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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)

CLARIFICATION ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

Reference is made to the three continuing connected transactions announcements of Winning Tower Group Holdings Limited (the “**Company**”) dated 16 December 2019 (the “**Announcements**”) in relation to the Renewal of Master Supply Agreement, the Renewal of Master Transportation Service Agreement and the Renewal of Master Purchase Agreement. Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Announcements.

The Company would like to clarify further details of the 2019 Master Supply Agreement, the 2019 Master Transportation Service Agreement and the 2019 Master Purchase Agreement as follows:

1. 2019 MASTER SUPPLY AGREEMENT

Pricing policy

Pursuant to the 2019 Master Supply Agreement, Winning Tower Group, Winning Futures and Yau Heng agreed to enter into separate sale orders in respect of each supply of frozen raw and processed meat products to specify the details of each supply including but not limited to the types and/or specifications of the frozen raw and processed meat products, quantity, selling prices, payment terms, date and mode of delivery and other relevant terms in relation to that sale. The terms of such sale order shall be consistent with the terms under the 2019 Master Supply Agreement and shall comply with the principles of the 2019 Master Supply Agreement.

The selling price of each and every sale shall be separately determined on order-by-order basis by the parties to the 2019 Master Supply Agreement according to the following principles: (i) the selling price shall be determined after arm’s length negotiation between the parties to the 2019 Master Supply Agreement and shall be in accordance with normal and reasonable commercial terms; (ii) the selling price shall be at prevailing market price; and (iii) the selling price shall be no less favourable than the selling prices offered by the Group to its other independent customers.

To ensure the selling price of each and every sale is in accordance with the principles set out above, the Group shall, when determining the selling price, make reference to (i) the creditability of Winning Futures and/or Yau Heng; (ii) the expected costs to be

incurred by the Group in supplying the frozen raw and processed meat products; (iii) the marginal profit to be made by the Group, which is expected to be comparable to the profit that can be realised by sales to its other independent customers; and (iv) any adjustments, which shall be comparable to that offered by the Group to its independent customers, based on expected quantity, quality, delivery plan, specifications and market competition condition of the frozen raw and processed meat products to be purchased by Winning Futures and/or Yau Heng.

Annual cap

The Company wishes to clarify the proposed annual cap and the annual consideration in respect of the 2019 Master Supply Agreement for each of the three years ending 31 December 2022 should be less than HK\$10,000,000, HK\$10,000,000 and HK\$10,000,000 respectively.

2. 2019 MASTER TRANSPORTATION SERVICE AGREEMENT

Pricing policy

Pursuant to the 2019 Master Transportation Service Agreement, Maxford Logistics and Winning Tower Group agreed that they shall enter into separate orders in relation to the provision of transportation services to the Group within the validity period of the 2019 Master Transportation Service Agreement based on the terms, conditions and principles of the 2019 Master Transportation Service Agreement.

The service price will be based on the contractual prices which are determined by arm's length negotiation according to the principles of fairness and reasonableness with reference to (a) the prevailing market prices for the same or similar type of services provided by Independent Third Parties; and (b) the type of the transportation services required (such as (i) means of transportation, (ii) transportation distance, (iii) transportation location, and (iv) weight of the goods transported). The Group shall compare the prices for the provision of the same or similar type of services by Independent Third Parties in respect of the transportation services from time to time to ensure that the service price to be paid to Maxford Logistics shall be no less favourable than that offered to the Group by other Independent Third Parties.

To ensure that transportation services are obtained at the most favourable price(s), prior to selecting the service providers for the transportation services, the Group will consider at least two market prices of contemporaneous transactions for the same services to ensure that the price will remain reasonable and competitive and that the price(s) to be paid by the Group to Maxford Logistics will be no less favourable than the price charged by Independent Third Parties. The Group shall also make reference to the prevailing market price of similar services available from Independent Third Parties having regard to the service, specifications, credit terms and/or other conditions of such services to be offered in the local market and/or adjacent regions.

3. 2019 MASTER PURCHASE AGREEMENT

Pricing policy

Pursuant to the terms of the 2019 Master Purchase Agreement, the Group and Guangzhou Ge Yun agreed to enter into separate purchase orders in respect of each purchase of the frozen vegetable and frozen raw meat products to specify the details of each purchase including but not limited to the quantities, purchase prices, specifications and quality standard of the frozen vegetable and frozen raw meat products, and other relevant terms related to that purchase. There is no minimum purchase commitment imposed on the Group.

The price of each purchase of the frozen vegetable and frozen raw meat products shall be separately determined on an order-by-order basis by the Group and Guangzhou Ge Yun based on the following principles: (i) the purchase price shall be determined after arm's length negotiation between the Group and Guangzhou Ge Yun and shall be in accordance with normal and reasonable commercial terms; (ii) the purchase price shall take into account the production costs of the frozen vegetable and frozen raw meat products as well as the prevailing market price of similar products; and (iii) the purchase price shall be no less favourable than those imposed by Guangzhou Ge Yun on its other customers in respect of the sale of similar frozen vegetable and frozen raw meat products.

To ensure that frozen vegetable and frozen raw meat products are obtained at the most favourable price(s), prior to selecting the suppliers of the frozen vegetable and frozen raw meat products, the Group will consider at least two market prices of contemporaneous transactions for the same products to ensure that the price will remain reasonable and competitive and that the price to be paid by the Group to Guangzhou Ge Yun will be no less favourable than that paid to Independent Third Parties. The Group shall also make reference to the prevailing market price of similar products available from Independent Third Parties having regard to the quantity, specifications, credit terms and/or other conditions of such products to be offered in the local market and/or adjacent regions.

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

Hong Kong, 27 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.