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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 FORMATION OF THE JOINT VENTURE AND CONTINUING TRANSACTIONS WITH A SUBSTANTIAL SHAREHOLDER OF AN INSIGNIFICANT SUBSIDIARY

This announcement is made by the Board on a voluntary basis.

JOINT VENTURE AGREEMENT

The Board is pleased to announce that on 24 May 2019 (after trading hours), the Joint Venture Agreement was entered into between, among others, Winning Tower, Wing Si Worldwide and the Joint Venture, pursuant to which:

- (i) Winning Tower and Wing Si Worldwide have established the Joint Venture as the corporate vehicle for their joint participation in the catering and food business in Hong Kong. The Joint Venture was incorporated in Hong Kong with limited liability on 21 May 2019 and is owned as to 55% by Winning Tower and as to 45% by Wing Si Worldwide, respectively; and
- (ii) Winning Tower and Wing Si Worldwide conditionally agreed to provide, upon Completion, an initial funding to the Joint Venture by way of shareholders' loan at HK\$5,000,000 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 Wing Si Worldwide shall be in proportion to their respective shareholdings in the Joint Venture at HK\$2,750,000 and HK\$2,250,000, respectively; and
- (iii) Upon Completion, Wing Si Worldwide, Wing's Management (for itself and on behalf of its subsidiaries), H & K Holdings, Wing's Catering TKT, Mr. Hung, Mr. Kung, Ms. Leung and Ms. Kung shall execute the Deed of Non-competition, and Wing's Management and H & K Holdings (as the owners of the Wing's Intellectual Properties) shall execute the Licensing Agreement.

As the Completion is subject to the fulfillment and/or waiver of the Conditions, the injection of the Initial Shareholders' Loan, and the execution of the Deed of Non-competition and the Licensing Agreement may or may not be completed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

MANAGEMENT FEE

Pursuant to the Joint Venture Agreement, Wing Si Worldwide shall be responsible for the establishment, licensing, renovation, daily operation and management of all the restaurant(s) of the Joint Venture, in consideration thereof, the Joint Venture shall pay to Wing Si Worldwide the monthly management fee at either 5% of the monthly revenue of the Joint Venture or HK\$30,000 (whichever is higher), payable within one (1) month after the end of each calendar month.

LICENSING AGREEMENT

Pursuant to the Joint Venture Agreement, Wing's Management, H & K Holdings and the Joint Venture shall enter into the Licensing Agreement upon Completion, pursuant to which Wing's Management and H & K Holdings shall grant the Joint Venture (for itself and for the benefits of its subsidiary(ies)) a sole, exclusive, irrevocable and non-transferrable right to use the Wing's Intellectual Properties, and in consideration thereof, the Joint Venture shall pay to Wing's Management (for itself and on behalf of H & K Holdings) certain licensing fee.

GEM LISTING RULES IMPLICATIONS OF THE FORMATION OF THE JOINT VENTURE

As the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the injection of the Initial 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.

CONTINUING TRANSACTIONS WITH A SUBSTANTIAL SHAREHOLDER OF AN INSIGNIFICANT SUBSIDIARY

Upon the formation of the Joint Venture, Wing Si Worldwide has become a shareholder holding 45% shareholding of the Joint Venture (an indirect non wholly-owned subsidiary of the Company) and therefore Wing's Group has become a substantial shareholder of the Group at the subsidiary level.

Wing's Group has been a customer of the Group since 2014 and the Group has been supplying certain frozen raw processed meat products to Wing's Group from time to time. After the formation of the Joint Venture, the Group will continue to supply such products to Wing's Group. Including the payment of licensing fee pursuant to the Licensing Agreement and the payment of management fee pursuant to the Joint Venture Agreement, all these transactions with Wing's Group will constitute continuing transactions with a substantial shareholder of the Group at the subsidiary level.

GEM LISTING RULES IMPLICATION ON THE CONTINUING TRANSACTIONS WITH A SUBSTANTIAL SHAREHOLDER OF AN INSIGNIFICANT SUBSIDIARY

Since the Joint Venture is a newly established corporate vehicle, the profits and revenue ratios would be inapplicable. In stating so, since the alternative assets ratio based on the total initial capital commitment in the Joint Venture is less than 5%, the Joint Venture is regarded as an insignificant subsidiary of the Company pursuant to Rule 20.08 of the GEM Listing Rules.

Therefore, Wing's Group will be excepted to be a connected person of the Group under the GEM Listing Rules, and as a result, the aforesaid continuing transactions (a) will be exempted from any reporting requirement under Chapter 20 of the GEM Listing Rules; (b) will not be required for annual review in the annual report of the Company; and (c) will not be subject to the re-compliance requirements under Rule 20.52 of the GEM Listing Rules.

This announcement is made by the Board on a voluntary basis.

INTRODUCTION

The Board is pleased to announce that on 24 May 2019 (after trading hours), the Joint Venture Agreement was entered into between, among others, Winning Tower, Wing Si Worldwide and the Joint Venture, pursuant to which Winning Tower and Wing Si Worldwide have established the Joint Venture as the corporate vehicle for their joint participation in the catering and food business in Hong Kong.

The Joint Venture was incorporated in Hong Kong with limited liability on 21 May 2019 and is owned as to 55% by Winning Tower and as to 45% by Wing Si Worldwide, respectively.

Winning Tower and Wing Si Worldwide conditionally agreed to provide, upon Completion, an initial funding to the Joint Venture by way of shareholders' loan at HK\$5,000,000 for the purpose of setting up the first Joint Venture's restaurant in Hong Kong (the "**Initial Shareholders' Loan**"), while the respective amount contributed by each of Winning Tower and Wing Si Worldwide shall be in proportion to their respective shareholdings in the Joint Venture at HK\$2,750,000 and HK\$2,250,000, 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. 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.

JOINT VENTURE AGREEMENT

Date

24 May 2019

Parties and equity holding ratios

1. Winning Tower (55%);
2. Wing Si Worldwide (45%);
3. the Joint Venture; and
4. Wing's Management (as guarantor, for itself and on behalf of Wing's Group).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, immediately before the establishment of the Joint Venture, Wing Si Worldwide, Wing's Management, H & K Holdings, Wing's Catering TKT, Mr. Hung, Mr. Kung, Ms. Leung and Ms. Kung are third parties independent of and not connected with the Company and its connected persons.

Business of the Joint Venture

The business of the Joint Venture shall be the conduct of the catering and food business in Hong Kong (by itself or through its subsidiaries, as the case may be).

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. 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.

Capital contribution

Winning Tower and Wing Si Worldwide conditionally agreed to provide, upon Completion, an initial funding to the Joint Venture by way of shareholders' loan at HK\$5,000,000 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 Wing Si Worldwide shall be in proportion to their respective shareholdings in the Joint Venture at HK\$2,750,000 and HK\$2,250,000, respectively.

Conditions

Completion is subject to the satisfactory fulfillment and/or waiver of the following Conditions:

- (a) all necessary approvals by the government and regulatory authorities (including but not limited to the Stock Exchange), corporate approvals and consents for the transactions contemplated under the Joint Venture Agreement being obtained;
- (b) in relation to the transactions contemplated in the Joint Venture Agreement, all relevant regulatory requirements (including but not limited to those under the GEM Listing Rules) having been complied with and satisfied;
- (c) all representations, warranties and undertakings given by each of Wing Si Worldwide and Wing's Management under the Joint Venture Agreement having remained true and accurate in all material respects;
- (d) there not having been, at any time before the Completion Date:
 - (I) any adverse change or any prospective adverse change in the conditions (financial, business, operations, prospects or otherwise) of the Wing's Group and/or the Group (excluding the Joint Venture) which is material in the context of the transaction contemplated in the Joint Venture Agreement;
 - (II) the occurrence of any event or the existence of any circumstance which would render any of the representations, warranties and undertakings given by each of Wing Si Worldwide and Wing's Management under the Joint Venture Agreement untrue or inaccurate in any material respect; and
 - (III) the occurrence of any breach of the terms of the Joint Venture Agreement or any undertakings given by each of Wing Si Worldwide and Wing's Management as set out in the Joint Venture Agreement.

Winning Tower may at any time waive in writing any Conditions (other than Conditions (a) and (b) above) and such waiver may be made subject to such terms and conditions as may be determined by Winning Tower. Conditions (a) and (b) above are not capable of being waived by Winning Tower.

If the Conditions have not been fulfilled or waived by Winning Tower (as the case may be) at or before 12:00 noon on the Long Stop Date (or such later date as all parties may agree in writing), all parties shall use their best endeavours to deregister/wind-up the Joint Venture as soon as possible. Upon the deregistration/winding-up of the Joint Venture, the Joint Venture Agreement shall lapse, whereupon all rights and obligations of the parties shall cease to have effect except in respect of any accrued rights and obligations of the parties.

Completion

Completion shall take place on the Completion Date at which no later than Long Stop Date; or such other day as all parties may agree in writing.

At Completion:

- (a) each of Winning Tower and Wing Si Worldwide shall inject the Initial Shareholders' Loan respectively at HK\$2,750,000 and HK\$2,250,000 to the Joint Venture;
- (b) Wing Si Worldwide, Wing's Management (for itself and on behalf of its subsidiaries), H & K Holdings, Wing's Catering TKT, Mr. Hung, Mr. Kung, Ms. Leung and Ms. Kung shall execute the Deed of Non-competition; and
- (c) Wing's Management and H & K Holdings (as the owners of the Wing's Intellectual Properties) shall execute the Licensing Agreement.

Other principal terms

Other principal terms of the Joint Venture Agreement are summarised below:

Further capital contribution : In the event that further funding is required for the Joint Venture's working capital, further development, or such other purposes as decided by the board of the Joint Venture from time to time, the board of the Joint Venture may by way of passing board resolutions request the shareholders to provide further shareholders' loans to the Joint Venture (the "**Subsequent Shareholders' Loans**") upon the terms and conditions as the board of the Joint Venture may determine. Each shareholder shall accordingly advance and pay such Subsequent Shareholders' Loans, which will be in proportion to their respective shareholdings in the Joint Venture from time to time.

In the event that any shareholder (the "**Non-Advancing Shareholder**") fails to advance the amount required to be advanced by it as mentioned above, then the other shareholder(s) shall have the option to advance to the Joint Venture the amount required to be advanced by the Non-Advancing Shareholder (the "**Extra Shareholders' Loans**").

Interest : The Initial Shareholders' Loan and Subsequent Shareholders' Loans shall not bear interest and have no specific repayment date.

The shareholder advancing the Extra Shareholders' Loans shall be entitled to receive interest equal to 6% of the Extra Shareholders' Loans computed on an annual basis but repayable monthly in arrears until the Extra Shareholders' Loans have been fully repaid.

- Operation of the restaurant(s) under the Joint Venture : Wing Si Worldwide shall be responsible for the establishment, licensing, renovation, daily operation and management of all the restaurant(s) of the Joint Venture, in consideration thereof, the Joint Venture shall pay to Wing Si Worldwide the monthly management fee at either 5% of the monthly revenue of the Joint Venture or HK\$30,000 (whichever is higher), payable within one (1) month after the end of each calendar month.
- Winning Tower shall 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.
- Composition of the board of the Joint Venture : The board of the Joint Venture shall have a maximum number of three directors and shall be nominated and decided in the following manner:
- (i) Winning Tower shall have the right to appoint and remove two (2) directors and appoint the chairman of the board of the Joint Venture; and
 - (ii) Wing Si Worldwide shall have the right to appoint and remove one (1) director of the board of the Joint Venture.
- Profit distribution : The Joint Venture shall apply and/or distribute its net profits, after provisions for tax to be paid or accrued due in any financial year, in the following manner and sequence:
- (i) to set aside an amount or amount(s) as operating capital provided that the amount(s) so set aside shall not be less than three (3) months operating capital as set out in the budget of that particular financial year;
 - (ii) to fully repay all the Extra Shareholders' Loans including interests (with the earliest Extra Shareholders' Loan being repaid first, and if the same Extra Shareholders' Loan involves more than one (1) shareholder, on pro rata basis as to their respective loan amount);
 - (iii) to fully repay all the Initial Shareholders' Loan;
 - (iv) to fully repay the Subsequent Shareholders' Loans (with the earliest Subsequent Shareholders' Loan being repaid first, and if the same Subsequent Shareholders' Loan involves more than one (1) shareholder, on pro rata basis as to their respective loan amount);
 - (v) to repay all third party's indebtedness (if any) due by the Joint Venture; and

(vi) the balance (if any) to distribute to the shareholders by way of dividends in accordance with the shareholding percentages.

Activities required
Special Consent

: The Joint Venture must not take any of the following acts without a Special Consent:

- (i) any material change in the nature or scope of the business, including (i) discontinuance of any major operation of the business; and (ii) introduction of any field of activity that is not ancillary to the business or relocation or expansion of the business each involving substantial capital expenses other than pursuant to the business plan approved by the board of the Joint Venture;
- (ii) any amendment to the memorandum or the articles of association or the equivalent constitutional documents;
- (iii) any appointment, termination, removal or any change in the auditors;
- (iv) any change to the share capital (other than pursuant to and in compliance with the terms and conditions of the Joint Venture Agreement);
- (v) the grant, issue or allotment of any shares or other share capital or securities of whatever nature including any securities convertible into any share capital of the Joint Venture Group, or the creation or grant of any option or right to subscribe or acquire, or convert any security into, any share capital of the Joint Venture Group;
- (vi) the transfer of any shares or other securities of the Joint Venture otherwise than in accordance with the Joint Venture Agreement;
- (vii) any resolution to liquidate or wind up or the filing of a petition for winding up of a company within the Joint Venture Group, or to make any arrangement with creditors generally or any application for an administration order or for the appointment of a receiver or administrator;
- (viii) any agreement or proposal or resolution to do any of the matters set out in paragraphs (i) to (vii) above.

Anti-dilution rights

: The Joint Venture shall not issue and allot any shares or grant any option or right to acquire additional shares to any third party except with the prior Special Consent and first offer such shares to each the shareholders who are parties to the Joint Venture Agreement in proportion to his/her/its then existing proportion.

- Non-alienation : Each of the shareholders who are parties to the Joint Venture Agreement shall not except with the prior Special Consent, (1) pledge, mortgage, charge or otherwise encumber any of his/her/its shares or any interest in his/her/its shares; (2) grant an option over any of his/her/its shares or any interest in any of his/her/its share; or (3) enter into any agreement in respect of any votes attached to any of his/her/its share.
- Right of first refusal : If at any time a shareholder who is a party to the Joint Venture Agreement wishes to transfer any or all of his/her/its shares in the Joint Venture to any third party, provided that the Special Consent has been obtained and it is allowed to do so under the Joint Venture Agreement, he/she/it shall serve a written notice of such intent on the Joint Venture. Upon receipt of such a notice, the other shareholders shall have the right to purchase all or a part of the sale shares.
- Tag-along rights : If any shareholder of the Joint Venture intends to transfer all or any part of his/her/its shares of the Joint Venture to a third party, each of the other shareholders shall be entitled to participate the sale by selling all (but not part of) his/her/its shares in the Joint Venture on the same terms and conditions.
- Drag-along rights : If at any time any shareholder of the Joint Venture receives a written bona fide offer (which such shareholder wishes to accept) to purchase the entire issued shares (but not part) (the “**Take-over Offer**”), he/she/it shall as soon as practicable serve to all the other shareholders a notice (the “**Take-over Offer Notice**”) containing a description of all the material terms of the Take-over Offer.
- If the Special Consent regarding the Take-over Offer has been obtained, then at the written request of the shareholders giving such Special Consent regarding the Take-over Offer, the remaining shareholders shall be required to (i) participate in the sale pursuant to the Take-over Offer subject to the same terms and conditions set out in the Take-over Offer Notice and (ii) vote (and procured the director(s) of the Joint Venture nominated by him/her/it to vote) in favour of such transaction.
- New shareholders : All the new shareholder(s) of the Joint Venture shall execute deed of adherence such that they will be bounded by the Joint Venture Agreement.

LICENSING AGREEMENT

Pursuant to the Joint Venture Agreement, Wing's Management, H & K Holdings and the Joint Venture shall entered into the Licensing Agreement upon Completion, pursuant to which Wing's Management and H & K Holdings shall grant the Joint Venture (for itself and for the benefits of its subsidiary(ies)) a sole, exclusive, irrevocable and non-transferrable right to use the Wing's Intellectual Properties, and in consideration thereof, the Joint Venture shall pay to Wing's Management (for itself and on behalf of H & K Holdings) certain licensing fee.

Principal terms of the Licensing Agreement are summarised below:

Licensing fee : For the first restaurant to be established and operate under the Joint Venture, the Joint Venture shall pay a licensing fee of HK\$800,000 to Wings' Management (for itself and on behalf of H & K Holdings) for the initial six (6) years (commencing from the date of grand opening of the first restaurant).

For each subsequent restaurant to be established and operate under the Joint Venture, the Joint Venture shall pay Wings' Management (for itself and on behalf of H & K Holdings) a fixed sum, calculated based on the mechanism set out below, as the licensing fee for the initial six (6) years (commencing from the respective date of grand opening of that particular subsequent restaurant).

Licensing fee for the initial six (6) years for each subsequent restaurant:

Gross floor area of each subsequent restaurant	Licensing fee (HK\$)
Less than 1,000 sq.ft.	600,000
Equal to/more than 1,000 sq.ft. but less than 1,600 sq.ft.	800,000
Equal to/more than 1,600 sq.ft.	1,000,000

After the expiry of the initial six (6) years of the first restaurant and the subsequent restaurant(s), the Joint Venture has an option to continue to use the licence for that particular restaurant for further one (1) year at the consideration equivalent to 0.83% of that particular restaurant's audited annual revenue for the latest operating year since its grand opening. The Joint Venture will continue to have such option after the expiry of each extended one (1) year upon the same terms above.

Term : The licensing agreement shall continue in full force and effect until:

- (a) terminated by written agreement between the parties thereto or their successors in title; or
- (b) expiry of the latter of (i) the termination of the Joint Venture Agreement or (ii) the cessation of all business activities of the first restaurant and subsequent restaurant(s),

whichever is earlier.

DEED OF NON-COMPETITION

Pursuant to the Joint Venture Agreement, upon Completion, Wing Si Worldwide, Wing's Management (for itself and on behalf of its subsidiaries), H & K Holdings, Wing's Catering TKT, Mr. Hung, Mr. Kung, Ms. Leung and Ms. Kung (the "**Covenantors**") agreed to execute the Deed of Non-competition in favour of the Company (for itself and for the benefit of each of the members of the Group) regarding certain non-competition undertakings.

Pursuant to the Deed of Non-competition, each of the Covenantors has undertaken to the Company that each of the Covenantors will not and will procure that neither the covenantors nor his/her/its close associate(s) (other than members of the Group) will on its own account or with each other or in conjunction with or on behalf of any person, firm or company:

- (A) carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of members of the Group or their associated companies), director, employee, partner, agent or otherwise any business that compete or may compete, directly or indirectly or through nominee, joint venture, alliance, cooperation, partnership or otherwise with the Restricted Activity the Restricted Territories, nor provide support in any form to persons other than the Group to engage in business that constitute or may constitute direct or indirect competition with the Restricted Activity on in the Restricted Territories unless the prior written consent of the Company has been obtained (based on an affirmative vote of a majority of the independent non-executive Directors, who do not have, and are not deemed to have, a material interest in the relevant matter);
- (B) solicit or procure any of the suppliers and/or the customers of the Group from time to time to terminate their business relationships or otherwise reduce the amount of business with the Group;
- (C) solicit or procure any of the directors, senior management or other employees of the Group from time to time to resign or otherwise cease providing services to the Group;
- (D) take any action that may be harmful to the reputation of any member of the Group or which may lead any person to reduce their level of business with any member of the Group; and

- (E) make use of any confidential information pertaining to the business of the Group which may have come to his/her/its knowledge in his/her/its capacity as a shareholder or director of any member of the Group for the purpose of competing with the business of the Group.

Each of the Covenantors has undertaken to the Company that in the event the Covenantors or any of their close associate(s) (other than members of the Group) are given any business opportunity that is or may involve direct or indirect competition with the Restricted Activity in any of the Restricted Territories, the Covenantors shall, and shall procure their close associates (other than members of the Group) to, refer such business opportunity to the Group and to assist the Group in obtaining such business opportunity on terms no less favourable than those offered to the relevant Covenantors or their close associate(s), and that none of the Covenantors and their respective close associates will pursue the Restricted Activity and/or such business opportunity until the Company decides not to pursue the Restricted Activity and/or such business opportunity and provides such decision in writing to the Covenantors. Any decision of the Company in respect of this matter will have to be approved by the independent non-executive Directors taking into consideration, inter alia, the Group's prevailing business and financial resources.

Both undertakings above do not apply to the following situations:

- (a) the holding by the Covenantors and their close associate(s) of interests in shares or other securities that represents (or upon conversion will represent) less than 10% voting rights in any company the shares of which are listed on a recognised stock exchange and which conducts or is engaged in any Restricted Activity, provided that the Covenantors and/or their close associates are not entitled to appoint a majority of the directors or management of that company;
- (b) the holding by the Covenantors and their close associate(s) of interests in shares or other securities that represents (or upon conversion will represent) less than 5% voting rights in any non-listed company which conducts or is engaged in any Restricted Activity, provided that the Covenantors and/or their close associates are not entitled to appoint a majority of the directors or management of that company; or
- (c) the continuing operation of the existing restaurants of the Wing's Group, including the existing restaurant(s) to be relocated in accordance with conditions set out in the Deed of Non-Competition.

The Covenantors' obligations under the Deed of Non-competition will remain in effect until:

- (i) the date upon which the termination of the Joint Venture Agreement; or
 - (ii) the date upon which the Covenantors and their close associates, individually or collectively, cease to own any share of any member of the Group directly or indirectly,
- whichever is earlier.

REASONS AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

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. Since Wing's Group, being the joint venture partner of the Group (i) has already established a foothold in the catering and food industry in Hong Kong; (ii) owns reputable and well established logos, brands and trademarks, namely the Wing's Intellectual Properties, for its restaurants in Hong Kong; (iii) has been operating restaurants in Hong Kong for over ten (10) years; (iv) has been a customer of the Group since 2014; and (v) will be responsible for the establishment, licensing, renovation, daily operation and management of all the restaurant(s) of the Joint Venture, the Group intends to leverage on Wing's Group's competitive edges and expertise to invest into the catering and food business 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.

GEM LISTING RULES IMPLICATIONS OF THE FORMATION OF THE JOINT VENTURE

As the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the injection of the Initial 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.

As the Completion is subject to the fulfillment and/or waiver of the Conditions, the injection of the Initial Shareholders' Loan, and the execution of the Deed of Non-competition and the Licensing Agreement may or may not be completed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

CONTINUING TRANSACTIONS WITH A SUBSTANTIAL SHAREHOLDER OF AN INSIGNIFICANT SUBSIDIARY

Upon the formation of the Joint Venture, Wing Si Worldwide has become a shareholder holding 45% shareholding of the Joint Venture (an indirect non wholly-owned subsidiary of the Company) and therefore Wing's Group has become a substantial shareholder of the Group at the subsidiary level.

Wing's Group has been a customer of the Group since 2014 and the Group has been supplying certain frozen raw processed meat products to Wing's Group from time to time. The historical transaction amount of the supply made by the Group to Wing's Group for each of the three years ended 31 December 2018 is approximately HK\$5.6 million, HK\$5.1 million and HK\$5.1 million, respectively.

After the formation of the Joint Venture, the Group will continue to supply such products to Wing's Group. Including the payment of licensing fee pursuant to the Licensing Agreement and the payment of management fee pursuant to the Joint Venture Agreement, all these transactions with Wing's Group will constitute continuing transactions with a substantial shareholder of the Group at the subsidiary level.

GEM LISTING RULES IMPLICATION ON THE CONTINUING TRANSACTIONS WITH A SUBSTANTIAL SHAREHOLDER OF AN INSIGNIFICANT SUBSIDIARY

Since the Joint Venture is a newly established corporate vehicle, the profits and revenue ratios would be inapplicable. In stating so, since the alternative assets ratio based on the total initial capital commitment in the Joint Venture is less than 5%, the Joint Venture is regarded as an insignificant subsidiary of the Company pursuant to Rule 20.08 of the GEM Listing Rules.

Therefore, Wing's Group will be excepted to be a connected person of the Group under the GEM Listing Rules, and as a result, the aforesaid continuing transactions (a) will be exempted from any reporting requirement under Chapter 20 of the GEM Listing Rules; (b) will not be required for annual review in the annual report of the Company; and (c) will not be subject to the re-compliance requirements under Rule 20.52 of the GEM Listing Rules.

In the event that the aforesaid continuing transactions no longer meet the conditions for the exception under Chapter 20 of the GEM Listing Rules, the Company will re-comply with the reporting, annual review and announcement requirements under Chapter 20 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
“close associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“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 securities of which are listed on GEM of the Stock Exchange
“Completion”	completion in accordance with the terms and conditions of the Joint Venture Agreement, as further described under the section headed “Joint Venture Agreement — Completion”

“Completion Date”	within three (3) Business Days following the day on which all the Conditions are satisfied in full or waived (as the case may be), or such other date as the parties may agree being the date on which Completion occurs
“Condition(s)”	the conditions precedent to Completion pursuant to the Joint Venture Agreement, as further described under the section headed “Joint Venture Agreement — Conditions”
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Deed of Non-competition”	the deed of non-competition undertakings to be executed by the Convenantors upon Completion in favour of the Company (for itself and for the benefit of each of the members of the Group) regarding certain non-competition undertakings, as further described under the section headed “Deed of Non-competition”
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the listing of securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“H & K Holdings”	H & K Holdings Limited (孔氏(昭群)有限公司), a company incorporated in Hong Kong with limited liability on 6 March 2019 and is owned by Mr. Hung and Mr. Kung in equal shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	Winning Wings Limited (榮泰餐飲有限公司), a company incorporated in Hong Kong with limited liability on 21 May 2019 and is owned as to 55% by Winning Tower and as to 45% by Wing Si Worldwide, respectively
“Joint Venture Agreement”	the joint venture agreement dated 24 May 2019 entered into between, among others, Winning Tower, Wing Si Worldwide and the Joint Venture, as further described under the section headed “Joint Venture Agreement”
“Joint Venture Group”	the Joint Venture and its subsidiary(ies), if any, from time to time

“Licensing Agreement”	the licensing agreement to be entered into between Wings’ Management, H & K Holdings and the Joint Venture upon Completion, as further described under the section headed “Licensing Agreement”
“Long Stop Date”	30 June 2019, or such later date as all parties may agree in writing
“Mr. Hung”	Mr. Hung Hin Wing (孔憲榮), a shareholder of Wing’s Management and H & K Holdings, and the elder brother of Mr. Kung
“Mr. Kung”	Mr. Kung Hin Yui (孔憲銳), a shareholder of Wing’s Management and H & K Holdings, the father of Ms. Kung and the younger brother of Mr. Hung
“Ms. Kung”	Ms. Kung Yuet Charis (孔悅), the sole shareholder of Wing’s Catering TKT and the daughter of Mr. Kung
“Ms. Leung”	Ms. Leung May Fong (梁美芳), a shareholder of Wing’s Management
“percentage ratios”	has the meaning ascribed to such term under the GEM Listing Rules
“Restricted Activity”	the business of the Group from time to time
“Restricted Territories”	territories in which any member of the Group carries on or is engaged or invests in the Restricted Activity from time to time
“Shareholder(s)”	shareholder(s) of the Company
“Special Consent”	a written consent by the shareholders of the Joint Venture together holding not less than 50% of the total issued share capital of the Joint Venture
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wing Si Worldwide”	Wing Si Worldwide Holdings Limited (榮式環球控股有限公司), a company incorporated in Hong Kong with limited liability on 29 August 2014 and a directly wholly-owned subsidiary of Wing’s Management
“Wings’ Intellectual Properties”	refer to the trademarks, logos and brands owned by Wing’s Management for its operation of the restaurants in Hong Kong including “榮式”, to be licensed to the Joint Venture by Wing’s Management and H & K Holdings pursuant to the Licensing Agreement

“Wing’s Catering TKT”	Wing’s Catering (Tai Kok Tsui) Limited (榮式餐飲(大角咀)有限公司), a company incorporated in Hong Kong with limited liability on 15 February 2018 and is entirely owned by Ms. Kung
“Wing’s Group”	Wing’s Management and its subsidiaries, Wing’s Catering TKT and H & K Holdings
“Wing’s Management”	Wing’s Management Holdings Limited (榮式控股有限公司), a company incorporated in Hong Kong with limited liability on 12 March 2009, which is owned as to 62.5% by Mr. Hung, as to 25% by Mr. Kung and as to 12.5% by Ms. Leung
“Winning Tower”	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, 24 May 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. Ho Lai Sze Jacqueline; and the independent non-executive Directors are Mr. Chau Chun Wai, Mr. Lo Sun Tong and Mr. Lam Lai Kiu Kelvin.