



WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 610)

POSSIBLE MAJOR TRANSACTION

IN RELATION TO

THE POSSIBLE ACQUISITION OF INTERESTS IN CERTAIN COMPANIES AS PRESCRIBED IN THE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 5 September 2006, a framework agreement was entered into among (i) Mr. Sun, (ii) Sunco China, (iii) RK Properties and (iv) Elite Rich, pursuant to which Sunco Parties granted various Options for the Principal Investors (which include Elite Rich) or RK Properties (as the case may be) to require Sunco Parties to procure the sale to them (and other investor(s) to be designated by them) to acquire the selected assets of the Sunco Group.

There is no obligation for the Principal Investors or RK Properties (as the case may be) to exercise any or all the Options granted by Sunco Parties. Accordingly, the subject transactions may or may not be consummated. **As the subject transactions may or may not proceed, Shareholders and investors of Wai Kee should exercise caution when dealing in the Shares.**

This announcement sets out the salient features of the Framework Agreement and is made pursuant to Rule 13.09 of the Listing Rules. Further announcement(s) will be made by Wai Kee in respect of any material development on the possible transactions and actions which will be taken to comply with the disclosure/approval requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 5 September 2006, a framework agreement was entered into among (i) Mr. Sun, (ii) Sunco China, (iii) RK Properties and (iv) Elite Rich, pursuant to which Sunco Parties granted various Options for the Principal Investors or RK Properties (as the case may be) to require Sunco Parties to procure the sale to them (and other investor(s) to be designated by them) to acquire the selected assets of the Sunco Group.

Set out below are more information about the background of the Sunco Group and the reasons for entering into the Framework Agreement, and the key terms of the Framework Agreement.

BACKGROUND OF THE SUNCO GROUP AND REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

Sunco Group has established an impressive track record in property development in the PRC. It commenced its property development activities as early as 1994 in Tianjin and has developed total gross floor area of over 7 million m² of properties so far. The Sunco Group currently has 42 projects on hand located in 16 cities in the PRC. Wai Kee understands that the directors of Road King consider that the portfolio represents a significant and sizeable platform of development projects which, if managed efficiently could contribute impressive growth and profit potential for the Sunco Group.

The Directors concur with the view of the directors of Road King that the skills set of both Road King and the Sunco Group complement well with each other. In particular, the Directors believe Road King has established, among other things, a well established, prudent and practical management system and an excellent management team; and a stringent and disciplined cost control system. On the other hand, the Directors consider the Sunco Group has various attractive attributes, namely it is managed by a team of young, dynamic and highly motivated professionals (represented in the development, execution and marketing divisions) who together have established a successful track record; Sunco's brand and activities are already well recognised in 16 major cities in the PRC with good business contacts in most of these cities; and the Sunco Group has accumulated a substantial land reserve. As at 31 May 2006, under Sunco A there were land developable into approximately 2.1 million m² of gross floor area, under Sunco B there were land developable into approximately 2.5 million m² of gross floor area, and under other joint ventures there were land developable into approximately 2.8 million m² of gross floor area, giving a total developable land bank of approximately 7.4 million m² of gross floor area.

The Directors also believe the possible transactions (if consummated) as contemplated under the Framework Agreement will facilitate the combined group to excel in the future, which in turn will enable Road King to achieve, in a short period, a significant and critical mass and considerable scale of investment/participation in the property sector in the PRC.

Wai Kee, being a controlling shareholder of Road King and principally engaged in civil construction, quarrying, highway and expressway operations and biotechnology business in Greater China Region, from time to time, participates and/or invests in property development projects as a minority shareholder; believes that its possible co-investment with Road King (who has the expertise in the property development business in the PRC) on the terms of the Framework Agreement will broaden Wai Kee's investment portfolio.

THE FRAMEWORK AGREEMENT

Date: 5 September 2006

Parties: (1) Mr. Sun;
(2) Sunco China (Mr. Sun and Sunco China hereinafter defined as “Sunco Parties”);
(3) RK Properties; and
(4) Elite Rich.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Mr. Sun and Sunco China (and its ultimate beneficial owner) are Independent Third Parties.

RK Properties is a wholly-owned subsidiary of Road King. Wai Kee is indirectly holding 278,934,428 shares of Road King, representing approximately 46.27% of the existing issued share capital of Road King as at the date of this announcement.

Elite Rich is a wholly-owned subsidiary of Wai Kee.

The Options

Pursuant to the Framework Agreement, Sunco Parties have granted, in consideration of HK\$1.00, the following Options to the Principal Investors or RK Properties (as the case may be):

(i) Sunco A Option

Under the Sunco A Option, the Principal Investors has the right to require Sunco Parties to procure that Sunco A issues to them (and other investor(s) to be designated by them) 55% interest of the enlarged issued capital of Sunco A at an aggregate subscription price to be determined by the Principal Investors which is expected to be not more than RMB500 million (approximately HK\$480.8 million).

The Principal Investors can exercise the Sunco A Option in three tranches (any or all tranches). The Sunco A Option can be exercised at any time within six months from the date of signing the Framework Agreement. The Principal Investors has the right to terminate the Sunco A Option by written notice at any time.

(ii) Sunco B Option

Under the Sunco B Option, the Principal Investors has the right to require Sunco Parties to procure that Sunco B issues to them (and others to be designated by them) 55% interest of the enlarged registered capital of Sunco B at an aggregate subscription price to be determined by the Principal Investors which is expected to be not more than RMB400 million (approximately HK\$384.6 million).

The Sunco B Option may be exercised by the Principal Investors at any time within one year from the date on which Sunco A Option is exercised and completed. The Principal Investors has the right to terminate the Sunco B Option by written notice at any time.

(iii) Phoenix Land Option — granted to RK Properties only

Under the Phoenix Land Option, RK Properties has the right to require Sunco Parties to procure the sale to RK Properties (and other investor(s) to be designated by it) the rights to develop the Phoenix Land, at a purchase price to be determined by Road King which is expected to be not more than RMB380 million (approximately HK\$365.4 million). RK Properties has the right to terminate the Phoenix Land Option by written notice at any time.

The Phoenix Land Option can be exercised at any time within nine months from the date of signing the Framework Agreement.

Sunco Parties cannot unilaterally terminate the abovementioned Options.

It is the present intention of the Principal Investors that if they exercise the Sunco Option A and/or the Sunco Option B, RK Properties and Elite Rich will take up not more than 49% and 5% respectively of the enlarged issued share capital of Sunco A and Sunco B respectively. The balance of not less than the 1% is expected to be taken up by other investor(s) to be designated by the Principal Investors (but will not be Wai Kee or its subsidiaries).

If Elite Rich exercises in full any of the Sunco A Option and/or the Sunco B Option, based on the financial information currently available, the revenue ratio under Rule 14.07 of the Listing Rules for the possible acquisition of 5% of Sunco A and 5% of Sunco B may exceed 25% but less than 100%. Accordingly, the possible acquisition may constitute a major transaction for Wai Kee and is subject to the disclosure/approval requirements under Chapter 14 of the Listing Rules. Further announcement(s) will be made by Wai Kee in respect of any further material development on the subject transactions and actions which will be taken to comply with the disclosure requirements under the Listing Rules.

There is no obligation for the Principal Investors or RK Properties (as the case may be) to exercise any or all the Options granted by Sunco Parties. Accordingly, the subject transactions may or may not be consummated. **As the subject transactions may or may not proceed, Shareholders and investors of Wai Kee should exercise caution when dealing in the Shares.**

Short term loan advance and cash deposit security

To facilitate 天津順馳濱海置地有限公司 (Tianjin Sunco Binhai Properties Limited) a wholly-owned subsidiary of Sunco A in securing a short term loan of not more than RMB300 million (approximately HK\$288.5 million) to cover its working capital needs, Road King and Wai Kee have respectively provided as security to the lender bank cash deposits of HK\$272,727,000 and HK\$27,273,000 respectively. Such loan carries interest at the rate of 7% per annum charged by the lender bank and repayable within one year after drawdown, if

not earlier. If Road King and/or Wai Kee gives notice to withdraw their cash security, the short term loan will become immediately repayable. Under the Framework Agreement, this short term loan is to be repaid within five months after the expiry, termination or exercise (whichever is the earlier) of the Sunco A Option. In return for providing such cash deposit as security, Sunco Parties have given a counter-indemnity in favour of Road King and Wai Kee against any liability that they may incur by providing such cash security, including any application by the lending bank of such cash in and towards the repayment of the loan. Sunco Parties have agreed to pay to Road King and Wai Kee in aggregate a counter indemnity fee equal to 5% per annum of the principal amount of the loan. The counter-indemnity is secured by charges over the entire issued share capital of Sunco A and Sunco B and their holdings in their respective direct PRC incorporated subsidiary. Sunco Parties have also delivered to RK Properties and Elite Rich a conditional subscription agreement for 55% of the enlarged issued share capital of Sunco A signed only by Sunco Parties and Sunco A as a condition precedent for the arrangement of the above loan.

Under the Framework Agreement, the Principal Investors have indicated that they may (but not obliged to) provide in the future further financial assistance to the Sunco Group for further working capital loans if they consider that to be appropriate. Further announcement(s) will be made by the Company in due course in compliance with the relevant disclosure requirements of the Listing Rules.

Taking into account the abovementioned background to and reasons for the provision of the short term loan advance and the cash deposit security as well as the reasons for entering into the Framework Agreement, the Directors (including the independent non-executive Directors) consider that the terms of the short term loan advance and the cash deposit security were respectively negotiated on an arm's length basis and are made on normal commercial terms. In addition, the Directors believe the terms of the short term loan advance and the cash deposit security are fair and reasonable and the granting of such short term loan advance as well as the provision of the cash deposit security are in the interests of Wai Kee and the Shareholders as a whole.

GENERAL

This announcement sets out the salient features of the Framework Agreement and is made pursuant to Rule 13.09 of the Listing Rules. Further announcement(s) will be made by Wai Kee in respect of any further material development on the subject transactions and actions which will be taken to comply with the disclosure/approval requirements under the Listing Rules.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Elite Rich”	Elite Rich Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Wai Kee

“Framework Agreement”	a framework agreement entered into between Mr. Sun, Sunco China, Elite Rich and RK Properties on 5 September 2006 in respect of, among other things, the granting of various Options
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), or in the case of companies, their ultimate beneficial owner(s), who are independent of and not connected with Wai Kee and its connected persons or its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Sun”	Mr. Sun Hongbin, an Independent Third Party
“Option(s)”	the Phoenix Land Option, the Sunco A Option and the Sunco B Option
“Phoenix Land”	two pieces of land with a site area of approximately 650,000 m ² situated in Suzhou Industrial Park, Suzhou, the PRC, the subject of the Phoenix Land Option
“Phoenix Land Option”	an Option granted by Sunco Parties to RK Properties in relation to the right to develop the site defined as Phoenix Land
“PRC”	the People’s Republic of China
“Principal Investors”	RK Properties and Elite Rich
“RK Properties”	RK Properties Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Road King
“Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange. Wai Kee is indirectly holding 278,934,428 shares of Road King, representing approximately 46.27% of the existing issued share capital of Road King as at the date of this announcement
“Shares”	shares of HK\$0.10 each in the capital of Wai Kee
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Sunco A”	Sunco Binhai Land Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Sunco China

“Sunco A Option”	an Option granted by the Sunco Parties, whereby the Principal Investors has the right to require Sunco Parties to procure that Sunco A issues to them (and other investor(s) to be designated by them) 55% interest of the enlarged issued capital of Sunco A
“Sunco B”	Sunco Real Estate Investment Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Sunco China
“Sunco B Option”	an Option granted by the Sunco Parties, whereby the Principal Investors has the right to require Sunco Parties to procure that Sunco B issues to them (and others to be designated by them) 55% interest of the enlarged registered capital of Sunco B
“Sunco China”	Sunco China Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Sun
“Sunco Group”	Sunco China and its subsidiaries
“Sunco Parties”	Mr. Sun and Sunco China
“Wai Kee”	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 and is the controlling shareholder of Road King
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“m ² ”	square metres

In this announcement, amounts in RMB have been translated into RMB1.04 = HK\$1.00. Such conversion shall not be construed as representations that amounts in RMB were or may have been converted into HK\$ at such rates or any other exchange rates.

By order of the Board
Wai Kee Holdings Limited
William Zen Wei Pao
Chairman

Hong Kong, 5 September 2006

As at the date of this announcement, the board of Directors comprises Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu and Miss Anriena Chiu Wai Yee as executive Directors and Mr. Patrick Lam Wai Hon, Mr. Chu Tat Chi and Dr. Leslie Cheng Chi Pang as non-executive Directors and Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung as independent non-executive Directors.