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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)**

### **SECOND SUPPLEMENTAL AGREEMENT FOR THE MAJOR TRANSACTION AND DELAY IN DESPATCH OF CIRCULAR**

Reference is made to (i) the announcement of the Company dated 11 October 2018 relating to the entering into of the memorandum of understanding 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 眾體時代(北京)科技有限公司 (Zhongti Times (Beijing) Technology Co., Ltd\*) (the “**Target Company**”) upon completion of the Restructuring; (ii) the announcement of the Company dated 4 December 2018 relating to the entering into the Agreement and the Acquisition (the “**Announcement**”); and (iii) the announcement of the Company dated 6 December 2018 relating to the entering into of the Supplemental Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

\* For identification purpose only

## **AMENDMENTS TO THE AGREEMENT AND THE SUPPLEMENTAL AGREEMENT**

The Board announces that on 27 December 2018 (after trading hours), the Company, the Vendor, the Vendor Shareholders, Forever Innovation, Rico Best and the Target Company, entered into a second supplemental agreement (the “**Second Supplemental Agreement**”), pursuant to which, the parties agreed that the payment schedule of the Consideration, the profit guarantee provisions and the corresponding offset mechanics shall be amended as follows:

### **Consideration**

Subject to the adjustment set out in the section headed “Profit guarantee and its offset mechanics” of this announcement, the Consideration payable by the Company to the Vendor for the Sale Shares shall remain as HK\$183.6 million. The payment schedule of the Consideration as set out in the Agreement shall however be amended and replaced in its entirety as follows:

- (a) as to HK\$20 million, which shall be payable by the Company as cash consideration to the Vendor on the Completion Date; and
- (b) as to HK\$163.6 million, which shall be payable by the Company by issue of the Promissory Note in the principal amount of HK\$163.6 million to the Vendor on the Completion Date.

Pursuant to the Second Supplemental 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.

## Profit guarantee and its offset mechanics

The parties agreed that the profit guarantee provisions as set out in the Agreement and the Supplemental Agreement shall be amended and replaced in its respective entirety by the following arrangements:

Pursuant to the Second Supplemental 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 (excluding one-off non-operating gain) of the Target Group for the financial year 2019 (the “**2019 Net Profit**”) falls below HK\$80,000,000, the Vendor and the Vendor Shareholders shall, jointly and severally, within 10 business days of such audit report, compensate the Company (or its designated nominee) in the following manners:

- (i) in the event that the 2019 Net Profit is less than HK\$80,000,000 but more than HK\$40,800,000, the Vendor Shareholders shall procure the Vendor to transfer such number of shares representing the shareholding percentage (the “**Compensation Transfer Percentage**”) in the Target Company to the Purchaser at a nominal consideration of HK\$1 (Note 1) based on the following formula:

$$\text{Compensation Transfer Percentage} = \text{HK\$183.6 million}/(\text{2019 Net Profit} \times 4.5) \times 100\% - 51\%$$

*Note 1:* The Vendor Shareholders and the Vendor shall indemnify the Company, to the extent legally permitted, in case the consideration payable by the Company for such transfer in accordance with the Compensation Transfer Percentage exceeds HK\$1 as required by any applicable laws and regulations. The Vendor Shareholders and the Vendor shall jointly and severally be responsible for the stamp duties and associated costs for effecting such transfer.

- (ii) in the event that the 2019 Net Profit is less than HK\$40,800,000, the Vendor Shareholders and the Vendor shall, in addition to the transfer of such number of shares in the Target Company in accordance with the Compensation Transfer Percentage, jointly and severally, make an one-off compensation (“**Compensation Sum**”) to the Company (or its designated nominee). The Compensation Sum is calculated based on the following formula:

$$\text{Compensation Sum} = (\text{HK\$40,800,000} - \text{2019 Net Profit}) \times 4.5$$

The parties agree that the Compensation Sum shall be offset against the outstanding principal amount of the Convertible Note (if the Convertible Note has not obtained the approval from the Shareholders of the Company or the Listing Committee of the Stock Exchange, the principal amount of the Promissory Note). In the event that the Compensation Sum exceeds the outstanding principal amount of the Convertible Note and/or the Promissory Note, as the case may be, the Vendor and/or the Vendor Shareholders shall compensate the Company (or its designated nominee) for such shortfall amount in cash.

Save as disclosed above, all others terms of the Agreement and the Supplemental Agreement as disclosed in the previous announcements of the Company shall remain unchanged.

### **DELAY IN DESPATCH OF CIRCULAR**

As disclosed in the Announcement, the Company is required to despatch a circular (the “**Circular**”) containing, among other things, (i) further details of the Agreement and the transaction contemplated thereunder; (ii) the accountants’ report of the Target Company; and (iii) the pro forma financial statements of the Enlarged Group, to the Shareholders within 15 business days after the publication of the Announcement, which should be on or before 27 December 2018.

As additional time is required for the Company to prepare and finalise certain information to be included in the Circular, the Company has applied for a waiver from strict compliance with Rule 19.41(a) of the GEM Listing Rules for an extension of time to despatch the Circular to the Shareholders on or before 27 January 2019. The Company will make further announcement as and when appropriate.

**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.**

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

Hong Kong, 27 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>.*