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

**CONTINUING CONNECTED TRANSACTIONS**

**FRAMEWORK AGREEMENT**

On 10th May, 2019, 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 aggregate by the Group to Quon Hing for an initial term of 3 years effective from 1st January, 2019.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, NWS held 198,068,000 Shares (representing approximately 24.97% 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 under the Listing Rules. As such, the transactions under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the annual caps for the transactions under the Framework Agreement are less than 5% and each of the annual caps exceeds HK\$3,000,000, 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**

Production and sales of Concrete and quarrying are principal businesses of the Group. During the ordinary course of the Group's quarrying business, Quon Hing, which produces and sales Concrete, may source aggregates (which is one of the raw materials for production of Concrete) from the Group. The Group may also supply Concrete to other suppliers of Concrete (which may include Quon Hing), when the commitment of such suppliers exceeds their respective maximum production capacity.

Quon Hing is a company 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 in order to facilitate the conduct of sale of Concrete and aggregates by the Group to Quon Hing.

The Framework Agreement sets out the framework which governs the sales of Concrete and aggregates between the Group and Quon Hing 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** : 10th May, 2019
- 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 contemplated thereunder 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, the Framework Agreement and the respective agreement(s) for the sales of Concrete and aggregates.

It applies to all agreements for the sales of Concrete and aggregates between the Group and Quon Hing subsisting on or entered into after the commencement of the term of the Framework Agreement.

- Transaction terms** : Members of the Group and Quon Hing will enter into 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 the rights and obligations of the parties and payment and delivery terms.

The parties agreed that the price or any other terms will be determined with reference to the relevant market price (being the price offered to independent third party purchasers for products of the same or substantially similar kind in ordinary business and within the same territory in the market) on a fair and reasonable basis.

**Term** : An initial term of three years starting from 1st January, 2019, unless terminated earlier in accordance with the terms and conditions thereunder.

Subject to re-compliance with the requirements of the applicable Listing Rules and other applicable laws and regulations at the relevant time or, alternatively, any waivers obtained from the strict compliance with such requirements, upon expiry of the initial term or subsequent renewal term, the Framework Agreement is automatically renewed for a successive period of three (3) years thereafter (or such other period permitted under the Listing Rules) unless a party under the Framework Agreement gives a 30 days' prior written notice to the other party to terminate the Framework Agreement.

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 and the cost of delivery, the pricing variables and price adjustment structures specified in each tender invitation document or by the customers, availability of the resources to the Group (including the capacity of production facilities and project cashflow); and estimate a potential margin (taking into account production costs and other fixed costs including labour cost, rent and rates, depreciation of production facilities and administrative expenses contributing to the production) within the range of what the Group would in its experience in the industry charge for similar products of Concrete or aggregates for independent third parties.

After having the potential production costs and the proposed tender/quotation price estimated by the sales department, the senior management of the construction materials/quarrying division of the Group will review the potential production costs estimate, any potential margin and the proposed tender/quotation price, and determine whether or not the tender/quotation price (including the pricing structure) should be modified having regard to various factors including the specification of the products, the potential risks associated with the sales of Concrete or aggregates, general business environment and the perceived competitiveness of the tender/quotation price.

Generally quotations from the relevant member(s) of the Group to Quon Hing would contain the terms and conditions of the relevant transactions, which upon acceptance by Quon Hing would constitute binding agreement between the parties.

To monitor the annual caps, the finance and accounts department of the Group will prepare a monthly report containing information on the ongoing projects and the 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, the forecasted total annual sales amount.

## ANNUAL CAPS

The annual caps for the sale of Concrete and aggregates by the Group to Quon Hing for each period are as follows:

	Financial year ending 31st December,		
	2019	2020	2021
	HK\$'million	HK\$'million	HK\$'million
Annual caps ( <i>Note</i> )	104	177	184

*Note:*

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

- (i) the production capacity of the Group's concrete production facilities and quarrying facilities and the existing and potential orders for Concrete and aggregates;*
- (ii) 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;*
- (iii) prevailing market conditions such as production material and delivery costs and perceived trends, and construction industry condition and trends, which may impact the estimation of the Group on pricing; and*
- (iv) the estimated demand for Concrete and aggregates of Quon Hing for the term of the Framework Agreement based on their business needs, having regard to upcoming construction projects in Hong Kong that the Group is aware through media reports, the estimated project span of such projects and the production capacity of Quon Hing's production facilities.*

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 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 under the Framework Agreement 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 held 198,068,000 Shares (representing approximately 24.97% 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 under the Listing Rules. As such, the transactions under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios (as defined in the Listing Rules) in respect of each of the annual caps for the transactions under the Framework Agreement are less than 5% and each of the annual caps exceeds HK\$3,000,000, 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.

None of the Directors has a material interest in the transactions contemplated under the Framework Agreement. However, each of Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang is a common director of the Company and NWS. Both Mr. Cheng Chi Ming, Brian 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 and sewage treatment, 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, and its principal activities include production and sales of ready mixed concrete. NWS is an investment holding company and its group companies are principally engaged in (i) the development, investment, operation and/or management of roads, environmental projects, commercial aircraft leasing as well as ports and logistics facilities; and (ii) the investment in and/or operation of facilities, duty free shops, healthcare, construction, transport and strategic investments.

## **DEFINITIONS**

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

<b>“Board”</b>	the board of Directors
<b>“Concrete”</b>	ready mixed concrete
<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>“connected person”</b>	has the meanings as ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries from time to time
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People's Republic of China
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on the Stock Exchange
<b>“NWS”</b>	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)

“Quon Hing”	Quon Hing Concrete Company Limited, a company incorporated in Hong Kong with limited liability and a company owned as to 50% by NWS
“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
“%”	per cent

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

Hong Kong, 10th May, 2019

*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.*