

TARGET

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WINTO GROUP (HOLDINGS) LTD: SHALL ONE GIVE THANKS FOR THINGS FORGOT ?

Without question, for some time now, Senior Management, excluding the Chairman of the Board of Directors of Winto Group (Holdings) Ltd (惠陶集團[控股]有限公司) (Code: 8238, The Growth Enterprise Market – The GEM – The Stock Exchange of Hongkong Ltd), has been solely reliant on cash loans, obtained from the Chairman of the Company, namely, Mr Lui Man Wah (呂文華).

In the 2022 Annual Report of Winto Group (Holdings) Ltd, which was published and disseminated in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on or about Friday, March 31, 2023, a total of five pages of the Annual Report had been devoted to giving shareholders explanatory information in respect of that which has been headlined:

'LOAN FROM A SUBSTANTIAL SHAREHOLDER.'

The following are just the four paragraphs, copied verbatim from Page 137 of the 2022 Annual Report of the Company:

'On 22 November 2019, the Company and Mr. Lui, the substantial shareholder of the Company, entered into an agreement whereby Mr. Lui has agreed to make available to the Company and the Company has agreed to accept an unsecured loan facility, containing a repayment on demand clause, of up to HK\$40 million (the "Shareholder Loan") during the available period which will expire on 31 December 2021. The Shareholder Loan will bear interest at 2.0% per annum and repayable within 15 months from the drawdown date.

'Although the Shareholder Loan contains a repayment on demand clause, the carrying value is recorded under non-current liabilities, as Mr. Lui has confirmed he will not exercise his right to demand repayment immediately until the Group has financial capability to do so, which was estimated to be beyond the term of the loan.

'During the year ended 31 December 2019, HK\$10,000,000 has been advanced from Mr. Lui. The amount is repayable from 24 February 2021

to 12 March 2021. The loan was initially recognised at its fair value, being the present value of the loan discounted at the prevailing market interest rate. The difference between the face value of the loan and in the amount initially recognised of approximately HK\$1,378,000 was treated as deemed contribution from the substantial shareholder and credited to capital reserve accordingly.

‘During the year ended 31 December 2020, the Company further utilised HK\$13,500,000 of the Shareholder Loan. The amount is repayable on 23 June 2021. Similarly, the loan was recognised initially at the present value discounted at the prevailing market interest rate and the difference between the face value of the loan and the amount initially recognised, being approximately, HK\$1,865,000, was deemed as capital contribution from the substantial shareholder and credited to the capital reserve...’.

The following four pages with regard to material cash loans, obtained from Mr Lui Man Wah to be used by Management of Winto Group (Holdings) Ltd to keep the Company’s doors open, was, for the most part, explaining matters that had been mutually agreed between the Chairman of the Board of Directors and the Executive Director, Mr Hung Yuen Kin (熊遠健), in respect of ‘*extension agreements*’ with regard to obtaining more cash loans, made readily available.

Then, at Page 159 of the 2022 Annual Report of Winto Group (Holdings) Ltd, under the heading, ‘**MATERIAL RELATED PARTY TRANSACTIONS**,’ one was apprised of the following intelligence:

‘Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

“The key management personnel of the Group are the directors of the Company. Details of their emoluments are disclosed in note 12.

“Mr. Lui, a substantial shareholder and a non-executive director of the Company, has granted an unsecured loan facility of up to HK\$40,000,000 during the available period which will expire on 31 December 2023. On 21 March 2022, there was the Second Extension Agreement which terminated the unutilised loan facility with effective on 31 March 2022. The Facility bears an interest of 2% per annum.

“During the year ended 31 December 2022, an aggregate amount of HK\$14,500,000 (2021: HK\$22,500,000) of the Facility has been drawn down by the Company which has been utilised to repay the outstanding loans due and owing to independent third parties of the Group”.’

At Pages 24 and 25 of the 2022 Annual Report of Winto Group (Holdings) Ltd, it is shown that Mr Lui Man Wah, via Source Creation International Ltd (創源國際有限公司), the entire Issued and Fully Paid-Up Share Capital, being wholly owned by Mr Lui Man Wah, legally

and beneficially, was the sole owner of 61.73 percent of the entire Issued and Fully Paid-Up Share Capital of Winto Group (Holdings) Ltd.

Source Creation International Ltd is domiciled in the **British Virgin Islands (BVI)**.

ABOUT WINTO GROUP (HOLDINGS) LTD

According to Page Seven of 2022 Annual Report of Winto Group (Holdings) Ltd, the Company is said to be engaged in

'(i) sales and distribution of publications, and the sales of print and online advertising spaces and provision of advertising design and related production services, (ii) sales of billboard advertising spaces and provision of advertisement sourcing agency services, and (iii) promotion of products and services by organizing exhibitions and shows.'

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