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WAI KEE HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 610)

DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY

The Board announces that on 23rd February, 2022 (USA Central Standard Time), the Seller, an indirect non-wholly owned subsidiary of the Company, entered into the Purchase and Sale Agreement with the Purchaser in relation to the disposal of the Property at the Purchase Price of US\$55,600,000 (equivalent to approximately HK\$433,680,000).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal 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 the Listing Rules.

INTRODUCTION

The Board announces that on 23rd February, 2022 (USA Central Standard Time), the Seller, an indirect non-wholly owned subsidiary of the Company, entered into the Purchase and Sale Agreement with the Purchaser in relation to the disposal of the Property.

PURCHASE AND SALE AGREEMENT

- (i) Date: 23rd February, 2022
- (ii) Purchaser: Asset Development And Management Group, LLC

The Purchaser is a company incorporated in Florida with limited liability. To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is principally engaged in property investment, and the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

- (iii) Seller: Wisdom H6 LLC
- (iv) Property: H6 Apartments, 14805 Grisby Road, Houston, Texas, USA
- (v) Purchase Price: US\$55,600,000, equivalent to approximately HK\$433,680,000
- (vi) Payment terms: An initial deposit of US\$2,000,000 is to be paid in cash within 2 business days after the date of the Purchase and Sale Agreement to an escrow agent pending Completion and the balance to be paid in cash on Completion.

The balance to be paid is subject to adjustment based on the apportionment of income and expenses among the Purchaser and the Seller, including but not limited to rent paid and utilities expenses incurred for the month in which Completion takes place.

- (vii) Conditions: The Disposal is conditional upon (i) the parties having executed and delivered all the relevant documents required of them; (ii) the parties having performed all of their respective material covenants, agreements and obligations under the Purchase and Sale Agreement; (iii) all representations and warranties of the parties being true and correct in all material respects on Completion; (iv) the title company being ready, willing and able to issue to the Purchaser an owner's title policy for the Property; and (v) the Purchaser having delivered the balance of the Purchase Price and the escrow agent having delivered the deposit held in escrow.

The Seller is permitted to extend the date of Completion up to 10 days to satisfy the conditions. If the conditions precedent on the part of the Seller are not fully satisfied, the Purchaser may elect to waive such condition(s), or terminate the Purchase and Sale Agreement and receive a refund of the deposits paid.

If all or any part of the Property is damaged by fire or other casualty between signing of the Purchase and Sale Agreement and Completion, and the the estimated cost of repair or restoration exceeds US\$2,000,000, the Purchaser has the option to terminate the Purchase and Sale Agreement and the deposit will be returned to the Purchaser.

(viii) Completion: Completion shall take place on or before 45 days from the date of the Purchase and Sale Agreement. The Purchaser has the right to extend Completion for 15 days by prior written notice and delivery of further deposit of US\$1,000,000 to be held in escrow.

If the Purchaser defaults in the payment of the Purchase Price or the performance of any of its other material obligations on or before Completion, the Seller's sole remedy is to terminate the Purchase and Sale Agreement and retain the deposits received as liquidated damages.

If the Seller default in its material obligations to be performed on Completion, or materially defaults in the performance of its obligations to be performed prior to Completion which default causes or will cause material damage to the Purchaser, the Purchaser's remedy is to seek to obtain specific performance of the Seller's obligations, or to receive a return of the deposits paid and terminate the Purchase and Sale Agreement.

The Purchase Price of the Property was arrived at after arm's length negotiation between the Seller and the Purchaser, and the Seller has considered a valuation report issued in February 2022 by an independent third party valuer certified by the Texas Appraiser Licensing & Certification Board (TALCB) pursuant to which the Property was valued at US\$47,650,000.

Information on the Property and Financial Impact on the Disposal

The Property is situated at 14805 Grisby Road, Houston, Texas, USA, which is a 4-storey apartment building with a net rental area of approximately 242,000 square feet.

Revenue attributable to the Property for the two financial years ended 31st December, 2021 and 31st December, 2020 were approximately US\$3,877,000 (equivalent to approximately HK\$30,241,000) and approximately US\$3,848,000 (equivalent to approximately HK\$30,014,000) respectively.

The net profit (both before and after taxation and extraordinary items) attributable to the Property for the financial year ended 31st December, 2021 was approximately US\$203,000 (equivalent to approximately HK\$1,583,000) and the net loss (both before and after taxation and extraordinary items) attributable to the Property for the financial year 31st December, 2020 was approximately US\$48,000 (equivalent to approximately HK\$374,000).

The carrying value of the Property as at 31st December, 2021 and 31st December, 2020, being the net book value (after accumulated depreciation) of the Property were approximately US\$36,316,000 (equivalent to approximately HK\$283,265,000) and US\$37,226,000 (equivalent to approximately HK\$290,363,000) respectively. The fair value of the Property as at 31st December, 2021 and 31st December, 2020, by reference to the market values as stated in the relevant valuation reports issued by an independent third party valuer, were US\$47,650,000 (equivalent to approximately HK\$371,670,000) and US\$47,600,000 (equivalent to approximately HK\$371,280,000) respectively.

The Seller is held as to 75% by a non-wholly owned subsidiary of the Company. Although the Seller is regarded as a subsidiary of the Company for the purpose of the Listing Rules, it is accounted for as a joint venture using the equity method in the Company's consolidated financial statements. Therefore, the Company only recognizes 75% share of the profit or loss of the Seller (after making certain adjustments from the Seller's accounting policy in accordance with accounting principles generally accepted in the USA to the Group's accounting policy in accordance with Hong Kong Financial Reporting Standards) as the share of result of joint venture. The Disposal is expected to result in a gain of approximately US\$5,963,000 (equivalent to approximately HK\$46,511,000) recognized by the Group for its 75% shareholding in the Seller, being 75% share of the difference between the Purchase Price and the fair value of the Property as at 31st December, 2021 before expenses (including but not limited to (i) transaction cost and (ii) loan repayment penalty) and taxation. The actual gain in connection with the Disposal will be assessed after Completion and is subject to audit.

The 75% share of proceeds from the Disposal (after repayment of the relevant mortgage loan and the payment of all related costs by the Seller) are intended to be applied towards general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Seller is principally engaged in the business of investment in rental properties in the USA. 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 and it has been investing in property funds which in turn indirectly invest in property developments in the USA.

The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to the Shareholders. The Purchase Price represents an approximate 30% return when compared to the acquisition cost of the Property in 2017. Having regard to the prevailing market conditions (including but not limited to the uncertainties caused by potential increase in interest rates proposed by the Federal Reserve Board and the prolonged outbreak of COVID-19 variants in the USA), the Directors are of the view that the Disposal provides an opportunity for the Group to realise a capital gain from the Property and generate additional working capital for the Group. In view of the above, the Directors consider that the terms of the Purchase and Sale Agreement (including the Purchase Price) are on normal commercial terms and are fair and reasonable, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal 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 the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following respective meanings:

“Board”	the board of Directors;
“Company”	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);
“Completion”	completion of the Disposal pursuant to the Purchase and Sale Agreement;
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Seller pursuant to the Purchase and Sale Agreement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	the apartment building known as “H6 Apartments” situated at 14805 Grisby Road, Houston, Texas, USA;
“Purchase and Sale Agreement”	the purchase and sale agreement dated 23rd February, 2022 entered into between the Seller and the Purchaser for the sale and purchase of the Property;
“Purchase Price”	the purchase price to be paid by the Purchaser to the Seller for the Property of US\$55,600,000, equivalent to approximately HK\$433,680,000;
“Purchaser”	Asset Development And Management Group, LLC, a limited liability company incorporated in Florida;
“Seller”	Wisdom H6 LLC, a limited liability company incorporated in Texas and an indirect non-wholly owned subsidiary of the Company;

“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“USA”	United States of America;
“US\$”	United States Dollars, the lawful currency of the USA; and
“%”	per cent.

For convenience only, all translations from US\$ into HK\$ in this announcement were made at the rate of US\$1 to HK\$7.8. No representation is made that the HK\$ or US\$ amounts referred to in this announcement could have been or could be converted into US\$ or HK\$, as the case may be, at any particular rate or at all.

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

Hong Kong, 24th February, 2022

As 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.