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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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

ANNUAL RESULTS

The board of directors (the "Board") of Winto Group (Holdings) Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue	3	**23,550**	34,645
Cost of sales		**(17,175)**	(10,533)
Gross profit		**6,375**	24,112
Other income	4	**154**	2,206
Other (losses) or gains, net	5	**(56,802)**	2,055
Operating expenses		**(11,360)**	(12,380)
Impairment loss recognised under the expected credit loss model		**(11,830)**	(3,899)
Finance costs	6	**(1,198)**	(2,064)
(Loss)/profit before tax	7	**(74,661)**	10,030
Income tax	8	**–**	–
(Loss)/profit and total comprehensive (expense)/income for the year		**(74,661)**	10,030
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(73,721)**	10,104
– Non-controlling interests		**(940)**	(74)
		(74,661)	10,030
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(73,721)**	10,104
Non-controlling interests		**(940)**	(74)
		(74,661)	10,030
(Loss)/earnings per share			
– Basic *(HK cents)*	9	**(12.37)**	2.00
– Diluted *(HK cents)*		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**1,043**	1,410
Goodwill	11	**905**	1,399
Intangible assets		**330**	330
Contract costs	14	**–**	591
Other deposits		**–**	9,889
		2,278	13,619
Current assets			
Inventories		**1,404**	–
Trade, other receivables and other deposits	13	**32,309**	40,811
Contract costs	14	**73**	6,097
Amount due from a shareholder		**1,379**	1,379
Amount due from a non-controlling shareholder of a subsidiary		**30**	46
Bank balances and cash	15	**3,552**	1,908
		38,747	50,241
Current liabilities			
Trade and other payables	16	**24,550**	19,121
Provision	17	**37,489**	–
Contract liabilities		**8**	856
Loan from a substantial shareholder		**2,859**	12,157
Other borrowings		**5,800**	–
Amount due to a related party		**3**	–
		70,709	32,134
Net current (liabilities)/assets		**(31,962)**	18,107
Total assets less current liabilities		**(29,684)**	31,726
Net (liabilities)/assets		**(29,684)**	31,726

	2023	2022
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**12,442**	10,368
Reserves	**(40,121)**	21,521
(Capital deficiency)/total equity attributable to owners of the Company	**(27,679)**	31,889
Non-controlling interests	**(2,005)**	(163)
(Capital deficiency)/total equity	**(29,684)**	31,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

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

In the current year, the Group has adopted the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2023 as mentioned below. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below.

Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to this anouncement. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 – Definition of Accounting Estimates

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

These amendments had no impact on the Group's financial statements as there were no transactions fallen within the scope of these amendments on or after the beginning of the earliest period presented.

Amendments to HKAS 12 – International Tax Reform – Pillar Two Model Rules

Amendments to HKAS 12 introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

New and amendments to HKFRSs but not yet effective

The Group has not applied the following revised HKFRSs, that are expected to be relevant to the Group and have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")[1]	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")[1]	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ("HK Int 5 (Revised)")	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	After 1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]	To be determined by the HKICPA

1 As a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised to align the corresponding wording with no change in conclusion

Except for the amendments to standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 10 and HKAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 16 "Lease Liability in a Sale and Leaseback"

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e. 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" and related amendments to Hong Kong Interpretation 5 (the "2020 Amendments") and Amendments to HKAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 7 and HKFRS 7 "Supplier Finance Arrangements"

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information and quantitative information as at the beginning of the annual reporting period and interim disclosures. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 "Lack of Exchangeability"

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate the comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis. 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 the 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 accounted for in accordance with HKFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

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 preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgments in the process of applying the accounting policies.

Going concern basis

The Group incurred a loss of approximately HK$74,661,000 for the year ended 31 December 2023, and as of that date, the Group's current liabilities exceeded its current assets by HK$31,962,000 and its total liabilities exceeded its total assets by HK$29,684,000.

The above conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the circumstances and conditions mentioned above, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate the liquidity pressure and to improve its financial position, which include, but not limited to, the following:

(i) The Group is negotiating with its subcontractor for a favourable term in settling the Group's obligations of approximately HK$37,489,000 (which are set out in note 17 to this announcement) arose from early termination of a subcontracting agreement;

(ii) The Group is negotiating with its lenders in seeking for the extension of repayments of its borrowings, including principals and interests in default; and

(iii) The Group is actively negotiating with external parties to obtain new sources of financing to finance the Group's working capital and improve the liquidity position.

The directors of the Company have prepared a cash flow forecast of the Group for a period covered not less than twelve months from the date of approval of the consolidated financial statements. Based on the cash flow forecast which has assumed the successful implementation of the above measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful outcome of these measures.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to reclassify non-current assets as current assets, and to provide for any further liabilities that may arise. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. OPERATING SEGMENTS

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

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

(1) Exhibition and trade show business and related services

(2) Publications and advertising business, including print and online media advertising, sales of publications, advertising and related production services and outdoor advertising

(3) Online sales of beauty and cosmetics products (commenced in 2023)

(4) Sales of luxury products (commenced in 2023)

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 2023 and 2022 is set out below.

Segment revenues and results

For the year ended 31 December 2023

	Online sales of beauty and cosmetics products *HK$'000*	Sales of luxury products *HK$'000*	Publications and advertising business *HK$'000*	Exhibition and trade show business and related services *HK$'000*	Total *HK$'000*
Revenue					
Revenue from external customers	11,321	3,120	9,109	–	23,550
Segment profit	1,082	120	5,173	–	6,375
Other income					154
Other (losses) or gains, net					(56,802)
Operating expenses					(11,360)
Impairment loss recognised under the expected credit loss model					(11,830)
Finance costs					(1,198)
Loss before tax					(74,661)
Income tax					–
Loss for the year					(74,661)

For the year ended 31 December 2022

	Online sales of beauty and cosmetics products *HK$'000*	Sales of luxury products *HK$'000*	Publications and advertising business *HK$'000*	Exhibition and trade show business and related services *HK$'000*	Total *HK$'000*
Revenue					
Revenue from external customers	–	–	33,538	1,107	34,645
Segment profit	–	–	23,989	123	24,112
Other income					2,206
Other gains or (losses), net					2,055
Operating expenses					(12,380)
Impairment loss recognised under the expected credit loss model					(3,899)
Finance costs					(2,064)
Profit before tax					10,030
Income tax					–
Profit for the year					10,030

Segment profit represents the profit earned from each segment without allocation of other income, operating expenses, other gains or losses, impairment loss recognised under expected credit loss model and finance costs. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Segment assets include all tangible and intangible assets and current assets with the exception of 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, contract liabilities and lease liabilities.

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

	2023	2022
	HK$'000	*HK$'000*
Segment assets		
Exhibition and trade show business and related services	**119**	2,068
Publications and advertising business	**25,503**	53,061
Sales of luxury products	**3,752**	–
Online sales of beauty and cosmetics products	**2,354**	–
Total segment assets	**31,728**	55,129
Bank balances and cash	**335**	213
Unallocated assets	**8,962**	8,518
Consolidated assets	**41,025**	63,860
Segment liabilities		
Exhibition and trade show business and related services	**369**	368
Publications and advertising business	**49,436**	10,403
Sales of luxury products	**1,947**	–
Online sales of beauty and cosmetics products	**4,515**	–
Total segment liabilities	**56,267**	10,771
Unallocated liabilities	**14,442**	21,363
Consolidated liabilities	**70,709**	32,134

Geographical information

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

Information about the Group's revenue for operations is from external customers presented based on location of delivery destination of the goods and place of services rendered.

	Revenue from external customers		**Non-current assets**	
	2023	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Guangdong-Hong Kong-Macau Greater Bay Area	**23,550**	34,645	**2,278**	13,619

Revenue from major customers

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

	2023	2022
	HK$'000	*HK$'000*
Customer A *(Note a)*[1]	**N/A**	6,409
Customer B *(Note a)*[1]	**N/A**	5,796
Customer C *(Note b)*[2]	**2,740**	N/A
Customer D *(Note a)*[2]	**1,213**	N/A

[1] The customers did not contribute over 10% of the total revenue of the Group for the current year.

[2] The customers did not contribute over 10% of the total revenue of the Group for the last year.

Notes:

(a) Revenue from the above customers is arising from publications and advertising business.

(b) Revenue from the above customer is arising from sales of luxury products.

4. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Bank interest income	**2**	–
Interest income on non-current deposits	**–**	234
Government grants *(Note)*	**–**	1,466
Sundry income	**100**	506
Exchange difference, net	**52**	–
	154	2,206

Note: During the year ended 31 December 2023, the Group did not recognise any government grants (2022: HK$208,000 and HK$1,258,000 related to Employment Support Scheme provided by the Hong Kong SAR Government and incentive subsidy for technology modernisation by the Government Information Bureaus of the Macau SAR respectively). Government grants were recognised at the time the Group fulfilled the relevant granting criteria.

5. OTHER (LOSSES) OR GAINS, NET

	2023	2022
	HK$'000	*HK$'000*
Impairment loss on goodwill	**(1,399)**	–
(Loss)/gain on debt modification	**(387)**	2,055
Loss on early repayment of loan from a substantial shareholder	**(1,047)**	–
Forfeiture of deposit paid *(Note a)*	**(10,480)**	–
Contract cost written off *(Note b)*	**(6,000)**	–
Provision *(Note c)*	**(37,489)**	–
	(56,802)	2,055

Notes:

(a) Comprised of the carrying value of security deposit and capitalised contract costs amounting to HK$9,889,000 and HK$591,000, being forfeited and written off as the result of early termination for right of usage of advertising spaces. Further details were described in notes 13 and 14 to this announcement.

(b) The account represented prepayment of rental cost of advertising spaces written off, details were described in note 14 to this announcement.

(c) Provision represents present legal obligations that the Group would owe to the subcontractor due to early termination of subcontracting agreement. Further details was described in note 17 to this announcement.

6. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on other borrowings	**430**	–
Interest on loan from a substantial shareholder	**768**	2,064
	1,198	2,064

7. (LOSS)/PROFIT BEFORE TAX

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

	2023	2022
	HK$'000	*HK$'000*
Auditors' remuneration	**880**	800
Impairment loss recognised on trade and other receivables, net	**11,830**	3,899
Impairment loss on goodwill	**1,399**	–
Depreciation of property, plant and equipment *(Note)*	**372**	548
Cost of inventories sold	**13,239**	–
Rental expenses in respect of short-term leases	**1,153**	942
Staff costs		
Director's emoluments	**1,055**	1,130
Other staff costs		
– salaries, allowances and benefits in kind	**6,023**	5,883
– contributions to retirement benefits scheme	**80**	158
	6,103	6,041

Note: Depreciation for the year ended 31 December 2023 included approximately HK$239,000 (2022: HK$239,000) in cost of sales.

8. INCOME TAX

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. There is no impact to the Group as the Group does not have any assessable profit in Hong Kong.

Hong Kong Profits Tax has not been provided for the years ended 31 December 2023 and 2022 as the Group has incurred tax losses for both years of assessment.

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

9. (LOSS)/EARNINGS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
(Loss)/earnings for the year attributable to owners of the Company	**(73,721)**	10,104

	2023	2022
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**595,946,959**	503,960,548

For the years ended 31 December 2023 and 2022, dilutive (loss)/earnings per share has not been presented as there is no potential dilutive shares outstanding.

10. DIVIDENDS

The directors do not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

11. GOODWILL

	2023	2022
	HK$'000	*HK$'000*
Cost		
At 1 January	**1,399**	1,399
Arising on acquisition of a subsidiary *(note 18 to this announcement)*	**905**	–
At 31 December	**2,304**	1,399
Accumulated impairment losses		
At 1 January	**–**	–
Impairment loss recognised in the current year	**1,399**	–
At 31 December	**1,399**	–
Carrying amount		
At 31 December	**905**	1,399

Particulars regarding impairment testing of goodwill are disclosed in note 12 to this announcement.

12. IMPAIRMENT TESTING ON GOODWILL

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The goodwill had been allocated as follows:

	2023	2022
	HK$'000	*HK$'000*
Cost:		
Online sales of beauty and cosmetics products:		
Yantic Limited ("Yantic")	**905**	–
Exhibition and trade show business and related services:		
To Be Concept Limited ("TBC")	**1,399**	1,399
	2,304	1,399

In addition to goodwill, property, plant and equipment and other intangible assets that generate cash flows together with the related goodwill are also included in the respective CGU for the purpose of impairment assessment.

Exhibition and trade show business and related services CGU

During the year ended 31 December 2023, the directors of the Group have determined that there is impairment of goodwill directly related to this CGU amounting to HK$1,399,000 (2022: Nil). The impairment loss has been recorded in other (losses) or gains, net in note 5 to this announcement.

The impairment of goodwill under this CGU was resulted by major changes in market conditions and the uncertainty of profitability of the business of Exhibition and trade show business and related services, the directors of the Company suspended the business of Exhibition and trade show business and related services and as resulted, the goodwill of Exhibition and trade show business and related services was fully impaired during the year ended 31 December 2023 (2022: Nil).

Online sales of beauty and cosmetics products CGU

The directors of the Group determined that there is no impairment loss related to the CGU of online sales of beauty and cosmetics products.

The recoverable amounts of this CGU have been determined on the basis of their value in use using discounted cash flow method, which uses cash flow projections based on financial budgets approved by the directors covering a five-year period and a pre-tax discount rate of 15.2% per annum calculated by using weighted average cost of capital. Cash flows beyond the 5-year period are extrapolated using a steady 2.5% growth rate. This growth rate is based on the relevant industry growth forecast and does not exceed the average long-term growth rate for relevant industry. The key assumptions used by management in setting the financial budgets for the initial five-year period were as follows:

Forecast sales growth rates – based on past experience adjusted for 16%.

Operating profits – based on historical experience of operating margins, adjusted for the impact of 18.5%.

Cash conversion – based on the historical ratio of operating cash flow to operating profit.

13. TRADE AND OTHER RECEIVABLES AND OTHER DEPOSITS

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**41,206**	37,937
Less: allowance for credit losses	**(15,770)**	(3,940)
	25,436	33,997
Deposits	**39**	9,918
Rental deposits	**58**	58
Prepayment	**20**	109
Other receivables	**6,756**	6,618
	32,309	50,700
Less: deposits paid for securing advertising space shown under non-current assets *(Note)*	**–**	(9,889)
Shown under current assets	**32,309**	40,811

Note: During the year ended 31 December 2020, the Group entered into a subcontracting agreement ("**Subcontracting Agreement**") with a subcontractor ("**Subcontractor**") who is an independent third party to the Group, whereby certain advertising spaces in the Hong Kong Boundary Crossing Facilities are subcontracted to the Group. Further details in relation to the Subcontracting Agreement are set out in the Management and Discussion Analysis to the 2020 annual report. The Group was required to pay a security deposit of HK$10,500,000 (MOP10,815,000) ("**Security Deposit**") to secure the advertising spaces from 1 January 2020 to 31 May 2025. The effective interest rate of the non-current deposits is 2.4% per annum.

The Group classifies the Security Deposit as a financial asset at amortised cost and assessed the fair value of the Security Deposit as at settlement date discounted by the prevailing market interest rate. The difference between the fair value of the Security Deposit as at settlement date and the transaction price of HK$10,500,000 (MOP10,815,000) is recorded as a contract cost, as disclosed in note 14 to this announcement. During the year ended 31 December 2023, the Group did not record interest income on the non-current deposit, amortised under the effective interest rate due to the Subcontracting Agreement for abolition the right of use advertising spaces (2022: HK$234,000) was early terminated with effective from 30 April 2023 ("**Termination**").

A termination agreement entered into between the Group and the Subcontractor to terminate the Subcontracting Agreement which effected on 30 April 2023. According to the terms of the Subcontracting Agreement, the carrying amount of Security Deposit amounting to HK$9,889,000 as at 30 April 2023 paid to the Subcontractor for securing advertising spaces shall be revoked by the Subcontractor and being written off as forfeiture of deposit paid and recorded in other (losses) or gains, net in note 5 to this announcement.

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

All outstanding trade receivables balances were being reviewed by the Group's sales department on a regular basis to ensure that any overdue receivable was promptly monitored and appropriate collection actions were taken. The Group's sales department would follow up on the collections and the Group's accounting department would monitor the progress of collection. For those material long outstanding balances, legal actions would be taken for debt collection. During the years ended 31 December 2023 and 2022, no legal actions were taken by the Group for debt collection.

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

	2023	2022
	HK$'000	*HK$'000*
1–30 days	**3,419**	11,375
31–90 days	**739**	3,790
91–365 days	**11,882**	14,579
Over 365 days	**25,166**	8,193
	41,206	37,937

14. CONTRACT COSTS

	2023	2022
	HK$'000	*HK$'000*
Cost to fulfill contracts in relation to:		
Publications and advertising business	**6,664**	6,688
Less: forfeiture of deposit paid *(note (i))*	**(591)**	–
Less: contract cost written off *(note (ii))*	**(6,000)**	–
	73	6,688
Less: contract costs for securing advertising space shown under non-current assets	**–**	(591)
Shown under current assets	**73**	6,097

Notes:

(i) The amount represented contract costs capitalised for exhibition and trade show business and related services, being the cost to fulfill contracts of design and production of exhibition, trade show events and advertisement resulted in customers entering contracts for the Group's design and production which are still under process at the end of the reporting date.

As at 31 December 2022, contract costs capitalised for publications and advertising business related to the time value of money arising from the Security Deposit to secure advertising space of approximately HK$591,000 as disclosed in note 14 to this announcement, and costs to fulfill contracts for advertising business arising from prepayments for short-term rental of advertising spaces of approximately HK$6,097,000. There was no impairment on the contract cost during the year ended 31 December 2022.

(ii) Owing to the Termination as mentioned in note 14 to this announcement, the carrying amount of captilised contract costs and prepayments for short-term rental of advertising spaces of approximately HK$591,000 and HK$6,000,000 respectively were written off as contract cost and recorded in other (losses) or gains, net in note 5 to this announcement.

15. BANK BALANCES AND CASH

Bank balances

Bank balance 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 2023, the interest rate range from 0.01% to 0.26% (2022: 0.01% to 0.1%) per annum.

16. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**10,815**	9,035
Other payables	**9,841**	7,264
Accrued expenses *(Note)*	**3,894**	2,822
	24,550	19,121

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

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

During the year, the credit period granted by the suppliers are generally ranging from 0 to 60 days (2022: 0 to 60 days).

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

	2023	2022
	HK$'000	*HK$'000*
0–60 days	**846**	401
61–90 days	**149**	146
Over 90 days	**9,820**	8,488
	10,815	9,035

17. PROVISION

As set out in note 14 to this announcement, during the year ended 31 December 2020, the Group entered into a Subcontracting Agreement with the Subcontractor whereby certain advertising spaces in the Hong Kong Boundary Crossing Facilities are subcontracted to Tiance Cultural Communication Limited ("Tiance Cultural"), a subsidiary of the Group pursuant to which the Subcontractor would subcontract the right of usage of the advertisement spaces of billboards in Macau and Zhuhai, namely Hong Kong-Zhuhai-Macau-Bridge Macau Section Passenger Clearance Building to Tiance Cultural for a term of 65 months from 1 January 2020 to 31 May 2025 with monthly Subcontracting Fee of HK$1,500,000 ("Monthly Service Fee") pay to the Subcontractor in conducting its publication and advertising business.

With effective from 30 April 2023, Tiance Cultural and the Subcontractor agreed to terminate the Subcontracting Agreement. Whereby, the Subcontractor reserves the right to receive from Tiance Cultural, and Tiance Cultural is obliged to pay the Subcontractor the Monthly Subcontracting Fee for the remaining term of the Subcontracting Agreement which Tiance Cultural was unfulfilled. The provision was made with reference to the Monthly Service Fee and remaining term of the Subcontracting Agreement which Tiance Cultural is required to fulfill.

18. ACQUISITION OF A SUBSIDIARY

On 1 April 2023, the Group acquired 50.1% of the issued share capital of Yantic Limited for a total consideration of HK$1. Yantic Limited is engaged in online sales of beauty and cosmetics products during the year. The acquisitions are for the purpose of diversification of business and product portfolio and create synergies with the existing advertising business of the Group.

The fair value of the identifiable assets and liabilities of Yantic Limited acquired as at the date of acquisition are as follows:

	Total *HK$'000*
Net assets acquired:	
Property, plant and equipment	1
Inventory	2,359
Trade and other receivables	259
Bank and cash balances	1,735
Trade and other payables	(1,842)
– Amount due to a director	(3)
– Amount due to shareholders	(1,316)
– Other borrowings	(3,000)
	(1,807)
Non-controlling interests	902
Goodwill arising on acquisition *(note 11 to this announcement)*	905
	–
Satisfied by:	
Cash	–
Net cash inflow arising on acquisition:	
Cash consideration paid	–
Cash and cash equivalents acquired	1,735
	1,735

The fair value of the trade and other receivables acquired is HK$259,000. None of these receivables had been impaired and expected to be uncollectible.

The goodwill arising on the acquisition of Yantic Limited is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination. None of the good will recognised is expected to be deductible for income tax purposes.

Yantic Limited contributed approximately HK$11,321,000 and HK$354,000 to the Group's revenue and loss for the year for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2023, total Group revenue for the year would have been HK$23,668,000, and loss for the year would have been HK$75,102,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group recorded total revenue of approximately HK$23,550,000 for the year ended 31 December 2023, representing a decrease of approximately 32% from approximately HK$34,645,000 for the year ended 31 December 2022. The Group recorded total gross profit of approximately HK$6,375,000 for the year ended 31 December 2023, representing a decrease of approximately 74% from approximately HK$24,112,000 for the year ended 31 December 2022. The Group's loss attributable to the owners of the Company amounted to approximately HK$73,721,000 for the year ended 31 December 2023 compared to the profit attributable to the owners of the Company of approximately HK$10,104,000 for the year ended 31 December 2022. Loss per share of the Group for the year ended 31 December 2023 was approximately HK$12.37 cents. The Directors do not recommend the payment of a final dividend for the year ended 31 December 2023.

BUSINESS REVIEW

The Group is principally engaged in (i) exhibition and trade show business and related services; (ii) publications and advertising business including print and online advertising, sales of publications, advertising and related production services and outdoor advertising; (iii) online sales of beauty and cosmetics products; and (iv) sales of luxury products.

Publications and Advertising Business

During the year, the Group owned and published six publications, including Exmoo News, Travel Macao, Motoz Trader, Motoz Trader (Free), Shopping Monthly (a 2-in-1 dual cover magazine), and Shopping Monthly (Free) (a 2-in-1 dual cover magazine).

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

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

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

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

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

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

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

During the year ended 31 December 2023, the revenue generated from the publications and advertising business amounted to approximately HK$9,109,000, decreased from approximately HK$33,538,000 for the year ended 31 December 2022.

Exhibition and Trade Show Business and Related Services

During the year ended 31 December 2023, no revenue generated from the exhibition and trade show business and related services compared with approximately HK$1,107,000 for the year ended 31 December 2022.

Online sales of beauty and cosmetics products

The Group has been diversifying its revenue stream by acquiring a company specified in online sales of beauty and cosmetics products on 1 April 2023.

During the year ended 31 December 2023, the revenue generated from online sales of beauty and cosmetic products amounted to approximately HK$11,321,000.

Sales of luxury products

The Group expanded to develop the business related to sales and marketing of luxury products during the year.

During the year ended 31 December 2023, the revenue generated from sales of luxury products amounted to approximately HK$3,120,000.

PROSPECTS

Looking forward to 2024, the Group will pay close attention to the uncertainties in the economic environment, and stay alert to formulate strategies to pursue steady development and strive for generous returns to our shareholders.

FINANCIAL REVIEW

Revenue

Total revenue decreased by approximately 32% from approximately HK$34,645,000 for the year ended 31 December 2022 to approximately HK$23,550,000 for the year ended 31 December 2023. It was mainly due to the reduced demand of advertisement in Macau market. The revenue generated from publications and advertising business decreased by 73% to approximately HK$9,109,000 as compared with approximately HK$33,538,000 for the year ended 31 December 2022.

No revenue of the Group contributed from the exhibition and trade show business and related services for the year ended 31 December 2023.

Gross Profit

Total gross profit decreased by approximately 74% from approximately HK$24,112,000 for the year ended 31 December 2022 to approximately HK$6,375,000 for the year ended 31 December 2023. The decrease in the gross profit was mainly due to the shrinkage of publications and advertising business and outdoor advertising business.

Other Income

Other income decreased by approximately HK$2,052,000 from approximately HK$2,206,000 for the year ended 31 December 2022 to approximately HK$154,000 for the year ended 31 December 2023. The decrease was mainly attributable to the one-off nature of subsidies granted under the Employment Support Scheme by The Hong Kong Special Administrative Region Government and incentive subsidy for technology modernisation by the Government Information Bureaus of The Macau Special Administrative Region Government in 2022, while no such subsidies granted in 2023.

Other (Losses) or Gains, Net

Other losses is recorded approximately HK$56,802,000 for the year ended 31 December 2023, compared with the other gains of approximately HK$2,055,000 for the year ended 31 December 2022.

During the year ended 31 December 2020, the Group entered into a Subcontracting Agreement with the Subcontractor whereby certain advertising spaces in the Hong Kong Boundary Crossing Facilities are subcontracted to Tiance Cultural Communication Limited ("Tiance Cultural"), a subsidiary of the Group pursuant to which the Subcontractor would subcontract the right of usage of the advertisement spaces of billboards in Macau and Zhuhai, namely Hong Kong-Zhuhai-Macau-Bridge Macau Section Passenger Clearance Building to Tiance Cultural for a term of 65 months from 1 January 2020 to 31 May 2025 with monthly Subcontracting Fee of HK$1,500,000 ("Monthly Service Fee") pay to the Subcontractor in conducting its publication and advertising business.

With effective from 30 April 2023, Tiance Cultural and the Subcontractor agreed to terminate the Subcontracting Agreement with immediate effect. Whereby, the Subcontractor reserves the right to receive from Tiance Cultural, and Tiance Cultural is obliged to pay the Subcontractor the Monthly Subcontracting Fee for the remaining term of the Subcontracting Agreement which Tiance Cultural was unfulfilled. As a result, a provision of approximately HK$37,489,000 was made, with reference to the Monthly Subcontracting Fee and remaining term of the Subcontracting Agreement which Tiance Cultural is required to fulfill. In additional, the deposit paid of approximately HK$10,480,000 was forfeited and contact cost of HK$6,000,000 was written off under the terms of the Subcontracting Agreement.

Operating Expenses

The operating expenses of the Group decreased by approximately 8% from approximately HK$12,380,000 for the year ended 31 December 2022 to approximately HK$11,360,000 for the year ended 31 December 2023.

Finance Costs

Finance costs of the Group amounted to approximately HK$1,198,000 for the year ended 31 December 2023, compared to approximately HK$2,064,000 for the year ended 31 December 2022.

Income Tax

No income tax expense for the Group for the year ended 31 December 2023, compared to approximately HK$Nil for the year ended 31 December 2022.

Loss for the Year Attributable to Owners of the Company

During the year ended 31 December 2023, the Group's loss attributable to owners of the Company amounted to HK$73,721,000.

Liquidity, Financial Resources and Capital Structure

There has been no change in the capital structure of the Group during the year ended 31 December 2023. The share capital of the Company only comprises ordinary shares.

	As at 31 December	
	2023	2022
	HK$'000	*HK$'000*
Current assets	**38,747**	50,241
Current liabilities	**70,709**	32,134
Current ratio	**0.5**	1.6

The current ratio of the Group as at 31 December 2023 was approximately 0.5 times as compared to approximately 1.6 times as at 31 December 2022.

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK$3,552,000 (2022: approximately HK$1,908,000).

Gearing Ratio

The gearing ratio of the Group, calculated as total borrowings over shareholders' fund, was approximately 29% as at 31 December 2023 (2022: 38%).

Trade Receivables Turnover Days

The carrying amount of trade receivables decreased from approximately HK$33,997,000 (net of expected credit losses of HK$3,940,000) to HK$25,436,000 (net of expected credit losses of HK$15,770,000) for the year ended 31 December 2023 and the trade receivable turnover days decreased from approximately 358 days for the year ended 31 December 2022 to approximately 217 days for the year ended 31 December 2023. 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices in order to safeguard the interests of its shareholders. To accomplish this, the Company has adopted the principles and code provisions of the Corporate Governance Code (the "CG Codes") contained in Appendix C.1 to the GEM Listing Rules as its own code of corporate governance. During the year ended 31 December 2023 and up to the date of announcement (the "**Relevant Period**"), the Company had been in compliance with the CG Codes as set out in Appendix C.1 to the GEM Listing Rules, except for the provision detailed below:

Code Provision C.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same person. The Company currently has no CEO. All duties of CEO are shared among the executive Directors, the Board believes that the present arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of all Directors and all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding directors' securities transactions adopted by the Company during the Relevant Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

CAPITAL COMMITMENTS

The Group had no significant capital commitments as at 31 December 2023 (2022: Nil).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liability (2022: Nil).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2023, the Group did not have other significant investments, material acquisitions and disposal of subsidiaries and affiliated companies during the year, except for the acquisition of 50.1% of the issued share capital of Yantic Limited on 1 April 2023, the details of which was disclosed in Note 18 of this announcement.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2023, the Group did not have other plans for material investments and capital assets.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and to the best knowledge of the Directors, at least 25% of the Company's issued shares has been held by the public throughout the year ended 31 December 2023 and thereafter up to the date of this announcement, in compliance with the requirements under the Listing Rules.

DIVIDEND

Since the Group intends to retain sufficient capital for business expansion, the Board did not recommend the payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

FINANCIAL INFORMATION

The financial information set out in this announcement does not constitute the Group's audited accounts for the year ended 31 December 2023, but represents an extract from the consolidated financial statements for the year ended 31 December 2023 which have been audited and agreed by the auditor of the Company, Jon Gepsom CPA Limited (formerly known as McM (HK) CPA Limited) in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website (www.wintogroup.hk) and the Stock Exchange's website (www.hkexnews.hk). The 2023 annual report containing all information required by the Listing Rules will be dispatched (if necessary) to the Shareholders and published on the websites of the Company and the Stock Exchange in due course.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published and dispatched (if necessary) to the Shareholders in accordance with the requirements of the GEM Listing Rules and the articles of association of the Company in due course.

EVENTS AFTER THE REPORTING PERIOD

There is no material event affecting the Group need to be reported to the Shareholders that has occurred after the financial year ended 31 December 2023 up to the date of this announcement.

EXTRACT FROM JON GEPSOM CPA LIMITED'S INDEPENDENT AUDITOR'S REPORT

The "Disclaimer of Opinion" and "Basis for Disclaimer of Opinion" are extracted from Jon Gepsom CPA Limited's independent auditor's report for the year ended 31 December 2023 as follows:

"**Disclaimer of Opinion**

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As explained in note 2 to the consolidated financial statements*, the Group incurred a loss of approximately HK$74,661,000 for the year ended 31 December 2023, and as of that date, the Group's current liabilities exceeded its current assets by HK$31,962,000 and its total liabilities exceeded its total assets by HK$29,684,000.

Such conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, to meet its liabilities as and when they fall due, which are set out in note 2 to this announcement. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the successful outcome of these measures, to finance the working capital of the Group as and when needed.

However, the significance of the extent of the uncertainties relating to the ongoing availability of finance to the Group, we disclaim our opinion in respect of the material uncertainties relating to the going concern basis."

* Refer to note 2 to this announcement

MANAGEMENT VIEW ON GOING CONCERN

The directors of the Company have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to, the following:

(i) The Group is negotiating with its subcontractor for a favorable term in settling the Group's obligation of approximately HK$37,489,000 arose form early termination of a subcontracting agreement;

(ii) The Group is negotiating with its lenders in seeking for the extension of repayments of all borrowings, including principals and interests in default; and

(iii) The Group is actively negotiating with external parties to obtain new sources of financing to finance the Group's working capital and improve the liquidity position.

The directors of the Company have prepared a cash flow forecast of the Group for a period covered not less than twelve months from the date of approval of the consolidated financial statements. Based on the cash flow forecast which has assumed the successful implementation of the above measures, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from the date of approval for the consolidated financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the successful outcome of these measures.

The Audit Committee has reviewed the Disclaimer of Opinion relating to going concern, the management views on going concern and the action plan of the Group, and concurs with the Board's view.

SCOPE OF WORK OF JON GEPSOM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditor, Jon Gepsom CPA Limited, to the amounts set out in the

Group's consolidated financial statements for the year. The work performed by Jon Gepsom CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Jon Gepsom CPA Limited on the preliminary announcement.

AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company established the Audit Committee on 23 January 2015 in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with paragraph D.3 of the Corporate Governance Code set out in Appendix C1 to the GEM Listing Rules has been adopted. As at the date of this annual report, the Audit Committee comprises three INEDs, namely Ms. Wong Chi Ling (Chairlady), Mr. Lin Zexin and Ms. Liu Xiaomin.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company and discussed matters including auditing, internal control and financial reporting matters of the Group. The annual results of the Group for the year ended 31 December 2023 have also been reviewed by the Audit Committee.

By Order of the Board
Winto Group (Holdings) Limited
Hung Yuen Kin
Executive Director

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. Lui Man Wah, Mr. Hung Yuen Kin and Mr. Wong Yuk as executive directors and Ms. Wong Chi Ling, Mr. Lin Zexin and Ms. Liu Xiaomin as independent non-executive directors.

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

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