

WINNING TOWER GROUP

Reporting & Monitoring Policy on Connected Transactions

Date of Policy: 30/06/2017

Issue Number: CGP-04

Approved By: Board of Directors

The Listing Rules of The Stock Exchange of Hong Kong Limited sets out a number of requirements in respect of connected transactions. Among other things, the Listing Rules require certain continuing connected transactions be approved by independent shareholders, reviewed by independent non-executive directors, and subject to reporting and announcement requirements.

The purpose of this Reporting & Monitoring Policy on Connected Transactions (the “Policy”) is to set out the internal control systems and monitoring procedures of Winning Tower Group Holdings Limited (the “Company”) in respect of executing, recording and reporting of all connected transactions and continuing connected transactions no matter they are exempted transactions or otherwise. This Policy applies to the Company and all its subsidiaries (as defined under the Listing Rules) (collective the “Group”) and will be reviewed and updated regularly.

1. CT Officer

The head of the Company’s Administration Department shall be nominated as the “CT Officer” who shall be responsible to report all Connected Transactions and Continuing Connected Transactions to the Company’s Secretary in accordance with this Policy. The CT Officer is expected to be someone who is familiar with the finance and business operations of the particular subsidiary.

2. Reporting Scope

All Connected Transactions and Continuing Connected Transactions within the meaning of the Listing Rules shall be in the form of written agreement and monthly reports in the prescribed format are required to be submitted by the CT Officer in relation to following Department / Business Units to the Company’s Secretary in accordance with this Policy:

- Frozen Food Business
- Cooked Food Business
- Online Food Trading Business
- Logistics Business

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3. Definition of Connected Transactions

- 3.1 Any Transaction between the Group with Connected Persons;
- 3.2 Any Transaction between the Group with Third Parties that may confer benefits to Connected Persons through their interests in the entities involved in the Transaction; and
- 3.3 Financial assistance provided to/from commonly held entities which are held by listed company level connected person as to more than 10% interest.
- 3.4 “Transactions” include the following types of transactions both capital and revenue nature. They may be one-off transactions or continuing transactions:
- acquisition or disposal of assets including a deemed disposal;
 - accepting or transferring or exercising an option to acquire or dispose of assets;
 - entering into or terminating finance leases;
 - entering into or terminating operating leases or sub-leases;
 - granting an indemnity or guarantee or providing financial assistance;
 - formation of joint venture;
 - provision of or receipt of services;
 - sharing of services;
 - providing or acquiring raw materials, intermediate products and finished goods.

4. Definition of Continuing Connected Transactions

Continuing Connected Transactions are Connected Transactions involving the provision of goods or services or financial assistance, which are carried out on a continuing or recurring business and are expected to extend over a period of time.

When we refer to “Connected Transaction(s)” in this Policy, we mean it includes also “Continuing Connected Transaction(s)”.

5. Definition of Connected Persons

- 5.1 a director, chief executive or substantial shareholders of the Company or its subsidiaries;
- 5.2 any person who was a director of the Company or its subsidiaries within the preceding 12 months;
- 5.3 any associate of a person referred to in paragraph 5.1 or 5.2 above including:
- (a) any person cohabiting as a spouse, any child, step-child, parent, step-parent, brother, sister, step-brother and step-sister;
 - (b) a father-in-law, mother-in-law, son-in-law, daughter-in-law, grandparent, grandchild, uncle, aunt, cousin, brother-in-law, sister-in-law, nephew and niece of a person referred to in paragraph 5.1 and 5.2 above;

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- (c) a company which the party referred to in paragraph 5.3 (a) and (b) can exercise more than 50% of the voting power at shareholders' meeting or control the composition of a majority of the board of directors; and
 - (d) any person or entity with whom a person referred to in paragraphs 5.1 or 5.2 has entered into any agreement or arrangement or whatever manner, with respect to the transaction which is such that, in the opinion of the Exchange, that person or entity should be considered a connected person.
- 5.4 any non-wholly-owned subsidiary of the Company where any connected persons of the listed level is/are (individually or together) entitled to exercise, or control the exercise of, 10% or more of shares of such non-wholly-owned subsidiary.
- 5.5 any subsidiary of a non-wholly-owned subsidiary referred to in paragraph 5.4 above.

6. Compliance Requirements for Connected Transactions

When the Company or its subsidiary enters into a non-exempt Connected Transaction, the Company must comply with all or any of the following requirements subject to the results of the applicable size tests:

- Written Agreement for the transaction;
- Announcement;
- Circular;
- Shareholders' Approval (advices and recommendations from Independent Board Committee and Independent Financial Advisor are required);
- Annual Reporting; and
- Annual Review.

Exemptions or waivers from all or some of the requirements are available for certain type of Connected Transactions.

7. Monitoring Procedure

The CT Officer shall submit a prescribed Monthly Report containing the following information to the Company Secretary within 5 business days after each month end;

- Particulars of Connected Transactions that are expected to be finalized within the next reporting month;
- Finalized details of Connected Transactions entered into during the month; and
- Transaction amount of Connected Transactions previously reported during the month.

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8. Review Procedure

Company Secretary shall consolidate all information received and compile a consolidated worksheet within 8 business days after each month end. A quarterly consolidated report shall be provided to the CT Officer for verification within 10 business days after the end of each quarter. Upon verification, the same shall be provided to Administration Department for record. The workflow of the Monitoring & Review Procedures is set out in Appendix A.

9. Training

In-house training to the CT Officers will be arranged by Company Secretary to ensure the CT Officer has the practical knowledge to identify Connected Transactions and is well acquainted with the workflow and procedures of this Policy.

10. Follow Up

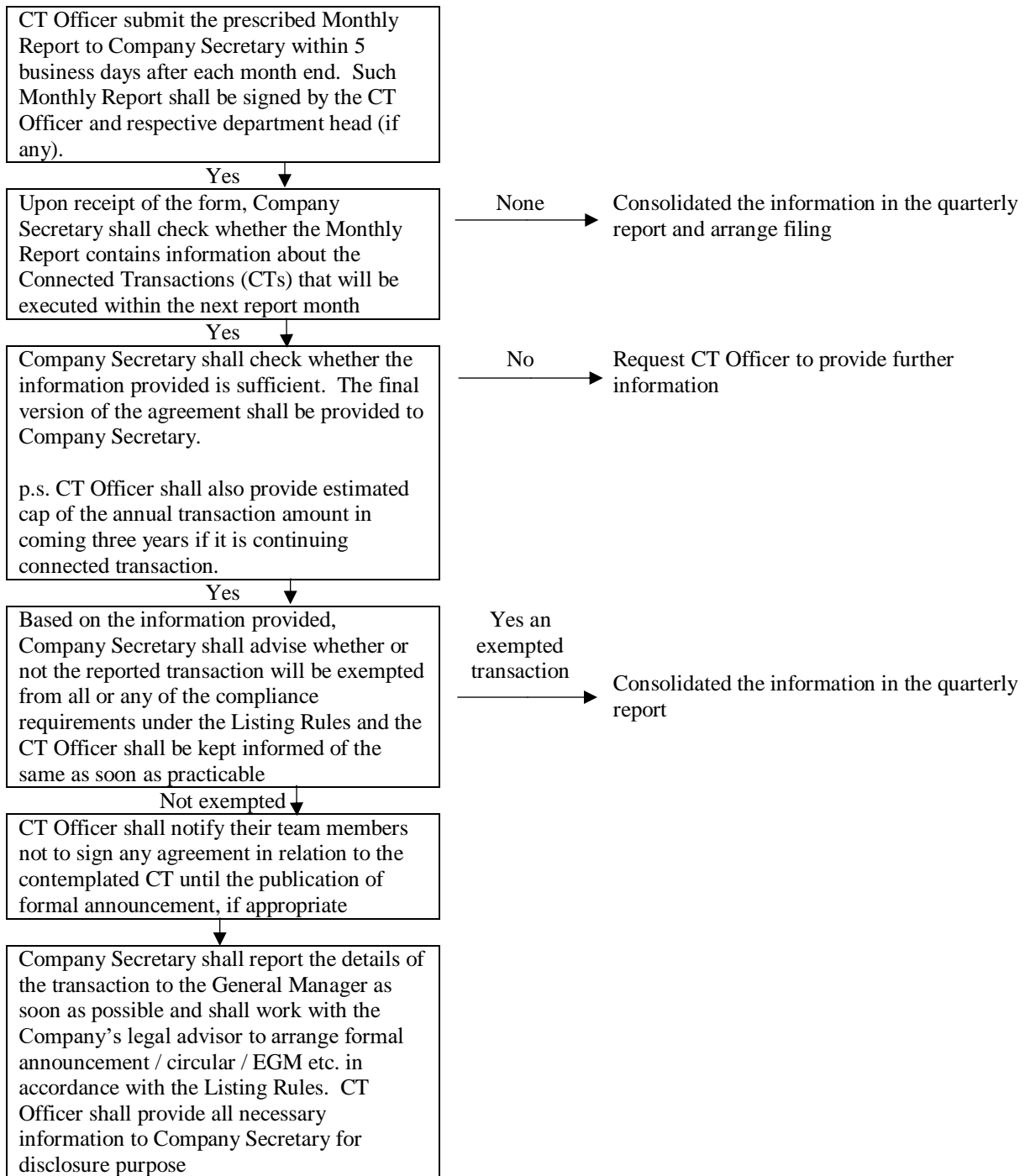
This Policy will be reviewed regularly by the Company's Board of Directors and the Company Secretary to ensure its operability and up-to-date.

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Appendix A

Workflow of the monitoring and review procedures under the Reporting & Monitoring Policy on Connected Transactions



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