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## **WAI KEE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **FRAMEWORK AGREEMENT**

On 14th November, 2024, 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 by the Group to Quon Hing for an initial term of three (3) years from 1st January, 2025.

#### **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 all 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 entering into of the Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and independent 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 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 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.

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 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** : 14th November, 2024
- Parties** : (1) The Company  
(2) Quon Hing
- Subject matter** : The Framework Agreement requires that all agreements in relation to the sale of Concrete 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 will be determined with reference to the market price range for Concrete 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, 2025, 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 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 require the approval of senior management of the construction materials 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 tables set out (i) the existing annual caps under the 2022 Framework Agreement for the three years ending 31st December, 2024 and (ii) the value of Concrete supplied by members of the Group to Quon Hing under the 2022 Framework Agreement for the two years ended 31st December, 2023 and the period from 1st January, 2024 to 31st August, 2024, respectively:

	<b>For the year ended 31st December, 2022</b>	<b>For the year ended 31st December, 2023</b>	<b>For the year ending 31st December, 2024</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Existing annual caps	42,000,000	43,000,000	52,000,000

  

	<b>For the year ended 31st December, 2022</b>	<b>For the year ended 31st December, 2023</b>	<b>For the period from 1st January, 2024 to 31st August, 2024</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Actual transaction amounts	2,359,149	0	113,406

## 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, 2025, 31st December, 2026 and 31st December, 2027 at HK\$22 million, HK\$22 million and HK\$21 million, respectively.

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

- (i) during the period from 1st January, 2023 to 31st August, 2024, the Group supplied only a limited amount of Concrete to Quon Hing. This was primarily due to the Group's concrete batching facilities operating at near-full capacity to fulfil the committed contracts with other customers, leaving little spare production capacity to accommodate additional orders from Quon Hing. Furthermore, for the year ended 31st December, 2022, demand from Quon Hing was lower than anticipated, as project delays on their end reduced their need to source additional Concrete from external suppliers on an ad hoc basis;
- (ii) the estimated demand for Concrete during the term of the Framework Agreement encompasses the requirements of Concrete for three committed building projects that were anticipated to be delivered or recognized, as well as the projected Concrete needs for potential building projects for which Quon Hing may submit tenders as the Concrete supplier. Assuming a 50% success rate for Quon Hing in securing these projects, the Group, as a potential ad hoc Concrete supplier, may be able to fulfil up to 5% of the Concrete requirements for any projects awarded to Quon Hing;
- (iii) the production capacity of the Group's concrete batching facilities and the existing and potential orders for Concrete;
- (iv) prevailing market price being offered to independent third party customers for Concrete 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
- (v) the estimated demand for Concrete of Quon Hing during the term of the Framework Agreement based on the historical amounts of Concrete 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 from Quon Hing and/or market price for Concrete.

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 to Quon Hing. Quon Hing may or may not require the Group to provide quotations for Concrete supply, or to supply Concrete 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 all 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 entering into of the Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors had any material interest in the Transactions. Accordingly, none of them abstained from voting on the resolution approving the Transactions at the Board meeting.

## **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.

Quon Hing is owned as to 50% by NWS through its wholly-owned subsidiary. NWS is a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 659) and the principal business of its group includes toll roads, insurance, logistics, construction, and facilities management.

The other 50% shareholder of Quon Hing is a 70% indirectly owned subsidiary of TCC Group Holdings CO., LTD. (formerly known as 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, TCC Group Holdings CO., LTD., 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:

<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>“continuing connected transactions”</b>	has the meanings as ascribed thereto under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Framework Agreement”</b>	a framework agreement entered into between the Company and Quon Hing on 14th November, 2024 in respect of the sales and purchases of Concrete between members of the Group (as vendors) and Quon Hing (as purchaser)
<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 PRC
<b>“Listing Rules”</b>	the 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 the Framework Agreement
“2022 Framework Agreement”	a framework agreement entered into between the Company and Quon Hing on 30th May, 2022 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, 14th November, 2024

*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, and four independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau, Mr. Francis Wong Man Chung and Ms. Tsang Wing Yee.*