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WINTO GROUP (HOLDINGS) LIMITED

惠陶集團(控股)有限公司

(Incorporated in Cayman Islands with limited liability)

(stock code: 8238)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

PLACING AGENT



VC Brokerage Limited

PLACING OF NEW SHARES

On 13 December 2016 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, the Placing Shares comprising up to 1,440,000,000 new Shares at the Placing Price of HK\$0.028 per Placing Share to not less than six independent Placers. The maximum number of 1,440,000,000 Placing Shares represents (i) approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement; and (ii) approximately 16.67% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$40.3 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$38.2 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be applied for as general working capital of the Group and future business expansion.

GENERAL

The Placing Shares are to be issued under the General Mandate and therefore the issue of the Placing Shares will not be subject to the approval of the Shareholders.

Completion of the Placing is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date: 13 December 2016 (after trading hours)

Parties: (1) Issuer: the Company
(2) Placing agent: VC Brokerage Limited

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent is an Independent Third Party. As at the date of this announcement, Mr. Wong Man Hin Charles, who holds the position as managing director of the Placing Agent, is interested in approximately 6.92% of the issued share capital of the Company.

The Placees

The Placing Shares will be placed on a best effort basis to not less than six Placees which will be institutional, professional and/or private investors who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any Placee will become a Substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

The number of Placing Shares shall be up to 1,440,000,000 new Shares, representing approximately 20.00% of the existing issued share capital of the Company as at the date of the Placing Agreement, and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will rank, upon issue, *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.028 per Placing Share, representing:

- (i) a discount of approximately 3.45% to the closing price of HK\$0.029 per Share as quoted on the Stock Exchange on 13 December 2016, being the date of the Placing Agreement; and
- (ii) a discount of approximately 3.45% to the average of the closing prices of approximately HK\$0.029 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among other things, the prevailing market price of the Shares and the liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.027 per Placing Share.

Assuming the 1,440,000,000 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$1,440,000.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is equal to 5% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the market rate. The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Placing Shares

The Placing Shares are to be issued under the General Mandate. Under the said General Mandate, up to 1,440,000,000 Shares may be issued by the Company. As at the date of this announcement, such General Mandate has not been utilised. There shall be sufficient General Mandate for the Placing.

Conditions of the Placing

The Placing is conditional upon:

- (i) the passing by the Board of resolutions to approve the Placing Agreement and the transactions contemplated thereunder;
- (ii) the granting by the Stock Exchange of approval for the listing of, and permission to deal in, the Placing Shares on GEM and the approval not having been subsequently revoked or cancelled;
- (iii) the Company having obtained all necessary consents, approvals, authorisation, permission, or confirmation in relation to the Placing from the relevant authorities or third party, if required; and
- (iv) the Company's representations and warranties under the Placing Agreement being true and accurate and not misleading as at the date of the Placing Agreement and the Completion Date.

In the event that the conditions of the Placing is not fulfilled by 4 January 2017 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Placing save for any antecedent breaches.

Completion of the Placing

Completion of the Placing will take place on a date within five Business Days after the fulfillment of the conditions of the Placing or such other date agreed by the Company and the Placing Agent.

Termination

If at any time between the date of the Placing Agreement and at 5:00 p.m. on the Completion Date, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (ii) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not *sui generis* with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing,

then the Placing Agent may upon giving notice to the Company terminate the Placing Agreement with immediate effect.

Upon termination of the Placing Agreement pursuant to the above mentioned factors, all obligations of the Company and the Placing Agent shall cease and the Company shall not be liable to pay any commission under the Placing Agreement and no party of the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save of any antecedent breach of any obligation under the Placing Agreement.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING

The Group is principally engaged in (i) sales and free distribution of Chinese lifestyle magazines, the sales of advertising space in the magazines; (ii) provision of outdoor advertising service; (iii) development and operating e-commerce trading platform; (iv) trade of liquefied natural gas and methanol; and (v) mobile phone apps development, provision of

apps solutions and provision of online marketing planning and production. The Directors are of the view that the Placing represents a good opportunity for the Group to raise additional capital, which would allow the Company to increase its capital base and widen its shareholder base.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$40.3 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$38.2 million after deducting relevant expenses incurred in relation to the Placing.

It is presently expected that the net proceeds will be used as general working capital of the Group and future business expansion.

EQUITY FUND RAISING ACTIVITY IN PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

There had not been other equity fund raising activity conducted by the Group after the listing of the Group on the Stock Exchange on 16 February 2015.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 7,200,000,000 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing is as follows:

	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders				
Fuwin Group (Holdings) Limited (Note 1)	2,538,232,000	35.25	2,538,232,000	29.38
Mr. Lan Zhi Cheng	350,000,000	4.86	350,000,000	4.05
Public Shareholders				
Grand Powerful Group Limited (Note 2)	498,000,000	6.92	498,000,000	5.76
Mr. Wong Man Hin Charles	498,000,000	6.92	498,000,000	5.76
Other public Shareholders	3,315,768,000	46.05	3,315,768,000	38.38
Places	—	0.00	1,440,000,000	16.67
Total	<u>7,200,000,000</u>	<u>100.00</u>	<u>8,640,000,000</u>	<u>100.00</u>

Notes:

1. Fuwin Group (Holdings) Limited is owned as to 60% by Mr. Kwan Shun Keung Timmy and 40% by Ms. Yip Tsz Lam.
2. Grand Powerful Group Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Cheng Ming Kit.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Company”	Winto Group (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, whose issued Shares are listed on GEM
“Completion Date”	the date of completion of the Placing which will take place on a date within five Business Days after the fulfillment of the conditions of the Placing or such other date agreed by the Company and Placing Agent
“connected person(s)”	has the meanings as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 9 May 2016 to allot and issue up to 1,440,000,000 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its directors, chief executive, and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional, professional and/or private investors procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement

“ Placing ”	the placing by the Placing Agent, on a best effort basis, of up to an aggregate of 1,440,000,000 new Shares to be allotted and issued to the Placees pursuant to the terms of the Placing Agreement
“ Placing Agent ”	VC Brokerage Limited, a licensed corporation to carry on type 1 and 4 regulated activities (dealing in securities and advising on securities) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“ Placing Agreement ”	the conditional placing agreement dated 13 December 2016 and entered into between the Company and the Placing Agent in relation to the Placing
“ Placing Price ”	the placing price of HK\$0.028 per Placing Share
“ Placing Shares ”	up to an aggregate of 1,440,000,000 new Shares to be placed under the Placing
“ Share(s) ”	ordinary share(s) of nominal value of HK\$0.001 each in the capital of the Company
“ Shareholders ”	holders of the issued Shares
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Substantial Shareholder ”	has the meaning as ascribed thereto under the Listing Rules
“ % ”	per cent.

By order of the Board
Winto Group (Holdings) Limited
Mak Wai Kit
Company Secretary

Hong Kong, 13 December 2016

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

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and be posted and remains on the website of the Company at <http://www.wintogroup.hk>.