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## THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of the Offers, this Composite Document and/or the accompanying Forms of Acceptance or the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Winto Group (Holdings) Limited, you should at once hand this Composite Document and the accompanying Form of Share Offer Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

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### SOURCE CREATION INTERNATIONAL LIMITED

*(incorporated in the British Virgin Islands with  
limited liability)*

### 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)*

## COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFERS BY LEGO SECURITIES LIMITED FOR AND ON BEHALF OF SOURCE CREATION INTERNATIONAL LIMITED FOR ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE ACQUIRED BY SOURCE CREATION INTERNATIONAL LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE OUTSTANDING OPTIONS IN WINTO GROUP (HOLDINGS) LIMITED

#### Financial Adviser to the Offeror



#### Independent Financial Adviser to the Independent Board Committee



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Unless the context otherwise requires, capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Lego Securities containing, among other things, details of the terms of the Offers is set out on pages 10 to 25 of this Composite Document.

A letter from the Board is set out on pages 26 to 32 of this Composite Document. A letter from the Independent Board Committee is set out on pages 33 to 34 of this Composite Document. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee, is set out on pages 35 to 60 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. The Form of Share Offer Acceptance should be received by the Registrar and the Form of Option Offer Acceptance should be received by the Company as soon as possible and in any event no later than 4:00 p.m. (Hong Kong time) on 6 November 2019 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements under the Takeovers Code.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://www.wintogroup.hk> as long as the Offers remain open.

16 October 2019

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## EXPECTED TIMETABLE

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*The expected timetable set out below is indicative only and may be subject to changes. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. Unless otherwise specified, all time and date references contained in this Composite Document refer to Hong Kong time and dates.*

<b>Event</b>	<b>Time &amp; Date</b>
	2019
Despatch date of this Composite Document and the Forms of Acceptance ( <i>Note 1</i> ) . . . . .	Wednesday, 16 October
Offers open for acceptance ( <i>Note 1</i> ) . . . . .	Wednesday, 16 October
Latest time and date for acceptance of the Offers and the Closing Date ( <i>Note 2</i> ) . . . . .	by 4:00 p.m. on Wednesday, 6 November
Announcement of the results of the Offers (or their extension or revision, if any) on the website of the Stock Exchange ( <i>Note 2</i> ) . . . . .	by 7:00 p.m. on Wednesday, 6 November
Latest date for posting of remittances in respect of valid acceptances received under the Offers ( <i>Note 3</i> ) . . . . .	Friday, 15 November

*Notes:*

1. The Offers, which are unconditional in all respects, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until 4:00 p.m. on the Closing Date, unless the Offeror revises the Offers in accordance with the Takeovers Code. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the paragraph headed “6. RIGHT OF WITHDRAWAL” in Appendix I to this Composite Document.
2. In accordance with the Takeovers Code, the Offers must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offers is 4:00 p.m. on Wednesday, 6 November 2019 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. An announcement in respect of the result of the Offers will be issued on the website of the Stock Exchange by 7:00 p.m. on the Closing Date. In the event that the Offeror decides to revise or extend the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offers under the revised terms. The revised Offers must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.

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## EXPECTED TIMETABLE

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If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force on the Closing Date and (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offers will remain on the same day, i.e. 4:00 p.m. on the Closing Date.

3. Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Offer Shares and/or the Options tendered under the Offers will be despatched to the Independent Shareholders and/or the Optionholders accepting the Offers by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the date of receipt of all relevant documents required to render such acceptance complete and valid in accordance with the Takeovers Code.

Save as mentioned above, if the latest time for acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Independent Shareholders and the Optionholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## IMPORTANT NOTICE

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### NOTICE TO HOLDERS OUTSIDE HONG KONG

The making of the Offers to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Overseas Optionholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. The Offeror and parties acting in concert with it, the Company, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offers shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see “Overseas Shareholders and Overseas Optionholders” in the letter from Independent Financial Adviser in this Composite Document.

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## DEFINITIONS

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*In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions shall have the following meanings. Also, where terms are defined and used in only one section of this Composite Document, these defined terms are not included in the table below:*

“acting in concert”	has the meaning ascribed in the Takeovers Code
“associate(s)”	has the meaning ascribed in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Wednesday, 6 November 2019, being the closing date of the Offers which is 21 days following the date on which this Composite Document is posted (or if the Offers are extended, any subsequent closing date as may be determined by the Offeror and jointly announced by the Offeror and the Company in accordance with the Takeovers Code)
“Company”	Winto Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on GEM of the Stock Exchange (stock code: 8238)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement, which took place on 5 September 2019

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## DEFINITIONS

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“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders and Optionholders in connection with the Offers in compliance with the Takeovers Code containing, among other things, details of the Offers (accompanied by the Forms of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Encumbrances”	any charge, mortgage, lien, option, equitable right, power of sale, pledge, hypothecation, retention of title, right of pre-emption, right of first refusal or other third-party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Forms of Acceptance”	collectively, the Form of Share Offer Acceptance and the Form of Option Offer Acceptance, and the “Form of Acceptance” shall mean each and any one of them
“Form of Option Offer Acceptance”	the yellow form of acceptance and cancellation of the Options in respect of the Option Offer accompanying this Composite Document
“Form of Share Offer Acceptance”	the white form of acceptance and transfer of the Offer Shares in respect of the Share Offer accompanying this Composite Document
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	means the independent committee of the Board comprising of all the independent non-executive Directors established for the purpose of advising the Independent Shareholders and Optionholders as to the Offers and in particular as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers
“Independent Financial Adviser” or “Euto Capital”	means Euto Capital Partners Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee for the purpose of advising the Independent Board Committee in respect of the terms of the Offers and as to acceptance of the Offers
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror, the Vendors and parties acting in concert with any of them
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 17 September 2019 in relation to, among other things, the Offers pursuant to Rule 3.5 of the Takeovers Code
“Last Trading Day”	30 August 2019, being the last full trading day of the Shares immediately prior to the suspension in trading of the Shares on the Stock Exchange at 3:02 p.m. on 2 September 2019 pending the release of the Joint Announcement
“Latest Practicable Date”	11 October 2019, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein



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## DEFINITIONS

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“Lego Corporate Finance”	Lego Corporate Finance Limited, a corporate licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in relation to the Offers
“Lego Securities”	Lego Securities Limited, a corporate licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO being the agent making the Offers for and on behalf of the Offeror
“Maxace”	Maxace Holdings Limited (Receivers appointed), a company incorporated in the BVI with limited liability, being one of the Vendors, which is, based on the public information, ultimately owned by Ms. Chow Yau Lan
“Mr. Lui”	Mr. Lui Man Wah, the guarantor to the Purchaser in the Sale and Purchase Agreement and the sole beneficial owner of the Offeror
“Noble Gate”	Noble Gate International Limited (Receivers appointed), a company incorporated in the BVI with limited liability, being one of the Vendors, which is wholly-owned by Mr. Tang Yau Sing, an executive Director
“Offers”	collectively, the Share Offer and the Option Offer
“Offer Period”	has the meaning ascribed thereto under the Takeovers Code, being the period commencing on 13 June 2019 and ending on the Closing Date
“Offer Share(s)”	all the issued Shares (other than those already beneficially owned or to be acquired by the Offeror and parties acting in concert with it)
“Offeror”	Source Creation International Limited (創源國際有限公司), a company incorporated in the BVI with limited liabilities which is wholly-owned by Mr. Lui
“Option(s)”	the share options granted by the Company pursuant to the share option scheme of the Company adopted on 16 February 2015, whether vested or not

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## DEFINITIONS

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“Optionholder(s)”	holder(s) of the Option(s)
“Option Offer”	the mandatory unconditional cash offer being made by Lego Securities for and on behalf of the Offeror for the cancellation all the outstanding Options held by the Optionholders in accordance with the Takeovers Code
“Overseas Optionholder(s)”	Optionholder(s) whose registered address(es), as shown on the register of Optionholders of the Company, is/are outside Hong Kong
“Overseas Shareholder(s)”	Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Document, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Receivers”	collectively, Messrs. Alexander Lawson and Christopher Kennedy, who were appointed as joint and several receivers over, amongst others, the Sale Shares held by the Vendors prior to Completion
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, located at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period from 13 December 2018, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Rule 3.7 Announcement”	the announcement of the Company dated 17 June 2019 pursuant to Rule 3.7 of the Takeovers Code
“Sale and Purchase Agreement”	the share sale and purchase agreement dated 2 September 2019 and entered into among the Purchaser, the Vendors, Mr. Lui and the Receivers in relation to the sale and purchase of the Sale Shares

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## DEFINITIONS

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“Sale Share(s)”	the 319,680,000 Shares in aggregate acquired by the Purchaser from the Vendors pursuant to the terms of the Sale and Purchase Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.02 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Offer”	the mandatory unconditional cash offer to be made by Lego Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned and agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Share Offer Price”	HK\$0.1103 per Offer Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SVF”	Shareholder Value Fund (Receivers appointed), a company incorporated in the Cayman Islands with limited liability, being one of the Vendors, which is beneficially owned by CM Securities Investment Limited (29.41%), CMI Financial Holding Corporation (39.40%) and Orient Finance Holdings Hong Kong Limited (31.19%), and the manager of SVF is CM Asset Management (Hongkong) Company Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendors”	collectively, Noble Gate, SVF and Maxace
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM LEGO SECURITIES

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Room 301  
3/F, China Building  
29 Queen's Road Central  
Central, Hong Kong

*To: The Independent Shareholders and Optionholders*

16 October 2019

Dear Sirs/Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED FOR AND ON BEHALF OF  
SOURCE CREATION INTERNATIONAL LIMITED  
FOR ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED  
AND AGREED TO BE ACQUIRED BY SOURCE CREATION INTERNATIONAL  
LIMITED AND PARTIES ACTING IN CONCERT WITH IT) AND  
TO CANCEL ALL THE OUTSTANDING OPTIONS IN  
WINTO GROUP (HOLDINGS) LIMITED**

**(I) INTRODUCTION**

Reference is made to the Joint Announcement jointly published by the Offeror and the Company on 17 September 2019 in relation to, among other matters, the Offers pursuant to Rule 3.5 of the Takeovers Code.

As disclosed in the Joint Announcement, the Company was informed by the Offeror that on 2 September 2019, the Vendors, the Offeror, Mr. Lui and the Receivers entered into the Sale and Purchase Agreement pursuant to which, among other things, the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being an aggregate of 319,680,000 Shares (representing 74.00% of the entire issued share capital of the Company as at the Latest Practicable Date) at the aggregate consideration of HK\$35,250,000 or approximately HK\$0.1103 per Sale Share which was determined by a private tender conducted by the Receivers. Completion took place on 5 September 2019, immediately following which and as at the Latest Practicable Date, the Vendors ceased to hold any beneficial interest in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

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## LETTER FROM LEGO SECURITIES

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Immediately following Completion, the Offeror and parties acting in concert with it became interested in 319,680,000 Shares, representing 74.00% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offers for all the issued Shares (other than those already owned and agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Options.

This letter forms part of this Composite Document and sets out, among other things, details of the Offers, information on the Offeror and its intention in relation to the Group. Further details on the terms and the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

The Independent Shareholders and Optionholders are strongly advised to carefully consider the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices as set out in this Composite Document and to consult their professional advisers if in doubt before reaching a decision as to whether or not to accept the Offers.

### **MANDATORY UNCONDITIONAL CASH OFFERS**

As at the Latest Practicable Date, there are 432,000,000 Shares in issue and the Company does not have any derivatives, warrants or securities which are convertible or exchangeable into Shares (other than the outstanding Options) or which confer rights to require the issue of Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares or which confer rights to require the issue of Shares. As at the Latest Practicable Date, there are outstanding Options entitling the holders thereof to subscribe for an aggregate of 7,440,000 Shares and the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares and the Options.

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## LETTER FROM LEGO SECURITIES

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### Principal terms of the Offers

#### The Share Offer

Lego Securities, for and on behalf of the Offeror, hereby makes the Share Offer to acquire all the Offer Shares, in compliance with the Takeovers Code on the following basis:

**For every Offer Share . . . . . HK\$0.1103 in cash**

The Share Offer Price of HK\$0.1103 for each Offer Share is equal to the price payable by the Purchaser for each Sale Share rounded up to the nearest four decimal places under the Sale and Purchase Agreement. The Share Offer will be unconditional in all respect when made.

The Share Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the date of despatch of this Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend/ make other distributions until after the close of the Offers.

The Share Offer is unconditional in all respects.

#### Comparison of value

The Share Offer Price of HK\$0.1103 per Offer Share represents:

- (a) a discount of approximately 76.3% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 12 June 2019, being the last trading day of the Shares immediately prior to the commencement of the Offer Period;
- (b) a discount of approximately 51.0% to the closing price of HK\$0.225 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 52.2% to the average closing price of HK\$0.231 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM LEGO SECURITIES

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- (d) a discount of approximately 55.0% to the average closing price of HK\$0.245 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 67.7% to the average closing price of approximately HK\$0.342 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 55.9% over the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately 73.4% over the audited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0636 as at 31 December 2018, calculated based on 432,000,000 Share in issue as at the Latest Practicable Date; and
- (h) a premium of approximately 283.0% over the unaudited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0288 as at 30 June 2019, calculated based on 432,000,000 Shares in issue as at the Latest Practicable Date.

### **Highest and lowest Share prices**

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.780 per Share on 19 December 2018 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.190 per Share on 4 April 2019.

### **Value of the Share Offer**

Based on the Share Offer Price of HK\$0.1103 per Share and 432,000,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$47,649,600. As the Offeror and parties acting in concert with it held an aggregate of 319,680,000 Shares as at the Latest Practicable Date, 112,320,000 Shares will be subject to the Share Offer and the Share Offer is valued at approximately HK\$12,388,896 based on the Share Offer Price.

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## LETTER FROM LEGO SECURITIES

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### The Option Offer

Lego Securities, for and on behalf of the Offeror, hereby makes the Option Offer to cancel all the outstanding Options (other than those held by the Offeror and parties acting in concert with it) in exchange for cash, in compliance with the Takeovers Code on the following basis:

As the exercise prices of all the Options are higher than the Share Offer Price for cancellation of each Option, the “see through” price is therefore zero. In this circumstance, the Option Offer is made at a nominal price:

**For cancellation of each Option . . . . . HK\$0.001 in cash**

Details of the outstanding Options as at the Latest Practicable Date were as below:

	Outstanding Options as at the Latest Practicable Date	Date of grant	Exercise price per Share
<b>Category 1: Director</b>			
Mr. Tsang Zee Ho, Paul	360,000	13 April 2018	HK\$1.3
<b>Category 2: Former directors</b>			
Mr. Tse Chi Wai ( <i>resigned on 31 May 2019</i> )	360,000	13 April 2018	HK\$1.3
Mr. Wen Kai ( <i>resigned on 31 May 2019</i> )	360,000	13 April 2018	HK\$1.3
<b>Category 3: Others</b>			
Other Optionholders	6,360,000	13 April 2018	HK\$1.3
Total of all categories	<u>7,440,000</u>		

The Option Offer is unconditional in all respects. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.



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## LETTER FROM LEGO SECURITIES

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### **Value of the Option Offer**

Assuming none of the Options are exercised prior to the close of the Offers, the total amount required to satisfy the cancellation of all the outstanding Options assuming full acceptance of the Option Offer by all Optionholders is HK\$7,440.

### **Value of the Offers**

Based on the above and assuming that no Options are exercised prior to the close of the Offers, the Offers are valued at approximately HK\$12,396,336 in aggregate.

In the event all the Options are exercised in full by the Optionholders prior to the date on which the Share Offer closes and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Options), the Company will have to issue 7,440,000 new Shares, representing approximately 1.69% of the enlarged issued share capital of the Company. In such case, 119,760,000 Shares will be subject to the Share Offer and the maximum value of the Share Offer will be increased to approximately HK\$13,209,528 based on the Share Offer Price and no amount will be payable by the Offeror under the Option Offer.

### **Confirmation of financial resources**

The maximum cash consideration payable by the Offeror under the Offers, (assuming all the Options have been exercised before the close of the Offers), excluding the Shares already held by the Offeror and the parties acting in concert with it, is HK\$13,209,528.

The Offeror intends to finance and satisfy the consideration payable under the Offers by its own internal resources. Lego Corporate Finance, being the financial adviser to the Offeror, is satisfied that there are sufficient financial resources available to the Offeror to satisfy the total consideration payable upon full acceptance of the Offers.

### **Effect of accepting the Offers**

Acceptance of the Share Offer by any Shareholder will be deemed to constitute a warranty by such person that all Shares sold by such person under the Share Offer are free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of this Composite Document.

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## LETTER FROM LEGO SECURITIES

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Acceptance of the Share Offer shall be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code. In accordance with the terms of the share option scheme of the Company adopted on 16 February 2015, the Optionholders are entitled to exercise the Options (to the extent not already exercised) in full or in part at any time once the Offers become or are declared unconditional and up to the close of the Offers.

### **Stamp duty**

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Share Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, and be deducted from the cash amount payable by the Offeror to such person on acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Share Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

No stamp duty is payable in connection with the acceptances of the Option Offer.

### **Payment**

Payment in cash in respect of acceptances of the Offers will be made as soon as possible but in any event within seven business days (as defined in the Takeovers Code) of the date on which the duly completed acceptances of the Offers and the relevant documents of title in respect of such acceptances are received by the Offeror (or their agent) to render each such acceptance complete and valid.

### **Taxation advice**

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with it, the Company, the Vendors, and their respective ultimate beneficial owners, directors, officers, agents, associates, professional advisors or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

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## LETTER FROM LEGO SECURITIES

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### **Dealing and interests in the Company's securities**

Save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror nor parties acting in concert with it has dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month prior to the commencement of the Offer Period.

### **Overseas Shareholders and Overseas Optionholders**

The Offeror intends to make the Offers available to all Independent Shareholders and Optionholders, including the Overseas Shareholders and Overseas Optionholders. However, the Offers are in respect of securities of a company incorporated in the Cayman Islands and are subject to the procedural and disclosure requirements of Hong Kong which may be different from other jurisdiction, the Overseas Shareholders or Overseas Optionholders who wish to participate in the Offers but with a registered address outside Hong Kong are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offers.

Overseas Shareholders and Overseas Optionholders should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibilities of the Overseas Shareholders and the Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and Overseas Optionholders in respect of such jurisdictions).

### **INFORMATION ON THE OFFEROR**

The Offeror is a company incorporated in the BVI with limited liability on 12 August 2019. The Offeror is an investment holding company and its entire issued share capital is beneficially and directly held by Mr. Lui.

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## LETTER FROM LEGO SECURITIES

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Mr. Lui, aged 37, is the sole beneficial owner and sole director of the Offeror. Mr. Lui obtained a Bachelor of Arts degree in business studies from the Hong Kong Polytechnic University in 2004 and obtained a Master of Commerce degree from Macquarie University in 2005. Mr. Lui has over 10 years of experience in securities and financial institutions. He is experienced in managing listed companies in Hong Kong. Since 13 August 2013, Mr. Lui has been appointed as an executive director of Sun International Group Limited (“**Sun International**”) (a company listed on GEM of the Stock Exchange, stock code: 8029), whose principal businesses included money lending business and provision of securities and futures brokerage, margin financing and asset management. He is mainly responsible for overall management and investment strategy. In addition, Mr. Lui has been serving as the chief executive officer and an executive director of Sun International Securities Limited (“**SISL**”) and Sun International Asset Management Limited (“**SIAML**”) respectively since 29 January 2016, both of which are indirect wholly-owned subsidiaries of Sun International. SISL is principally engaged in the provision of type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 4 (advising on securities) regulated activities under the SFO in Hong Kong, while SIAML is principally engaged in the provision of type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO in Hong Kong. He is mainly responsible for the day-to-day operations of SISL and SIAML. Furthermore, Mr. Lui had served as an executive director of Imperium Group Global Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 776) from October 2012 to July 2013, which is principally engaged in (i) the investment and operation in energy and natural resources (including precious metals) related projects and services; and (ii) the provision of loan financing and investment and management consultation services in the PRC. He was also appointed as an independent non-executive director of Suncity Group Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1383) from February 2012 to July 2012. From January 2010 to October 2010, Mr. Lui was a representative of Cinda International Securities Limited. From December 2008 to June 2009, he was a representative of Polaris Securities (Hong Kong) Limited.

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## LETTER FROM LEGO SECURITIES

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As mentioned above, Mr. Lui has over 10 years of relevant experience in financial industry, with extensive experiences in investment in various asset classes, and hence he is actively looking for potential investment opportunity in the financial market in Hong Kong. Mr. Lui then identified the investment opportunity to invest in the Company through the Receivers in mid-August 2019. As disclosed in the announcements of the Company dated 21 June 2019, 2 July 2019 and 18 September 2019, among others, the Company has received a letter dated 21 June 2019 (the “**Letter**”) from the Stock Exchange which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the listing department of the Stock Exchange has decided to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company’s listing under Rule 9.14 of the GEM Listing Rules (the “**LD Decision**”). Pursuant to the Letter, in view of the LD Decision, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules by the expiry of the 12-month period (i.e. 20 June 2020), i.e. to carry out sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of the Shares. The Company has on 2 July 2019 submitted a written request to the GEM listing committee of the Stock Exchange (the “**GEM Listing Committee**”) pursuant to Chapter 4 of the GEM Listing Rules to review the LD Decision. The Company has received a letter dated 18 September 2019 from the Stock Exchange informing the Company that following the review hearing of the GEM Listing Committee held on 4 September 2019, the GEM Listing Committee was of the view that the Company had failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 17.26 of the GEM Listing Rules to the Stock Exchange to warrant its continued listing and decided to uphold the LD Decision to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules (the “**Committee Decision**”). The Company is required to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the 12-month period, the Stock Exchange will proceed with cancellation of the Company’s listing. Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the Committee Decision referred to the GEM Listing (Review) Committee for a further review. The Company has lodged a request that the Committee Decision be referred to the GEM Listing (Review) Committee for a review of the ruling and the GEM Listing (Review) Committee has accepted the request. The expected hearing date for the further review will be in around December 2019. Further announcement(s) will be made by the Company as and when appropriate or as required in accordance with the GEM Listing Rules and the Takeovers Code (as the case may be) to provide an update to the market regarding the review of the Committee Decision.

Notwithstanding the above, having considered that the Consideration for the Sale Shares is below market price and the current situation of the Company as mentioned above, Mr. Lui is of the view that the acquisition of the Sale Shares is an attractive investment opportunity and would allow him to gain exposure in the media and advertising industry to enrich his investment portfolio. As an investor of the Group, Mr. Lui is aware that he may not have relevant experience in the media and advertising industry, he intends to nominate two executive Directors who have relevant experience in the media and advertising industry to facilitate the business operation, management and strategy of the Group and is in the process of identifying suitable candidates. Details of biographies of the two executive Directors are set out in section headed “The Offeror’s intention on the Group” below.

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## LETTER FROM LEGO SECURITIES

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Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

### THE OFFEROR'S INTENTION ON THE GROUP

It is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business and to fulfill the R17.26 Requirement (as defined below). Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules and the Takeovers Code (as the case may be).

As mentioned in the section headed "Information on the Offeror" above, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules which requires the Company to carry out sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of the Shares and it will have a remedial period of 12 months to re-comply with such requirement. If the Company fails to do so by the expiry of the 12-month period (i.e., 20 June 2020), the Stock Exchange will proceed with cancellation of the Company's listing (the "**R17.26 Requirement**"). The Offeror is conducting a more detailed review on the business and operations of the Group with a view to developing a sustainable corporate strategy to broaden its income stream, which may include expansion of the scope of the existing business of the Company in order to fulfill the R17.26 Requirement as soon as practicable. Subject to the result of the detailed review and the then working capital requirements of the Group, it is the intention of the Offeror that the Company may raise funds by way of debt financing such as borrowings from bank or financial institutions and/or equity financing such as placing of new shares for working capital as and when needed. Further announcement(s) will be made by the Company as and when necessary in accordance to the GEM Listing Rules.

As at the Latest Practicable Date, the Offeror and its associates have no plans to inject any of their assets into the Group. In the event that any business opportunities materialise or the Offeror introduces any major changes to the existing operation and business of the Group, further announcement(s) will be made by the Company as and when required under the GEM Listing Rules.

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## LETTER FROM LEGO SECURITIES

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### **Proposed change to the Board composition of the Company**

As at the Latest Practicable Date, the Board comprises Mr. Tang Yau Sing and Mr. Wong Siu Hung, Patrick as executive Directors and Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence as independent non-executive Directors.

As disclosed in the Joint Announcement, each of Mr. Tang Yau Sing, Mr. Wong Siu Hung, Patrick, Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence has tendered his/her resignation as, among other positions, a Director with effect from the Closing Date.

Save as disclosed herein, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Company or the Group.

In addition, the Offeror intends to nominate Directors to the Board with effect from the date immediately after the date on which this Composite Document is posted or such other date as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules.

The biographies of the proposed Directors are set out below:

#### ***Proposed executive Directors***

**Mr. Hung Yuen Kin**, aged 38, has over 10 years of experience in media and advertisement industries. He obtained a Bachelor of Arts degree in Journalism and Communication from Chu Hai University in 2005.

Mr. Hung was appointed as a deputy managing director of Macau Federal Commercial Association of Convention & Exhibition Industry in September 2019 until 2021. He served as a media production director of Central – Companhia de Comunicacao International, LDA, a company incorporated in Macau, which is principally engaged in media, advertisement and exhibition business from April 2019 to September 2019. He served as a business development director of Pentalker Studio Publication Co., Ltd., which is a book publisher providing cultural and travel information in Macau from July 2016 to April 2019. He also served as a deputy editor-in-chief of “NEW GEN. Monthly” of New Generation Culture Association from June 2017 to July 2018. He was also an editor in chief of Central International Communication Co, Ltd, which is principally engaged in media, advertisement and exhibition business from June 2011 to July 2016. Mr. Hung served as an editor of Wide Connection Limited (being a subsidiary of New Media Group Holdings Limited, now known as Evergrande Health Industry Group Limited, a company listed on the Stock Exchange, stock code: 708), which was principally engaged in magazine publishing, from April 2010 to June 2011. He also served as an editor in chief of Prefix Publication Limited, which is a book publisher providing travel, leisure, lifestyle and cultural information in Hong Kong from March 2009 to April 2010.

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## LETTER FROM LEGO SECURITIES

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**Ms. Li Ka Yee Daphne**, aged 43, has over 20 years of experience in strategic marketing and advertising industry for advertising and public relations companies.

Ms. Li served as a marketing director of Companhia de Group UO Limited, which is principally engaged in e-commerce, media and publishing, travel and leisure and information technology, in June 2018. She served as a senior account director of McCann Worldgroup Hong Kong Limited, a marketing services company, from January 2018 to February 2018, mainly responsible for relationship management of accounts and performance marketing. She also served as an account director of NDN Group (HK) Limited, which is a digital marketing agency in Hong Kong from August 2016 to November 2017, mainly responsible for accounts retention and agency business development. She served as a director of Shanghai Ogilvy & Mather Marketing Communications Consulting Co., Ltd., which is a public relation agency in Shanghai, from May 2004 to October 2014 mainly responsible for strategic public relations planning and counselling.

### ***Proposed non-executive Director***

**Mr. Lui Man Wah**, aged 37, is the sole beneficial owner and sole director of the Offeror. For details of Mr. Lui's biographies, please refer to the section headed "Information on the Offeror" above.

### ***Proposed independent non-executive Directors***

**Ms. Wong Chi Ling**, aged 48, possesses over 25 years of experience in finance, accounting and company secretarial services experience in Hong Kong. She obtained a master degree of arts in parent education and a professional diploma in guidance and counselling from The Chinese University of Hong Kong, a postgraduate diploma in early childhood education from The Hong Kong Baptist University and a bachelor degree of arts in accountancy from the Hong Kong Polytechnic University. Ms. Wong is a fellow member of The Association of Chartered Certified Accountants in the United Kingdom, a fellow member of The Institute of Chartered Accountants in England and Wales and an associate member of Institute of Certified Public Accountants.

Ms. Wong is currently the group financial controller of RNP Jewelry Design Limited, which engages in the trading and manufacturing of jewelry products, since March 2015. Ms. Wong is responsible for corporate accounting, finance and corporate secretarial matters. Ms. Wong worked in H.C. Wong & Co., Certified Public Accountants (Practising), responsible for providing corporate secretarial services from August 2007 to March 2015, with her last positions as senior manager. She served as an accounting officer II of the government of the Hong Kong Special Administrative Region from April 1997 to May 2007. She also served as an accounting manager of Sam Woo Engineering Equipment Limited from September 1996 to April 1997 and a staff accountant at Ernst & Young from August 1994 to August 1996.



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## LETTER FROM LEGO SECURITIES

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**Mr. Wong Ling Yan Philip**, aged 38, has over 10 years of experience in management and business operation. He is a member of the Hong Kong Institute of Surveyors and obtained a Master Degree of Business Administration from the Chinese University of Hong Kong in 2010.

Mr. Wong is currently the chief executive officer of YOOV Internet Technology Limited (“**YOOV**”), which specialize in providing cloud-based enterprise resource planning (ERP) solutions to small and medium-sized enterprises (SME), since January 2016. Prior to the formation of YOOV, Mr. Wong operated a number of English learning centres in Hong Kong from December 2012 to December 2016. He also served as an operations manager of Nan Fung Resources Limited from March 2012 to November 2012. He worked in the Real Estate Asia Division of Wells Fargo Bank, N.A. (Hong Kong branch) from July 2007 to March 2011 with his last position as real estate relationship manager.

**Mr. Lee Man Yeung**, aged 41, has over 13 years of experience in business management in the construction industry. Mr. Lee obtained a certificate in Business Administration and a diploma in Business Management (Banking & Finance) from Holmesglen Institute of TAFE in Melbourne, Australia in May 1999 and August 2000 respectively.

Mr. Lee worked at Hang Tat Engineering Company Limited as a project manager from 2003 to 2010. He was the business owner of APEX Construction & Development Limited from September 2008 to May 2015. He is the founder and has been a director of Le Point Management Company Limited, a company principally engaged in the business of management of restaurants and hospitality group in China since January 2015.

Mr. Lee is an independent non-executive director of Pak Wing Group (Holdings) Limited (a company listed on GEM of the Stock Exchange, stock code: 8316) since September 2018. He is also an engineering consultant of Chilego Engineering Co., Limited since December 2010.

Further announcement(s) will be made when the appointment of the new Directors becomes effective.

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## LETTER FROM LEGO SECURITIES

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### **Maintenance of the listing status of the Company**

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (a) a false market exists or may exist in the trading of the Shares; or
- (b) that there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends the Group to remain listed on the Stock Exchange. The sole director of the Offeror and the proposed new Directors to be appointed by the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### **Compulsory acquisition**

The Offeror does not intend to avail themselves of any powers of compulsory acquisition of the remaining Shares not acquired under the Offers after the close of the Offers.

### **ACCEPTANCE AND SETTLEMENT**

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

### **GENERAL**

This Composite Document has been prepared for the purposes of complying the laws of Hong Kong, the Takeovers Code and the GEM Listing Rules and the information disclosed may not be the same as which would have been disclosed if this Composite Document had been prepared in accordance with the laws of jurisdictions outside Hong Kong.

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold the Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

Attention of the Overseas Shareholders and Overseas Optionholders is drawn to paragraph headed “7. Overseas Shareholders and Overseas Optionholders” of Appendix I to this Composite Document.

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## LETTER FROM LEGO SECURITIES

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All documents and remittances to be sent to the Independent Shareholders and/or Optionholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to them at their respective addresses as they appear in the register of members of the Company, or, in the case of Independent Shareholders and/or Optionholders, to such Independent Shareholder and/or Optionholders whose name appears first in the register of members of the Company, unless otherwise specified in the accompanying Forms of Acceptance completed, returned and received by the Registrar. None of the Offeror and parties acting in concert with it, the Company, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar nor any of their respective directors, officers, professional advisers, associates, agents or any other parties involved in the Offers accepts any liabilities for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

In consider what action to take in connection with the Offers, you should consider your own tax or financial position and if you are in any doubt, you should consult your professional advisers.

Yours faithfully,  
For and on behalf of  
**Lego Securities Limited**  
**Kelvin Li**  
*Director*

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LETTER FROM THE BOARD

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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)**

*Executive Director:*

Tang Yau Sing

Wong Siu Hung, Patrick

*Registered Office:*

Cricket Square, Hutchins Drive PO Box 2681

Grand Cayman KY1-1111 Cayman Islands

*Independent Non-executive Directors:*

Tsang Zee Ho, Paul

Wang Yan

Lau Fai, Lawrence

*Principal Place of Business in Hong Kong:*

Suites 2101-05, 21/F

Sun Hung Kai Centre

30 Harbour Road

Wanchai, Hong Kong

16 October 2019

*To the Independent Shareholders and Optionholders,*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS  
BY LEGO SECURITIES LIMITED FOR AND ON BEHALF OF  
SOURCE CREATION INTERNATIONAL LIMITED FOR ALL THE ISSUED  
SHARES (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE  
ACQUIRED BY SOURCE CREATION INTERNATIONAL LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL  
ALL THE OUTSTANDING OPTIONS IN  
WINTO GROUP (HOLDINGS) LIMITED**

**INTRODUCTION**

Reference is made to the Joint Announcement whereby the Offeror and the Company jointly announced that the Offers would be made by Lego Securities on behalf of the Offeror (i) to acquire all of the issued Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it); and (ii) to cancel all the outstanding Options.

As at the Latest Practicable Date, there were 432,000,000 Shares in issue and outstanding Options carrying rights to subscribe for up to 7,440,000 Shares.

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## LETTER FROM THE BOARD

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Save as disclosed above, as at the Latest Practicable Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than the Shares and the Options.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things, (i) further information relating to the Group, the Offeror and the Offers; (ii) the letter from Lego Securities containing details of the Offers; (iii) the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders and the Optionholders in relation to the Offers; and (iv) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and on acceptance in respect of the Offers.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Under Rule 2.1 of the Takeovers Code, a board which receives an offer or which is approached with a view to an offer being made, must, in the interests of shareholders, establish an independent committee of the board to make a recommendation: (i) as to whether the offer is, or is not, fair and reasonable; and (ii) as to acceptance.

The Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence, has been established for the purpose of making recommendations to the Independent Shareholders and the Optionholders as to whether the terms of the Offers are fair and reasonable and as to acceptance of the Offers.

Euto Capital has been appointed as the Independent Financial Adviser to provide advice to the Independent Board Committee in respect of the Offers. Such appointment has been approved by the Independent Board Committee.

The full texts of the letter from the Independent Board Committee addressed to the Independent Shareholders and the Optionholders and the letter from the Independent Financial Adviser addressed to the Independent Board Committee are set out in this Composite Document. **You are advised to read both letters and the additional information contained in the appendices to this Composite Document carefully before taking any action in respect of the Offers.**

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## LETTER FROM THE BOARD

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### THE OFFERS

The following information about the Offers is extracted from the “Letter from Lego Securities” contained in this Composite Document.

#### The Share Offer

Lego Securities is making the Share Offer, on behalf of the Offeror, to acquire all the Offer Shares, in compliance with the Takeovers Code on the following basis:

**For every Offer Share . . . . . HK\$0.1103 in cash**

The Share Offer is unconditional in all respects.

#### Comparison of value

The Share Offer Price of HK\$0.1103 per Offer Share represents:

- (a) a discount of approximately 76.3% to the closing price of HK\$0.465 per Share as quoted on the Stock Exchange on 12 June 2019, being the last trading day of the Shares immediately prior to the commencement of the Offer Period;
- (b) a discount of approximately 51.0% to the closing price of HK\$0.225 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 52.2% to the average closing price of HK\$0.231 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 55.0% to the average closing price of HK\$0.245 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 10 trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 67.7% to the average closing price of approximately HK\$0.342 per Share, being the average closing price of the Shares for the 30 trading days immediately prior to and including the Last Trading Day;
- (f) a discount of approximately 55.9% over the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately 73.4% over the audited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0636 as at 31 December 2018, calculated based on 432,000,000 Share in issue as at the Latest Practicable Date; and

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## LETTER FROM THE BOARD

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- (h) a premium of approximately 283.0% over the unaudited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0288 as at 30 June 2019, calculated based on 432,000,000 Shares in issue as at the Latest Practicable Date.

### Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.780 per Share on 19 December 2018 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.190 per Share on 4 April 2019.

### The Option Offer

Lego Securities is making the Option Offer, on behalf of the Offeror, to cancel all the outstanding Options (other than those held by the Offeror and parties acting in concert with it) in exchange for cash, in compliance with the Takeovers Code on the following basis:

As the exercise prices of all the Options are higher than the Share Offer Price for cancellation of each Option, the “see through” price is therefore zero. In this circumstance, the Option Offer is made at a nominal price:

**For cancellation of each Option. . . . . HK\$0.001 in cash**

The Option Offer is unconditional in all respects. Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

### Further details of the Offers

Further details of the Offers, including, among other things, its extension to the Overseas Shareholders and Optionholders, information on taxation, the terms and conditions and the procedures for acceptance and settlement and acceptance period can be found in the “Letter from Lego Securities” and “Appendix I – Further Terms and Procedures of Acceptance of the Offers” to this Composite Document and the accompanying Forms of Acceptance.

### INFORMATION ON THE COMPANY

The Company is an exempt company incorporated in the Cayman Islands with limited liability on 7 December 2012. The Group is principally engaged in (i) the promotion of products and services by organising exhibitions and trade shows; and (ii) the sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in the magazines.

Financial and general information in relation to the Group are set out in Appendices II and III to this Composite Document.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company as at the Latest Practicable Date:

	<b>Number of Shares</b>	<b>%</b>
Offeror and parties acting in concert with it	319,680,000	74.00
Public Shareholders	<u>112,320,000</u>	<u>26.00</u>
<b>Total</b>	<b><u>432,000,000</u></b>	<b><u>100.00</u></b>

### INTENTION OF THE OFFEROR REGARDING THE GROUP

Your attention is drawn to the section headed “The Offeror’s intention on the Group” in the “Letter from Lego Securities” in this Composite Document. The Board is aware of the intention of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

### PROPOSED CHANGE OF BOARD COMPOSITION OF THE COMPANY

As at the Latest Practicable Date, the Board comprises Mr. Tang Yau Sing and Mr. Wong Siu Hung, Patrick as executive Directors and Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence as independent non-executive Directors.

As disclosed in the Joint Announcement, each of Mr. Tang Yau Sing and Mr. Wong Siu Hung, Patrick, Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence has tendered his/her resignation as, among other positions, a Director with effect from the Closing Date.

In addition, the Offeror intends to nominate Directors to the Board with effect from the date immediately after the date on which this Composite Document is posted or such other date as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules. Details of the proposed new Directors are set out in the section headed “The Offeror’s intention on the Group” in the “Letter from Lego Securities” set out in this Composite Document.



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## LETTER FROM THE BOARD

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### MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

As stated in the “Letter from Lego Securities” in this Composite Document, the Offeror intends the Group to remain listed on the Stock Exchange. The sole director of the Offeror and the proposed new Directors to be appointed by the Board have jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

### RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 33 to 34 of this Composite Document, which contains its advice and recommendations to the Independent Shareholders and the Optionholders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser set out on pages 35 to 60 of this Composite Document, which contains its advice to the Independent Board Committee in relation to the Offers and the principal factors considered by it before arriving at its recommendations.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully “Further terms and procedures of acceptance of the Offers” set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance for further details in respect of the procedures for acceptance of the Offers.

In considering what action to take in connection with the Offers, you should consider your own tax positions, if any, and, in case of any doubt, consult your professional advisers.

Yours faithfully,  
By order of the Board  
**Winto Group (Holdings) Limited**  
**Wong Siu Hung, Patrick**  
*Executive Director*

**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)

16 October 2019

*To the Independent Shareholders and Optionholders,*

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFERS  
BY LEGO SECURITIES LIMITED FOR AND ON BEHALF OF  
SOURCE CREATION INTERNATIONAL LIMITED FOR ALL THE ISSUED  
SHARES (OTHER THAN THOSE ALREADY OWNED AND AGREED TO BE  
ACQUIRED BY SOURCE CREATION INTERNATIONAL LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL THE  
OUTSTANDING OPTIONS IN WINTO GROUP (HOLDINGS) LIMITED**

**INTRODUCTION**

We refer to the composite offer and response document (the “**Composite Document**”) dated 16 October 2019 jointly issued by the Company and the Offeror, of which this letter forms part. Terms used herein shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

We have been appointed to form the Independent Board Committee to consider the terms of the Offers and to advise you as to whether or not, in our opinion, the terms of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and as to acceptance of the Offers.

Euto Capital has been appointed as the Independent Financial Adviser to advise us in this respect of the terms of the Offers and as to acceptance thereof. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the “Letter from the Independent Financial Adviser” on pages 35 to 60 of the Composite Document.

We also wish to draw your attention to the sections headed “Letter from Lego Securities”, the “Letter from the Board” and the additional information set out in the Composite Document, including the appendices to this Composite Document and the accompanying Forms of Acceptance in respect of the terms of the Offers and the acceptance and settlement procedures for the Offers.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### RECOMMENDATION

Having taken into account the terms and conditions of the Offers, together with the advice and recommendation from the Independent Financial Adviser, we are of the opinion that the terms and conditions of the Offers are fair and reasonable so far as the Independent Shareholders and the Optionholders are concerned and therefore we recommend the Independent Shareholders and the Optionholders to accept the Offers.

Independent Shareholders are reminded to closely monitor the market price and liquidity of the Shares during the Offer Period and consider selling their Shares in the open market during the Offer Period, where possible, rather than accepting the Offers, if the net proceeds from the sale of such Shares in the open market would exceed the net amount receivable under the Offers. In addition, Independent Shareholders who wish to realise their investment in the Company in the open market should also consider and monitor the trading volume of the Shares during the Offer Period as having taken into account the thin historical trading volume of the Shares on the Stock Exchange as they may experience difficulty in disposing of their Shares in the open market without creating downward pressure on the price of the Shares.

Notwithstanding our recommendations, the Independent Shareholders and the Optionholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders and the Optionholders should consult their own professional advisers for professional advice.

Furthermore, the Independent Shareholders and the Optionholders who wish to accept the Offers are recommended to read carefully the procedures for accepting the Offers as detailed in the Composite Document and the Forms of Acceptance.

Yours faithfully,

For and on behalf of

**Independent Board Committee of Winto Group (Holdings) Limited**

**Mr. Tsang Zee Ho, Paul**

*Independent non-executive  
Director*

**Ms. Wang Yan**

*Independent non-executive  
Director*

**Mr. Lau Fai, Lawrence**

*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Euto Capital Partners Limited T +852 3106 2393  
Room 2418, Wing On Centre, F +852 3582 4722  
111 Connaught Road Central, www.eutocapital.com  
Hong Kong

16 October 2019

*To the Independent Board Committee,  
the Independent Shareholders and  
the Optionholders of Winto Group (Holdings) Limited*

Dear Sir and Madam

**MANDATORY UNCONDITIONAL CASH OFFERS BY  
LEGO SECURITIES LIMITED  
FOR AND ON BEHALF OF THE OFFEROR FOR ALL THE ISSUED SHARES  
(OTHER THAN THOSE ALREADY  
OWNED AND AGREED TO BE ACQUIRED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT) AND TO CANCEL ALL  
THE OUTSTANDING OPTIONS IN  
WINTO GROUP (HOLDINGS) LIMITED**

### INTRODUCTION

We, Euto Capital Partners Limited, refer to our appointment as the independent financial adviser to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, particulars of which are set out in the composite offer and response document jointly issued by the Offeror and the Company dated 16 October 2019 (“**Composite Document**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

Reference is made to the Joint Announcement.

#### **1. The Sale and Purchase Agreement**

The Company was informed by the Offeror that on 2 September 2019, the Vendors, the Offeror (being the Purchaser), Mr. Lui and the Receivers entered into the Sale and Purchase Agreement pursuant to which, among other things, the Offeror agreed to acquire and the Vendors agreed to sell the Sale Shares, being an aggregate of 319,680,000 Shares (representing 74.00% of the entire issued share capital of the Company as at the date of the Joint Announcement) at the aggregate consideration of HK\$35,250,000 or approximately HK\$0.1103 per Sale Share which was determined by a private tender conducted by the Receivers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Completion took place on 5 September 2019, being the third Business Day after the date of the Sale and Purchase Agreement. Immediately following the Completion, the Vendors ceased to hold any beneficial interest in any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

### **2. The mandatory unconditional cash offers**

Immediately before the Completion, the Offeror and the parties acting in concert with it did not hold, own, control or have direction over any Shares, options, derivatives, warrants, convertible securities or voting rights of the Company or any other relevant securities.

Immediately following Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it became interested in 319,680,000 Shares, representing 74.00% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make the Offers for all the issued Shares (other than those already owned and agreed to be acquired by the Offeror and parties acting in concert with it) and to cancel all the outstanding Options.

### **THE INDEPENDENT BOARD COMMITTEE**

Pursuant to the Listing Rules and the Takeovers Code, the Independent Board Committee, comprising of all the three independent non-executive Directors, namely, Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence has been established to advise the Independent Shareholders and the Optionholders as to whether the terms and conditions of the Offers are fair and reasonable and as to acceptance of the Offers.

We, Euto Capital Partners Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Shareholders and the Optionholders in this respect. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we do not belong to the same group as the financial/other professional adviser (including a stockbroker) to the Offeror and/or did not, or do not, have a significant connection, financial or otherwise, with any member of the Group, the Vendors, the Receivers, the Offeror or any of their respective substantial shareholders or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them. Accordingly, we are considered eligible to give independent advice to the Independent Board Committee and the Independent Shareholders and the Optionholders regarding the Offers. Apart from our present appointment, we have not acted as the financial adviser nor the independent financial adviser in respect of any transaction of the Company in the past two years under the GEM Listing Rules or Takeovers Code. In addition, apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from any members of the Group, or the Offeror, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them. We confirmed that there is no existence of or change in any circumstances that would affect our independence.

### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee, the Independent Shareholders and the Optionholders, we have relied on (i) the statements, information, opinions and representations contained or referred to in the Composite Document; (ii) the information and representations provided to us by the Directors and/or the management of the Company and its subsidiaries (the “**Management**”); and (iii) our review of the relevant public information.

We have assumed that all information and representations provided by the Management, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be true up to the Latest Practicable Date. The Independent Shareholders and the Optionholders will be notified for any subsequent material changes to such statements, information, opinions and/or representations as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Composite Document were reasonably made after due enquiries and careful consideration by the Directors and there are no other facts not contained in the Composite Document the omission of which would make any such statement contained in the Composite Document misleading. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Management nor have we conducted any independent investigation into the business, financial conditions, affairs or future prospects of the Group, the Offeror, and parties acting concert with them.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in the Composite Document (other than information relating to the Vendors, the Group, the Receivers and parties acting in concert with them) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in the Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

We have not considered the tax and regulatory implications on the Independent Shareholders nor the Optionholders of their acceptance or non-acceptance of the Offers since these are particular to their own individual circumstances. In particular, the Independent Shareholders and the Optionholders who are overseas residents or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offers and, if in any doubt, should consult their own professional advisers.

This letter is issued to the Independent Board Committee, the Independent Shareholders and the Optionholders solely in connection with their consideration in respect of the Offers.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers, we have taken into consideration the following principal factors and reasons:

#### 1. Principal terms of the Offers

##### (a) *The Share Offer*

The Share Offer is being made by Lego Securities for and on behalf of the Offeror in compliance with the Takeovers Code on the following basis:

For every Offer Share . . . . . HK\$0.1103 in cash

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the Composite Document, the Share Offer Price of HK\$0.1103 for each Offer Share is equal to the price payable by the Purchaser for each Sale Share rounded up to the nearest four decimal places under the Sale and Purchase Agreement.

The Share Offer will be extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer will be fully paid and free from all Encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of the despatch of the Composite Document.

The Company confirms that as at the Latest Practicable Date, (a) it has not declared any dividend, the record date of which falls on or after the expected date of despatch of the Composite Document; and (b) it does not have any intention to make, declare or pay any future dividend/make other distributions until the close of the Offers.

The Share Offer will be unconditional in all respects when made.

**(b) Option Offer**

The Option Offer is being made by Lego Securities for and on behalf of the Offeror, make the Option Offer to cancel all the outstanding Options (other than those held by the Offeror and parties acting in concert with it) in exchange for cash, in compliance with the Takeovers Code on the following basis:

For cancellation of each Option . . . . . HK\$0.001 in cash

As set out in the Composite Document, since the exercise prices of all the Options are higher than the Share Offer Price for cancellation of each Option, the “see through” price is therefore zero. In this circumstance, the Option Offer is made at a nominal price.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

The Option Offer will be unconditional in all respects when made.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. General information of the Company and the Group

As set out in the Composite Document, the Company is an exempt company incorporated in the Cayman Islands with limited liability on 7 December 2012. The Group is principally engaged in (i) the promotion of products and services by organising exhibitions and trade shows (“**Exhibition and Show Business**”); and (ii) the sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in the magazines (“**Advertising Business**”). Previously, the Group also engaged in the mobile app business (“**Mobile App Business**”) while such business was disposed of in April 2019.

### 3. Financial information of the Group

#### (a) Historical financial performance

Set out below is a summary of the financial information of the Group for (i) the financial year ended 31 December 2017 (“**FY2017**”) and 31 December 2018 (“**FY2018**”) respectively as extracted from the annual report of the Company for the year ended 31 December 2018 (“**2018 Annual Report**”); and (ii) the six months ended 30 June 2019 and 30 June 2018 as extracted from the interim report of the Company for the six months ended 30 June 2019 (“**2019 Interim Report**”):

			Six months ended 30 June	
	<b>FY2018</b>	<b>FY2017</b>	<b>2019</b>	<b>2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue				
– Exhibition and Show Business	13,475	–	5,606	5,037
– Mobile App Business (discounted since 4 April 2019)	2,215	8,625	–	–
– Advertising Business	1,310	21,109	130	1,107
	17,000	29,734	5,736	6,144
Gross Profit	3,622	2,976	960	1,389
Loss attributable to the Shareholders	(37,464)	(15,128)	(15,624)	(12,991)

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(i) Comparison of FY2018 and FY 2017*

In FY2018, the Group recorded revenue of approximately HK\$17,000,000, representing a significant decrease of approximately HK\$12,734,000 (equivalent to decrease of approximately 42.8%) from approximately HK\$29,734,000 in FY2017. As set out in the table above, such decrease was mainly contributable to the decrease of revenue generated from the Mobile App Business (from HK\$8,625,000 to HK\$2,215,000) and the Advertising Business (from HK\$21,109,000 to HK\$1,310,000) by approximately HK\$6,410,000 (equivalent to approximately 74.3%) and approximately HK\$19,799,000 (equivalent to approximately 93.7%) respectively. As disclosed in the 2018 Annual Report, such decrease was mainly due to the shrinking of the traditional print media business, loss in exclusivity of the advertising board, and keen competition of the mobile app development business. As further advised by the Management, the exclusive right to lease an outdoor advertising billboard in Hong Kong, which generated revenue of approximately HK\$12,600,000 for FY2017, was unable to be renewed by the Group due to the maintenance of the billboard and the relevant rental contract expired in March 2018.

As further disclosed in the 2018 Annual Report, gross profit of the Group was mainly contributable to the Exhibition and Show Business with gross profit in the amount of approximately HK\$4,318,000 for FY2018. Apart from the gross profit contributed by the Exhibition and Show Business as per the aforesaid and the gross profit contributed by the Mobile App Business (i.e. HK\$258,000 for FY2018), gross loss of approximately HK\$953,000 was resulted from the Advertising Business.

Further, the Group's loss attributable to the Shareholders increased to approximately HK\$37,464,000 in FY2018 from approximately HK\$15,128,000 in FY2017, representing an increase of HK\$22,336,000 (equivalent to an increase of approximately 147.65%). As disclosed in the 2018 Annual Report, such increase was mainly attributable to (i) the increase in operating expense; and (ii) impairment loss recognised on trade and loan receivables during the year. As further advised by the Management, the operating expense increased by approximately HK\$11,589,000 from approximately HK\$20,267,000 in FY 2017 to approximately HK\$31,856,000 in FY 2018 was mainly due to (i) share option expense of approximately HK\$3,962,000 in FY2018 (FY2017: Nil); (ii) operating expenses of the Exhibition and Show Business of approximately HK\$3,863,000 in 2018 (FY2017: Nil as the said business was acquired in 2018); (iii) legal and professional cost incurred for the acquisition of the Exhibition and Show Business of approximately HK\$1,260,000 in 2018 (FY2017: Nil); and (iv) increase in staff cost by approximately HK\$1,624,000.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Comparison of the six months ended 30 June 2019 and 30 June 2018*

For the first six months ended 30 June 2019, the Group's revenue decreased from approximately HK\$6,144,000 to approximately HK\$5,736,000 (a decrease of approximately HK\$408,000 or 6.64%), which was mainly due to, as disclosed by the 2019 Interim Report, a reduction in the revenue of the Advertising Business. The revenue in this segment decreased from approximately HK\$1,108,000 for the six months ended 30 June 2018 to approximately HK\$130,000 for the six months ended 30 June 2019 (a decrease of approximately HK\$977,000 or 88.26%). As further advised by the Management, the Group obtained an one-off advertisement income from three customers in an aggregate sum of approximately HK\$800,000 in March 2018, which boosted up the revenue in the Advertising Business for the six months ended 30 June 2018. However, there was no such once-off advertisement revenue for the six months ended 30 June 2019, which led to a significant decrease in this segment. Such decrease was offset by the increase in the Exhibition and Show Business of which total revenue increased by approximately HK\$569,000 (equivalent to an increase of approximately 11.30%) from approximately HK\$5,037,000 for the six months ended 30 June 2018 to approximately HK\$5,606,000 for the six months ended 30 June 2019. As advised by the Management, such increase is mainly due to the shifting of the Group's operational focus from the traditional print media toward organizing the exhibitions and trade shows.

The Advertising Business recorded a gross loss of approximately HK\$356,000 for the six months ended 30 June 2019 as compared to the gross profit of HK\$176,000 for the six months ended 30 June 2018. The gross profit generated from the Exhibitions and Show Business, on the other hand, increased from approximately HK\$1,213,000 for the six months ended 30 June 2018 to approximately HK\$1,317,000 for the six months ended 30 June 2019, representing an increase of approximately HK\$104,000 or 8.57%.

During the six months ended 30 June 2019, the Group's loss attributable to Shareholders increased to approximately HK\$15,624,000 from approximately HK\$12,991,000 (representing an increase of HK\$2,633,000 or 20.27%) for the six months ended 30 June 2018. This was mainly attributable to the recognition of the expected credit loss of HK\$3,600,000 for the loan receivable and the credit loss of HK\$956,000 for a refundable deposit respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**(b) Historical financial position**

Set out below is the extract of financial position of the Group as at 31 December 2017 and 2018 as extracted from 2018 Annual Report and the financial position of the Group as at 30 June 2019 as extracted from 2019 Interim Report, further details of which are set out in Appendix II to the Composite Document:

	<b>As at</b>	<b>As at 31 December</b>	
	<b>30 June</b>	<b>2018</b>	<b>2017</b>
	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
Non-current assets	7,732	22,999	14,340
Current assets	24,411	23,096	50,551
Current liabilities	19,265	21,252	6,436
Net assets	12,877	24,843	58,456

**(i) Comparison of financial position as at 30 June 2019 and 31 December 2018**

As set out in the table above, as at 30 June 2019, the Group's total assets amount to approximately HK\$32,143,000 as compared to approximately HK\$46,095,000 as at 31 December 2018, representing a decrease of approximately HK\$13,952,000 or 30.27%.

The non-current assets of the Group as at 30 June 2019 amounted to approximately HK\$7,732,000 (as at 31 December 2018: approximately HK\$22,999,000), approximately 29.10% of which was plant and equipment, being the largest balance under non-current assets of the Group. Such amount represented a decrease from approximately HK\$2,675,000 as at 31 December 2018 to HK\$2,250,000 as at 30 June 2019. A deposit paid for an acquisition in the sum of HK\$16,600,000 became refundable to the Company (which was hence reclassified from non-current assets to current assets) also caused the decrease of the Group's non-current assets.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The current assets of the Group as at 30 June 2019 amounted to approximately HK\$24,411,000 (as at 31 December 2018: approximately HK\$23,096,000), approximately 78.01% of which (in the amount of HK\$19,044,000) was attributable to a refundable deposit, being the largest balance under the current assets of the Group. As advised by the Management, such refundable deposit (as at 31 December 2018: Nil) represents the deposit paid for proposed acquisition of indirect equity interest in 眾體時代(北京)科技有限公司 (Zhongti Times (Beijing) Technology Co., Ltd). The proposed transaction was lapsed on 31 May 2019 and the entire deposit then became refundable to the Company. In addition, as per Note 4 to the 2019 Interim Report, since the Management considered the high risk of default of the counter party of a loan receivable of HK\$3,600,000. Such loan and the relevant interest receivable have been fully impaired. A refundable deposit was also credit impaired by HK\$956,000 based on the assessment of the management.

The Group's total liabilities amounted to approximately HK\$19,265,000 as at 30 June 2019 compared to approximately HK\$21,252,000 as at 31 December 2018, representing a decrease of HK\$1,987,000 (equivalent to a decrease of approximately 9.35%). The aforesaid movement was mainly attributed to a decrease in (i) trade and other payables, from approximately HK\$7,576,000 in 31 December 2018 to approximately HK\$6,284,000 as at 30 June 2019, representing a decrease of approximately HK\$1,292,000 (equivalent to a decrease of approximately 17.05%); (ii) contract liabilities, from approximately HK\$551,000 in 31 December 2018 to nil as 30 June 2019; and (iii) tax payable, from approximately HK\$117,000 as at 31 December 2018 to approximately HK\$69,000 as at 30 June 2019, representing a decrease of approximately HK\$48,000 (equivalent to a decrease of approximately 41.02%).

As a result of the aforesaid, the Group's net asset value amounted to HK\$12,877,000 as at 30 June 2019, compared to approximately HK\$24,848,000 as at 31 December 2018, representing a decrease of approximately HK\$11,971,000 or 48.18%.

**(c) Future prospects**

*(i) Exhibition and Show Business*

As set out in the section headed “(a) Historical financial performance” above, in FY2018, the Group's revenue was mainly contributable to the Exhibition and Show Business, the Advertising Business only making an insignificant contribution and the Mobile App Business having been disposed in April 2019. Therefore, the Group's remaining business will focus on the Exhibition and Show Business, and the prospects of the exhibition and show market in Hong Kong would have significant impact on the prospects and the operation of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We understand from the Management that the exhibition and show market in Hong Kong remains challenging under the continuing US-China trade war. According to an article from Hong Kong Trade Development Council (“**HKTDC**”) published on 20 July 2019, which introduced the latest market environment of the convention and exhibition industry in Hong Kong, Hong Kong Exhibition and Convention Industry Association (“**HKECIA**”, which was established in 1990 aiming to promote Hong Kong as a world-class exhibition and conference destination and the trade fair capital of Asia Pacific and to unify the voice of members to protect their interests in the exhibition and conference related sectors) conducted a survey on the exhibiting companies based on the data collected from 78 respondents out of 88 “trade” and “trade and consumer” exhibitions. HKECIA reported its findings in an article titled “2018 HKECIA exhibition survey reflects strong foundation of Hong Kong’s exhibition industry despite US-China trade war”. According to this report, a total of 138 exhibitions were held in Hong Kong in 2018, of these 68 were “trade” exhibitions, 20 were “trade and consumer” exhibition, and 50 were “consumer” exhibitions. In total, over 69,000 exhibiting companies and more than 2.3 million visitors participated in the “trade” and “trade & consumer” exhibitions in Hong Kong last year. The total number of exhibiting companies fell by 3.9% in 2018 when compared to 2017. The number of global visitors taking part in Hong Kong’s convention and exhibition dropped by 1.7% in 2018 when compared to 2017, with all regions down in number apart from mainland China from which visitor number increased slightly by 0.3% from 2017 to 2018. The drop in numbers, according to the article, was mainly due to US-China trade war which started in the beginning of 2018. Higher tariffs imposed by both countries have seen reducing demand for their products, taking into account that these nations are both the largest manufacturers and consumer markets in the world. Such drop as mentioned in the aforesaid article has not yet included the impact from the recent Hong Kong protest phenomenon.

Apart from the US-China trade war, starting from June 2019, there have been road closures during several public activities in Hong Kong. There were cancellations of flights departing and arriving Hong Kong on 12 and 13 August due to operation disruption of the Hong Kong International Airport. Currently, the Airport Authority Hong Kong has obtained an interim injunction to restrain persons from unlawfully obstructing the airport’s operation.

In view of the foregoing, if both the US-China trade war and the recent public activities in Hong Kong are unable to be resolved in the near future, the Management believe that the overall commercial environment in Hong Kong will be subject to challenges and will highly affect the Exhibition and Show Business of the Group and it may cast uncertainties to the Group’s prospects and future performance.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Advertising Business*

When compared to the Exhibition and Show Business, the Group's Advertising Business is only making an insignificant contribution.

As disclosed in the 2019 Interim Report, the Management considered the advertising industry, especially the traditional media market, remains challenging and the economic outlook is still uncertain. As such, the Group has been attempting to reduce the operating costs of the Advertising Business and continue to explore any suitable business opportunity in the market.

*(iii) Possible cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules*

As disclosed in the announcements of the Company dated 21 June 2019 and 2 July 2019, among others, the Company has received a letter dated 21 June 2019 ("**Letter**") from the Stock Exchange which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the listing department of the Stock Exchange has decided to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules ("**LD Decision**").

Pursuant to the Letter, in view of the LD Decision, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules by the expiry of the 12-month period (i.e. 20 June 2020), i.e. to carry out sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of the Shares. The Company has on 2 July 2019 submitted a written request to the GEM listing committee of the Stock Exchange ("**GEM Listing Committee**").

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company has received a letter dated 18 September 2019 from the Stock Exchange informing the Company that following the review hearing of the GEM Listing Committee held on 4 September 2019, the GEM Listing Committee was of the view that the Company had failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 17.26 of the GEM Listing Rules to the Stock Exchange to warrant its continued listing and decided to uphold the LD Decision to suspend trading in the Shares under Rule 9.04 of the GEM Listing Rules (“**Committee Decision**”). The Company is required to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the 12-month period, the Stock Exchange will proceed with cancellation of the Company’s listing. Under Rule 4.06(2) of the GEM Listing Rules, the Company has the right to have the Committee Decision referred to the GEM Listing (Review) Committee for a further review. On 26 September 2019, the Company submitted a written request that the Committee Decision be referred to the GEM Listing (Review) Committee for a further review pursuant to chapter 4 of the GEM Listing Rules. The expected hearing date for the further review will be in around December 2019.

In view of the foregoing, the continuous listing of the Company is subject to uncertainties, including but not limited to the decision of the Committee.

*(iv) Material uncertainty in relation to the Group’s ability to continue as a going concern*

As disclosed in the annual report of the Company for FY2018, the following statement was given by the auditor of the Company:

*“We draw attention to note 1 to the consolidated financial statements, which states that the Group incurred losses from continuing operations for the year ended 31 December 2018 of HK\$38,680,805 and the Group’s net current assets decreased from HK\$44,115,361 to HK\$1,844,123 as at 31 December 2018. The Group has also incurred a net cash outflow of HK\$34,162,712 for the year ended 31 December 2018. The Group is actively identifying alternative sources of funding to meet its liquidity needs for the next twelve months from the end of the reporting period. However, the likelihood of the successful implementation of fund raising activities could not be determined as at the date of our report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Save as disclosed above, there was no modified opinion, emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the Group in respect of each of the last 3 financial years ended 31 December 2016, 2017 and 2018.

#### **4. Information of the Offeror**

As set out in the Composite Document, the Offeror is a company incorporated in the BVI with limited liability on 12 August 2019. The Offeror is an investment holding company and its entire issued share capital is beneficially and directly held by Mr. Lui. Mr. Lui, aged 37, is also the sole director of the Offeror and has over 10 years of relevant experience in financial industry, with extensive experiences in investment in various asset classes,

Immediately prior to entering into the Sale and Purchase Agreement, the Offeror and parties acting in concert with it did not have any interest in any securities of the Company, and are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

#### **5. Intention of the Offeror in relation to the Group**

##### ***(a) Business and operations of the Group***

As set out in the Composite Document, it is the intention of the Offeror that the Group will continue with its existing principal business. The Offeror does not intend to introduce any major changes to the existing operations and business of the Company immediately after the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. Any acquisition or disposal of the assets or business of the Group, if any, will be in compliance with the GEM Listing Rules.

The Offeror will, following the Completion, conduct a more detailed review on the business and operations of the Group with a view to developing a sustainable corporate strategy to broaden its income stream, which may include expansion of the scope of the existing business of the Company in order to fulfill the R17.26 Requirement as soon as practicable. Subject to the result of the detailed review and the then working capital requirements of the Group, it is the intention of the Offeror that the Company may raise funds by way of debt financing such as borrowings from bank or financial institutions and/or equity financing such as placing of new shares for working capital as and when needed. Further announcement(s) will be made by the Company as and when necessary in accordance to the GEM Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(b) Board composition of the Company***

As at the Latest Practicable Date, the Board comprises Mr. Tang Yau Sing and Mr. Wong Siu Hung, Patrick as executive Directors and Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence as independent non-executive Directors.

As disclosed in the “Letter from Lego Securities” of the Composition Document, Joint Announcement, each of Mr. Tang Yau Sing, Mr. Wong Siu Hung, Patrick, Mr. Tsang Zee Ho, Paul, Ms. Wang Yan and Mr. Lau Fai, Lawrence has tendered his/her resignation as, among other positions, a Director with effect from the Closing Date.

Save as disclosed herein, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of the employees of the Company or the Group.

The Offeror intends to nominate to the Board for appointment (i) Mr. Hung Yuen Kin and Ms. Li Ka Yee Daphne as new executive Directors; (ii) Mr. Lui Man Wah as a non-executive Director; and (iii) Ms. Wong Chi Ling, Mr. Wong Ling Yan Philip and Mr. Lee Man Yeung as independent non-executive Directors, all with effect from the date immediately after the date on which the Composite Document is posted or such other date as permitted under the Takeovers Code and any such appointment will be made in compliance with the Takeovers Code and the GEM Listing Rules.

The personal biographical information of the aforesaid new Directors is set out in the “Letter from Lego Securities” of the Composite Document. Among the new Directors, we note two new executive Directors, being Mr. Hung Yuen Kin and Ms. Li Ka Yee Daphne, have over 10 years of experience in media and advertisement industries and over 20 years of experience in strategic marketing and advertising industries respectively.

As further set out in the “Letter from Lego Securities”, as an investor of the Group, Mr. Lui is aware that he may not have relevant experience in the media and advertising industry and he intends to nominate the aforesaid two executive Directors, who have relevant experience in the media and advertising industry, to facilitate the business operation, management and strategy of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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***(c) Maintaining the listing status of the Company***

As set out in the Composite Document, the Stock Exchange has stated that if, upon closing of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
  - (ii) there are insufficient Shares in public hands to maintain an orderly market,
- it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange. The sole director of the Offeror and the proposed new Directors to be appointed by the Board have jointly and severally undertaken to the Stock Exchange to take appropriate steps following the close of the Offers to ensure that sufficient public float exists in the Shares, such as the engagement of a placing agent to place such number of Shares to other independent third parties not connected with the Company or any of its connected persons and not parties acting in concert with the Offeror. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any of such steps if the circumstances warrant.

**6. Evaluation of the Share Offer Price**

***(a) Comparison between the Share Offer Price and the historical price of the Share***

The Share Offer Price of HK\$0.1103 per Offer Share also represents

- (i) A discount of approximately 76.3% to the closing price of HK\$0.465 per share, as quoted on the Stock Exchange on the last trading date (i.e. 12 June 2019) immediately prior to the commencement of the Offer Period (i.e. 13 June 2019);
- (ii) a discount of approximately 51.0% to the closing price of HK\$0.225 per Share, as quoted on the Stock Exchange on the Last Trading Day;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) a discount of approximately 52.2% to the average closing price of HK\$0.231 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the last five trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 55.0% to the average closing price of HK\$0.245 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the last 10 trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 67.7% to the average closing price of approximately HK\$0.342 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 55.9% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vii) a premium of approximately 73.4% over the audited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0636 as at 31 December 2018, calculated based on 432,000,000 Share in issue as at the Latest Practicable Date;
- (viii) a premium of approximately 283.0% over the unaudited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0288 as at 30 June 2019, calculated based on 432,000,000 Shares in issue as at the Latest Practicable Date.

**(b) Historical Share price performance**

The chart below depicts the closing prices of the Shares traded on the Stock Exchange (i) from 13 June 2018 up to 17 September 2019, being the twelve-month period preceding the Last Trading Day (the “**Pre Joint Announcement Period**”), and (ii) from 17 September 2019, being the date of the Joint Announcement up, to the Latest Practicable Date (the “**Post Joint Announcement Period**”, together with the Pre Joint Announcement Period, collectively known as the “**Review Period**”). The Review Period adopted is commonly used for analysis purpose and, considering no material fluctuation in the average daily trading volume of the Shares as further set out in the section headed “(c) Historical trading liquidity of the Shares”, we are of the opinion that Review Period is sufficient and representative.

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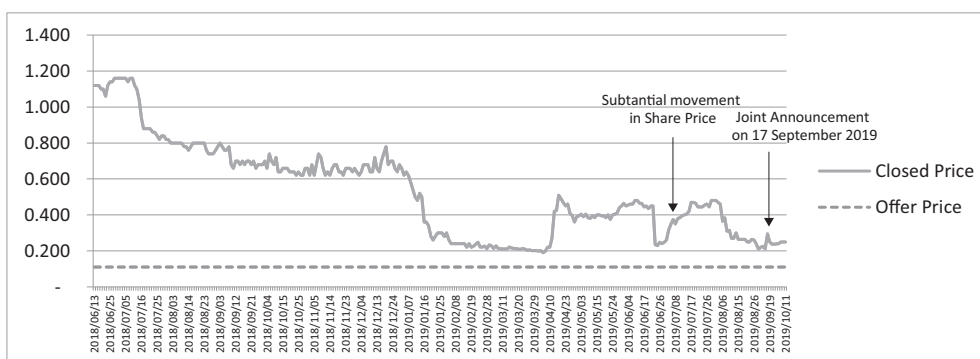
## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(i) *Pre Joint Announcement Period*

From the commencement of the Pre Joint Announcement Period to the date of publication of the 2018 third quarterly report of the Company on 13 November 2018, the closing price of the Shares fluctuated between the range from HK\$0.62 to HK\$1.16. The Group's recorded a loss from continuing operations of approximately HK\$21,999,000 for the nine months ended 30 September 2018 as compared to the loss from continuing operations of approximately HK\$12,080,000 for the corresponding period in 2017.

Subsequently on 4 December 2018, the Company issued an announcement on major transaction in relation to an acquisition of 51% issued share capital in Forever Innovation Limited and the closing price on that day was HK\$0.64.



On 16 January 2019, the Company published an announcement relating to a proposed share consolidation on the basis that every twenty (20) issued and unissued existing shares of HK\$0.001 each in the share capital of the Company be consolidated into one (1) consolidated Share of HK\$0.02 each. The closing price per Share on that day immediately prior to the publication of the relevant announcement (i.e. 15 January 2019) was HK\$0.5 and the trading day immediately after the publication of such announcement (i.e. 17 January 2019) was HK\$0.36.

From 16 January 2019 up to the date of publication of the 2018 annual results announcement on 31 March 2019 (the “**2018 Annual Results Announcement**”), the closing price of the Shares fluctuated between the range from HK\$0.202 to HK\$0.36. The Group's annual results for the year ended 31 December 2018 recorded a loss of the Company of approximately HK\$38,681,000 compared to approximately HK\$22,746,000 recorded during the prior corresponding year. The closing price per Share was HK\$0.36 on 16 January 2019 and HK\$0.201 on 1 April 2019, being the trading day after the publication of the 2018 Annual Results Announcement, representing a decrease of approximately 43.9%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On 21 June 2019, the Company published an announcement relating to inside information of the Company. As set out in the aforesaid announcement, the Company has received the Letter, which serves as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the listing department of the Stock Exchange has decided to suspend trading in the shares of the Company under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules. Subsequent to the announcement, the closing price of the Shares was HK\$0.235 on 24 June 2019. A substantial movement of the Share price was also noted from a range of HK\$0.47 to HK\$0.23 from 21 June 2019 to 17 July 2019.

Save for the information as set out in the announcements as mentioned above, the Management advised that they were not aware of any matters which may have a material impact on the Share price. The Management noticed the aforesaid notable movements in the price of the Shares and the Management believes the Share price movements were mainly due to the ongoing market reaction to the above mentioned announcements and the transactions contemplated thereunder.

During the Pre Joint Announcement Period, the closing prices of the Shares were traded in the range of HK\$0.190 to HK\$1.16 with average closing price of approximately HK\$0.542. The Offer Price of HK\$0.1103 represents a discount of approximately 41.9% to the lowest closing price, a discount of approximately 90.5% to the highest closing price and a discount of approximately 79.6% to the average closing price during the Pre Joint Announcement Period. The Share Offer Price is below the closing prices of the Shares for all the trading days during the Pre Joint Announcement Period.

*(ii) Post Joint Announcement Period*

During the Post Joint Announcement Period, the closing prices of the Shares were traded in the range of HK\$0.215 to HK\$0.295 with average closing price of approximately HK\$0.245. The Offer Price of HK\$0.1103 represents a discount of approximately 48.7% to the lowest closing price, a discount of approximately 62.6% to the highest closing price and a discount of approximately 55.0% to the average closing price during the Review Period. The Share Offer Price is below the closing prices of the Shares for all the trading days during the Post Joint Announcement Period.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Our view

Based on the aforesaid analysis, in particular, the Offer Price represents

- (i) a notable discount to the closing Share price throughout the Pre Joint Announcement Period; and
- (ii) a notable discount to the closing Share Price throughout the Post Joint Announcement Period.

Based on this, we are of the view that the Share Offer Price represents a substantial discount to the market trading price during the Review Period and we consider Share Offer Price is not attractive in general cases. Nevertheless, as the prospects of the Group are subject to uncertainties including the US-China trade war and the recent public activities and the potential cancelling of listing status as aforesaid, accepting the Share Offer at the Share Offer Price provides an exit for the Independent Shareholders. Having considered those uncertainties, which, at the worst case, the Shares will no longer be traded if the listing status of the Company is cancelled, we consider the Share Offer Price is fair and reasonable.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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**(c) Historical trading liquidity of the Shares**

Set out below in the table are the monthly total trading volumes of the Shares and the percentages of the monthly total trading volume to the total issued Shares during the Review Period:

Month	Number of trading days in each month	Total trading volume in each month	Average daily trading volume of the Shares	Total number of issued Shares as at the end of each respective month	Percentage of the average daily trading volume to total number of issued Shares as at the end of each respective month (Note 1) Approximate %
<b>2018</b>					
13 Jun – 30 Jun	12	1,405,800	117,150	8,640,000,000	0.001
Jul	21	14,684,000	699,238	8,640,000,000	0.008
Aug	23	7,561,200	328,748	8,640,000,000	0.004
Sep	19	5,880,000	309,474	8,640,000,000	0.004
Oct	21	2,415,250	115,012	8,640,000,000	0.001
Nov	22	2,882,400	131,018	8,640,000,000	0.002
Dec	19	4,032,400	212,232	8,640,000,000	0.002
<b>2019</b>					
Jan	22	52,447,600	2,383,982	8,640,000,000	0.028
Feb (Note 2)	17	10,308,300	606,371	432,000,000	0.14
Mar	21	2,964,000	141,143	432,000,000	0.03
Apr	19	27,647,926	1,455,154	432,000,000	0.34
May	21	22,854,800	1,088,324	432,000,000	0.25
Jun	18	30,619,800	1,701,100	432,000,000	0.39
Jul	22	20,119,200	914,509	432,000,000	0.21
Aug	22	29,823,100	1,355,595	432,000,000	0.31
Sep	10	10,947,200	1,094,720	432,000,000	0.25
Oct (up to and including the Latest Practicable Date)	7	1,185,600	169,371	432,000,000	0.04

Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Note:*

1. The calculation is based on the average daily trading volumes of the Shares divided by (i) the total issued share of the Company at the end of each month (for September 2018 to August 2019) and (ii) the total issued share of the Company at the Latest Practicable Date (for September 2019).
2. A share consolidation, pursuant to which every twenty (20) issued existing Shares are consolidated into one (1) consolidated Share, took place on 20 February 2019, after which the number of the total issued share capital of the Company decreased from 8,640,000,000 to 432,000,000.

During the Review Period, the average daily trading volume of the Shares ranged from approximately 115,000 Shares in October 2018 to approximately 2,384,000 Shares in January 2019, representing approximately 0.001% and 0.028% of the total issued Shares as at the end of the relevant month. The average daily trading volume of the Shares during the Review Period was generally thin.

Given the thin historical average daily trading volume of the Shares, it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price. We, therefore, consider that the Offer provides the Independent Shareholders with an assured exit if they wish to realise their investments in the Shares.

***(d) Comparison with comparable companies***

In assessing the fairness and reasonableness of the Offer, we have attempted to compare the price-to-earnings ratio (“**P/E Ratio**”) and the price-to-book ratio (“**P/B Ratio**”) of other listed companies in Hong Kong which are comparable to the Company in terms of size and business (“**Comparable Companies**”) with the implied P/E Ratio (“**Implied P/E Ratio**”) and implied P/B Ratio (“**Implied P/B Ratio**”) of the Share Offer using the Share Offer Price (collectively, the “**Comparable Analysis**”).

However, we are of the view that the Comparable Analysis may not be applicable in assessing the fairness and reasonable of the Share Offer in light of the following:

- (i) the Group recorded a loss attributable to the Shareholders of approximately HK\$37,464,000 for FY2018 and approximately HK\$15,624,000 for the six months ended 30 June 2019, we consider that it is not feasible to assess the Share Offer Price using the Implied P/E Ratio; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) the Group is principally engaged in the Exhibition and Show Business and its business model is of service-based and asset-light. P/B Ratio is usually useful for evaluating the value of companies engaging in capital-intensive businesses or financial businesses with plenty of assets on books and is not meaningful for service-based companies with few tangible assets. Therefore, we consider the comparison of the Implied P/B Ratio with the P/B Ratio of the Comparable Companies that are also engaging in the Exhibition and Show Business may not be meaningful and indicative.

Alternatively, we have also considered price-to-dividend approach as part of our analysis. However, we consider that the price-to-dividends approach is not applicable given that the Group had not declared or distributed any dividends to the Shareholders for FY2018.

### **7. Analysis of the Option Offer**

In order to assess the fairness and reasonableness of the Option Offer Price, the market normally employ “see-through” principle which is calculated based on the difference between the exercise price of the Share Options and the Share Offer Price. Such practice is also in line with Note 1 to Rule 13.5 of the Takeovers Code and Practice Note 6 of the Takeovers Code. We note that the current Option Offer Price is derived based on the “see-through” principle. However, as the exercise prices of all the Options are higher than the Share Offer Price for cancellation of each Option, the “see through” price is therefore zero. We are of the view that the Option Offer at the Option Offer Price is fair and reasonable.

### **RECOMMENDATION**

When we come up with our recommendation, we have reviewed different factors of the Company and the Offers.

Despite there are following factors which make the Share Offer Price unattractive:

- (i) the Offer Price of HK\$0.1103 represents a discount of approximately 41.9% to the lowest closing price, a discount of approximately 90.5% to the highest closing price and a discount of approximately 79.6% to the average closing price during the Pre Joint Announcement Period. The Share Offer Price is below the closing prices of the Shares for all the trading days during the Pre Joint Announcement Period;
- (ii) the Offer Price of HK\$0.1103 represents a discount of approximately 48.7% to the lowest closing price, a discount of approximately 62.6% to the highest closing price and a discount of approximately 55.0% to the average closing price during the Post Joint Announcement Period. The Share Offer Price is below the closing prices of the Shares for all the trading days during the Post Joint Announcement Period; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) we noted the two executive Directors nominated by the Offeror, being Mr. Hung Yuen Kin and Ms. Li Ka Yee Daphne, have relevant experience in the media and advertising industry and may provide inputs to the development of the Group's business.

there are also a number of factors (“**Positive Factors**”) which we consider the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned:

- (i) the financial condition of the Group as at the Latest Practicable Date is still subject to challenge. As at 30 June 2019 the net assets and total assets of the Group amounted to approximately HK\$12,877,000 and HK\$32,143,000 respectively. Also, the Group recorded a loss attributable to the Shareholders of approximately HK\$37,464,000 for FY2018 and approximately HK\$15,624,000 for the six months ended 30 June 2019. Moreover, the auditor of the Company indicated there was a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. We are in the opinion that the Group is currently under the limited resources and the future development will be subject to challenge and hence the prospects of the Group remains uncertain and challenging in the foreseeable future;
- (ii) the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules by the expiry of the 12-month period (i.e. 20 June 2020), which is to carry out sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Stock Exchange to warrant the continued listing of the Shares and otherwise the Group will be de-listed from the Stock Exchange;
- (iii) it is the intention of the Offeror to maintain the listing status of the Group and hence the Group will continue with its existing principal business and the Offeror has no intention to introduce any major changes to the existing operations immediately after the Offers and will neither redeploy nor dispose of any of the assets (including fixed assets) of the Group other than in the ordinary course of business. We are in the opinion that, as the business scope of the Group will remain unchanged and focus on the Exhibition and Show Business, the prospects of the Group's will be subject to challenge in the foreseeable future due to the US-China trade war and the recent public protest activities in Hong Kong;
- (iv) it is the intention of the Offeror that the Company may raise funds by way of debt financing such as borrowings from bank or financial institutions and/or equity financing such as placing of new shares for working capital as and when needed subject to the result of the detailed review and the then working capital requirements of the Group. Considering the financial situation and the potential cancelling of listing status of the Group, we are in the opinion that the Company is likely to encounter difficulty in its fund raising exercise through the debt and equity market;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) the Offer Price represents a discount of approximately 55.9% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (vi) a premium of approximately 73.4% over the audited consolidated total equity attributable to the owners of the Company per Share of approximately HK\$0.0636 as at 31 December 2018, calculated based on 432,000,000 Share in issue as at the Latest Practicable Date;
- (vii) the historical average daily trading volume of the Shares during the Review Period was thin (with the average daily trading volume of the Shares ranging from approximately 115,000 Shares in October 2018 to approximately 2,384,000 Shares in January 2019), it is uncertain that the overall liquidity of the Shares could be maintained and that there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of Shares in the open market without exerting a downward pressure on the Share price; and
- (viii) the Option Offer Price is derived based on the “see-through” principle, which is in accordance with the general practice. However, as the exercise prices of all the Options are higher than the Share Offer Price for cancellation of each Option, the “see through” price is therefore zero.

As shown above, regarding the Share Offer, even though the Share Offer Price represents a substantial discount to the market trading price during the Review Period, which we consider the Share Offer Price is not attractive, the Positive Factors in aggregate weigh more in particular (i) the prospects of the Company are subject to uncertainties including the US-China trade war and the recent public activities and (ii) the potential cancelling of listing status as aforesaid. We are hence in the opinion that accepting the Share Offer at the Share Offer Price provides an exit and we consider the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned.

As for the Option Offer, the Option Offer Price is derived based on the “see-through” principle, which is in accordance with the general practice and hence we consider the terms of the Offers are fair and reasonable so far as the Optionholders are concerned.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and the Optionholders to accept the Share Offer and the Option Offer respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that the Share Offer Price represents a discount of approximately 55.9% to the closing price of the Shares as at the Latest Practicable Date. The Independent Shareholders and the Optionholders, in particular those who intend to accept the Offers, are however reminded to note the fluctuations in the price of the Shares. There is no guarantee that the current price of the Shares will or will not sustain, and will or will not be higher than the Share Offer Price, during and after the close of the Offer Period. The Independent Shareholders and Optionholders who intend to accept the Offers are reminded to closely monitor the prices of the Shares and the liquidity of the Shares during the Offer Period for acceptance and shall, having regard to their own circumstances, consider selling the Shares or exercising the Options and selling these Shares in the open market where practicable, instead of accepting the Offers, if the net proceeds from the sale of such Shares or exercising the Options with a sale thereafter would be higher than the amount that can be received under the Offers.

The Independent Shareholders and Optionholders should carefully read the procedures for accepting the Offers as detailed in the Composite Document, the appendices and the Forms of Acceptance, if they wish to accept the Offers.

Yours faithfully,  
For and on behalf of  
**Euto Capital Partners Limited**  
**Manfred Shiu**  
*Director*

*Mr. Manfred Shiu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2009 and has participated in and completed various independent financial advisory transactions in Hong Kong.*

**1. PROCEDURES FOR ACCEPTANCE**

To accept the Offers, you should complete and sign the accompanying Forms of Acceptance in accordance with the instructions printed thereon, which instructions forms part of the terms of the relevant Offers.

**1.1 The Share Offer**

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Winto Group (Holdings) Limited – General Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Share Offer Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar by no later than 4:00 p.m. on the Closing Date; or
- if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
- (iii) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or Lego Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms of the Offers, as if it was/they were delivered to the Registrar with Form of Share Offer Acceptance.

- (d) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the Form of Share Offer Acceptance should nevertheless be completed, signed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar. The Offeror shall have the absolute discretion to decide whether any Shares in respect of which the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by the Offeror.
- (e) Acceptance of the Share Offer will be treated as valid only if the completed and signed Form of Share Offer Acceptance is received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form of Share Offer Acceptance and any relevant documents as required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or



- (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub- paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.

If the Form of Share Offer Acceptance is executed by a person other than the registered Independent Shareholder, appropriate documentary evidence of authority (for example, grant of probate or certified of a power of attorney) to the satisfaction of the Registrar must be produced.

- (f) Seller's ad valorem stamp duty payable by the Shareholders who accept the Offers and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offers, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Offers. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.
- (g) No acknowledgement of receipt of any Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

## **1.2 The Option Offer**

- (a) If you are an Optionholder and you wish to accept the Option Offer in respect of your Options (whether in full or in part), you must send the duly completed and signed yellow Form of Option Offer Acceptance together with the relevant certificate(s) or other documents (if any) evidencing the grant of the Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Options which you hold that you wish to tender to the Option Offer to the company secretary of the Company at Suites 2101-05, 21/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong marked "Winto Group (Holdings) Limited – Option Offer" on the envelope as soon as possible but in any event so as to reach the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) No stamp duty will be deducted from the amount payable to the Optionholder(s) who accept(s) the Option Offer.
- (c) No acknowledgement of receipt of any yellow Form of Option Offer Acceptance and/or the certificate(s) or other documents (if any) evidencing the grant of the Options to the Optionholder(s) and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Options will be given.

## **2. SETTLEMENT UNDER THE OFFERS**

### **2.1 The Share Offer**

Provided that a valid white Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar by not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount (rounding up to the nearest cent) representing the cash consideration due to each of the Independent Shareholders who accept the Offers less seller's ad valorem stamp duty in respect of the Offer Shares tendered by it/him/her under the Offers will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days after the date on which all the relevant documents which render such acceptance complete and valid are received by the Registrar in accordance with the Takeovers Code.

### **2.2 The Option Offer**

Provided that a valid yellow Form of Option Offer Acceptance and the relevant certificate(s) or other documents (if any) evidencing the grant of the Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are complete and in good order and in all respects and have been received by the company secretary of the Company no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque or a banker's cashier order for the amount due to each of the Optionholders who accept the Option Offer in respect of the Options tendered by him/her under the Option Offer will be despatched to such Optionholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) Business Days following the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offers will be implemented in full in accordance with its terms of the Offers (save with respect of the payment of the seller's ad valorem stamp duty in respect of the Offers) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder or Optionholder.

No fraction of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder or Optionholder who accepts the Share Offer or the Option Offer will be rounded up to the nearest cent.

### **3. ACCEPTANCE PERIOD AND REVISIONS**

- (a) Unless the Offers has previously been revised or extended with the consent of the Executive, to be valid, the Form of Share Offer Acceptance must be received by the Registrar and the Form of Option Offer Acceptance must be received by the Company in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date. The Offers is unconditional.
- (b) If the Offers is extended, the Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next closing date or, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offers is closed to those Independent Shareholders and Optionholders who have not accepted the Offers before the Offers is closed. If, in the course of the Offers, the Offeror revise the terms of the Offers, all Independent Shareholders and Optionholders, whether or not they have already accepted the Offers, will be entitled to accept the revised Offer under the revised terms. A revised Offer must be kept open for at least fourteen (14) days following the date on which the revised Offer document is posted.
- (c) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offers as so extended.
- (d) Any acceptance of the relevant revised Offer shall be irrevocable unless and until the Independent Shareholders and Optionholders who accept the Offers become entitled to withdraw their acceptance under the paragraph headed "6. Right of Withdrawal" below and duly do so.

**4. NOMINEE REGISTRATION**

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

**5. ANNOUNCEMENTS**

- (a) By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Offers and whether the Offers has been revised, extended or expired. The announcement will state the following:
- (i) the total number of Offer Shares for which acceptances of the Offers have been received;
  - (ii) the total number of Options for which acceptances of the Option Offer have been received;
  - (iii) the total number of Shares and rights over Shares and Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and
  - (iv) the total number of Shares and rights over Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Options represented by acceptances as of the Closing Date, only valid acceptances that are completed and in good order, and which have been received by the Registrar or the Company no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offers, shall be included.
- (c) As required under the Takeovers Code, all announcements in relation to the Offers which the Executive and the Stock Exchange have confirmed that they have no further comments, will be made in accordance with the requirements of the Takeovers Code and the GEM Listing Rules, where appropriate.

## **6. RIGHT OF WITHDRAWAL**

- (a) Acceptance of the Offers tendered by the Independent Shareholders and Optionholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in paragraph (b) below.
- (b) If the Offeror are unable to comply with the requirements set out in the paragraph headed “5. Announcements” above, the Executive may require that the Independent Shareholders and Optionholders who have tendered acceptances of the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met. In such case, if the Independent Shareholder(s) and/or and Optionholder(s) withdraw(s) the acceptance, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares lodged with the Forms of Acceptance to the Independent Shareholder(s) and/or Optionholder(s).

**7. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTIONHOLDERS**

The making of the Offers to the Overseas Shareholders and Overseas Optionholders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders and Overseas Optionholders should observe any applicable legal or regulatory requirements. The Overseas Shareholders and Overseas Optionholders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of the Overseas Shareholders and Overseas Optionholders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. The Overseas Shareholders and Overseas Optionholders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Shareholders and Overseas Optionholders payable in respect of all relevant jurisdictions. Acceptance of the Offers by the Overseas Shareholders and Overseas Optionholders will constitute a representation and warranty by such person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.

**8. TAX IMPLICATIONS**

Independent Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of the Offeror and parties acting in concert with it, the Company and its ultimate beneficial owners and parties acting in concert with any of them, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offers or any of their respective agents is in a position to advise the Independent Shareholders and Optionholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offers.

**9. GENERAL**

- (i) All communications, notices, Forms of Acceptance, share certificates, transfer receipts, other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Independent Shareholders and/or Optionholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser and any of their respective agents nor the Registrar or other parties involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in the Forms of Acceptance form part of the terms and conditions of the Offers.
- (iii) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers is made will not invalidate the Offers in any way.
- (iv) The Offers and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (v) Due execution of the Forms of Acceptance will constitute an authority to the Offeror, Lego Securities, or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offers and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares in respect of which such person or persons has accepted the Offers.
- (vi) Acceptance of the Offers by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the Latest Practicable Date or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation and warranty.
- (vii) Reference to the Offers in this Composite Document and in the Forms of Acceptance shall include any extension or revision thereof.

- (viii) In making their decision, the Independent Shareholders and Optionholders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Company, the Offeror and parties acting in concert with it, Lego Securities, Lego Corporate Finance, the Independent Financial Adviser, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other persons involved in the Offers. The Independent Shareholders and Optionholders should consult their own professional advisers for professional advice.
- (ix) Unless otherwise expressly stated in this Composite Document and/or the Forms of Acceptance, no person other than the Offeror and the accepting Independent Shareholders and Optionholders may enforce any terms of the Offers that will arise out of complete and valid acceptances under the Contracts (Rights of Third Parties) Ordinance, Chapter 623 of the Laws of Hong Kong.
- (x) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.



## 1. FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated financial results of the Group for each of the financial years ended 31 December 2016, 2017 and 2018, respectively, as extracted from the relevant published financial statements of the Group for the relevant years, and the unaudited consolidated financial results of the Group for the six months ended 30 June 2019 as extracted from the published interim report of the Company dated 14 August 2019.

	For the six months ended 30 June 2019 <i>(unaudited)</i>	For the year ended 31 December		
		2018 <i>(audited)</i>	2017 <i>(audited)</i>	2016 <i>(audited)</i> <i>(restated)</i>
	<i>HK\$'</i>	<i>HK\$'</i>	<i>HK\$'</i>	<i>HK\$'</i>
Revenue:				
– from continuing operations	5,736,405	16,999,794	29,733,580	35,558,942
– from discontinued operation	–	–	99,578,294	93,003,592
(Loss)/profit before tax:				
– from continuing operations	(16,443,530)	(38,702,564)	(22,677,036)	(24,529,755)
– from discontinued operation	290,511	–	5,769,168	(2,251,623)
Income tax credit (expense):				
– from continuing operations	–	21,759	(68,898)	(625,368)
– from discontinued operation	–	–	–	(43,759)
Loss attributable to (for continuing and discontinued operations):				
– Owners of the Company	(15,624,357)	(37,463,722)	(15,128,391)	(26,293,024)
– Non-controlling interests	(528,662)	(1,217,083)	(1,848,375)	(1,113,722)
Total comprehensive loss attributable to:				
– Owners of the Company	(15,707,889)	(37,303,735)	(15,360,658)	(26,294,868)
– Non-controlling interests	(621,861)	(1,067,371)	(2,007,541)	(1,108,768)
Basic and diluted loss per share (HK cents):				
– for continuing and discontinued operations	(3.62)	(0.43)	(0.18)	(0.36)
– for continuing operations	(3.69)	(0.43)	(0.25)	(0.34)
Dividend	–	–	–	–
Dividend per share	–	–	–	–

As disclosed in the annual report of the Company for the year ended 31 December 2018, the following statement was given by the auditor of the Company:

*“We draw attention to note 1 to the consolidated financial statements, which states that the Group incurred losses from continuing operations for the year ended 31 December 2018 of HK\$38,680,805 and the Group’s net current assets decreased from HK\$44,115,361 to HK\$1,844,123 as at 31 December 2018. The Group has also incurred a net cash outflow of HK\$34,162,712 for the year ended 31 December 2018. The Group is actively identifying alternative sources of funding to meet its liquidity needs for the next twelve months from the end of the reporting period. However, the likelihood of the successful implementation of fund raising activities could not be determined as at the date of our report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”*

Save as disclosed above, there were no modified opinion, emphasis of matter or material uncertainty related to going concern contained in the auditors’ report of the Group in respect of each of the last 3 financial years ended 31 December 2016, 2017 and 2018.

Save as disclosed below, there were no income/expense items which were material in respect of the consolidated financial results of the Group for each of the aforesaid periods:

- (i) On 24 July 2017, the Group disposed of its entire equity interests in a subsidiary, Lasermoon Limited and its subsidiaries (the “**Lasermoon Group**”). The results of Lasermoon Group was presented as discontinued operation and gain on disposal of a subsidiary of approximately HK\$6 million was recognised during the year ended 31 December 2017.
- (ii) During the year ended 31 December 2017, an impairment loss of approximately HK\$8 million was recognised in respect of the cash generating unit for the Group’s mobile app development business, with reference to its recoverable amount which was determined based on a value in use calculation.
- (iii) As at 31 December 2018, the group has loan receivables of RMB10,000,000 (equivalent to approximately HK\$12 million) being credit impaired, an impairment of approximately HK\$10 million was recognised during the year ended 31 December 2018.

## 2. CONSOLIDATED FINANCIAL STATEMENTS

Set out below are the audited consolidated financial statements of the Group for the year ended 31 December 2018 contained in the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which has been published on the websites of the Company (<http://www.wintogroup.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0331/gln20190331027.pdf>):

- (i) Consolidated Statement of Profit or Loss and Other comprehensive income for the year ended 31 December 2018

Please refer to page 66 to 67 of the 2018 Annual Report.

- (ii) Consolidated Statement of Financial Position as at 31 December 2018

Please refer to page 68 to 69 of the 2018 Annual Report.

- (iii) Consolidated Statement of Changes in Equity for the year ended 31 December 2018

Please refer to page 70 of the 2018 Annual Report.

- (iv) Consolidated Statement of Cash Flows for the year ended 31 December 2018

Please refer to pages 71 to 72 of the 2018 Annual Report.

- (v) Notes to the Audited Consolidated Financial Statements for the year ended 31 December 2018

Please refer to pages 73 to 175 of the 2018 Annual Report.

Set out below are the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019 contained in the interim report of the Company for the six months ended 30 June 2019 (the “**2019 Interim Report**”), which has been published on the websites of the Company (<http://www.wintogroup.hk>) and the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0814/gln20190814355.pdf>):

- (i) Condensed Consolidated Statement of Profit or Loss and Other comprehensive income for the six months ended 30 June 2019

Please refer to page 2 to 4 of the 2019 Interim Report.

- (ii) Condensed Consolidated Statement of Financial Position as at 30 June 2019

Please refer to page 5 to 6 of the 2019 Interim Report.

- (iii) Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2019

Please refer to page 7 of the 2019 Interim Report.

- (iv) Condensed Consolidated Statement of Cash Flows for the six months ended 30 June 2019

Please refer to pages 8 to 9 of the 2019 Interim Report.

- (v) Notes to the Condensed Consolidated Financial Statements for the six months ended 30 June 2019

Please refer to pages 10 to 29 of the 2019 Interim Report.

### 3. INDEBTEDNESS

As at the close of business on 31 August 2019, being the latest practicable date for the purpose of ascertaining the following indebtedness statements prior to the printing of this Composite Document, the Group had the following indebtedness:

**(a) Bank overdraft**

As at 31 August 2019, the bank overdraft of the Group was approximately HK\$2 million. The amount is unsecured and guaranteed by the Company.

**(b) Other loan**

As at 31 August 2019, there were two loans from independent third parties of principal of HK\$10 million and HK\$1 million respectively. The loan of HK\$10 million was unsecured and guaranteed by Mr. Tang Yau Sing, a Director of the Company, and the loan of HK\$1 million was unsecured and unguaranteed.

**(c) Amounts due to a Director, Mr. Tang Yau Sing**

As at 31 August 2019, the amounts due to Mr. Tang Yau Sing was approximately HK\$0.6 million. The amounts were unsecured and unguaranteed.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities as at the close of business on 31 August 2019.

### 4. MATERIAL CHANGE

The Directors confirm that save for the following matters, there has been no material change in the financial or trading position or outlook of the Group subsequent to 31 December 2018, being the date to which the latest audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date:

On 4 April 2019, the Group disposed of its entire 51% equity interest in Qihui Group (international) Limited and its subsidiaries (collectively referred to as the “Qihui Group”), the principal business and activity of the Qihui Group was the mobile app business of the Group and the disposal was regarded as discontinued operation. A gain of disposal of approximately HK\$0.3 million was recognised.

On 21 June 2019, the Company has received a letter from the Stock Exchange which served as a notice pursuant to Rule 9.15 of the GEM Listing Rules, that the listing department (the “**Listing Department**”) of the Stock Exchange has decided to suspend trading in the Shares of the Company under Rule 9.04 of the GEM Listing Rules and proceed with cancellation of the Company’s listing under Rule 9.14 of the GEM Listing Rules (the “**Decision**”). Pursuant to the Letter, in view of the Decision, the Company is required to re-comply with Rule 17.26 of the GEM Listing Rules and it will have a remedial period of 12 months to re-comply with Rule 17.26 of the GEM Listing Rules. If the Company fails to do so by the expiry of the 12-month period (i.e., 20 June 2020), the Stock Exchange will proceed with cancellation of the Company’s listing.

On 2 July 2019, the Company submitted a written request to the GEM listing committee (the “**Committee**”) of the Stock Exchange pursuant to Chapter 4 of the GEM Listing Rules to review the Decision.

On 18 September 2019, the Company received a letter from the Stock Exchange which notified the Company that at the review hearing of the Committee held on 4 September 2019, the Committee was of the view that the Company had failed to maintain a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated under Rule 17.26 of the GEM Listing Rules to the Stock Exchange to warrant its continued listing and decided to uphold the Listing Department’s Decision to suspend trading in the Company’s shares under Rule 9.04 of the GEM Listing Rules (the “**Committee Decision**”).

On 19 September 2019, the Group obtained a loan facility of HK\$5 million from an independent third party. As at the Latest Practicable Date, approximately HK\$2 million was drawn and outstanding. The amount was unsecured and unguaranteed.

On 26 September 2019, the Company submitted a written request to refer the Committee Decision to the GEM Listing (Review) Committee for review pursuant to Chapter 4 of the GEM Listing Rules.

**1. RESPONSIBILITY STATEMENT**

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any such statement contained in this Composite Document misleading.

**2. SHARE CAPITAL**

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 divided into 5,000,000,000 Shares of HK\$0.02 each, of which 432,000,000 Shares had been issued and were fully paid or credited as fully paid. All the existing issued Shares are fully paid up and rank *pari passu* in all respects including all rights as to capital, dividends and voting.

The Company has not issued any Shares since 31 December 2018, being the date to which the latest audited financial statements of the Company were made up.

There were outstanding Options carrying rights to subscribe for up to 7,440,000 Shares as at the Latest Practicable Date. Details of the Options are set out in the paragraphs headed “Principal terms of the Offers – The Option Offer” in the “Letter from Lego Securities” in this Composite Document.

Save as disclosed above, as at the Latest Practicable Date, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

### 3. DISCLOSURE OF INTERESTS

**(a) Interests and short positions of the Directors' and chief executive in the Shares, the underlying shares and debentures of the Company or any associated corporation**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange, or which were required to be disclosed under the Takeovers Code.

**(b) Interests and short positions of the substantial Shareholders in the Shares and underlying shares**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were 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 member of the Group:

***Long positions in the Shares***

Name of Shareholder	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of the issued Shares
The Offeror	Beneficial owner	432,000,000	74.00%
Mr. Lui	Interest of controlled corporation <sup>(Note 1)</sup>	432,000,000	74.00%

Notes:

- Mr. Lui is the sole beneficial owner of the Offeror and he is deemed to be interested in all the Shares held by the Offeror.



Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was 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 member of the Group.

#### 4. DEALINGS IN SECURITIES

During the Relevant Period,

- (a) the Directors did not have any dealings in the Shares, warrants, options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) the Company and the Directors did not own or control any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror and had not dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- (c) none of the subsidiaries of the Company, nor pension funds of any member of the Group nor any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code, owned or controlled any securities, Shares, warrants, options, derivatives or convertible securities of the Company and none of them had dealt for any value in any securities, Shares, options, warrants, derivatives or convertible securities of the Company;
- (d) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3), and (5) of the definition of “acting in concert” in the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code and save and except that Mr. Tsang Zee Ho, Paul (being an independent non-executive Director) who is a holder of Options entitling him to subscribe for 360,000 Shares, no such person had owned, controlled or dealt for value in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (e) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any such securities of the Company.

## 5. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) save that Mr. Tsang Zee Ho, Paul, being an independent non-executive Director and a holder of Options entitling him to subscribe for 360,000 Shares, has indicated to the Board that he intends to accept the Option Offer in respect of all the Options he is holding, no Director had any beneficial shareholdings in the Company which are subject to the Offers;
- (ii) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (iii) no benefit was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- (iv) there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers; and
- (v) no material contracts had been entered into by the Offeror in which any Director had a material personal interest.

## 6. SERVICE CONTRACTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation):

Director	Expiry date of service agreement/letter of appointment	Fixed annual remuneration	Variable remuneration
Mr. Tang Yau Sing	30 June 2020	HK\$1,200,000 <sup>Note 1</sup>	A discretionary bonus in respect of each financial year of the Company in an amount to be determined by the remuneration committee of the Company and approved by the Board in its absolute discretion
Mr. Tsang Zee Ho, Paul	23 January 2021	HK\$216,000 <sup>Note 2</sup>	–

*Notes:*

1. The initial annual remuneration was HK\$910,000 under the service agreement, which was adjusted to HK\$3,000,000 pursuant to a resolution of the remuneration committee of the Company on 2 March 2018, and further adjusted to HK\$1,200,000 with effect from September 2019 pursuant to a consent letter signed by Mr. Tang Yau Sing and the Company dated 2 September 2019.
2. The initial annual remuneration was HK\$240,000 under the letter of appointment, which was adjusted to HK\$276,000 pursuant to a resolution of the remuneration committee of the Company on 2 March 2018, and further adjusted to HK\$216,000 with effect from September 2019 pursuant to a consent letter signed by Mr. Tsang Zee Ho, Paul and the Company dated 2 September 2019.

**7. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years preceding 13 June 2019 (being the date of commencement of the Offer Period) and up to and including the Latest Practicable Date and was or might be material:

- (a) the sale and purchase agreement dated 14 March 2018 and entered into between the Company as vendor and Wong Chi Fai Ken as purchaser in relation to the sale and purchase of the entire equity interest in and the sale loan owed to the Company by Lucky Channel Limited in the total consideration of HK\$12,900,000;
- (b) the loan agreement (“**Info Strength Loan Agreement**”) dated 16 March 2018 and entered into between Info Strength Limited (the “**Info Strength**”), a wholly-owned subsidiary of the Company, as the lender, and Mr. Pan Xiaohua (the “**Mr. Pan**”) as the borrower, pursuant to which Info Strength agreed to provide a loan in the principal amount of RMB10,000,000 to Mr. Pan;
- (c) the sale and purchase agreement dated 22 March 2018 and entered into between Leading Profile Limited (“**Leading Profile**”), a wholly-owned subsidiary of the Company, as the purchaser, and Mr. Poon Wai Kwong (“**Mr. Poon**”) and Mr. Choi Sai Sun (“**Mr. Choi**”) as vendors in relation to the sale and purchase of 67% of the entire issued share capital of To Be Concept Limited (“**To Be Concept**”) in the consideration of HK\$3,015,000;
- (d) the loan agreement dated 22 March 2018 and entered into between Leading Profile as lender, and To Be Concept as borrower, pursuant to which Leading Profile agreed to advance an amount not exceeding HK\$3,000,000 to To Be Concept;
- (e) the supplemental agreement dated 17 May 2018 and entered into between Info Strength, Mr. Poon and 北京鴻信通文化傳媒有限公司 (Beijing Hongxintong Cultural Media Company Limited) and supplementing the Info Strength Loan Agreement;

- (f) the consultancy and project management contract dated 1 June 2018 and entered into between the Company and Asia Pioneer Entertainment Holding Limited (“**APE**”) pursuant to which APE shall provide project management services and consultancy services to the Company in relation to, *inter alia*, hardware and software designs of gaming machines, and incidental testing, for a term of seven (7) months for a fee of HK\$5,000,000;
- (g) the loan agreement dated 24 July 2018 and entered into between the Company as lender and Xuancheng Financial Holdings Group Limited as borrower, pursuant to which the company agreed to provide a loan in the principal amount of HK\$5,000,000 to the borrower;
- (h) the framework agreement dated 11 October 2018 and entered into between the Company as purchaser and Li Li Ya, Wang Jing and another four individuals as vendors, in relation to the possible sale and purchase of 51% of the entire equity interest of a special purpose vehicle company to be incorporated and to hold the entire equity interest in 眾體時代(北京)科技有限公司 (Zhongti Times (Beijing) Technology Co. Ltd.) (“**Zhongti Times**”) at the consideration of HK\$201,960,000;
- (i) the sale and purchase agreement (the “**Forever Innovation SPA**”) dated 4 December 2018 and entered into, among others, the Company as purchaser and Prime Castle Holdings Limited (“**Prime Castle**”) as vendor, in relation to the sale and purchase of 51% of the issued share capital of Forever Innovation Limited (“**Forever Innovation**”), which upon restructuring, indirectly holds the entire interest in Zhongti Times at the consideration of HK\$183.6 million (subject to adjustments);
- (j) the supplemental agreement (the “**First Supplemental Agreement**”) dated 5 December 2018 and entered into among the parties to the Forever Innovation SPA, pursuant to which the parties agreed to amend the profit guarantee provisions to accurately reflect the percentage of equity interest to be held by the Company upon completion of the acquisition;
- (k) the second supplemental agreement dated (the “**Second Supplemental Agreement**”) dated 27 December 2018 and entered into among the parties to the Forever Innovation SPA, pursuant to which the parties agreed to amend the payment schedule of the consideration, the profit guarantee provisions and the corresponding offset mechanics of the Forever Innovation SPA (as amended and supplemented by the First Supplemental Agreement);

- (l) the third supplemental agreement (the “**Third Supplemental Agreement**”, together with the First Supplemental Agreement and the Second Supplemental Agreement, the “**Supplemental Agreements**”) dated 7 January 2019 and entered into among the parties to the Forever Innovation SPA, pursuant to which the parties agreed to adjust the apportionment of the consideration shares and convertible note under the Forever Innovation SPA (as amended and supplemented by the First Supplemental Agreement and the Second Supplemental Agreement);
- (m) the termination agreement dated 25 March 2019 and entered into among the parties to the Forever Innovation SPA, pursuant to which the parties agreed to terminate the Forever Innovation SPA and the Supplemental Agreements;
- (n) the sale and purchase agreement (the “**Revised Forever Innovation SPA**”) dated 25 March 2019 and entered into among the parties to Forever Innovation SPA, in relation to the sale and purchase of 15% of the issued share capital of Forever Innovation at the consideration of HK\$21.0 million;
- (o) the sale and purchase agreement dated 4 April 2019 and entered into between Info Strength as vendor and Mr. Lau Wai Lun as purchaser in relation to the sale and purchase of 51% of the total issued share capital of and the sale loan owing to Info Strength by Qihui Group (International) Limited at the consideration of HK\$1.00 and the waiving of all the purchaser’s rights to the repayment of the sale loan;
- (p) the joint-venture agreement dated 31 May 2019 and entered into between Charm Points Limited (“**Charm Points**”) (held by Mr. Tang Yau Sing, an executive Director, in trust for Winsing Group (Holdings) Limited, an indirect wholly-owned subsidiary of the Company) and Zhongti Times in respect of the formation of a joint-venture company to be incorporated by Charm Points in the PRC, which will have a registered capital of RMB2 million and will be held as to 60% by Charm Points and 40% by Zongti Times;
- (q) the framework agreement (the “**Framework Agreement**”) dated 31 May 2019 and entered into among Info Strength, 北京眾樂網路科技有限公司 (Beijing Zhongle Internet Technology Company Limited) (“**Beijing Zhongle**”), Mr. Li Zheng, Mr. Yuan Ke, Mr. Zhou Xu and Mr. Xu Rong, in relation to the proposed subscription of the shares of a special purpose vehicle company to be incorporated and to have control over Beijing Zhongle which, on a fully diluted basis, represent 10% of its enlarged issued share capital at a subscription price of RMB10,000,000; and
- (r) the extension letter dated 30 August 2019 entered into between the parties to the Framework Agreement pursuant to which the long stop date for completion under the Framework Agreement shall be extended to 31 December 2019.

## 8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

## 9. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Euto Capital Partners Limited	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Euto Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Euto Capital did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any direct or indirect interest in any assets which had been, since 31 December 2018, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 10. GENERAL

- (i) The registered office of the Company is situated at Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands.
- (ii) The registered office of the Independent Financial Adviser is situated at Room 2418, Wing On Centre, 111 Connaught Road Central, Hong Kong.
- (iii) The English text of this Composite Document and the Form(s) of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on (i) the websites of the SFC (<http://www.sfc.hk>) and the Company ([www.wintogroup.hk](http://www.wintogroup.hk)); and (ii) at the head office and principal place of business of the Company in Hong Kong at Suites 2101-05, 21/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) from the date of this Composite Document up to and including the Closing Date or the date on which the Offers lapse or are withdrawn, whichever is the earlier:

- (a) the memorandum and articles of association of the Company;
- (b) the annual report of the Company for each of the two years ended 31 December 2017 and 31 December 2018;
- (c) the interim report of the Company for the six months ended 30 June 2019;
- (d) the letter from the Board as set out on pages 26 to 32 of this Composite Document;
- (e) the letter from the Independent Board Committee as set out on pages 33 to 34 of this Composite Document;
- (f) the letter from the Independent Financial Adviser as set out on pages 35 to 60 of this Composite Document;
- (g) the written consent from the Independent Financial Adviser referred to in the paragraph headed “Expert’s qualification and consent” in this appendix;
- (h) the service contracts and letters of appointment referred to under the paragraphs headed “6. Service contracts” in this appendix;
- (i) the material contracts referred to under the paragraph headed “7. Material contracts” in this appendix; and
- (j) this Composite Document and the accompanying Form(s) of Acceptance.

## 1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offers, the Offeror and the Group.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Group, the Vendors, the Receivers and parties acting in concert with any of them), and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than that expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

## 2. MARKET PRICES

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

<b>Date:</b>	<b>Closing price per Share HK\$</b>
31 December 2018	0.680
31 January 2019	0.260
28 February 2019	0.212
29 March 2019	0.202
30 April 2019	0.390
31 May 2019	0.465
28 June 2019	0.249
31 July 2019	0.480
30 August 2019 (being the Last Trading Date) <i>(Note)</i>	0.225
30 September 2019	0.238
11 October 2019 (being the Latest Practicable Date)	0.250

*Note:* Trading in the Shares on the Stock Exchange was halted from 3:02 p.m. on 2 September 2019 to 17 September 2019 pending the release of the Joint Announcement.

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.780 per Share on 19 December 2018 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.190 per Share on 4 April 2019.



### 3. DISCLOSURE OF INTERESTS IN SHARES

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate percentage of interest in the Company's share capital
Source Creation International Limited ( <i>Note</i> )	Beneficial owner	319,680,000	74.00%
Mr. Lui	Interest of controlled corporation	319,680,000	74.00%

*Note:*

Source Creation International Limited is wholly-owned by Mr. Lui, who is deemed to be interested in 319,680,000 Shares held by Source Creation International Limited under the SFO.

Save as disclosed above, (i) as at the Latest Practicable Date, none of the Offeror and parties acting in concert with it owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company; and (ii) none of the Offeror and parties acting in concert with it had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

### 4. DEALING AND INTERESTS IN THE COMPANY'S SECURITIES AND OTHER ARRANGEMENTS

As at the Latest Practicable Date:

- (i) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any person acting in concert with the Offeror and any other person in relation to the securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company and which might be material to the Offers;
- (ii) there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the

Company and which might be material to the Offers that exists between the Offeror and/or any of its parties acting in concert and/or the Offeror's associate and any other person;

- (iii) save for the Sale and Purchase Agreement, there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers;
- (iv) save for the Consideration for the Sale Shares of HK\$35,250,000 paid by the Offeror to the Vendors under the Sale and Purchase Agreement, there is no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror or parties acting in concert with it to the Vendors or parties acting in concert with any of them in connection with the sale and purchase of the Sale Shares;
- (v) none of the Offeror nor parties acting in concert with it has received any irrevocable commitment to accept the Offers;
- (vi) the Offeror had no agreement, arrangement or understanding to transfer, charge or pledge any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Offeror may acquire in pursuance of the Offers would be transferred, charged or pledged to any other persons;
- (vii) there are no outstanding derivatives in respect of securities in the Company which has been entered into by the Offeror and parties acting in concert with it;
- (viii) none of the Offeror nor parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ix) the Offeror confirms that there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and the Vendors and parties acting in concert with each of them on the other hand;
- (x) the Company and the Offeror confirm that there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any parties acting in concert with it or (ii)(b) the Company, its subsidiaries or associated companies;
- (xi) Lego Corporate Finance and Lego Securities confirm that each of them and their respective associates is a third party independent of, not connected with, and does not have any concert party relationship with the Vendors and parties acting in concert with any of them;

- (xii) save for the Sale Shares, none of the Offeror or parties acting in concert with it owns or has control or direction over any voting rights or rights over any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (xiii) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company was managed on a discretionary basis by any fund managers connected with the Offeror or any persons acting in concert with it, and no such person had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period;
- (xiv) there was no arrangement whereby benefit (other than statutory compensation) was or will be given to any Directors as compensation for loss of office or otherwise in connection with the Offers;
- (xv) there was no agreement, arrangement or understanding (including any compensation arrangement) exist between the Offeror or any persons acting in concert with it and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or was dependent upon the Offers; and
- (xvi) there are no conditions to which the Offers are subject to.

Save for the Sale Shares under the Sale and Purchase Agreement, none of the Offeror or parties acting in concert with it has dealt for value nor owned any Share or relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Relevant Period.

## **5. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who have given opinions or advice which is contained or referred to in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Lego Corporate Finance Limited	a corporation licensed by the SFC to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Lego Securities Limited	a corporation licensed by the SFC to carry out Type 1 (dealing in securities) regulated activity under the SFO

Each of the above experts has given and has not withdrawn their written consents to the issue of this Composite Document with the inclusion of the text of its letter or report and/or references to its name in the form and context in which they are respectively included.

**6. MISCELLANEOUS**

As at the Latest Practicable Date:

- (a) the principal members of the Offeror's concert group are the Offeror and Mr. Lui;
- (b) the registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Island;
- (c) The correspondence address of Mr. Lui is Room 2412, 24/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong;
- (d) the registered address of Lego Securities is situated at Room 301, 3/F, China Building, 29 Queen's Road Central, Central, Hong Kong;
- (e) the registered address of Lego Corporate Finance is situated at Room 1601, 16/F, China Building, 29 Queen's Road Central, Central, Hong Kong.
- (f) the Offeror is a company incorporated in the British Virgin Islands with limited liability on 12 August 2019; and
- (g) the English text of this Composite Document and the accompanying Forms of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

**7. DOCUMENTS AVAILABLE FOR INSPECTION AND DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection (i) at the principal office of the Company at Suites 2101-05, 21/F Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. (on any weekdays, except public holidays); (ii) on the website of the SFC (<http://www.sfc.hk>); and (iii) on the website of the Company (<http://www.wintogroup.hk>) from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Lego Securities, the text of which is set out on pages 10 to 25 of this Composite Document; and
- (c) the written consents referred to under the paragraph headed "5. Experts and Consents" in this appendix.