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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

DISCLOSEABLE TRANSACTION

(1) ACQUISITION OF 67% OF THE ISSUED SHARES OF THE TARGET COMPANY; AND (2) PROVISION OF A SHAREHOLDER'S LOAN

The Board is pleased to announce that, on 22 March 2018 (after trading hours), Leading Profile, a wholly-owned subsidiary of the Company, entered into the SPA with the Vendors, pursuant to which Leading Profile agreed to purchase, and the Vendors agreed to sell the Sale Shares, representing 67% of the entire issued share capital of the Target Company, at the Consideration of HK\$3,015,000.

On 22 March 2018 (after trading hours), Leading Profile entered into the Loan Agreement with the Target Company pursuant to which Leading Profile agreed to provide the Shareholder's Loan to the Target Company.

Completion took place after the signing of the SPA on 22 March 2018. Immediately after Completion, the Target Company will become a non wholly-owned subsidiary of the Company. Accordingly, the financial status of the Target Company will be consolidated into the Company's financial statements upon Completion.

The Acquisition and the Loan Transaction constitute discloseable transactions of the Company as more than one of the applicable percentage ratios exceed 5% but less than 25%, and are therefore subject to the relevant reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

THE ACQUISITION

The Board is pleased to announce that, on 22 March 2018, Leading Profile, a wholly-owned subsidiary of the Company, entered into the SPA with the Vendors, pursuant to which Leading Profile agreed to purchase, and the Vendors agreed to sell the Sale Shares, representing 67% of the entire issued share capital of the Target Company, at the Consideration of HK\$3,015,000. Principal terms of the SPA are set out below.

THE SPA

Date

22 March 2018 (after trading hours)

Parties

Purchaser: Leading Profile;

Vendors: (1) Mr. Poon, and
(2) Mr. Choi.

Subject Matter

Pursuant to the SPA, Leading Profile agreed to purchase, and Mr. Poon and Mr. Choi agreed to sell respectively 3,400 and 3,300 ordinary shares in the capital of the Target Company, representing respective 34% and 33% of the entire issued share capital of the Target Company.

Consideration

The Consideration for the Acquisition is HK\$3,015,000 which was determined after arm's length negotiation between the parties after taking into consideration the business development and prospect of the Target Company.

The Consideration was paid to the Vendors on Completion in the following manners:

- (i) HK\$1,530,000 by cheque to Mr. Poon; and
- (ii) HK\$1,485,000 by cheque to Mr. Choi.

Management of the Target Company

After Completion, the Target Company will form a new board of directors with the maximum number of directors be set at 3. Leading Profile and Ms. Chan will be entitled to appoint 2 and 1 directors respectively into the board of the Target Company from time to time.

Completion

Completion took place after the signing of the SPA on 22 March 2018.

Immediately after Completion, the Target Company will become a non wholly-owned subsidiary of the Company. Accordingly, the financial status of the Target Company will be consolidated into the Company's financial statements upon Completion.

THE LOAN TRANSACTION

On 22 March 2018 (after trading hours), Leading Profile entered into the Loan Agreement with the Target Company pursuant to which Leading Profile agreed to provide the Shareholder's Loan to the Target Company.

LOAN AGREEMENT

Date

22 March 2018 (after trading hours)

Parties

Lender: Leading Profile

Borrower: Target Company

Principal Terms

Principal amount: not exceeding HK\$3,000,000

Interest: 5% per annum

Term: 3 years from the date of first drawdown

Drawdown: subject to the terms and conditions of the Loan Agreement and in 3 instalments of HK\$1,000,000 each

Purpose: the Shareholder's Loan shall be used exclusively for general working expenses of the Target Company

Repayment: the Target Company shall repay the Shareholder's Loan and interest thereon in full on or before the due date for repayment pursuant to the Loan Agreement

The terms of the Loan Agreement (including the interest rate) were determined after an arm's length negotiation between Leading Profile and the Target Company.

INFORMATION OF THE GROUP, THE TARGET COMPANY AND THE VENDORS

The Group

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 Target Company

The Target Company is a company established under the laws of Hong Kong with limited liability on 9 February 2015, and is principally engaged in organizing exhibitions and trade shows for the promotion of products and services, and providing ancillary services. Before Completion, the Target Company was directly owned by Mr. Poon, Mr. Choi, and Ms. Chan as to 34%, 33% and 33%, respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company and Ms. Chan were third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules) prior to Completion.

After Completion, the Target Company is directly owned by Leading Profile and Ms. Chan as to 67% and 33% respectively.

Based on the audited financial statements of the Target Company prepared in accordance with generally accepted accounting standards in Hong Kong, the audited total assets and net assets of the Target Company as at 31 March 2017 amounted to approximately HK\$3,937,982 and HK\$571,201 respectively. The revenue, net profit (before and after tax) of the Target Company for the period from the date of its incorporation on 9 February 2015 to 31 March 2016 and the financial year ended 31 March 2017 are as follows:

| | For the period from the date of its incorporation on 9 February 2015 to 31 March 2016 (HK\$) | For the financial year ended 31 March 2017 (HK\$) |
|-----------------------|---|--|
| Revenue | 5,370,661 | 8,619,999 |
| Net profit before tax | 304,265 | 323,359 |
| Net profit after tax | 276,995 | 284,206 |

The Vendors

Mr. Poon is a Hong Kong permanent resident and Mr. Choi is a Taiwanese citizen. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Poon and Mr. Choi are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

REASON FOR AND BENEFIT OF THE ACQUISITION AND THE LOAN TRANSACTION

The principal business of the Target Company in the promotion of products and services by organizing exhibitions and trade shows will complement the Group's existing business of provision of outdoor advertising services. Further, the Acquisition will broaden revenue sources of the Group.

The Shareholder's Loan will provide the necessary working capital to the Target Company which is conducive to the business growth of the Target Company.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the SPA and the Loan Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Acquisition and the Loan Transaction exceed 5% but less than 25%, the Acquisition and the Loan Transaction constitute discloseable transactions of the Company under Chapter 19 of the Listing Rules and are therefore subject to the reporting and announcement requirements of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|---------------|--|
| “Acquisition” | the acquisition of the Sale Shares, representing 67% of the entire issued share capital of the Target Company subject to and upon the terms and conditions of the SPA |
| “Board” | the board of Directors |
| “Company” | Winto Group (Holdings) Limited (stock code: 8238), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on GEM of The Stock Exchange of Hong Kong Limited |

| | |
|----------------------|---|
| “Completion” | completion of the Acquisition in accordance with the terms and conditions of the SPA |
| “Consideration” | the consideration for the Sale Shares, being the sum of HK\$3,015,000 |
| “Directors” | The directors of the Company |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited |
| “Group” | the Company and its subsidiaries |
| “Leading Profile” | Leading Profile Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company |
| “Loan Agreement” | the agreement dated 22 March 2018 entered into between Leading Profile and the Target Company in relation to the Shareholder’s Loan |
| “Loan Transaction” | the provision of the Shareholder’s Loan by Leading Profile pursuant to the Loan Agreement |
| “Ms. Chan” | Ms. Chan Vince (陳穎施), a Hong Kong permanent resident |
| “Mr. Choi” | Mr. Choi Sai Sun (蔡世新) |
| “Mr. Poon” | Mr. Poon Wai Kwong (潘煒光) |
| “Sale Shares” | 6,700 ordinary shares in the capital of the Target Company, representing 67% of the entire issued share capital of the Target Company as at the date of the SPA and on Completion |
| “Shareholders” | holder(s) of the issued shares of the Company from time to time |
| “Shareholder’s Loan” | an amount not exceeding HK\$3,000,000 to be advanced by Leading Profile to the Target Company pursuant to the Loan Agreement |
| “SPA” | the agreement for sale and purchase of shares dated 22 March 2018 entered into by the Company and the Vendors in relation to the Acquisition |

“Target Company” to be Concepts Limited (獨比策劃有限公司), a company incorporated under the laws of Hong Kong with limited liability

“Vendors” Mr. Poon and Mr. Choi

By order of the Board
Winto Group (Holdings) Limited
Tang Yau Sing
Executive Director

Hong Kong, 22 March 2018

As at the date of this announcement, the Board comprises Mr. Tang Yau Sing as an executive director; and Mr. Wen Kai, Mr. Tsang Zee Ho, Paul and Mr. Tse Chi Wai 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 of Hong Kong Limited 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 GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted and remains on the website of the Company at <http://www.wintogroup.hk>.