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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)

MAJOR TRANSACTION ACQUISITION OF 51% ISSUED SHARE CAPITAL IN FOREVER INNOVATION LIMITED INVOLVING ISSUE OF CONVERTIBLE NOTE AND CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

On 4 December 2018 (after trading hours of the Stock Exchange), among others, Prime Castle Holdings Limited as the Vendor, and the Company as the purchaser, entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 51% of the issued share capital of Forever Innovation, which in turn, upon completion of the Restructuring, indirectly holds the entire interest in the Target Company at the Consideration of HK\$183.6 million (subject to adjustments).

Subject to the adjustment set out in the section headed “Profit Guarantee” of this announcement, the Consideration payable by the Company to the Vendor for the Sale Shares shall be HK\$183.6 million, which shall be paid or settled as follows:

- (a) as to HK\$10 million, which shall be payable by the Company as cash consideration to the Vendor on the Completion Date; and
- (b) as to HK\$173.6 million, which shall be payable by the Company by issue of the Promissory Note in the principal amount of HK\$173.6 million to the Vendor on the Completion Date.

Pursuant to the Agreement, the parties agreed that, subject to obtaining the necessary approval by the Shareholders of the Company at an EGM and the approval from the Listing Committee of the Stock Exchange, after completion of the Acquisition, the Company shall procure (i) the issue of Convertible Note in the principal amount of HK\$60 million, to the Vendor (or its designated entity), with conversion right to convert into up to 1,000,000,000 Conversion Shares at Conversion Price of HK\$0.06 per Conversion Share and (ii) the issue and allotment of 1,060,000,000 Consideration Shares at the Issue Price of HK\$0.06 per Consideration Share to the Vendor (or its designated entity) (in the amount equivalent to HK\$63.6 million), each within 10 business days upon obtaining such approvals. As a result of the issue of the Consideration Shares and the Convertible Note, the aggregate amount of HK\$123.6 million shall be offset against the then outstanding principal amount of the Promissory Note.

Pursuant to the Agreement, the Company shall procure:

- (a) convening an EGM to obtain approval from the Shareholders of the Company to approve the Specific Mandate by way of ordinary resolutions in respect of (i) the creation and issue of the Convertible Note and the allotment and issue of the Conversion Shares and (ii) the allotment and issue of the Consideration Shares; and
- (b) obtaining the approval from the Listing Committee of the Stock Exchange in respect of the listing of and permission to deal in (i) the creation and issue of Convertible Note and the allotment and issue of Conversion Shares and (ii) the allotment and issue of the Consideration Shares.

In the event that the Company fails to obtain any of the aforementioned approval from the Shareholders of the Company or the Listing Committee of the Stock Exchange in respect of (i) the creation and issue of Convertible Note and the allotment and issue of Conversion Shares and/or (ii) the allotment and issue of the Consideration Shares, the Company shall repay the outstanding principal amount of the Promissory Note, to the extent applicable.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios in respect of the Acquisition calculated pursuant to Rule 19.07 of the GEM Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval by the Shareholders under Chapter 19 of the GEM Listing Rules.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Agreement and the Acquisition, the Company has obtained Written Approval from each of (i) Noble Gate and (ii) Shareholder Value Fund, which on an aggregate basis, holds 6,462,070,000 Shares, representing approximately 74.79% of the issued Shares as at the date of this announcement, pursuant to Rule 19.44 of the GEM Listing Rules in lieu of holding a general meeting for approving the Agreement and the Acquisition.

Each of the issue of the Consideration Shares and the Convertible Note is subject to the Specific Mandate to be sought from the Shareholders at the EGM. An EGM will be convened for the purpose of considering and, if thought fit, approving the Specific Mandate in respect of the issue and allotment of Consideration Shares and creation and issue of Convertible Note, respectively.

A circular containing details regarding, among others, (i) further details of the Agreement and the transaction contemplated thereunder; (ii) the accountants' report of the Target Company, (iii) the pro forma financial statements of the Enlarged Group; will be despatched to the Shareholders in accordance with the GEM Listing Rules as soon as practicable.

Pursuant to Rule 19.41 of the GEM Listing Rules, as the Agreement and the Acquisition have been approved by written approval pursuant to Rule 19.44, the Company is required to despatch a circular containing, among other things, further details of the Agreement to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 19 December 2018. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the GEM Listing Rules, in which case the Company will make a further announcement of any expected delay in despatch of the circular in due course.

Completion is subject to the fulfilment of the conditions precedent set out in the 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 announcement of the Company dated 11 October 2018 relating to the entering into of the memorandum of understanding on the same date for the possible acquisition of 51% of the issued share capital of a special purpose vehicle, which shall in turn hold the entire equity interest in the Target Company upon completion of the Restructuring.

THE ACQUISITION

On 4 December 2018 (after trading hours of the Stock Exchange), among others, Prime Castle Holdings Limited as the Vendor, and the Company as the purchaser, entered into the Agreement, pursuant to which the Company has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell the Sale Shares, representing 51% of the issued share capital of Forever Innovation, which in turn, upon completion of the Restructuring, indirectly holds the entire interest in the Target Company at the Consideration of HK\$183.6 million (subject to adjustments).

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date: 4 December 2018 (after trading hours)

Parties: (i) the Company, as the purchaser;

(ii) the Vendor;

(iii) the Vendor Shareholders;

(iv) Forever Innovation;

(v) Rico Best; and

(vi) the Target Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor, the Target Company and their respective ultimate beneficial owners are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, the Vendor shall sell the Sale Shares as the legal and beneficial owner and the Company shall purchase all the Sale Shares, representing 51% issued share capital of Forever Innovation.

As at the date of the Agreement, the Target Company is held as to 34% by Wang Jing (王晶), 51% by Li Li Ya (李立亞) and 15% by another four individual shareholders. Upon completion of the Restructuring, the Target Company will be held as to 100% by Rico Best, which in turn being held 100% by Forever Innovation.

Consideration

Subject to the adjustment set out in the section headed “Profit Guarantee” of this announcement, the Consideration payable by the Company to the Vendor for the Sale Shares shall be HK\$183.6 million, which shall be paid or settled as follows:

- (a) as to HK\$10 million, which shall be payable by the Company as cash consideration to the Vendor on the Completion Date; and
- (b) as to HK\$173.6 million, which shall be payable by the Company by issue of the Promissory Note in the principal amount of HK\$173.6 million to the Vendor on the Completion Date.

Pursuant to the Agreement, the parties agreed that, subject to obtaining the necessary approval by the Shareholders of the Company at an EGM and the approval from the Listing Committee of the Stock Exchange, after completion of the Acquisition, the Company shall procure (i) the issue of Convertible Note in the principal amount of HK\$60 million, to the Vendor (or its designated entity), with conversion right to convert into up to 1,000,000,000 Conversion Shares at Conversion Price of HK\$0.06 per Conversion Share and (ii) the issue and allotment of 1,060,000,000 Consideration Shares at the Issue Price of HK\$0.06 per Consideration Share to the Vendor (or its designated entity) (in the amount equivalent to HK\$63.6 million), each within 10 business days upon obtaining such approvals. As a result of the issue of the Consideration Shares and the Convertible Note, the aggregate amount of HK\$123.6 million shall be offset against the then outstanding principal amount of the Promissory Note.

Pursuant to the Agreement, the Company shall procure:

- (a) convening an EGM to obtain approval from the Shareholders of the Company to approve the Specific Mandate by way of ordinary resolutions in respect of (i) the creation and issue of the Convertible Note and the allotment and issue of the Conversion Shares and (ii) the allotment and issue of the Consideration Shares; and
- (b) obtaining the approval from the Listing Committee of the Stock Exchange in respect of the listing of and permission to deal in (i) the creation and issue of Convertible Note and the allotment and issue of Conversion Shares and (ii) the allotment and issue of the Consideration Shares.

In the event that the Company fails to obtain any of the aforementioned approval from the Shareholders of the Company or the Listing Committee of the Stock Exchange in respect of (i) the creation and issue of Convertible Note and the allotment and issue of Conversion Shares and/or (ii) the allotment and issue of the Consideration Shares, the Company shall repay the outstanding principal amount of the Promissory Note, to the extent applicable.

The cash consideration of HK\$10 million will be funded by internal resources of the Group.

Basis of determination of the Consideration

The Consideration was arrived at after arm's length negotiations between the Vendor and the Company on normal commercial terms and taken into consideration of the following factors:

- (a) current situation and future development prospects of the industries in which the Target Group and the Company operate;
- (b) historical financial performance and future development potential of the Target Group and the Company; and
- (c) the co-operative agreement signed between the Target Company and People.cn Co. Ltd. (人民網股份有限公司) in October 2018, a company listed on the Shanghai Stock Exchange (stock code: 603000) to develop the mobile game for People.cn whereas People.cn will work with 咪咕互動娛樂有限公司 (MIGU Interactive Entertainment Co. Ltd), a company principally engaged in mobile game business and an indirect subsidiary of China Mobile Limited, a company listed on the Main Board of the Stock Exchange (stock code: 941) to distribute the games developed by the Target Company.

Profit guarantee

Pursuant to the Agreement, based on the audit report prepared by the qualified auditing firm approved by the Company, in the event that the net profit after taxation of the Target Group for the financial year 2019 falls below HK\$80,000,000, the Vendor and the Vendor Shareholders shall, jointly and severally, within 10 business days of such audit report, make an one-off compensation (“**Compensation Sum**”) to the Company (or its designated nominee).

The Compensation Sum is calculated based on the following formula:

$$\text{Compensation Sum} = 4.5 \times (\text{HK\$80,000,000} - \text{the actual audited net profit for the financial year 2019})$$

The parties agree that the Compensation Sum shall be offset against the outstanding principal amount of the Promissory Note and/or the Convertible Note (if issued) issued by the Company. In the event that the Compensation Sum exceeds the outstanding principal amount of the Promissory Note and/or the Convertible Note (if issued), the Vendor and/or the Vendor Shareholders shall compensate the Company (or its designated nominee) for such shortfall amount in cash.

Conditions precedents

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

- (a) the Company has obtained the necessary approval from its Shareholders in respect of the Agreement and the transaction contemplated thereunder;
- (b) the Company has satisfied with the results of the financial and legal due diligence review on the Target Group;
- (c) the Vendor, the Vendor Shareholders and the Target Group have completed the Restructuring to the satisfaction of the Company and in accordance with the applicable laws and regulations;
- (d) the Vendor and the Target Group have not breached any of the representations and warranties or any obligations under the Agreement;
- (e) there has been no material adverse changes to the business or financial conditions of any member of the Target Group;
- (f) there has not been any defects in respect of the ownership or the title of any member of the Target Group;
- (g) each member of Target Group has obtained the necessary approvals and consents in respect of the proposed transaction (including but not limited to approval from the shareholders, the board of directors and the strategic investment committee);
- (h) each member of the Target Group has amended its respective articles of association in the form satisfactory to the Company;
- (i) each member of the Target Group has continued its business operation and has not (i) breached any laws or regulations; (ii) disposed any of its major assets; (iii) granted any guarantee or security over its major assets; nor (iv) incurred, liabilities on an individual case or on an aggregate basis, in an amount exceeding RMB1,000,000;
- (j) the Target Group has provided all information relating to its bank accounts and the authorized signatories and the Vendor undertakes to the Company that such information remains true, complete and accurate and there exists no other undisclosed bank accounts or authorized signatories;
- (k) each member of the Target Group has prepared its financial statements for year 2015, 2016 and 2017, respectively, in accordance with the internationally accepted accounting standards, which accurately present the position of the assets, liabilities and profits of the Target Group for the relevant period;

- (l) the Target Company has in compliant with the applicable laws and regulations made payments for the social security insurance and the housing provident fund for its employees and there exists no labour disputes with its employees;
- (m) the Vendor Shareholders have entered into a non-competition agreement with the Company in the form satisfactory to the Company;
- (n) each member of the Target Group has entered into the employment contract, confidentiality agreement and non-competition agreement with its key officers;
- (o) each member of the Target Group has not tendered, in writing or verbally, resignation notice;
- (p) there exists no legal proceedings or actions by any third party (including any governmental authority) which would prohibit the performance of the Agreement;
- (q) the Target Company has entered into a supplemental agreement with 北京虛實互動科技有限公司 in respect with development of the intellectual property right of the game titled “《戰地聯盟ol》”;
- (r) the Target Company has entered into a supplemental agreement with 西山居多盈(北京)科技有限公司 in respect with development and the intellectual property right of the game titled “《H5ol》”;
- (s) the Target Company has renewed its tenancy agreement with 北京市朝陽電器開關成套設備有限公司 for a term not less than three years;
- (t) the Target Group has renewed the material contracts as indicated in the Agreement;
- (u) the Target Company has completed the registration of the software copyright (軟件著作權) of the softwares as identified in the Agreement with the relevant authority in the PRC and has become the registered owner of such softwares;
- (v) the Vendor Shareholders have completed the registration and filings with State Administration of Foreign Exchange, including but not limited to the filing required under Foreign Exchange Administration for Domestic Residents Engaging in Overseas Financing and Investing through Round-Trip Investment via Special Purpose Companies 《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》 (“**Circular 37**”);
- (w) prior to completion of the Acquisition, there exists no enactment or promulgation of any laws, judgments, decrees or orders that would prohibit the entry or performance of the Agreement or would adversely affect the rights of the Company in the Target Company or under the Agreement; and

- (x) any additional condition(s) considered by the Company as necessary after its due diligence of the Target Group.

The Company may waive in writing any of the conditions precedent set out in the above. If the above conditions precedent are not fulfilled or waived by 31 March 2019, the Company shall be entitled to terminate the Agreement by way of written notice. In the event of termination of the Agreement, none of the parties shall have any claim against the other in respect of the termination.

As at the date of this announcement, conditions precedent (a), (b), (k) and (p) have been fulfilled.

Completion

Completion is expected to take place on the fifth business day after the fulfilment (or waiver) of the conditions (or such later date as the parties to the Agreement may agree) (the “**Completion Date**”) mentioned above.

Upon completion, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

PROMISSORY NOTE

The terms of the Promissory Note have been negotiated on an arm’s length basis and the principal terms of which are summarised below:

Issuer:	The Company
Principal amount:	HK\$173.6 million
Interest:	The Promissory Note is non-interest bearing
Maturity:	A fixed term of two years from the Completion Date
Early repayment:	The Company may pre-pay the Promissory Note without penalty. The Company could, at its option, early repay the Promissory Note thereon in whole or in part by giving a prior three business days’ written notice to the Vendor
Transferability:	The Promissory Note is non-transferrable

CONSIDERATION SHARES

The Issue Price of HK\$0.06 per Consideration Share represents:

- (i) a premium of approximately 87.5% over the closing price of HK\$0.032 per Share as quoted on the Stock Exchange as at the date of the Agreement; and
- (ii) a premium of approximately 87.5% over the average closing price of HK\$0.032 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

The 1,060,000,000 Consideration Shares represent approximately 12.27% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 10.93% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to completion of the Acquisition).

The Issue Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the current market price. The Directors (including the independent non-executive Directors) consider that the Issue Price is fair and reasonable and in the interests of the Shareholders as a whole.

The allotment and issue of the Consideration Shares are subject to the passing of the ordinary resolution(s) by the Shareholders at the EGM approving and authorising the Specific Mandate for the allotment and issue of the Consideration Shares.

The Consideration Shares when allotted and issued, will rank pari passu in all respects with each other and with the Shares in issue on the date of allotment and issue of the Consideration Shares.

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

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

Principal amount:	HK\$60,000,000
Interest:	Non-interest bearing
Conversion Price:	HK\$0.06 per Conversion Share (subject to adjustments)
Maturity date:	The second anniversary of the Completion Date, or in the case of early repayment, the day on which the Company fully repays all outstanding principal amount

Early repayment:	The Company may early repay the Convertible Note by providing written notice of the same to the Vendor no less than five (5) business days prior to the date of early repayment
Transferability:	Non-transferrable
Redemption:	The Company shall redeem the then outstanding balance of the Convertible Note on the maturity date
Conversion rights:	The Vendor has the right to convert the principal amount of the Convertible Note into Conversion Shares to be issued by the Company and listed and traded on the Stock Exchange at the Vendor's election at any time during the conversion period
Conversion period:	From the date of issue of the Convertible Note and ending on, and including, 5:00 p.m. on the day which is the fifth (5th) trading days before the maturity date
Conversion Shares:	1,000,000,000 Conversion Shares to be issued by the Company upon exercise by the Vendor the rights to convert the entire principal amount of the Convertible Note into Conversion Shares
Adjustments:	Subject to the applicable requirements under the GEM Listing Rules, the Conversion Price is subject to adjustments if the Company determines that an adjustment should be made to the Conversion Price as a result of consolidation, subdivision, re-denomination or re-classification, capitalisation of profits or reserves, or any events or circumstances
Conversion restrictions:	<p>(a) The Vendor shall have no right to exercise, and shall not exercise, any conversion rights if, as a result of such exercise, the Company will be in breach of the minimum public float requirements under the GEM Listing Rules or other relevant requirements under the GEM Listing Rules immediately after the relevant exercise of conversion rights and in such case, the Company shall disregard (and return to such Vendor) any notice of exercise of conversion rights.</p> <p>(b) If the event that the circumstance in (a) is subsisting, the Company undertakes to the Vendor that it shall take all reasonable steps and do all reasonable acts and things necessary to enable the exercise of the conversion rights by the Vendor without resulting in any non-compliance of the GEM Listing Rules.</p>

Conversion Price

The initial Conversion Price of HK\$0.06 per Conversion Share, represents:

- (i) a premium of approximately 87.5% over the closing price of HK\$0.032 per Share as quoted on the Stock Exchange as at the date of the Agreement; and
- (ii) a premium of approximately 87.5% over the average closing price of HK\$0.032 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Agreement.

The Conversion Shares to be issued upon exercise of conversion rights under the Convertible Note represent approximately 11.57% of the existing issued share capital of the Company as at the date of this announcement and represent approximately 10.37% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Conversion Shares from the date of this announcement up to the conversion of the Convertible Note).

The Conversion Price was arrived at after arm's length negotiations between the Company and the Vendor with reference to the current market price. The Directors (including the independent non-executive Directors) consider that the Conversion Price is fair and reasonable and in the interests of the Shareholders as a whole.

The Conversion Shares to be issued upon exercise of conversion rights under the Convertible Note will be issued under the Specific Mandate and are subject to the passing of the ordinary resolution(s) by the Shareholders at the EGM.

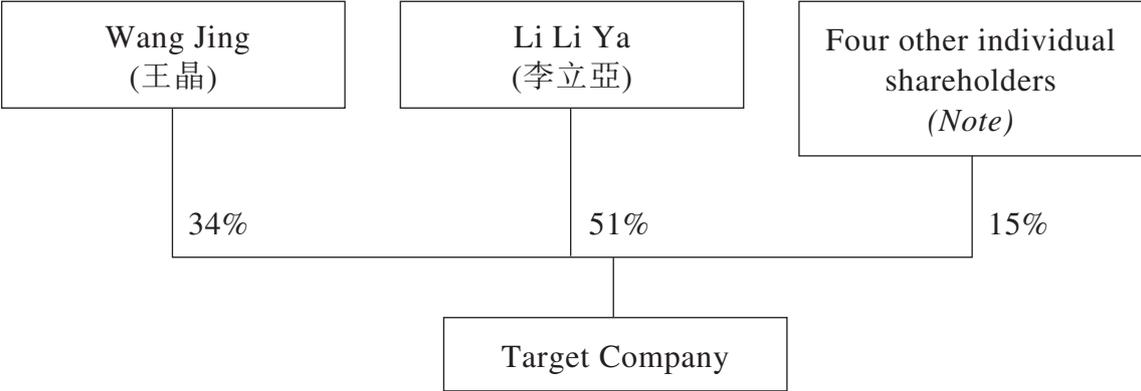
The Conversion Shares when allotted and issued, will rank *pari passu* in all respects with each other and with the Shares in issue on the date of allotment and issue of the Conversion Shares.

No application will be made by the Company for the listing of the Convertible Note on the Stock Exchange or any other stock exchanges. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION OF THE TARGET GROUP

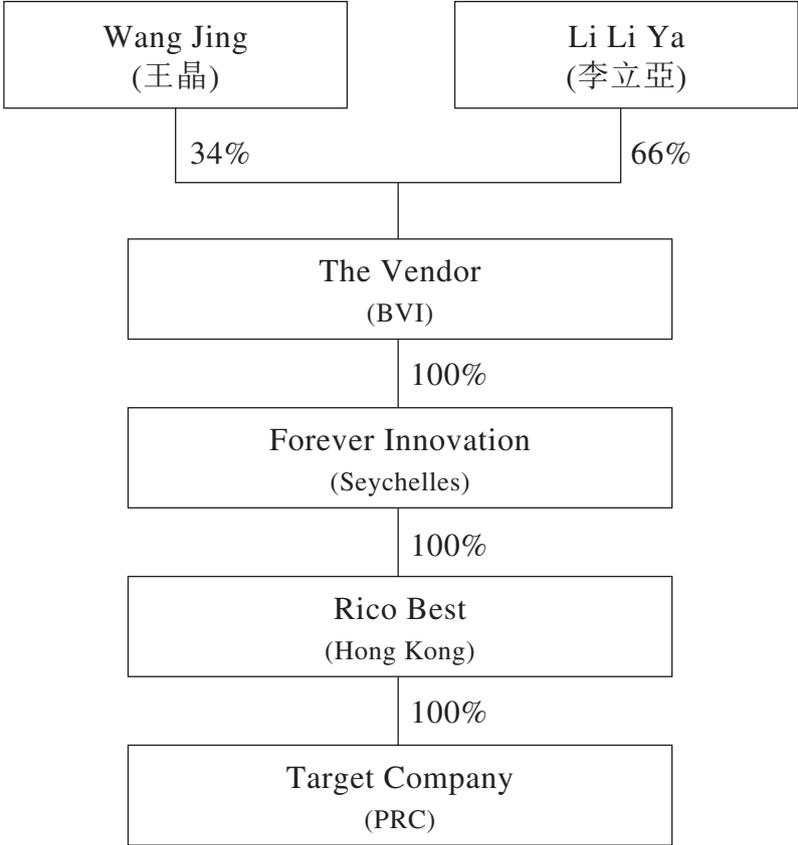
The following diagram illustrates the shareholding structures of the Target Group (i) as at the date of this announcement; (ii) immediately after the completion of the Restructuring; and (iii) immediately after the completion of the Acquisition:

Shareholding structure of the Target Group as at the date of this announcement



Note: The remaining individual shareholders will exit and transfer their respective equity interest in the Target Company, on an aggregate basis representing 15% equity interest in the Target Company, to Li Li Ya (李立亞). Upon completion of this transfer, Li Li Ya (李立亞) will hold 66% equity interest in the Target Company.

Shareholding structure of the Target Group immediately after completion of the Restructuring



(i) *The Target Company*

The Target Company was established in the PRC in July 2011. The Target Company 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 co-operation.

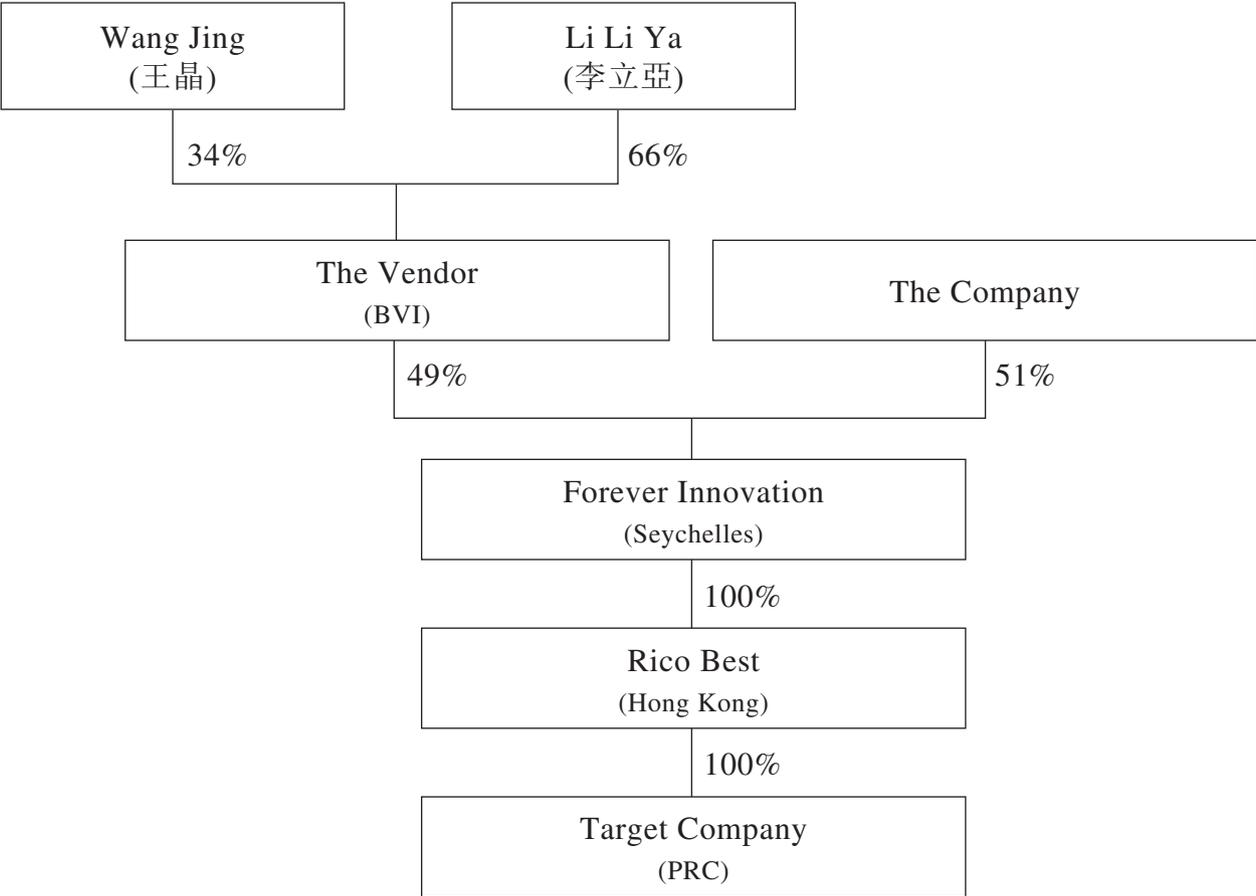
(ii) *Rico Best*

Rico Best is a company incorporated in Hong Kong with limited liability and is an investment holding company. Upon completion of the Restructuring, Rico Best will be held as to 100% by Forever Innovation.

(iii) *Forever Innovation*

Forever Innovation is a company incorporated in Seychelles with limited liability and is an investment holding company. As at the date of this announcement, Forever Innovation is held as to 100% by the Vendor. Upon completion of the Restructuring and the Acquisition, Forever Innovation will be held as to 51% by the Company and 49% by the Vendor.

Shareholding structure of the Target Group immediately after completion of the Acquisition



Financial information of the Target Company

Set out below is the financial information of the Target Company, as extracted from the audited financial statements of the Company for the years ended 31 December 2016 and 31 December 2017:

	For the year ended	
	31 December	
	2017	2016
	<i>RMB</i>	<i>RMB</i>
	(audited)	(audited)
Revenue	24,636,461	6,234,527
Profit before tax	3,594,311	95,325
Profit after tax	3,594,311	95,325

The total assets, total liabilities and net assets of the Target Company as at 31 December 2017 according to its audited financial statements were approximately RMB18,992,495, RMB9,815,363 and RMB9,177,132, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company notices that there has been a rapid growth in the mobile online game industry in the PRC with an unprecedented growth in users of smartphones and other mobile devices. The growth is expected to continue in the coming years driven by the rapid growth of smartphone penetration and the increased demand for online entertainment.

Multimedia advertising and mobile phone apps development, provision of apps solutions and provision of online marketing planning and production have been the principal businesses of the Group. By utilising the Group's multimedia advertising and the information technology-related experiences and the well-established connections of the Target Company, the Directors are confident that synergy effect and strategic partnership could be achieved with the existing principal businesses of the Group through the Acquisition.

In particular, after having considered the financial performance of the Group and the loss position of the Group for the three financial years ended 31 December 2017, the Directors believe that the Acquisition, together with the profit guarantee assurance from the Vendor and Vendor Shareholders, the Group will be in a better position to capture the market potential in the mobile online game industry and further expand its multimedia advertising business which will lead to a positive impact on the Group's profitability.

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

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Immediately after (i) the issue and allotment of the Consideration Shares; (ii) the issue and allotment of the Conversion Shares (upon full conversion of the Convertible Note) and (iii) the issue and allotment of the Consideration Shares and the Conversion Shares (upon full conversion of the Convertible Note), the shareholding structure of the Company will be as follows:

Shareholder	Immediately after the issue and allotment of							
	As at the date of this announcement		(i) the Consideration Shares		(ii) the Conversion Shares (upon full conversion of the Convertible Note)		(iii) the Consideration Shares and the Conversion Shares (upon full conversion of the Convertible Note)	
	Number of Shares	Approx.%	Number of Shares	Approx.% (Note 1)	Number of Shares	Approx.% (Note 2)	Number of Shares	Approx.% (Note 3)
Noble Gate	3,893,254,000	45.06	3,893,254,000	40.14	3,893,254,000	40.39	3,893,254,000	36.39
Shareholder Value Fund	2,568,816,000	29.73	2,568,816,000	26.48	2,568,816,000	26.65	2,568,816,000	24.01
Public	2,177,930,000	25.21	2,177,930,000	22.45	2,177,930,000	22.59	2,177,930,000	20.35
Vendor	-	-	1,060,000,000	10.93	1,000,000,000	10.37	2,060,000,000	19.25
Total	8,640,000,000	100	9,700,000,000	100	9,640,000,000	100	10,700,000,000	100

Note 1: As enlarged by the allotment and issue of the Consideration Shares and assuming there is no change to the share capital of the Company other than the issue of the Consideration Shares

Note 2: As enlarged by the allotment and issue of the Conversion Shares and assuming there is no change to the share capital of the Company other than the issue of the Conversion Shares

Note 3: As enlarged by the allotment and issue of the Consideration Shares and Conversion Shares and assuming there is no change to the share capital of the Company other than the issue of the Consideration Shares and Conversion Shares

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not undertaken any equity fund raising exercise over the period of twelve months prior to the date of this announcement.

INFORMATION OF THE COMPANY, THE VENDOR AND THE VENDOR SHAREHOLDERS

Information of the Company

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

Information of the Vendor and the Vendor Shareholders

The Vendor, Prime Castle Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

The Vendor Shareholders are two of the the existing shareholders of the Target Company, namely Li Li Ya (李立亞) and Wang Jing (王晶), who will hold 100% equity interest in the Target Company upon completion of the Restructuring.

GEM LISTING RULES IMPLICATIONS

As the relevant percentage ratios in respect of the Acquisition calculated pursuant to Rule 19.07 of the GEM Listing Rules exceed 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the approval by the Shareholders under Chapter 19 of the GEM Listing Rules.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Agreement and the Acquisition, the Company has obtained Written Approval from each of (i) Noble Gate and (ii) Shareholder Value Fund, which on an aggregate basis, holds 6,462,070,000 Shares, representing approximately 74.79% of the issued Shares as at the date of this announcement, pursuant to Rule 19.44 of the GEM Listing Rules in lieu of holding a general meeting for approving the Agreement and the Acquisition.

Each of the issue of the Consideration Shares and the Convertible Note is subject to the Specific Mandate to be sought from the Shareholders at the EGM. An EGM will be convened for the purpose of considering and, if thought fit, approving the Specific Mandate in respect of the issue and allotment of Consideration Shares and creation and issue of Convertible Note, respectively.

A circular containing details regarding, among others, (i) further details of the Agreement and the transaction contemplated thereunder; (ii) the accountants' report of the Target Company, (iii) the pro forma financial statements of the Enlarged Group; will be despatched to the Shareholders in accordance with the GEM Listing Rules as soon as practicable.

Pursuant to Rule 19.41 of the GEM Listing Rules, as the Agreement and the Acquisition have been approved by written approval pursuant to Rule 19.44, the Company is required to despatch a circular containing, among other things, further details of the Agreement to the Shareholders within 15 business days after the publication of this announcement, that is, on or before 19 December 2018. The Company may not be able to despatch the circular within such period due to the time required to prepare the relevant financial and other information to be included in the circular under the GEM Listing Rules, in which case the Company will make a further announcement of any expected delay in despatch of the circular in due course.

Completion is subject to the fulfilment of the conditions precedent set out in the 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:

“Acquisition”	the acquisition by the Company of the Sale Shares subject to and upon the terms and conditions of the Agreement
“Agreement”	the sale and purchase agreement entered into, among others, the Company and the Vendor on 4 December 2018 in relation to the Acquisition
“associate”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“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)

“Completion Date”	completion date of the Acquisition, as more particularly described in the paragraph headed “Completion” in this announcement
“connected person”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition in the amount of HK\$183.6 million. For details, please refer to the section headed “Consideration” in this announcement
“Consideration Shares”	not more than 1,060,000,000 new Shares to be issued by the Company to the Vendor (or its designated entity) at the Issue Price, if approved by the Shareholders of the Company at the EGM and by the Listing Committee, if issued, representing an amount of HK\$63.6 million which will be offset against the outstanding principal amount of the Promissory Note
“Conversion Price”	HK\$0.06 per Conversion Share (subject to adjustments)
“Conversion Shares”	not more than 1,000,000,000 new Shares to be issued by the Company to the Vendor at the Conversion Price, if approved by the Shareholders of the Company at the EGM and by the Listing Committee, if issued, representing an amount of HK\$60 million which will be offset against the outstanding principal amount of the Promissory Note
“Convertible Note”	the convertible note due on the second anniversary of the Completion Date in the aggregate principal amount of HK\$60 million, to be issued by the Company after completion of the Acquisition, subject to approval by the Shareholders of the Company at the EGM and the Listing Committee, to the Vendor (or its designated entity), as more particularly described in the section headed “Principal terms of the Convertible Note” in this announcement
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the grant of the Specific Mandate to the Directors for (i) the allotment and issue of the Consideration Shares and (ii) the issue of the Convertible Note and the underlying Conversion Shares, respectively
“Enlarged Group”	the Company and its subsidiaries immediately after the completion of the Acquisition
“Forever Innovation”	Forever Innovation Limited, a special purpose vehicle company incorporated by the Vendor Shareholders in Seychelles with limited liability, which shall form part of the Target Group upon completion of the Restructuring
“GEM”	the Growth Enterprise Market
“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
“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
“Issue Price”	HK\$0.06 per Consideration Share
“Listing Committee”	the listing committee of the Stock Exchange for considering application for listing and granting of listing
“Noble Gate”	Noble Gate International Limited, the controlling shareholder of the Company, holding 3,893,254,000 ordinary Shares in the Company, representing approximately 45.06% of the issued Shares of the Company as at the date of this 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
“Promissory Note”	the promissory note to be issued by the Company on Completion Date in the principal amount of HK\$173.6 million, which shall constitute part of the Consideration
“Restructuring”	the corporate restructuring of the Target Company. As at the date of this announcement, the Target Company is held as to 51% by Li Li Ya (李立亞), 34% by Wang Jing (王晶) and 15% by another four individual shareholders. Upon completion of the corporate restructuring, (i) the Target Company will be held as to 100% by Rico Best; (ii) Rico Best will be held as to 100% by Forever Innovation; (iii) Forever Innovation will be held as to 100% by the Vendor; and (iv) the Vendor will be held as to 66% by Li Li Ya (李立亞) and 34% by Wang Jing (王晶)
“Rico Best”	Rico Best Limited, a limited liability company incorporated in Hong Kong, which shall form part of the Target Group upon completion of the Restructuring
“Sale Shares”	510 ordinary shares of Forever Innovation
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shareholder Value Fund”	Shareholder Value Fund, being the beneficial owner holding 2,568,816,000 ordinary Shares in the Company, representing approximately 29.73% of the issued Shares of the Company as at the date of this announcement, and a substantial shareholder of the Company
“Specific Mandate”	a specific mandate (i) to allot and issue the Consideration Shares and (ii) the issue of the Convertible Note and the underlying Conversion Shares, respectively, to be sought from the Shareholders at the EGM

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	眾體時代 (北京) 科技有限公司, a company established in PRC with limited liability
“Target Group”	Forever Innovation and its subsidiaries, including Rico Best and the Target Company
“Vendor”	Prime Castle Holdings Limited, a limited liability company incorporated in the British Virgin Islands, which holds 100% shareholding interest in Forever Innovation upon completion of the Restructuring and prior to the completion of the Acquisition
“Vendor Shareholders”	Li Li Ya (李立亞) and Wang Jing (王晶), the existing shareholders of the Target Company as at the date of this announcement
“Written Approvals”	the written approval of the entering into the Agreement and the transaction contemplated thereunder (including the Acquisition) by each of (i) Noble Gate dated 4 December 2018 and (ii) Shareholder Value Fund, dated 4 December 2018

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

Hong Kong, 4 December 2018

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 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>.