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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

CONTINUING CONNECTED TRANSACTIONS

FRAMEWORK AGREEMENT

On 30th May, 2022, the Company and Quon Hing (a company owned as to 50% by NWS) entered into the Framework Agreement in relation to the sale of Concrete and aggregates by the Group to Quon Hing for an initial term of three (3) years from 1st January, 2022.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWS (through its wholly-owned subsidiaries) held 91,134,000 Shares (representing approximately 11.49% of the Company's issued share capital). NWS is therefore a substantial shareholder of the Company and Quon Hing, being a company owned as to 50% by NWS, is a connected person of the Company. As such, the Transactions constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual cap for the Transactions are more than 0.1% but less than 5%, the Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND, REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Group's principal business includes the production and sales of Concrete and quarrying in Hong Kong which produces aggregates. During the ordinary course of the Group's business, the Group from time to time sells Concrete and aggregates (which is one of the raw materials for production of Concrete) both produced from its quarry to Quon Hing, which itself produces and sells Concrete. The Group also sells in the ordinary course of its business Concrete and aggregates to other concrete suppliers from time to time. The Group believes that the demand for Concrete and/or aggregates from other concrete suppliers (including Quon Hing) arise on a relatively ad hoc basis typically when their own production of Concrete may not be adequate to meet the demand of their various projects and/or when they have a sudden shortage of supply of aggregates from supplier quarries in Mainland China due to delivery logistics especially during the COVID-19 pandemic.

Quon Hing is owned as to 50% by NWS, a substantial shareholder of the Company, and is therefore a connected person of the Company. To ensure compliance with Chapter 14A of the Listing Rules, the Company has entered into the Framework Agreement which sets out the framework for the sales and purchases of Concrete and aggregates between the Group (as vendors) and Quon Hing (as purchaser) from time to time. The terms of the Framework Agreement were arrived at after arm's length negotiations between the parties.

FRAMEWORK AGREEMENT

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

- Date** : 30th May, 2022
- Parties** : (1) The Company
(2) Quon Hing
- Subject matter** : The Framework Agreement requires that all agreements in relation to the sale of Concrete and aggregates by the Group to Quon Hing are:
- (a) in writing and set out the terms and conditions on which the Transactions shall be undertaken;
 - (b) determined in the usual and ordinary course of business of Quon Hing and the Group on normal commercial terms (as defined in the Listing Rules); and
 - (c) in compliance with all applicable provisions of the Listing Rules and the Framework Agreement.
- Transaction terms** : Members of the Group and Quon Hing will enter into an individual agreement for each individual transaction during the term of the Framework Agreement, which will contain details of the transaction including but not limited to quantity, payment and delivery terms.

The parties to the Framework Agreement agreed that the price and other terms for each order of Concrete or aggregates will be determined with reference to the market price range for Concrete and aggregates at the time having regard in particular, to the quantities required and the location for delivery of the relevant products.

The parties also agreed that, if the total consideration in respect of the Transactions is expected to exceed, within a short period of time, an amount which will probably trigger the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules, the parties will, and will procure their subsidiaries to, put a halt to all the Transactions until such independent shareholders' approval is obtained.

Term : A term of three (3) years starting from 1st January, 2022, unless terminated earlier in accordance with the terms and conditions thereunder. Notwithstanding the above, the Framework Agreement may be terminated at any time by the written agreement of the Company and Quon Hing.

PRICING POLICY OF THE GROUP

In pricing each tender or quotation for sales of Concrete or aggregates by the Group, regardless of whether the transaction is to be entered into with connected persons of the Group or independent third parties, the sales department of the Group will estimate the potential costs of production (which includes, among other things, the material costs, the production capacity, the cost of delivery, the pricing variables and price adjustment structures specified by the customers), and provide for a potential margin within an acceptable industry range based on the Group's experience. The definitive terms of sale of Concrete or aggregates require the approval of senior management of the construction materials/quarrying division of the Group after reviewing the pricing proposal of the sales department together with the underlying estimates and payment structure, business and market risk assessment and the perceived competitiveness of the tender/quotation price.

To monitor the annual caps, the finance and accounts department of the Group will prepare a monthly report containing information on ongoing projects and completed projects with Quon Hing, dates of quotation/agreement, durations of supply, actual year-to-date sales amount, forecasted sales amounts for the remaining year and for the whole year of individual projects, and the forecasted total annual sales amount.

HISTORICAL FIGURES

The following table sets out the annual caps for and the value of, Concrete and aggregates supplied by members of the Group to Quon Hing under the 2019 Framework Agreement for the three years ended 31st December, 2021:

	Financial year ended 31st December,		
	2019	2020	2021
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Aggregate annual caps for			
Concrete and aggregates	<i>104,000,000</i>	<i>177,000,000</i>	<i>184,000,000</i>
Actual (for Concrete)	<i>32,734,000</i>	<i>85,833,000</i>	<i>37,282,000</i>
Actual (for aggregates)	<i>0</i>	<i>0</i>	<i>0</i>

ANNUAL CAPS

The Framework Agreement provides for the annual caps for the sale of Concrete by the Group to Quon Hing for the financial years ending 31st December, 2022, 31st December, 2023 and 31st December, 2024 at HK\$42 million, HK\$43 million and HK\$52 million respectively, and the annual caps for the sale of aggregates by the Group to Quon Hing for the financial years ending 31st December, 2022, 31st December, 2023 and 31st December, 2024 at HK\$1 million, HK\$2 million and HK\$2 million respectively.

The annual caps were determined by the Company having taken into account the following:

- (i) during the period from 1st January, 2022 to the Latest Practicable Date, the Group has supplied to Quon Hing Concrete of a total value of approximately HK\$2,100,000 which transaction is fully exempt from the reporting requirements under Chapter 14A of the Listing Rules. No sales of aggregates to Quon Hing were recorded during the same period which accounted for the downward adjustment of the corresponding annual cap for the financial year ending 31st December, 2022 as compared to that of 2023 and 2024;
- (ii) the production capacity of the Group's concrete production facilities and crushing facilities and the existing and potential orders for Concrete and aggregates;
- (iii) prevailing market price being offered to independent third-party customers for Concrete and aggregates of the same or substantially similar kind in ordinary course of business and within the same territory in the market and prevailing market conditions for production material and delivery costs and perceived construction industry condition and trends, which may impact market price; and
- (iv) the estimated demand for Concrete and aggregates of Quon Hing during the term of the Framework Agreement based on the historical amounts of Concrete and aggregates supplied to Quon Hing over the past three years, potential construction projects pipeline in Hong Kong from media reports, estimated term of such projects and the production capacity of Quon Hing's current production facilities and a buffer to accommodate increases in demand for Concrete and/or aggregates from Quon Hing and/or market price for Concrete and/or aggregates and the impact of COVID-19 pandemic related government restrictions on the supply of aggregates from Mainland China to Hong Kong which the Group believes Quon Hing relies on.

Shareholders should note that the annual caps represent the best estimates by the Group based on the information currently available. The annual caps have no direct relationship to, nor should they be taken to have any direct bearing on, the Group's sales of Concrete and aggregates to Quon Hing. Quon Hing may or may not require the Group to provide quotations for Concrete and aggregates supply, or to supply Concrete and aggregates up to the level of the annual caps.

The Directors (including the independent non-executive Directors) are of the view that the terms of and the annual caps in relation to the Transactions are on normal commercial terms and fair and reasonable and the entering into of the Framework Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, NWS (through its wholly-owned subsidiaries) held 91,134,000 Shares (representing approximately 11.49% of the Company's issued share capital). NWS is therefore a substantial shareholder of the Company and Quon Hing, being a company owned as to 50% by NWS, is a connected person of the Company. As such, the transactions under the Framework Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual cap for the Transactions are more than 0.1% but less than 5%, the Framework Agreement is subject to the reporting, annual review, announcement requirements but exempt from circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Transactions. However, each of Mr. Brian Cheng Chi Ming and Mr. Ho Gilbert Chi Hang is a common director of the Company and NWS. Both Mr. Brian Cheng Chi Ming and Mr. Ho Gilbert Chi Hang have abstained from voting in the Board resolution approving the Framework Agreement.

INFORMATION ON THE COMPANY, QUON HING AND NWS

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 and they have been investing in property funds which in turn indirectly invest in property developments in the United States of America.

Quon Hing is owned as to 50% by NWS through its wholly-owned subsidiary. NWS is an investment holding company and its group invests and operates a wide range of businesses predominantly in Hong Kong and the PRC. Its core business includes toll roads, commercial aircraft leasing, construction and insurance, while it also manages a strategic portfolio spanning sectors from logistics to facilities management.

The other 50% shareholder of Quon Hing is a 70% indirectly owned subsidiary of Taiwan Cement Corporation, the shares of which are listed at the Taiwan Stock Exchange (stock code: 1101) with the remaining 30% held by Top Form Construction Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Taiwan Cement Corporation, Top Form Construction Limited and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“Concrete”	ready mixed concrete
“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)
“connected person”	has the meanings as ascribed thereto under the Listing Rules
“continuing connected transactions”	has the meanings as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	27th May, 2022
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“NWS”	NWS 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: 659)

“PRC”	the People’s Republic of China, which for the purposes of this announcement does not include Hong Kong, the Macau Special Administrative Region of the PRC or Taiwan
“Quon Hing”	Quon Hing Concrete Company Limited, a company incorporated in Hong Kong with limited liability
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meanings as ascribed thereto under the Listing Rules
“Transactions”	transactions contemplated under this Framework Agreement
“2019 Framework Agreement”	a framework agreement entered into between the Company and Quon Hing on 10th May, 2019 in respect of the sales and purchases of Concrete and aggregates between members of the Group (as vendors) and Quon Hing (as purchaser)
“%”	per cent

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

Hong Kong, 30th May, 2022

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.