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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 51% OF ALL THE ISSUED SHARES AND SHAREHOLDER'S LOAN IN QIHUI GROUP (INTERNATIONAL) LIMITED

THE DISPOSAL

The Board is pleased to announce that on 4 April 2019 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares and the Sale Loan at the Consideration.

Completion has taken place simultaneously with the entering into of the Agreement. Upon Completion, the Target Company has ceased to be a subsidiary of the Company.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 4 April 2019 (after trading hours), the Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares and the Sale Loan at the Consideration.

THE DISPOSAL

The Agreement

Date: 4 April 2019

Parties: (i) the Vendor; and
(ii) the Purchaser

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser is an Independent Third Party.

Assets to be disposed of

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Sale Shares and the Sale Loan.

Consideration

The Consideration comprises the Share Consideration and the Loan Consideration, which have been satisfied as follows:

- (1) the Share Consideration has been satisfied by the Purchaser paying it in cash to the Vendor upon Completion; and
- (2) the Loan Consideration has been satisfied by way of the Purchaser executing under seal the Deed of Assignment and Waiver upon Completion, whereby the Purchaser has unconditionally and irrevocably waived all his rights to the repayment of the Sale Loan, upon the Sale Loan being assigned to him by the Vendor under the Deed of Assignment and Waiver upon Completion, and any claims therein and thereto against the Target Company or any of its successors and assigns.

The Consideration was determined after arm's length negotiations between the parties with reference to the net asset value of the Target Group as at 31 December 2018 and the Target Group's loss making position.

Accordingly, the Directors consider that the Consideration and the terms and conditions of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Completion

Completion for the sale and purchase of the Sale Shares and the Sale Loan has taken place simultaneously at the same time with the entering into of the Agreement by the Vendor and the Purchaser.

Other Provisions

All stamp duties chargeable on the transfer of the Sale Shares and the Sale Loan shall be borne by the Vendor and the Purchaser in equal shares.

INFORMATION ON THE GROUP

The Group is principally engaged in (i) promotion of products and services by organizing exhibitions and trade shows; (ii) sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in magazines; and (iii) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in Hong Kong with limited liability. The Company, through the Vendor, indirectly owned 51% of all the issued shares of the Target Company immediately prior to Completion. The Target Group is principally engaged, and represented immediately prior to Completion the entire segment of the Group, in the provision of mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

Set out below is certain unaudited consolidated financial information of the Target Group for the two financial years ended 31 December 2017 and 31 December 2018:

	For the year ended 31 December 2017 <i>HK\$'000</i> (unaudited)	For the year ended 31 December 2018 <i>HK\$'000</i> (unaudited)
Revenue	8,832	2,175
Net loss before taxation	3,418	2,861
Net loss after taxation	3,418	2,861

The unaudited consolidated total asset value and net liability value of the Target Group as at 31 December 2018 were approximately HK\$735,000 and HK\$7,342,000 respectively.

Upon Completion, the Target Company has ceased to be a subsidiary of the Company. Accordingly, the Group has, upon Completion, discontinued the segment in the provision of mobile phone apps development, provision of apps solutions and provision of online marketing planning and production. The financial results of the Target Group will no longer be consolidated into the Group's financial statements.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

The expected gain from disposal of the Target Group is approximately HK\$450,000, representing (i) disposal of the Target Group in net liability position of approximately HK\$3,934,000 after the waving of the shareholder's loan of approximately HK\$3,408,000 (i.e., HK\$7,342,000 less HK\$3,408,000); (ii) de-recognition of accumulated loss shared by the non-controlling interest of approximately HK\$3,568,000; and (iii) de-recognition of the accumulated exchange reserve of approximately HK\$84,000.

The aforesaid estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be after Completion, which is subject to review and confirmation by the Company's auditors.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors have been constantly reviewing the performance of the businesses of the Group and aiming to strive for the best interests for the Company and the Shareholders. Although the net proceeds of the Disposal were nominal, the Board considers that the Disposal will enable the Company to reallocate its resources to other existing businesses of the Group.

The terms of the Disposal were determined after arm's length negotiations between the Vendor and the Purchaser, and the Directors are of the view that the terms of the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement for sale and purchase dated 4 April 2019 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors of the Company
“Company”	Winto Group (Holdings) Limited, a company duly incorporated in the Cayman Islands with limited liability, whose shares are listed and traded on GEM
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“Consideration”	collectively the Share Consideration and the Loan Consideration
“Deed of Assignment and Waiver”	the deed of assignment and waiver dated 4 April 2019 entered into among the Vendor (as assignor), the Purchaser (as assignee) and the Target Company (as debtor) in respect of the Sale Loan pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser under the Agreement
“GEM”	the GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM made by the Stock Exchange from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Loan Consideration”	the consideration for the Sale Loan, being the Purchaser unconditionally and irrevocably waiving all his rights to the repayment of the Sale Loan, upon the Sale Loan being assigned to him by the Vendor under the Deed of Assignment and Waiver upon Completion, and any claims therein and thereto against the Target Company or any of its successors and assigns
“Purchaser”	Mr. Lau Wai Lun
“Sale Loan”	the aggregate sum of HK\$3,408,106 owing by the Target Company to the Vendor as at the date of the Agreement
“Sale Shares”	510 fully paid ordinary shares in the issued share capital of the Target Company which are legally and beneficially owned by the Vendor immediately prior to Completion, representing 51% of the total number of issued shares of the Target Company
“Share Consideration”	the consideration for the Sale Shares, being the sum of HK\$1.00
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Qihui Group (International) Limited (啟匯集團(國際)有限公司), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company immediately prior to Completion

“Target Group”	the Target Company and its subsidiaries
“Vendor”	Info Strength Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 4 April 2019

As at the date of this announcement, the Board comprises Mr. Tang Yau Sing as an executive Director; and Mr. Wen Kai, Mr. Tsang Zee Ho Paul and Mr. Tse Chi Wai as independent non-executive Directors.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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>.