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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)

VOLUNTARY ANNOUNCEMENT AND DISCLOSEABLE TRANSACTION

VOLUNTARY DISCLOSURE — JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 2 June 2021 (after trading hours), the Joint Venture Agreement was entered into between Winning Tower, Skyee and the Joint Venture, pursuant to which, among others:

- (i) the Joint Venture shall act as a corporate vehicle for the joint participation of Winning Tower and Skyee in the catering and food business in Hong Kong. The Joint Venture was incorporated in Hong Kong with limited liability on 1 April 2021 and is currently owned as to 60% by Winning Tower and as to 40% by Skyee, respectively; and
- (ii) Winning Tower and Skyee conditionally agreed to provide an initial funding to the Joint Venture by way of Shareholders' Loan at HK\$3,000,000 for the purpose of setting up the first Joint Venture's restaurant in Hong Kong, while the respective amount contributed by each of Winning Tower and Skyee shall be in proportion to their respective shareholdings in the Joint Venture at HK\$1,800,000 and HK\$1,200,000, respectively.

As the applicable percentage ratio(s) in respect of the injection of the Shareholders' Loan by Winning Tower under the Joint Venture Agreement is less than 5%, the formation of the Joint Venture does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

DISCLOSEABLE TRANSACTION — TENANCY AGREEMENT

On 10 May 2021, the Joint Venture entered into the Tenancy Agreement as tenant with Union Fortune and Good Fortune as landlords in respect of the lease of the Premises for a term of three years commencing on 15 May 2021 and expiring on 14 May 2024 (both days inclusive) for the operation of the first Joint Venture's restaurant in Hong Kong under the Joint Venture Agreement.

Pursuant to HKFRS 16, the entering into the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$8.8 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

VOLUNTARY DISCLOSURE — JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 2 June 2021 (after trading hours), the Joint Venture Agreement was entered into between Winning Tower, Skyee and the Joint Venture, pursuant to which the Joint Venture shall act as a corporate vehicle for the joint participation of Winning Tower and Skyee in the catering and food business in Hong Kong.

The Joint Venture was incorporated in Hong Kong with limited liability on 1 April 2021 and is currently owned as to 60% by Winning Tower and as to 40% by Skyee, respectively.

Winning Tower and Skyee conditionally agreed to provide an initial funding to the Joint Venture by way of shareholders' loan at HK\$3,000,000 for the purpose of setting up the first Joint Venture's restaurant in Hong Kong (the "**Shareholders' Loan**"), while the respective amount contributed by each of Winning Tower and Skyee shall be in proportion to their respective shareholdings in the Joint Venture at HK\$1,800,000 and HK\$1,200,000, respectively.

Each of the shareholders of the Joint Venture shall use their best endeavours to establish and operate the Joint Venture's first restaurant in Hong Kong within six (6) months after the completion date (as defined under the Joint Venture Agreement). Solely at the discretion of the board of the Joint Venture, the Joint Venture may establish further restaurant(s) in Hong Kong by using its internally generated capital, bank financing and/or further capital contribution from its shareholders.

DISCLOSEABLE TRANSACTION — TENANCY AGREEMENT

On 10 May 2021, the Joint Venture entered into the Tenancy Agreement as tenant with Union Fortune and Good Fortune as landlords in respect of the lease of the Premises for a term of three years commencing on 15 May 2021 and expiring on 14 May 2024 (both days inclusive) for the operation of the first Joint Venture's restaurant in Hong Kong under the Joint Venture Agreement.

Major terms of the Tenancy Agreement and the transactions contemplated thereunder are set out below:

Date: 10 May 2021

Parties: (i) Union Fortune and Good Fortune (as landlords); and
(ii) the Joint Venture (as tenant)

Both Union Fortune and Good Fortune are owned by Mr. Chen Songwen (陳松文) and Ms. Wang Yunshan (王雲珊) in equal shares.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Union Fortune, Good Fortune, Mr. Chen Songwen (陳松文) and Ms. Wang Yunshan (王雲珊) are Independent Third Parties.

Premises: Shop A with Panel A on the Ground Floor and Portion B on the First Floor, MetroRegalia (新港豪庭), No. 51 Tong Mi Road, Kowloon, Hong Kong

Gross floor area: Approximately 4,157 square feet

Use: For the operation of the first Joint Venture's restaurant in Hong Kong under the Joint Venture Agreement

Term: Three (3) years commencing on 15 May 2021 and expiring on 14 May 2024 (both days inclusive)

Rent: HK\$130,000.00 per calendar month exclusive of government rent, rates, management charges, and water, gas and electricity charges

Rent free period: From 15 May 2021 to 14 July 2021 (both days inclusive)

Option to renew: The Joint Venture shall have an option to renew the tenancy for a further term of three (3) years at the new rent of not more than 15% increase of the present rent by giving to Union Fortune and Good Fortune irrevocable notice in writing not less than six (6) calendar months prior to the expiration of the initial term.

The aggregate value of consideration payable: The aggregate amount of rent payable under the Tenancy Agreement for the initial term of three (3) years is approximately HK\$4.7 million, which will be funded by the Shareholders' Loan and the internal resources of the Joint Venture.

Deposit: HK\$390,000, being a sum equivalent to three months' rent

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT AND THE TENANCY AGREEMENT

The Group is principally a food supplier focusing on processed raw and cooked food products in Hong Kong. Since May 2019, the Group has also engaged in the catering and food business in Hong Kong through its indirect non-wholly owned subsidiary, Winning Wings Limited (榮泰餐飲有限公司).

Given that the fourth wave of the COVID-19 pandemic is gradually easing in Hong Kong, the Directors consider that the catering and food industry in Hong Kong will also gradually recover and grow steadily. In making such investment in the Joint Venture, the Company intends to capitalise on the growth in the catering and food industry in Hong Kong.

Furthermore, pursuant to the Joint Venture Agreement, the Group will be the sole supplier of all food and beverage ingredients for all the restaurant(s) of the Joint Venture, save for certain exceptions stipulated in the Joint Venture Agreement. Being the sole supplier to the Joint Venture, our Directors consider that the future sales and revenue of the Group will be strengthened.

The Directors believe that the Premises is located at a prime location which presents opportunity of network expansion. Further, during the negotiation stage of the Joint Venture Agreement and the Tenancy Agreement in late April and early May 2021, the Directors were given to understand that the landlords of the Tenancy Agreement were willing to provide rent free period of two months which was considered as favourable by the Directors. Therefore, despite the terms and conditions of the Joint Venture Agreement were yet to be finalised, the Directors considered that it would be in the interests of the Company and the Shareholders as a whole to procure the Joint Venture to enter into the Tenancy Agreement on 10 May 2021 (prior to the signing of the Joint Venture Agreement on 2 June 2021) so as to secure the Premises for the operation of the first Joint Venture's restaurant in Hong Kong under the Joint Venture Agreement.

The terms of the Tenancy Agreement were determined after arms' length negotiation among the Joint Venture, Union Fortune and Good Fortune after taking into account the prevailing market rent, lease terms of similar premises in the proximity of the Premises. The Directors are of the view that the entering into of the Tenancy Agreement and the terms and conditions thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

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

Union Fortune is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding and property investment.

Good Fortune is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding and property investment.

Skyye is a company incorporated in Hong Kong with limited liability and principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Union Fortune, Good Fortune, Skyye, Mr. Chen Songwen (陳松文), Ms. Wang Yunshan (王雲珊) and Mr. Zhang are Independent Third Parties.

GEM LISTING RULES IMPLICATIONS OF THE JOINT VENTURE AGREEMENT

As the applicable percentage ratio(s) in respect of the injection of the Shareholders' Loan by Winning Tower under the Joint Venture Agreement is less than 5%, the formation of the Joint Venture does not constitute a notifiable transaction of the Company under Chapter 19 of the GEM Listing Rules.

GEM LISTING RULES IMPLICATIONS OF THE TENANCY AGREEMENT

Pursuant to HKFRS 16, the entering into of the Tenancy Agreement will require the Group to recognise the fixed portion of the rent for the Premises as the right-of-use assets with a cost of approximately HK\$8.8 million at initial recognition and a corresponding lease liability which represents the present value of the future lease payments. Thus, the entering into of the Tenancy Agreement and the transaction contemplated thereunder will be regarded as a deemed acquisition of asset by the Group.

As one or more of the applicable percentage ratios calculated under Chapter 19 of the GEM Listing Rules in respect of the Tenancy Agreement exceeds 5% but all are less than 25%, the transaction contemplated under the Tenancy Agreement constitutes a discloseable transaction for the Company and is therefore subject to reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for general banking business
“Company”	Winning Tower Group Holdings Limited (運興泰集團控股有限公司), 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)
“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
“Good Fortune”	Good Fortune Inc Limited (好運行有限公司), a company incorporated under the laws of Hong Kong with limited liability on 12 December 2013 and is owned by Mr. Chen Songwen (陳松文) and Ms. Wang Yunshan (王雲珊) in equal shares
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party or third parties independent of and not connected with (within the meaning of the GEM Listing Rules) any directors, chief executive, substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Joint Venture”	Dynasty Time Limited (新景泰有限公司), a company incorporated under the laws of Hong Kong with limited liability on 1 April 2021 and is currently owned as to 60% by Winning Tower and 40% by Skyye, respectively
“Joint Venture Agreement”	the joint venture agreement dated 2 June 2021 entered into between Winning Tower, Skyye and the Joint Venture, as further described under the section headed “Joint Venture Agreement”
“Mr. Zhang”	Mr. Zhang Enlin (張恩霖), the sole shareholder of Skyye
“percentage ratio(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“PRC”	the People’s Republic of China
“Premises”	Shop A with Panel A on the Ground Floor and Portion B on the First Floor, MetroRegalia (新港豪庭), No. 51 Tong Mi Road, Kowloon, Hong Kong
“Shareholder(s)”	shareholder(s) of the Company

“Skyye”	Skyye Limited (天炁有限公司), a company incorporated under the laws of Hong Kong with limited liability on 30 April 2021 and is wholly owned by Mr. Zhang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 10 May 2021 and entered into between the Joint Venture as tenant, and Union Fortune and Good Fortune as landlords in respect of the Premises
“Union Fortune”	Union Fortune Inc Limited (匯裕行有限公司), a company incorporated under the laws of Hong Kong with limited liability on 18 September 2014 and is owned by Mr. Chen Songwen (陳松文) and Ms. Wang Yunshan (王雲珊) in equal shares
“Winning Tower”	Winning Tower Group Limited (運興泰集團有限公司), a company incorporated under the laws of 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, 2 June 2021

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. Wong Wang Leong 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.