong Kong. Although the business nature of Affluent Partners is partially similar to that of i-Lend, a newly acquired money lending business which has not commenced operations, Affluent Partners and i-Lend are of different scale and are operating independently. Therefore, the Board is of the view that the businesses of Affluent Partners did not compete with the businesses of the Group.



Save as disclosed above, as far as the Directors are aware of, none of the Directors have any interests in a business which competes or may compete with the business of the Group or have any other conflict of interests with the Group during the six months ended 30 June 2017.

INTERESTS OF THE COMPLIANCE ADVISER

Mr. Wong Man Hin Charles was interested in 19.72% of the issued share capital of the Company. Mr. Wong holds the position as managing director of VC Brokerage Limited, a wholly owned subsidiary of the holding company of VC Capital Limited (namely Value Convergence Holdings Limited with stock code: 821). He is also a member of senior management and a non-voting member of the executive committee of Value Convergence Holdings Limited. As at 30 June 2017, as notified by the Company's compliance adviser, VC Capital Limited (the "Compliance Adviser"), save for disclosed and except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 27 March 2014, neither the Compliance Adviser nor its directors, employees or associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an audit committee (the "Committee") with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the Committee consists of three independent non-executive Directors, namely Ms. Wong Fei Tat (chairman of the Committee), Mr. Tsang Ho Ka Eugene and Mr. Pang Siu Yin. The Committee has reviewed the unaudited consolidated financial results of the Group for the six months ended 30 June 2017.



CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Directors consider, the Company has complied with the Corporate Governance Code (the "Code") for the reporting period, 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 or 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 the Shareholders and investors.

By Order of the Board
Winto Group (Holdings) Limited
Mak Wai Kit
Executive Director

Hong Kong, 9 August 2017

As at the date of this report, the Board comprises Mr. Mak Wai Kit, Ms. Law Shiu Wai and Mr. Tang Yau Sing as executive directors; Mr. Liu Kwong Chi Nelson as non-executive director; and Mr. Tsang Ho Ka Eugene, Ms. Wong Fei Tat and Mr. Pang Siu Yin as independent non-executive directors.