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

DISCLOSEABLE TRANSACTION

Talent Set (a wholly-owned subsidiary of the Company) entered into the Potential Investment Agreement dated 18 February 2016 with Landsea and LHC, both independent third parties, under which:

- (i) Talent Set has agreed to provide the Funds in the amount of US\$57,308,548 (approximately HK\$447 million), which is to be applied by LHC in and towards part of the purchase price of the Sunnyvale Land acquisition by LHC; and
- (ii) subject to relevant parties entering into Definitive Agreements to the satisfaction of Talent Set within the Exclusivity Period, the Funds will be treated as capital contribution (in the form of equity and shareholder's loan as described below) by Talent Set to acquire 30% effective interest in the Sunnyvale Project through investment vehicle(s) to be set up by the parties. The principal commercial terms of such investment by Talent Set agreed by the parties, subject to Definitive Agreements, are described further below.

Talent Set understands from Landsea Parties that completion of the Sunnyvale Land acquisition is expected to take place on or about 22 February 2016. If completion of the Sunnyvale Land acquisition does not take place by 22 February 2016 (or such later date as agreed by Talent Set in writing) or if the relevant parties do not enter into Definitive Agreements in respect of Talent Set's investment into the Sunnyvale Project within the Exclusivity Period, then the Funds will be required to be refunded to Talent Set (or its nominee) with interest (as described below).

The payment of the Funds by Talent Set constitutes the provision of financial assistance, and the application of the Funds as capital contribution into the Sunnyvale Project will constitute the formation of joint venture, in both cases by the Company for the purposes of the Listing Rules. As one or more of the relevant applicable percentage ratios calculated pursuant to the Listing Rules is more than 5% but less than 25%, each of the provision of financial assistance and formation of joint venture constitutes a discloseable transaction of the Company for the purposes of the Listing Rules and is subject to the notification and announcement requirements set out in the Listing Rules.

POTENTIAL INVESTMENT AGREEMENT

Date

18 February 2016

Parties

- (a) Landsea
- (b) LHC
- (c) Talent Set

Landsea (and its subsidiaries) are principally engaged in property development in the PRC and the USA. Landsea is the only listed platform under Landsea Group which is engaged in green residential property development business. LHC is an indirect wholly-owned subsidiary of Landsea and is a property development company.

To the best knowledge, information and belief of the Board after making all reasonable enquiry, each of Landsea (and its ultimate controlling shareholder) and LHC are parties independent of the Company and connected persons of the Company.

Payment of the Funds

Talent Set shall give irrevocable instruction on or before 19 February 2016 for the remittance for the Funds of US\$57,308,548 (approximately HK\$447 million) to an escrow agent to be held and released by the escrow agent as part of purchase money on completion of the Sunnyvale Land acquisition. Talent Set understands from Landsea Parties that completion of the Sunnyvale Land acquisition is expected to take place on or about 22 February 2016.

The Funds will be required to be refunded to Talent Set (or its nominee):

- (a) within 7 days of 22 February 2016 (or such later date as agreed by Talent Set in writing), if completion of the Sunnyvale Land acquisition does not then take place;
- (b) within 30 days of the expiry of the Exclusivity Period if Definitive Agreements (as defined below) have not been entered into and completed.

Interest is to be accrued on the Funds from (and including) the date of remittance to (and including) the date of repayment of the same at the rate of:

- (a) 6% per annum, if the Funds are repaid in accordance with the terms of the Potential Investment Agreement; or
- (b) 15% per annum, if the Funds are not repaid within the prescribed period.

Signing of Definitive Agreements

The Potential Investment Agreement contains a term sheet which sets out the principal economic terms for investment into the Sunnyvale Project. Subject to signing of the definitive agreements containing such terms (to the satisfaction of Talent Set in its sole discretion) (“Definitive Agreements”) between LHC, Talent Set and other relevant parties, the Funds will be applied in their entirety in and towards Talent Set’s investment in the Sunnyvale Project as set out in the Definitive Agreements. Principal terms of investment to be contained in the Definitive Agreements are described below.

Exclusivity

The Landsea Parties have agreed that, during the Exclusivity Period, neither of them nor any of Landsea’s subsidiaries or their respective directors, officers, employees or agents (or those of any of its subsidiaries) would directly or indirectly, issue any securities or sell or dispose of any direct or indirect interest in any of LHC or its subsidiaries, the Sunnyvale Land and/or the Sunnyvale Project or agree to do any of the same (except as otherwise specified), or to solicit any offers and enter into discussion in respect thereof, other than to Talent Set and/or its nominees.

PRINCIPAL TERMS OF THE POTENTIAL INVESTMENT TO BE CONTAINED IN THE DEFINITIVE AGREEMENTS

The following are the key terms of the potential investment which will be made after (i) Talent Set receives evidence to its satisfaction that the Sunnyvale Land will be owned upon completion by the Project Company; and (ii) establishment of the relevant investment vehicle(s) and Definitive Agreements that document the investment terms and structures described in the term sheet attached to the Potential Investment Agreement are signed by LHC, Talent Set and other relevant parties:

Sunnyvale Project

This involves the development on the Sunnyvale Land of three-storeyed cluster townhouses, three-storeyed small townhouses and three-storeyed large townhouses respectively in three lots of land of 25.2 acres in total comprised in the Sunnyvale Land. The city of Sunnyvale is located in the centre of Silicon Valley, California, the USA. LHC has contracted to purchase the Sunnyvale Land. Completion of the acquisition is proposed to take place on or about 22 February 2016.

Project Company/Investment Structure

The Sunnyvale Land is to be held and developed by the Project Company to be set up and owned initially as to 69.76% by LHC and as to 30.24% by an investment vehicle (“Investco”) to be set up by the parties in which, LHC will hold 5% voting participating shares and Talent Set will hold 95% non-voting participating shares and will contribute shareholder’s loan. This is intended to give Talent Set a 30% effective interest in the Sunnyvale Project.

LHC will provide project development management services in respect of the Sunnyvale Project including without limitation design, purchase, construction and sales and may charge a project management fee on a basis agreed between LHC and Talent Set.

Proposed investment

Talent Set is to invest a total of US\$57,308,548 (approximately HK\$447 million) into Investco, as to US\$8.55 million (approximately HK\$66.7 million) in the form of equity and the remainder in the form of shareholder's loan. LHC is to contribute US\$450,000 (approximately HK\$3.5 million) into Investco and US\$133,269,944 (approximately HK\$1,040 million) into the Project Company.

LHC is to arrange for all other financing requirements of the Project Company and may charge a 1% guarantee fee on the principal amount of employment based fifth preference (EB-5) financing loan that may be secured by the Project Company and guaranteed by LHC.

Returns and distributions

Talent Set is entitled to receive 30% of the profit generated by the Sunnyvale Project up to a pre-agreed amount determined by reference to the internal rate of return (IRR) of the Sunnyvale Project beyond which Talent Set's share of profits will be reduced on a pre-agreed scale. If Talent Set does not receive US\$38 million from the Project Company on or before 30 November 2016 by way of repayment of shareholder's loan, equity or profit distribution, LHC will be responsible for paying approximately US\$28.7 million to Talent Set by that date and thereafter, for the next three years, to the extent that there is cash available for such repayment of shareholder's loan, equity or profit distribution, Talent Set shall be entitled to have priority payments (whether by repayment of shareholder's loan, equity or profit distribution) of agreed amounts ahead of other members of the Project Company and Investco. No payment is to be made to LHC by way of repayment of shareholder's loan or return of equity or other distributions at any time before Talent Set receives the payments to which it is entitled at that time.

Restrictions on transfer or pledge of interests

LHC is required to maintain at least 40% effective interest in the Project Company and at least 5% voting participating shares in Investco, unless Talent Set otherwise agrees in writing. If LHC intends to transfer or pledge its membership interest of equal to or less than 30% in the Project Company in part or in whole to a third party, LHC shall notify Talent Set in writing in advance. Talent Set may not transfer or pledge its equity interest in Investco without the prior written consent of LHC.

Protective provisions

Talent Set is to have rights to nominate manager(s) to the boards of managers of Investco and the Project Company, certain information rights in respect of the two companies and the Sunnyvale Project and customary veto rights in respect of changes of constitution or share capital, liquidation or changes in business purpose or certain other major decisions of Investco and Project Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE POTENTIAL INVESTMENT AGREEMENT

The Company is an investment holding company and is principally engaged in construction, toll road and property development, construction materials and quarrying. Talent Set is an indirect wholly-owned subsidiary of the Company and an investment holding company.

The Group has been investing in funds which in turn directly or indirectly invest in property developments in the USA, and the performance of the property funds has been in line with budget. The Directors consider that transactions contemplated under the Potential Investment Agreement are in line with the Group's investment strategy and represent a good opportunity to invest in a project in a sought-after area in the USA. Accordingly, the Directors consider that the transactions contemplated under the Potential Investment Agreement are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

LISTING IMPLICATIONS

The payment of the Funds by Talent Set constitutes the provision of financial assistance, and the application of the Funds as capital contribution into the Sunnyvale Project will constitute the formation of joint venture, in both cases by the Company for the purposes of the Listing Rules. As one or more of the relevant applicable percentage ratios calculated pursuant to the Listing Rules is more than 5% but less than 25%, each of the provision of financial assistance and formation of joint venture constitutes a discloseable transaction of the Company for the purposes of the Listing Rules and is subject to the notification and announcement requirements set out in the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Board”	the board of Directors of the Company
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	the period from the date of the Potential Investment Agreement up to 17 March 2016 (or such longer period as agreed by the parties to the Potential Investment Agreement in writing)
“Funds”	an amount of US\$57,308,548 (approximately HK\$447 million) to be advanced by Talent Set in accordance with the Potential Investment Agreement

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landsea”	Landsea Green Properties Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 106)
“Landsea Group”	朗詩集團股份有限公司 (Landsea Group Co., Ltd.*), a company established in the PRC with limited liability, the ultimate controlling shareholder of Landsea
“Landsea Parties”	Landsea and LHC
“LHC”	Landsea Holdings Corporation, a corporation incorporated in Delaware, the USA with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Potential Investment Agreement”	the potential investment agreement dated 18 February 2016 entered into between Landsea, LHC and Talent Set in relation to, among other things, the payment and application of the Funds
“Project Company”	a company to be set up to hold and develop the Sunnyvale Project
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunnyvale Land”	land parcels in the City of Sunnyvale, County of Santa Clara, State of California, the USA, covering an area of 25.2 acres
“Sunnyvale Project”	the property development project on the Sunnyvale Land
“Talent Set”	Talent Set Global Limited, a company incorporated in British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company

**for identification purpose only*

“USA”	United States of America
“US\$”	United States dollars, the lawful currency in the USA
“%”	per cent

For convenience only and unless otherwise noted, 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, 18 February 2016

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, three non-executive directors, namely Mr. Tsang Yam Pui, Mr. Brian Cheng Chi Ming and Dr. Leslie Cheng Chi Pang and three independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung.