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Winning Tower Group Holdings Limited

運興泰集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8362)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF MASTER TRANSPORTATION SERVICE AGREEMENT

Reference is made to the section headed “Connected Transactions — Continuing connected transactions subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of approval by the independent Shareholders” of the prospectus of the Company dated 19 June 2017, in relation to, among other things, the continuing connected transactions under the 2017 Master Transportation Service Agreement.

As the 2017 Master Transportation Service Agreement will expire on 31 December 2019, Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) had, on 16 December 2019 (after trading hours), entered into the 2019 Master Transportation Service Agreement with Maxford Logistics for the provision of transportation services to the Group for a term of three years from 1 January 2020 to 31 December 2022 (both days inclusive).

Since Maxford Logistics is owned as to 60% by Winning Tower Group and as to 40% by Top Ocean respectively, Maxford Logistics is a connected person of the Company and the transactions contemplated under the 2019 Master Transportation Service Agreement therefore constitute continuing connected transactions of the Group under Chapter 20 of the GEM Listing Rules.

As the proposed annual cap in respect of the 2019 Master Transportation Service Agreement for each of the three years ending 31 December 2022 is at HK\$3,800,000, HK\$4,200,000 and HK\$4,600,000 respectively and one or more of the applicable percentage ratios (as defined under Chapter 20 of the GEM Listing Rules) are less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the 2019 Master Transportation Service Agreement will be subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of circular (including independent financial advice) and approval by the independent Shareholders under Chapter 20 of the GEM Listing Rules.

INTRODUCTION

Reference is made to the section headed “Connected Transactions — Continuing connected transactions subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of approval by the independent Shareholders” of the prospectus of the Company dated 19 June 2017, in relation to, among other things, the continuing connected transactions under the 2017 Master Transportation Service Agreement.

THE 2019 MASTER TRANSPORTATION SERVICE AGREEMENT

As the 2017 Master Transportation Service Agreement will expire on 31 December 2019, Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) had, on 16 December 2019 (after trading hours), entered into the 2019 Master Transportation Service Agreement with Maxford Logistics for the provision of transportation services to the Group for a term of three years from 1 January 2020 to 31 December 2022 (both days inclusive) and details of which are set out below:

Date

16 December 2019 (after trading hours)

Parties

- (1) Maxford Logistics (as the supplier); and
- (2) Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) (as the customer)

Term

The 2019 Master Transportation Service Agreement will be effective from 1 January 2020 and up to 31 December 2022 (both days inclusive).

Nature of the transactions

Maxford Logistics agreed to provide transportation services to the Group on the basis of individual purchase order placed by the Group.

Pricing policy

The service price shall be determined after arm’s length negotiations between the parties from time to time with reference to the then prevailing market price of similar transportation service in the market and shall be no less favourable than the price the Group is offered for the relevant transportation services from its transportation service providers who are Independent Third Parties.

Internal control measures

- (1) As the transportation services from Maxford Logistics are generally readily available in the market, the Group will review the service price offered by Maxford Logistics by obtaining quotations from two other transportation service providers who are Independent Third Parties that provide similar transportation services for any transportation service from Maxford Logistics. Based on the quotations provided by the transportation service providers who are Independent Third Parties, the Group will be able to ensure that the service price to be paid to Maxford Logistics represents the prevailing market price on normal commercial terms.
- (2) The relevant personnel of the Group will keep track of the aggregate amount of transportation services provided from Maxford Logistics to the Group under the 2019 Master Transportation Service Agreement for the purpose of ensuring that the annual caps will not be exceeded; and
- (3) The Company has adopted relevant reporting and record-keeping procedures to allow independent non-executive Directors and auditors of the Company to perform annual review of the provision of transportation services from Maxford Logistics under the 2019 Master Transportation Service Agreement.

HISTORICAL FIGURES AND PROPOSED ANNUAL CAPS

For each of the two years ended 31 December 2018 and the nine months ended 30 September 2019, the Group's total transaction amounts attributable to the provision of the relevant transportation services from Maxford Logistics in aggregate was approximately HK\$3.3 million, HK\$3.4 million and HK\$2.5 million, respectively, or represents approximately 6.4%, 7.7% and 6.5% of the Group's total operating expenses respectively.

Based on the aforesaid historical figures, the proposed annual cap in respect of the 2019 Master Transportation Service Agreement for each of the three years ending 31 December 2022 is at HK\$3,800,000, HK\$4,200,000 and HK\$4,600,000 respectively.

The basis of the proposed annual cap in respect of the 2019 Master Transportation Service Agreement is determined with the consideration of (i) the historical figures; and (ii) the expected demand of the relevant transportation services by the Group from Maxford Logistics for each of the three years ending 31 December 2022.

REASONS FOR AND THE BENEFITS OF ENTERING INTO THE 2019 MASTER TRANSPORTATION SERVICE AGREEMENT

Maxford Logistics is an indirect non wholly-owned subsidiary of the Company.

Taking into account that (i) the service price offered from Maxford Logistics is no less favourable than the service price the Group is offered from its transportation service providers who are Independent Third Parties; (ii) the transportation services provided by Maxford Logistics are on normal commercial terms; and (iii) Maxford Logistics is an indirect non wholly-owned subsidiary of the Company, the Directors (including the independent non-executive Directors) are of the view that (i) the terms of the 2019 Master Transportation Service Agreement are on normal commercial terms and in the ordinary and

usual course of business of the Group; and together with the annual cap thereunder, are fair and reasonable; and (ii) it will be in the interests of the Group and the Shareholders as a whole to continue such transactions with Maxford Logistics.

As such, the Group will continue to place orders for the relevant transportation services from Maxford Logistics.

INFORMATION OF THE PARTIES

The Group is a food supplier focusing on processed raw and cooked food products in Hong Kong.

Winning Tower Group was incorporated in Hong Kong with limited liability on 21 January 2015. Winning Tower Group is an investment holding company.

Maxford Logistics was incorporated in Hong Kong with limited liability on 17 May 2006. Maxford Logistics principally carries on the business of providing transportation services to the Group and the Group's customers in Hong Kong.

Since Maxford Logistics is owned as to 60% by Winning Tower Group and as to 40% by Top Ocean respectively, Maxford Logistics is a connected person of the Company and the transactions contemplated under the 2019 Master Transportation Service Agreement therefore constitute continuing connected transactions of the Group under Chapter 20 of the GEM Listing Rules.

GEM LISTING RULES IMPLICATIONS

As the proposed annual cap in respect of the 2019 Master Transportation Service Agreement for each of the three years ending 31 December 2022 is at HK\$3,800,000, HK\$4,200,000 and HK\$4,600,000 respectively and one or more of the applicable percentage ratios (as defined under Chapter 20 of the GEM Listing Rules) are less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the 2019 Master Transportation Service Agreement will be subject to the requirements of reporting, annual review and announcement but are exempt from compliance with the requirements of circular (including independent financial advice) and approval by the independent Shareholders under Chapter 20 of the GEM Listing Rules.

Mr. Chow holds approximately 13% of the total issued share capital of Kam Lee Investment Company Limited which is the holding company of Top Ocean. As such, for the prudence sake, Mr. Chow has abstained from voting on the resolutions of the Board approving the 2019 Master Transportation Service Agreement.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“2017 Master Transportation Service Agreement”	the master transportation service agreement dated 23 May 2017 entered into between Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) and Maxford Logistics for the provision of transportation services to the Group
“2019 Master Transportation Service Agreement”	the master transportation service agreement dated 16 December 2019 entered into between Winning Tower Group (for itself and as trustee for the benefit of its subsidiaries from time to time) and Maxford Logistics for the provision of transportation services to the Group
“associate”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Winning Tower Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8362)
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	individual(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executive and substantial shareholders (within the meaning of the GEM Listing Rules) of the Company, its subsidiaries or any of their respective associates

“Maxford Logistics”	Maxford Logistics Limited (萬福物流有限公司), a company incorporated in Hong Kong with limited liability on 17 May 2006, owned as to 60% by Winning Tower Group and as to 40% by Top Ocean and an indirect non wholly-owned subsidiary of the Company
“Mr. Chow”	Mr. Chow Kuen Chung (周權忠), a non-executive Director and one of the controlling Shareholders
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Ocean”	Top Ocean Investment Limited (達海投資有限公司), a company incorporated in Hong Kong with limited liability on 27 May 1993 and one of the controlling shareholders of the Company
“Winning Tower Group”	Winning Tower Group Limited (運興泰集團有限公司), a company incorporated in Hong Kong with limited liability on 21 January 2015 and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Winning Tower Group Holdings Limited
Lai King Wah
Chairman and Executive Director

Hong Kong, 16 December 2019

As at the date of this announcement, the executive Directors are Mr. Lai King Wah, Mr. Lai Ho Yin Eldon and Mr. Ho Timothy Kin Wah; the non-executive Directors are Mr. Yu Ting Hei, Mr. Chow Kuen Chung and Ms. Ou Honglian; and the independent non-executive Directors are Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. Lam Lai Kiu Kelvin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regards to the Company. The Directors, 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 www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.wtgl.hk.