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## **WAI KEE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

### **DISCLOSEABLE TRANSACTION**

### **MEMORANDUM OF AGREEMENT IN RELATION TO A DEVELOPMENT JV FOR THE ACQUISITION OF LAND USE RIGHT OF A SITE IN THE PRC**

#### **MEMORANDUM OF AGREEMENT**

On 7th June, 2021, Supreme Gain, a wholly-owned subsidiary of the Company, entered into the Memorandum of Agreement with RKI and the Project Company pursuant to which the JV Partners agree to participate in a bid for the land use right of the Site in Jiading District, Shanghai, the PRC through the Project Company. The Site is a piece of land of 56,147.10 square metres in Jiading District, Shanghai, the PRC for residential use put up for bidding by 上海市嘉定區規劃和自然資源局 (Shanghai Jiading District Planning and Natural Resources Bureau) through a listing for sale process facilitated by 上海市土地交易事務中心 (Shanghai Land Exchange).

Under the Memorandum of Agreement, they agreed to provide funding to the Project Company based on the agreed equity interest ratio (see below). Upon successful bid of the land use rights of the Site by the Project Company, Supreme Gain, RKI and the Project Company will enter into the JV Agreement in respect of the Project Company for the development and sale of the Site and to govern their relationship in relation to the Project Company. Pursuant to the JV Agreement, each of Supreme Gain and RKI will subscribe for such number of shares such that the Project Company will be held in the agreed equity ratio of 25% by Supreme Gain and 75% by RKI.

The total maximum financial commitment (whether in the form of shareholder loans or otherwise) of Supreme Gain and RKI to the Project Company shall not exceed RMB2,534,640,000. The maximum commitment of each of Supreme Gain and RKI shall be proportionate to their respective equity interest in the Project Company, being RMB633,660,000 and RMB1,900,980,000 respectively.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the maximum commitment of Supreme Gain pursuant to the Memorandum of Agreement is more than 5% but less than 25%, the Memorandum of Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## BACKGROUND

On 23rd February, 2021, the Company and RKI entered into the Framework Agreement pursuant to which one or more Development JVs may from time to time be formed between the Group and RKI Group during the term of the Framework Agreement and subject to compliance with the terms therein.

Pursuant to the Framework Agreement, RKI may initiate the process for the formation of any Development JV with the Group (where the Group's participation or equity interest in the Development JV does not exceed 45%) for property development project located in a Specified Territory and the estimated total financial commitment of which (being the aggregate of the estimated value of the land available for tender or auction, and estimated design, construction and building and marketing costs) exceeds HK\$1 billion, and RKI Group's total commitment on all Development JVs formed under and during the term of the Framework Agreement is capped at RMB6,000 million.

## THE MEMORANDUM OF AGREEMENT

On 7th June, 2021, Supreme Gain, a wholly-owned subsidiary of the Company, entered into the Memorandum of Agreement with RKI and the Project Company pursuant to which the JV Partners agree to participate in a bid for the land use right of the Site in Jiading District, Shanghai, the PRC through the Project Company and provide funding to the Project Company based on the agreed equity interest ratio. Upon successful bid of the land use rights of the Site by the Project Company, Supreme Gain, RKI and the Project Company will enter into a JV Agreement in respect of the Project Company for the development and sale of the Site and to govern their relationship in relation to the Project Company.

The principal terms of the Memorandum of Agreement are set out below:

**Date** : 7th June, 2021

**Parties** : (1) Supreme Gain  
(2) RKI  
(3) the Project Company

RKI is an investment holding company and RKI Group is principally engaged in property development and investment in the PRC and Hong Kong with a focus on residential developments, investment and asset management businesses in Hong Kong, and development, operation and management of toll roads through the infrastructure joint ventures in the PRC and Indonesia.

As at the date of this announcement, the Company (through its subsidiaries) was interested in approximately 44.23% of RKI's issued share capital and the Project Company is a wholly-owned subsidiary of RKI. The Project Company has not commenced any business as at the date of this announcement.

**Subject matter** : The submission of tender or (as the case may be) participation in an auction for the land use right of the Site through the Project Company and the co-investment of Supreme Gain and RKI in the Project Company as a Development JV.

**The Site and  
Auction rules:**

A piece of land of 56,147.10 square metres in Jiading District, Shanghai, the PRC for residential use put up for bidding by 上海市嘉定區規劃和自然資源局 (Shanghai Jiading District Planning and Natural Resources Bureau) through a listing for sale process.

The listing for sale process is to be facilitated by 上海市土地交易事務中心 (Shanghai Land Exchange) in accordance with the procedures set out in the 國有建設用地使用權出讓文件 (Document for Transfer of Land Use Rights of State-owned Construction Land\*) dated 20th May, 2021 published by 上海市嘉定區規劃和自然資源局 (Shanghai Jiading District Planning and Natural Resources Bureau) and 上海市土地交易事務中心 (Shanghai Land Exchange) in respect of the Site (the “**Auction Rules**”).

According to the Auction Rules, the deadline for application to participate in the bid and payment of security deposit of RMB384,050,000 (the “**Security Deposit**”) is 15th June, 2021 and qualified bidder will be notified of the particulars of the sale process on 17th June, 2021. The maximum bid price which a bidder may offer is limited to RMB2,112,200,000 (the “**Maximum Bid Price**”). Successful bidder will be determined in accordance with the mechanism as set out in the Auction Rules, which will be with reference to the average bid price.

**Proposed equity  
interest:**

Pursuant to the JV Agreement, Supreme Gain and RKI will hold 25% and 75% equity interest in the Project Company respectively.

**Maximum  
commitment:**

Unless otherwise agreed, the total maximum financial commitment (whether in the form of shareholder loans or otherwise) of Supreme Gain and RKI to the Project Company shall not exceed RMB2,534,640,000. The maximum commitment of each of Supreme Gain and RKI shall be proportionate to their respective equity interest in the Project Company, being RMB633,660,000 and RMB1,900,980,000 respectively.

The Auction Rules require a qualified bidder to provide proof of funding for the purchase of the land use rights of the Site upon successful bidding (inclusive of the Security Deposit payable). Therefore, each of Supreme Gain and RKI will provide funding to the Project Company for such purpose pro rata to their proposed equity interest in the Project Company, being RMB624,062,500 by Supreme Gain and RMB1,872,187,500 by RKI, on or before 8th June, 2021. No interest will accrue on such funding and the funding will be used for payment of the Security Deposit with the balance (the “**Balance**”) to be held by the Project Company until after the announcement of the results of the auction.

Upon successful bid and award of land use rights of the Site to the Project Company, the Security Deposit paid and the Balance will be applied in accordance with the land grant contract in respect of the Site and the JV Agreement. Any excess amount will be refunded to the JV Partners pro rata within 5 business days after the award.

In the case of an unsuccessful bid, the Project Company will promptly apply for the refund of the Security Deposit and refund the refunded Security Deposit together with the Balance to the JV Partners pro rata within 5 business days after it receives the refunded Security Deposit. The Memorandum of Agreement will terminate and cease to have any effect upon such refund to the JV Partners.

**JV Agreement:** As soon as practicable following the award of the land use rights of the Site to the Project Company, Supreme Gain, RKI and the Project Company will enter into the JV Agreement.

### **Terms of the JV Agreement**

As at the date of this announcement, RKI holds 10 shares in the Project Company, representing all the issued shares of the Project Company. Pursuant to the JV Agreement, each of Supreme Gain and RKI will subscribe for 25 new shares and 65 new shares in the Project Company in the aggregate amount of HK\$25 and HK\$65 respectively such that the Project Company will be held as to 25% by Supreme Gain and 75% by RKI. The subscription price payable by each of Supreme Gain and RKI will be deducted from their respective maximum commitment.

The principal terms of the JV Agreement are set out below:

**Financing:** The capital needs of the Project Company will be primarily financed by external financing. In the event that such external financing is unavailable or insufficient, Supreme Gain and RKI will provide interest free shareholder loans to the Project Company in the amount and manner as determined by the board of directors of the Project Company on a pro rata basis in accordance with the terms of the JV Agreement.

If the board of directors of the Project Company resolved to require shareholders to provide further financing, the amount of such further financing to be provided by each of Supreme Gain and RKI will be proportionate to their respective equity interest in the Project Company.

**Board composition:** The board of directors of the Project Company will comprise four directors. Supreme Gain will have right to nominate one director and the remaining three directors will be nominated by RKI.

**Reserved matters:** Matters which are subject to the approval of at least two directors (including one director nominated by Supreme Gain and one director nominated by RKI) include:

- (i) adoption of development plan and budgeting plan of the Project Company and its subsidiaries and adjustment in excess of the budget for 10% or more;
- (ii) profit distribution plan, including declaration and payment of dividends and loss recovery plan;
- (iii) alteration of the issued capital and debt capital of the Project Company or its subsidiaries;
- (iv) related parties transactions;
- (v) provision of financial assistance and indemnity to third party and shareholders;
- (vi) provision of further shareholder loans by shareholders;
- (vii) alteration of the rights, obligations and responsibilities of any shareholder or dilution of shareholding;
- (viii) change or termination of the business scope, and disposal of any direct or indirect rights and interest of the Project Company under any material contracts outside the ordinary course of business of the Project Company;
- (ix) winding up and dissolution, or suspension or cessation of business; and
- (x) change of financial year end date, auditors and terms of engagement.

**Shareholder's rights:** Matters which are subject to the unanimous approval of all shareholders include alteration of the articles of association; increase or reduction of the share capital; merger, consolidation and reconstruction; winding up and dissolution, or suspension or cessation of business; financing arrangement, disposal of assets (including but not limited to any charge, transfer or creation of any liabilities) and provision of external guarantee; and alteration of the JV Agreement.

**Project management:** RKI will have responsibility and full control over the design, construction and marketing and sales of the relevant property development project.

**Restrictions on transfer of equity interest:** Any transfer of equity interest in the Project Company by any shareholder is subject to the right of first refusal exercisable by the other shareholder.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUM OF AGREEMENT**

The Company is an investment holding company and the principal activities of the Group include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying. The Company has been investing in property funds which in turn indirectly invest in property developments in the United States of America.

After taking into account the Maximum Bid Price, the starting price of the auction, the Security Deposit payable, the current market condition, the location of the Site and the land price in the surrounding area, the Directors consider that the maximum commitment of the Supreme Gain is fair and reasonable. Given RKI Group's track record in property development, the Directors consider that it will be beneficial for the Group to generate returns to Shareholders by expanding its project investment portfolio to include RKI's development project and co-investing in the Project Company for the acquisition and development of the Site as this enables the Group to enjoy both direct return from the relevant project as well as indirect return as a controlling shareholder of RKI. Further, the co-investment also allows the Group to leverage the expertise of RKI in the development and sale of residential property in Shanghai, the PRC.

In view of the above, the Directors are of the view that the terms of the Memorandum of Agreement (including the maximum commitment of Supreme Gain) and the co-investment in the Project Company are on normal commercial terms and fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the maximum commitment of Supreme Gain pursuant to the Memorandum of Agreement is more than 5% but less than 25%, the Memorandum of Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following terms have the meanings set forth opposite them:

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 610)
<b>“Development JV(s)”</b>	joint venture(s) which may from time to time be formed between the Group and RKI Group for the purpose of tendering for specific property development projects in the Specified Territories put up for tender or auction by the government or government controlled entities in Hong Kong and the PRC
<b>“Directors”</b>	the directors of the Company
<b>“Framework Agreement”</b>	a framework agreement dated 23rd February, 2021 entered into between the Company and RKI pursuant to which one or more Development JVs may from time to time be formed during the term of the Framework Agreement and subject to compliance with the terms therein
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“JV Agreement”</b>	the joint venture agreement to be entered into between Supreme Gain, RKI and the Project Company in relation to the co-investment in the Project Company as a Development JV
<b>“JV Partners”</b>	Supreme Gain and RKI, who pursuant to the Memorandum of Agreement will subscribe for such number of shares in the Project Company in accordance with the terms of the JV Agreement and become shareholders of the Project Company
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>“Memorandum of Agreement”</b>	the memorandum of agreement dated 7th June, 2021 and entered into between Supreme Gain, RKI and the Project Company pursuant to which the JV Partners agreed to jointly invest in the Project Company as a Development JV for the purpose of financing the acquisition of the land use right of the Site and the development of the Site subject to the terms and conditions as set out therein and in compliance with the terms of the Framework Agreement
<b>“PRC”</b>	the People’s Republic of China, which for the purpose of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Project Company”	Shine Mountain Development Limited (耀崎發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of RKI which is duly qualified to tender for property development projects in Shanghai, the PRC
“RKI”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1098)
“RKI Group”	RKI and its subsidiaries from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Specified Territories”	means Beijing, Shanghai and Tianjin municipalities of the PRC, Jiangsu, Zhejiang, Hebei, Shandong, Guangdong and Henan provinces of the PRC and Hong Kong
“Site”	a piece of land of 56,147.10 square metres in Jiading District, Shanghai, the PRC for residential use
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Gain”	Supreme Gain Limited (嘉堅有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Wai Kee Holdings Limited**  
**Anriena Chiu Wai Yee**  
*Company Secretary*

Hong Kong, 7th June, 2021

*At the date of this announcement, the Board comprises three executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu and Miss Anriena Chiu Wai Yee, two non-executive directors, namely Mr. Brian Cheng Chi Ming and Mr. Ho Gilbert Chi Hang, and three independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung.*

\* *English transliteration only*