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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 THE ENTIRE ISSUED SHARE CAPITAL AND SHAREHOLDER'S LOAN IN LUCKY CHANNEL LIMITED

THE DISPOSAL

The Board is pleased to announce that on 14 March 2018 (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 Share and the Sale Loan at the Consideration of HK\$12,900,000.

Completion has taken place simultaneously with the entering into of the Agreement. Upon Completion, Lucky Channel 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) for the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to announcement requirement.

INTRODUCTION

On 14 March 2018 (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 Share and the Sale Loan at the Consideration of HK\$12,900,000.

THE DISPOSAL

The Agreement

Date: 14 March 2018

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 and its beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase (i) the Sale Share, being one ordinary share in the capital of Lucky Channel representing the entire issued share capital of Lucky Channel; and (ii) the Sale Loan of approximately HK\$12,119,000 representing the full amount owed by Lucky Channel to the Vendor as interest free unsecured shareholder's loan with no fixed term of repayment.

Consideration

The Consideration for the Sale Share and the Sale Loan is HK\$12,900,000, which has been satisfied by the Purchaser to the Company upon Completion by cash.

The Consideration was determined after arm's length negotiation between the parties with reference to (i) the valuation of the Property of HK\$12,900,000 as at 6 December 2017; and (ii) the financial position of the Lucky Channel. 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 Share 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 Share 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) sales and free distribution of Chinese language lifestyle magazines, the sales of advertising space in the magazines; (ii) provision of outdoor advertising services; and (iii) mobile phone apps development, provision of apps solutions and provision of online marketing planning and production.

INFORMATION ON LUCKY CHANNEL

Luck Channel is principally engaged in investment holding of the Property and letting out of the Property for monthly rental income. Apart from the Property, Lucky Channel does not own or hold any other significant asset. Set out below is the unaudited financial information of Lucky Channel for the period from the date of its incorporation on 19 September 2016 to 31 December 2016 and the financial year ended 31 December 2017:

	For the year ended 31 December 2017 (unaudited) HK\$	For the period from 19 September 2016 to 31 December 2016 (unaudited) HK\$
Revenue	374,097	16,000
Profit before taxation	884,504	2,778
Profit after taxation	884,504	2,778

Lucky Channel recorded unaudited net assets of approximately HK\$950,000 as at 31 December 2017.

Upon Completion, Lucky Channel has ceased to be a subsidiary of the Company. The financial results of Lucky Channel will no longer be consolidated into the Group's financial statements.

INFORMATION ON THE PROPERTY

The Property is an office premises and was purchased by the Group on 7 October 2016 at the price of HK\$11,000,000 subject to the then existing tenancy which would expire in December 2017. As at the date of the Agreement, the Property is being leased out to for commercial use under a monthly rental of HK\$25,000 (inclusive of management fee, rates and government rent which are payable by Lucky Channel).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the existing tenant of the Property, Gold Water Bay Capital Limited and its beneficial owner(s), are Independent Third Parties.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

The Company is estimated to book a loss in the amount of approximately HK\$50,000 in respect of the Disposal. The loss is calculated with reference to the net sale proceeds attributable to the Company after deducting relevant transaction costs and expenses, and the assets and liabilities attributable to Lucky Channel reflected in the unaudited management account of Lucky Channel as at 14 March 2018.

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 AND INTENDED USE OF THE DISPOSAL PROCEEDS

As announced by the Company in its announcement dated 7 October 2016 relating to the acquisition of the Property, the Company originally purchased the Property with the intention to use the property as office premises of the Group after the expiry of the then existing tenancy agreement. However, having reconsidered the current and future needs of the Group, the Directors have decided that a business premises larger than the Property is required for the Group, and the Directors consider that the Disposal is in the best interests of the Company as property investment and letting are not within the principal businesses of the Group and the Disposal will generate cash proceeds to improve the Company's capital position for future business development and expansion relating to the Company's principal businesses.

It is expected that the proceeds from the Disposal will be used as general working capital of the Company and for its future business development and expansion.

The Directors believe that the terms and conditions of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 14 March 2018 entered into between the Vendor and the Purchaser in respect of the Disposal
“Board”	the board of Directors of the Company
“Business Day”	any day that is not a Saturday, Sunday or other day in which banks in Hong Kong are generally open for the transaction of normal business
“Company” or “Vendor”	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”	HK\$12,900,000, being the total consideration for the Sale Share and the Sale Loan
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Share 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
“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)”	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

“Lucky Channel”	Lucky Channel Limited, a company incorporated duly incorporated in Hong Kong with limited liability and is wholly owned by the Company prior to Completion
“Property”	Office B on 7th Floor of Valiant Commercial Building, Nos. 22–24 Prat Avenue, Tsim Sha Tsui, Kowloon, Hong Kong
“Purchaser”	Wong Chi Fai Ken
“Sale Loan”	Approximately HK\$12,119,000, representing the full amount owed by Lucky Channel to the Vendor as interest free unsecured shareholder’s loan with no fixed term of repayment
“Sale Share”	one ordinary share in the capital of Lucky Channel, representing the entire equity interest in Lucky Channel
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 14 March, 2018

As at the date of this announcement, the Board comprises Mr. Tang Yau Sing as 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 the GEM 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 publication and remains on the Company’s website at <http://www.wintogroup.hk>.