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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)**

### **LAPSE OF A MAJOR TRANSACTION AND VOLUNTARY ANNOUNCEMENT ON FORMATION OF A JOINT VENTURE**

#### **INTRODUCTION**

Reference is made to the announcement of the Company on 25 March 2019 in respect of the proposed acquisition of 15% issued share capital in Forever Innovation Limited (the “Previous Announcement”). Unless otherwise defined, the terms used in this announcement shall have the same meanings as defined in the Previous Announcement.

As at the date of this announcement, not all the conditions precedent have been satisfied or waived (where applicable), and the parties to the SPA have not reached any agreement to further extend the long stop date of the SPA. Accordingly such agreement shall lapse and will have no further effect after 31 May 2019.

The Board is pleased to announce that, on a voluntary basis, on 31 May 2019 (after trading hours), Charm Points, an indirect wholly-owned subsidiary of the Company and ZT Times entered into the JV Agreement, pursuant to which the parties to the JV Agreement agreed to establish the JV Company to be the exclusive agent to carry out the advertising-related business arising from the operation of ZT Times.

Upon incorporation, the JV Company will become an indirectly non wholly-owned subsidiary of the Company and the financial performance and position of the JV Company will be consolidated to the Group’s consolidated financial statements.

#### **JV AGREEMENT**

##### **Date**

31 May 2019

##### **Parties**

Charm Points and ZT Times

**Equity interest in the JV Company and capital contribution**

The JV Company will be held as to 60% by Charm Points and 40% by ZT Times respectively and both parties will contribute their corresponding portion of the registered capital to the JV Company.

The registered capital of the JV Company will be RMB2 million (equivalent to approximately HK\$2.3 million). The registered capital shall be injected to the JV Company within six months after the completion of the registration of the JV Company.

According to the JV Agreement, the total capital commitment on the part of Charm Points is RMB1.2 million.

The major roles and responsibilities of the parties under the JV Agreement are summarised as follows:

- Major roles and responsibilities of Charm Points
  - (i) Providing the capital contribution in accordance with the JV Agreement;
  - (ii) Handling the incorporation and registration of the JV Company;
  - (iii) Providing technical and expertise support to the JV Company;
  - (iv) Providing assistance on the administrative and human resources management of the JV Company;
  - (v) Handling delegated duties of the JV Company.
  
- Major roles and responsibilities of ZT Times
  - (i) Providing the capital contribution in accordance with the JV Agreement;
  - (ii) Upon the incorporation of the JV Company, entering into an exclusive right agreement with the JV Company to appoint the JV company as the exclusive agent to carry out the advertising-related business arising from the operation of ZT Times;
  - (iii) Handling other delegated duties of the JV Company.

- Board composition
- (a) Charm Points has the right to nominate two (2) directors of the JV Company and one of them shall be the chairman of the board of directors of the JV Company;
  - (b) ZT Times has the right to nominate one (1) director of the JV Company.

### **Principal business of the JV Company**

The JV Company will be principally engaged in advertising agency, e-commerce, corporate branding and marketing strategies, image and graphic design.

As part of the arrangement, the JV Company will be appointed as the exclusive agent to carry out the advertising-related business arising from the operation of ZT Times.

### **Information of ZT Times**

ZT Times is a company incorporated in the PRC and is principally engaged in online advertising, online gaming and entertainment platform specializing in the development and operation of boutique internet games. It provides a platform with creative planning, art design, technology research and development, product development, game promotion, operation and maintenance and game peripheral industry cooperation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, ZT Times and its ultimate beneficial owners are Independent Third Parties.

### **REASONS FOR THE ENTERING INTO THE JV AGREEMENT**

The Group principally engages in (i) promotion of products and services by organising exhibition and trade shows; (ii) sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in magazines.

In order to further enhance its investment portfolio in advertising business, the Group had continuously been seeking investment opportunities to further invest in the digital advertising business sector. The Directors considered that the entering into of the JV Agreement allows the Group to tap into the digital advertising sector so as to broaden the Group's investment portfolio in its core advertising business.

Accordingly, the Directors (including the independent non-executive Directors) consider that the entering into of the JV Agreement is in the interests of the Company and the shareholders of the Company as a whole.

## **GEM LISTING RULES IMPLICATIONS**

As none of the applicable percentage ratio(s) as set out in Rule 19.07 of the GEM Listing Rules in respect of the JV Agreement exceeds 5%, the JV Agreement and the transaction contemplated thereunder therefore does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

### **Lapse of the SPA**

Upon the lapse of the SPA, except that the Vendor is required to return the deposit of HK\$20,000,000 to the Company, each of the parties mutually discharge and release one another from further obligations under the SPA and their respective rights and/or claims against each other arising out of or in connection with the SPA are cancelled and terminated.

As a result, the Acquisition of the 15% issued share capital in Forever Innovation will not proceed and the Company and the relevant parties will not enter into the Shareholders' Agreement as disclosed in the Previous Announcement.

The Board considers that the lapse of the SPA has no material impact on the existing business operations and financial position of the Company and its subsidiaries.

## **DEFINITIONS**

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

“Charm Points”	Charm Points Limited, is currently held by Mr. Tang Yau Sing, one of the Directors of the Company, in trust for Winsing Group (Holdings) Limited, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“JV Agreement”	the joint-venture agreement entered into between Charm Points and ZT Times on 31 May 2019 in respect of the formation of the JV Company
“JV Company”	the proposed joint-venture company to be incorporated by Charm Points in PRC, which will be held as to 60% by Charm Points and 40% by ZT Times

“RMB”	Renminbi, the lawful currency of the PRC
“ZT Times”	眾體時代(北京)科技有限公司, (Zhongti Times (Beijing) Technology Limited*), a company incorporated in the PRC, which was previously defined as the Target Company in the Previous Announcement
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 31 May 2019

*As at the date of this announcement, the Board comprises Mr. Tang Yau Sing and Mr. Wong Siu Hung, Patrick as executive Directors and Mr. Wen Kai, Mr. Tsang Zee Ho, Paul, Mr. Tse Chi Wai, Ms. Wang Yan and Mr. Lau Fai, Lawrence 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.*

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\* *for identification purpose only*