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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**

### **ACQUISITION OF 10% EQUITY INTEREST IN BEIJING ZHONGLE**

Reference is made to the Previous Announcement of the Company dated 18 March 2018 relating to the provision of Loan by Info Strength (as the lender) to Mr. Pan Xiaohua (as the borrower) in the principal amount of RMB10,000,000.

As disclosed in the Previous Announcement, on 16 March 2018, Info Strength provided a Loan in the principal amount of RMB10,000,000 to Mr. Pan. In turn, Mr. Pan, through his 100% controlled entity, Beijing Hongxintong (as the lender), provided a Back-to-Back Loan in the principal amount of RMB10,000,000 to Beijing Zhongle (as the borrower).

On 31 May 2019 (after trading hours) Info Strength, a wholly-owned subsidiary of the Company, Beijing Zhongle and the Existing Shareholders (or through their respective nominee) entered into a Framework Agreement, pursuant to which Info Strength agreed to subscribe the Subscription Shares and the Existing Shareholders agreed to procure the issue and allotment of the Subscription Shares to Info Strength.

The Consideration payable by Info Strength to the Target Company for the Subscription Shares shall be RMB10,000,000. Pursuant to the Framework Agreement, the parties agreed that the Consideration for the Subscription Share will be offset by the RMB10,000,000 due from Beijing Zhongle to Info Strength pursuant to the Loan Assignment and Info Strength therefore would not be required to pay additional cash consideration for the Subscription Shares.

### **GEM LISTING RULES IMPLICATIONS**

#### **Framework Agreement**

As the relevant percentage ratios in respect of the Subscription calculated pursuant to Rule 19.07 of the GEM Listing Rules exceed 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

### **Supplemental Agreement**

As the relevant percentage ratios, at the material time, in respect of the Supplemental Agreement calculated pursuant to Rule 19.07 of the GEM Listing Rules exceeded 5% but less than 25%, the Supplemental Agreement constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules. The entering into the Supplemental Agreement by the Company also constituted a material variation of the transaction as disclosed in the Previous Announcement. According to GEM Rule 19.36, the Company should have disclosed this Supplemental Announcement as soon as practicable on or around 16 May 2018.

### **Loan Assignment**

As the relevant percentage ratios, at the material time, in respect of the Loan Assignment calculated pursuant to Rule 19.07 of the GEM Listing Rules exceeded 5% but less than 25%, the Loan Assignment constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules. The entering into the Loan Assignment by the Company also constituted a material variation or termination of the transaction as disclosed in the Previous Announcement. According to GEM Rule 19.36, the Company should have disclosed this Supplemental Announcement as soon as practicable on or around 12 March 2019.

**Completion is subject to the fulfilment of the conditions precedent set out in the Framework Agreement and the definitive agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **INTRODUCTION**

Reference is made to the Previous Announcement of the Company dated 18 March 2018 relating to the provision of Loan by Info Strength (as the lender) to Mr. Pan Xiaohua (as the borrower) in the principal amount of RMB10,000,000.

As disclosed in the Previous Announcement, on 16 March 2018, Info Strength provided a Loan in the principal amount of RMB10,000,000 to Mr. Pan. In turn, Mr. Pan, through his 100% controlled entity, Beijing Hongxintong (as the lender), provided a Back-to-Back Loan in the principal amount of RMB10,000,000 to Beijing Zhongle (as the borrower).

On 31 May 2019 (after trading hours) Info Strength, a wholly-owned subsidiary of the Company, Beijing Zhongle and the Existing Shareholders (or through their respective nominee) entered into a Framework Agreement, pursuant to which Info Strength agreed to subscribe the Subscription Shares and the Existing Shareholders agreed to procure the issue and allotment of the Subscription Shares to Info Strength.

## **FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are summarized as follows:

- Date: 31 May 2019 (after trading hours)
- Parties: (i) Info Strength, as the investors;
- (ii) Beijing Zhongle; and
- (iii) the Existing Shareholders.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Beijing Zhongle and its respective ultimate beneficial owners, Zhou Xu and Xu Rong, are Independent Third Parties.

### **Assets to be acquired**

Pursuant to the Framework Agreement and subject to the final definitive agreement, upon completion of the Reorganisation and the VIE Contractual Arrangements, Info Strength shall subscribe and the Target Company shall issue and allot the Subscription Shares, representing 10% of the enlarged issued share capital of the Target Company.

### **Consideration**

The Consideration payable by Info Strength to the Target Company for the Subscription Shares shall be RMB10,000,000. Pursuant to the Framework Agreement, the parties agreed that the Consideration for the Subscription Share will be offset by the RMB10,000,000 due from Beijing Zhongle to Info Strength pursuant to the Loan Assignment and Info Strength therefore would not be required to pay additional cash consideration for the Subscription Shares.

### **Waiver of the Back-to-Back Loan**

Info Strength agreed, upon satisfaction of the following conditions, it will waive Beijing Zhongle's repayment obligations in respect of the Back-to-Back Loan:

- (i) the relevant parties having entered into a definitive agreement for the Subscription and the Subscription having completed (after completion of the Reorganisation and the VIE Contractual Arrangements) to the satisfaction of Info Strength; and
- (ii) the Target Company having registered Info Strength as a member and issued the relevant share certificate representing 10% of its issued share capital on an enlarged basis.

### **Basis of determination of the Consideration**

The Consideration was arrived at after arm's length negotiations amongst Info Strength, the Existing Shareholders and Beijing Zhongle on normal commercial terms and taken into consideration of the following factors:

- (a) historical financial performance and future development potential of the Beijing Zhongle;
- (b) the valuation of the comparable companies in the industry that Beijing Zhongle involves; and
- (c) the intention of Beijing Zhongle granting the exclusivity of its media marketing business to the Company.

### **Conditions precedents**

The Subscription will be conditional upon the following conditions precedent being fulfilled or waived:

- (a) the Company has been satisfied with the results of the financial and legal due diligence review on Beijing Zhongle;
- (b) Info Strength has obtained the necessary internal approval(s) in respect of the Subscription;
- (c) the Subscription has obtained all necessary approval(s) or filings with the relevant governmental bodies or the Stock Exchange (if applicable);
- (d) save for the repayment obligations of Beijing Zhongle owed to the Info Strength under the Loan Agreement and the Loan Assignment, all other outstanding repayment, guarantee or third parties rights obligations have been released to the satisfaction of Info Strength;
- (e) Beijing Zhongle has prepared its financial statements for year 2016, 2017 and 2018, respectively, in accordance with the PRC accounting standards, which accurately present the position of the assets, liabilities and profits of Beijing Zhongle for the relevant period;
- (f) there has been no material adverse change to the business and financial conditions of Beijing Zhongle since the date of the Framework Agreement until the completion of the Subscription (the "**Transition Period**");
- (g) the definitive agreement shall clearly define the completion process and the post-completion management and contain the customary representations, warranties and indemnity provisions;

- (h) during the Transition Period, save for the disposal or indebtedness arising from ordinary course of business, Beijing Zhongle as a continuing operating entity shall not (i) conduct any activities against any applicable laws and regulations; (ii) dispose or create any securities over its major assets; or (iii) incur any material indebtedness;
- (i) Beijing Zhongle has paid all the social security fee (社會保險費) and housing provident fund (住房公積金) for its employees in accordance with the applicable laws and regulations;
- (j) prior to the completion of the Subscription, the relevant authorities have not issued, promulgated, announced or implemented any laws, judgements, orders or decrees to the effect that it may (i) restrict or prohibit the completion of the Subscription; or (ii) in any material respect adversely affect the rights of Info Strength over the Subscription Shares or pursuant to the Framework Agreement;
- (k) the Reorganisation and the VIE Contractual Arrangements have been completed and the relevant PRC individuals have completed the necessary filings with SAFE and the WFOE has completed its filing with SAFE as a round-trip investment vehicle;
- (l) VIE Contracts have been entered into in the form satisfactory to Info Strength;
- (m) pledge over Beijing Zhongle has been completed in accordance with the VIE Contracts; and
- (n) any other condition(s) precedent have/has been satisfied upon the request of Info Strength after its due diligence of Beijing Zhongle.

### **Undertakings by Existing Shareholders and Beijing Zhongle**

Each of the Existing Shareholders and Beijing Zhongle, jointly and severally, undertakes to Info Strength that it shall within three (3) months from the date of the Framework Agreement, complete all necessary filings with SAFE or the relevant authorities in respect of the Reorganisation and the VIE Contractual Arrangements.

### **Completion**

Subject to the terms and conditions of the definitive agreement, the completion of the Subscription shall take place after the fulfilment (or waiver) of the conditions mentioned above. The parties expect that the completion of the Subscription shall take place in August 2019.

Upon completion of the Subscription, the equity interest of the Target Company will be classified as equity instrument at fair value through other comprehensive income in the financial statements of the Company.

### **Termination and exclusivity**

The Framework Agreement shall be terminated (a) upon the definitive agreement taking effect; (b) by mutual agreement; and (c) in the event the parties fail to enter into a definitive agreement in respect of the Subscription on or before 31 August 2019 (or such later date as confirmed in writing by Info Strength).

Info Strength was granted an exclusivity period up to the date of termination to negotiate with the Existing Shareholders and Beijing Zhongle in respect of the Subscription.

### **Breakup fee**

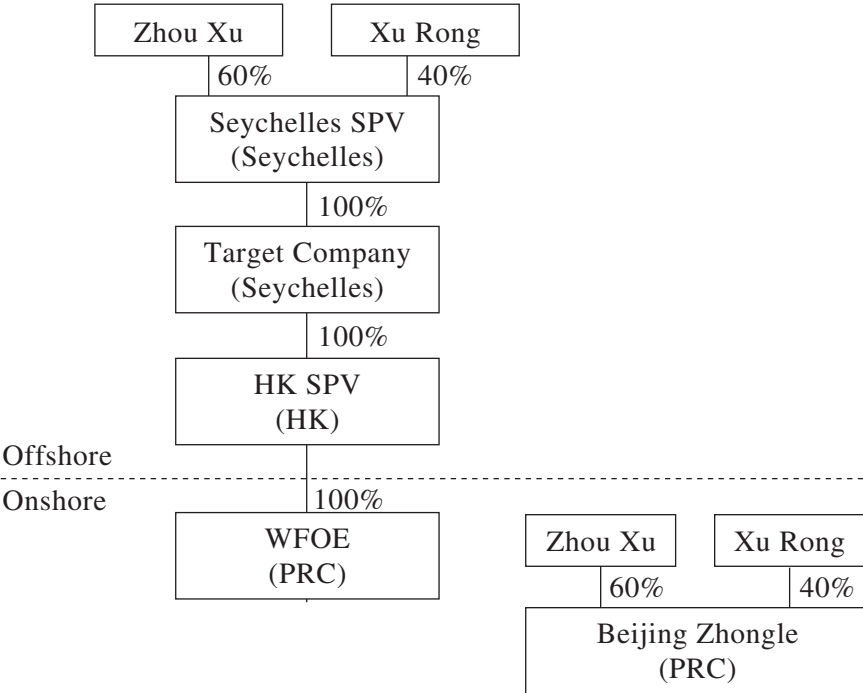
In the event that (a) the Framework Agreement is terminated on or before 31 August 2019 for reasons attributable to Beijing Zhongle and/or the Existing Shareholders; or (b) the completion of the Subscription does not take place for reasons attributable to Beijing Zhongle and/or the Existing Shareholders, each of Beijing Zhongle and the Existing Shareholders shall pay a breakup fee of RMB2,000,000 to Info Strength upon request.

### **REORGANISATION**

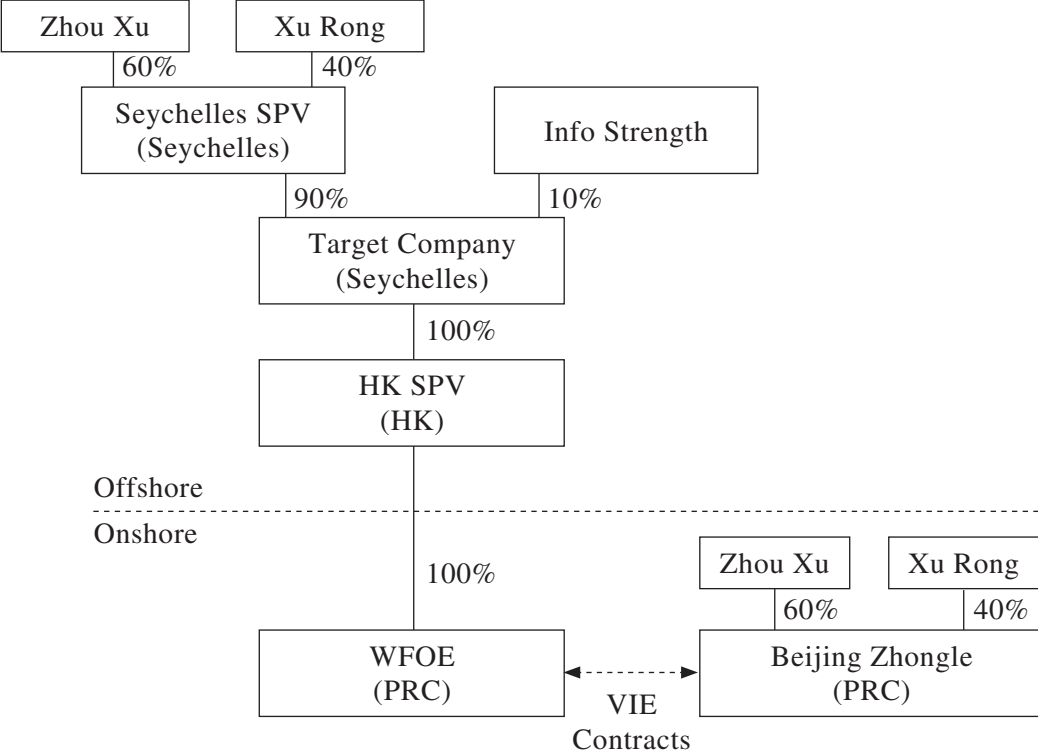
Pursuant to the Framework Agreement, the Existing Shareholders shall procure the Reorganisation of Beijing Zhongle. As of the date of this announcement, Beijing Zhongle was held as to 60% by Zhou Xu and 40% by Xu Rong. Pursuant to the Framework Agreement, a Seychelles SPV will be formed to hold 100% indirect shareholding interest in the Target Company and Beijing Zhongle shall be consolidated into the financial statements of the Target Company through the VIE Contracts.

The following diagram illustrates the shareholding structures of Beijing Zhongle (i) after completion of the Reorganisation and (ii) immediately after completion of the Subscription.

**Shareholding structure of Beijing Zhongle immediately after completion of the Reorganisation**



**Shareholding structure of Beijing Zhongle immediately after completion of the Subscription**



*Notes:*

- (i) Beijing Zhongle was established in PRC in December 2013. Beijing Zhongle is principally engaged in software and hardware development and marketing and sale of lottery tickets business in China. As of the date of this announcement, Beijing Zhongle was held as to 60% by Zhou Xu and 40% by Xu Rong.
- (ii) The Target Company is a company to be incorporated in Seychelles with limited liability and is an investment holding company.
- (iii) The HK SPV is a company to be incorporated in Hong Kong with limited liability and is an investment holding company.
- (iv) WFOE is a company to be established in the PRC. As part of the Reorganisation, WFOE will enter into VIE Contracts with Beijing Zhongle.

As part of the Reorganisation, the Target Company, WFOE, Beijing Zhongle and the Existing Shareholders shall enter into the VIE Contracts, pursuant to which the Target Company, through WFOE, is able to obtain actual control over Beijing Zhongle. As a result of the VIE Contractual Arrangements, Beijing Zhongle will be consolidated as a wholly-owned subsidiary of the Target Company.

#### **FINANCIAL INFORMATION OF THE BEIJING ZHONGLE**

Set out below is the financial information of Beijing Zhongle, as extracted from the unaudited financial statements of the Company for the years ended 31 December 2017 and 2018, respectively:

	<b>For the year ended 31 December</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	87	247
Loss before tax	4,714	1,196
Profit after tax	4,714	1,196

The total assets, total liabilities and net assets of the Beijing Zhongle as at 31 December 2018 according to its unaudited financial statements were approximately RMB16,682,000, RMB14,924,000 and RMB1,758,000, respectively.

#### **PREVIOUS LOAN ARRANGEMENTS AND LOAN ASSIGNMENT**

Reference is made to the Previous Announcement of the Company dated 18 March 2018 relating to the provision of loan by Info Strength (as the lender) to Mr. Pan Xiaohua (as the borrower) in the principal amount of RMB10,000,000.



As disclosed in the Previous Announcement, on 16 March 2018, Info Strength provided a Loan in the principal amount of RMB10,000,000 to Mr. Pan. In turn, Mr. Pan, through his 100% controlled entity, Beijing Hongxintong (as the lender), provided a Back-to-Back Loan in the principal amount of RMB10,000,000 to Beijing Zhongle (as the borrower).

As disclosed in the section headed “Reason for and benefit of the provision of the loan” in the Previous Announcement, the Company disclosed that it was the commercial intention of the parties that the Company would invest in Beijing Zhongle. It was not intended to be purely as a debt arrangement and was the intention of the parties that Info Strength will eventually indirectly acquire 10% equity interest in Beijing Zhongle after the Capital Injection by Beijing Hongxintong in Beijing Zhongle. To reflect this commercial intention, it was initially agreed that (i) Beijing Hongxintong has the right to convert the Back-to-Back Loan into 10% equity interest in Beijing Zhongle and (ii) Info Strength has the option to acquire 100% equity interest in Beijing Hongxintong (the “**Conversion Right**”).

As disclosed in the Previous Announcement, (i) the original term of the Loan Agreement was two months since the drawdown date; and (ii) the interest rate was agreed to be 4% per month.

### **Supplemental Agreement**

On 16 May 2018, the Company and Mr. Pan entered into the Supplemental Agreement, pursuant to which, the maturity date of the Loan was extended to 18 May 2019 and the interest rate was adjusted to 1% per month.

The Company entered into the Supplemental Agreement as it was given to understand from its PRC legal advisers that additional time is required for the completion of the Capital Injection as the lottery business is a heavily regulated industry in the PRC, especially online marketing and sale of lottery tickets. In light of the potential commercial benefits relating to the investment in Beijing Zhongle, the Company agreed to an extension of the maturity period and the revision of the interest rate to allow sufficient time to complete the Capital Injection and the reorganization of Beijing Zhongle group to facilitate the indirect acquisition of 10% interest in Beijing Zhongle by the Company.

### **Loan Assignment**

On 12 March 2019, Info Strength, Mr. Pan, Beijing Hongxintong and Beijing Zhongle entered into the Loan Assignment.

The Company sets out the principal terms of the Loan Assignment below:

Assignment of the Back-to-Back Loan	Beijing Hongxintong as the lender of the Back-to-Back Loan, assigned his creditor rights over RMB10,000,000 (together with the interest accrued, default interest and penalty) to Info Strength.
Conversion Right	The parties expressly agreed that the Conversion Right shall not be transferred or assigned to Info Strength.
Guarantee	Mr. Pan and Beijing Hongxintong, jointly and severally, provided guarantees in favour of Info Strength for the performance of the repayment obligations by Beijing Zhongle.
Pledge by Mr. Pan	As a guarantor for the repayment obligation of Beijing Zhongle, Mr. Pan irrevocably agreed to pledge all of his equity interest in Beijing Hongxintong (which was intended to hold 10% interest in Beijing Zhongle upon completion of the Capital Injection) in favour of Info Strength.
Release of obligations	(i) The repayment obligations of Mr. Pan under the Loan (as amended by the Supplemental Agreement); and (ii) the obligations of Mr. Pan and Hongxintong under the then existing equity pledge agreement, were released and substituted by the obligations under the Loan Assignment.

In light of the further delay for completion of the Capital Injection and reorganization of Beijing Zhongle, the Company entered into the Loan Assignment so that Info Strength could have direct contractual recourse as a creditor against Beijing Zhongle. In such case, after streamlining the arrangement, the Company would not be relying on the previous back-to-back arrangement to take legal action against Mr. Pan and Beijing Hongxintong in case of default on the part of Beijing Zhongle under the Loan Agreement.

After the parties entering into the Framework Agreement on 31 May 2019, as confirmed in writing by Beijing Hongxintong, Beijing Hongxintong no longer has the Conversion Rights and it shall have no claims against Info Strength or Beijing Zhongle under the Back-to-Back Loan.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

Beijing Zhongle is principally engaged in software and hardware development and marketing and sale of lottery tickets business in China. So far, it has installed approximately 30 units of proprietary automated lottery self-vending terminals (自助彩票終端) offering offline sale of instant-drawing lottery tickets which are currently operating in shopping malls, restaurants, theatres and supermarkets in China. Those machines are programmed to allow multiple pop-up commercial advertisement opportunities during the sale of the lottery tickets. The Company believes that, in addition to the potential investment returns as a minority shareholder of Beijing Zhongle, such strategic partnership is in line with the Company's long-term development plan to explore the PRC market. It offers tremendous opportunities to expand the Company's existing advertising business to the PRC market.

Based on the above, the Directors consider that the terms and conditions of the Framework Agreement and the transaction contemplated thereunder (including the Subscription), if materialised, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **GENERAL INFORMATION**

### **Information of the Company**

The Company is principally engaged in (i) promotion of products and services by organizing exhibitions and trade shows; and (ii) sales and free distribution of Chinese language lifestyle magazines and the sales of advertising space in the magazines.

### **Information of Beijing Zhongle and the Existing Shareholders**

Beijing Zhongle is a company established under the laws of PRC and is principally engaged in software and hardware development and marketing and sale of lottery tickets business in China. So far, it has installed approximately 30 units of proprietary automated lottery self-vending terminals (自助彩票終端) offering offline sale of instant-drawing lottery tickets which are currently operating in shopping malls, restaurants, theatres and supermarkets in China.

Zhou Xu and Xu Rong are the founders and the ultimate beneficial owners of Beijing Zhongle. As of the date of this announcement, Beijing Zhongle was held as to 60% by Zhou Xu and 40% by Xu Rong.

## **Information of Mr. Pan and Beijing Hongxintong**

In respect of the Loan Agreement, the Supplemental Agreement and the Loan Assignment, Beijing Hongxintong is a company established in the PRC with limited liability and wholly owned by Mr. Pan. Beijing Hongxintong is principally engaged in organising cultural exchange activities; provision of public relations services and network technology development. Mr. Pan, the borrower of the Loan, is a PRC citizen.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Beijing Hongxintong and its beneficial owner, Mr. Pan, were Independent Third Parties at the material time when it entered into the Loan Agreement, the Supplemental Agreement and the Loan Assignment and remains as Independent Third Parties as at the date of this announcement.

## **GEM LISTING RULES IMPLICATIONS**

### **Framework Agreement**

As the relevant percentage ratios in respect of the Subscription calculated pursuant to Rule 19.07 of the GEM Listing Rules exceed 5% but less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

### **Supplemental Agreement**

As the relevant percentage ratios, at the material time, in respect of the Supplemental Agreement calculated pursuant to Rule 19.07 of the GEM Listing Rules exceeded 5% but less than 25%, the Supplemental Agreement constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules. The entering into the Supplemental Agreement by the Company also constituted a material variation of the transaction as disclosed in the Previous Announcement. According to Rule 19.36 of the GEM Listing Rules, the Company should have disclosed this Supplemental Announcement as soon as practicable on or around 16 May 2018.

### **Loan Assignment**

As the relevant percentage ratios, at the material time, in respect of the Loan Assignment calculated pursuant to Rule 19.07 of the GEM Listing Rules exceeded 5% but less than 25%, the Loan Assignment constituted a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and was subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules. The entering into the Loan Assignment by the Company also constituted a material variation or termination of the transaction as disclosed in the Previous Announcement. According to Rule 19.36 of the GEM Listing Rules, the Company should have disclosed this Supplemental Announcement as soon as practicable on or around 12 March 2019.

**Completion is subject to the fulfilment of the conditions precedent set out in the Framework Agreement and the definitive agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context requires otherwise, the capitalised terms used in this announcement shall have the following meanings:

“associate”	has the meaning ascribed to this term under the GEM Listing Rules
“Back-to-Back Loan”	the back-to-back loan in the principal amount of RMB10,000,000 provided by Beijing Hongxintong to Beijing Zhongle, which was subsequently assigned to Info Strength pursuant to the Loan Assignment
“Board”	the board of Directors
“Beijing Hongxintong”	Beijing Hongxintong Cultural Media Company Limited (北京鴻信通文化傳媒有限公司), a company established in the PRC with limited liability and wholly owned by Mr. Pan
“Beijing Zhongle”	Beijing Zhongle Internet Technology Company Limited (北京眾樂網路科技有限公司), a company established in the PRC with limited liability
“Company”	Winto Group (Holdings) Limited (惠陶集團(控股)有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM (stock code: 8238)
“connected person”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Subscription in the amount of RMB10,000,000. For details, please refer to the section headed “Consideration” in this announcement
“Conversion Rights”	has the meaning ascribed to it under section headed “Previous Loan Arrangements and Loan Assignment” of this announcement

“Capital Injection”	as disclosed in the Previous Announcement, the initial proposal of capital injection by Beijing Hongxintong to acquire 10% equity interest in Beijing Zhongle
“Director(s)”	director(s) of the Company
“Existing Shareholders”	Zhou Xu and Xu Rong, the ultimate beneficial owners of Beijing Zhongle
“Framework Agreement”	the framework agreement entered into among Info Strength, Beijing Zhongle and the Existing Shareholders on 31 May 2019 in respect of the Subscription
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK SPV”	the investment holding company to be established by the Existing Shareholders in Hong Kong as part of the Reorganisation
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Info Strength”	Info Strength Limited, a wholly-owned subsidiary of the Company, which will subscribe the Subscription Shares according to the Framework Agreement
“Loan”	the loan provided by Info Strength (as the lender) to Mr. Pan (as the borrower) in the principal amount of RMB10,000,000 pursuant to the Loan Agreement, as announced in the Previous Announcement and supplemented by the Supplemental Agreement
“Loan Agreement”	the loan agreement entered into between Info Strength and Mr. Pan on 16 March 2018

“Loan Assignment”	the assignment of the Back-to-Back Loan by Beijing Hongxintong to Info Strength on 12 March 2019
“Mr. Pan”	Mr. Pan Xiaohua (潘曉華), a PRC citizen, the borrower of the Loan as disclosed in the Previous Announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Announcement”	the announcement of the Company dated 18 March 2018 in respect of the Loan to Mr. Pan
“Reorganisation”	the corporate restructuring of Beijing Zhongle. For details, please refer to section headed “Reorganisation” of this announcement
“SAFE”	State Administration of Foreign Exchange
“Seychelles SPV”	the special purpose vehicle to be established in Seychelles. Prior to completion of the Subscription, the Target Company is to be held as to 100% by the Seychelles SPV
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the proposed subscription of the Subscription Shares by the Company, subject to the Framework Agreement and terms and conditions of the definitive agreement
“Subscription Shares”	such number of shares to be issued by the Target Company to Info Strength that represents, on a fully diluted basis, 10% of the enlarged issued share capital of the Target Company
“Supplemental Agreement”	the supplemental agreement to the Loan Agreement entered into between Info Strength and Mr. Pan on 16 May 2018

“Target Company”	a special purpose vehicle to be incorporated in Seychelles which shall (i) hold 100% interest in the HK SPV and WFOE upon completion of the Reorganisation and (ii) through WFOE, have actual and effective control over Beijing Zhongle by way of VIE Contractual Arrangements
“VIE Contracts”	the structural contracts to be entered into amongst the Target Company, Beijing Zhongle, WFOE and the Existing Shareholders to the effect that the Target Company shall, by way of contractual arrangement, obtain actual and effective control over Beijing Zhongle
“VIE Contractual Arrangement”	the “variable interest entity structure” to be established through the VIE Contracts pursuant to which Beijing Zhongle shall be consolidated as a wholly-owned subsidiary of the Target Company
“WFOE”	the wholly foreign owned enterprise to be established in the PRC by the Existing Shareholders as part of the Reorganisation

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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

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

*\* English translation for identification purpose only*