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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Wai Kee Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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### WAI KEE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

## CONNECTED TRANSACTIONS FORMATION OF JOINT VENTURE AND RELATED SUBCONTRACTING ARRANGEMENT AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**BALLAS**  
C A P I T A L  
A subsidiary of Crosby

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All capitalised terms used herein shall have the same meanings as those set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 18 to 19 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the JV Agreement and the transactions contemplated thereunder is set out on pages 20 to 33 of this circular.

A notice convening the SGM to be held at Unit 1103, 11th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 24 October 2024 at 11:00 a.m. (and at any adjournment thereof) is set out on pages 43 to 44 of this circular. A form of proxy for the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish.

8 October 2024

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## DEFINITIONS

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*In this circular, the following terms or expressions shall have the meanings set out below unless the context requires otherwise:*

“Affiliate(s)”	any entity which a party has a majority ownership interest in, whether directly or indirectly, or otherwise related to the party through other Affiliates, including its holding company, parent company, or subsidiary company
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bored Piling Works”	the bored piling works specified under the Main Contract
“Build King”	Build King Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 240) and is a subsidiary of the Company
“Build King Group”	Build King and its subsidiaries
“Company”	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Condition”	has the meaning ascribed to it under the section headed “The JV Agreement — Condition” in the “Letter from the Board” in the circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“ELS Works”	the excavation and lateral support works specified under the Main Contract
“Employer”	the West Kowloon Cultural District Authority
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising all of the independent non-executive Directors, namely Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Ms. Tsang Wing Yee

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## DEFINITIONS

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“Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholders other than those who are required to abstain from voting at the SGM pursuant to the Listing Rules
“JV Agreement”	the joint venture agreement dated 3 October 2024 entered into between Titan and Vibro Construction to form the Vibro-Titan JV
“JV Board”	the management board of the Vibro-Titan JV
“JV Leader”	Vibro Construction, being the leader of the Vibro-Titan JV in accordance with the JV Agreement
“JV Sub-Contract”	the sub-contract to be entered into between the Vibro-Titan JV (as subcontractor) and Vibro HK (as the main contractor) regarding the carrying out of the JV Sub-Contract Works
“JV Sub-Contract Works”	the Works specified under the Main Contract, except for the Bored Piling Works
“Latest Practicable Date”	3 October 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Main Contract”	the agreement to be entered into between Vibro HK (as the main contractor) and the Employer (as the employer) for the performance of the Works for the Project
“NWS Holdings”	NWS Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 659). It is a substantial shareholder and a connected person of the Company
“percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China and, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Project”	design and construction of the Excavation and Lateral Support Works (Stages 1 & 2) for the Integrated Basement and Underground Road in Zones 2A, 2B and 2C of the West Kowloon Cultural District in Hong Kong
“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 (Stock Code: 1098) and is an associated corporation of the Company
“Road King Group”	Road King and its subsidiaries
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held to consider and, if thought fit, approve the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Tender”	the offer submitted by Vibro HK to the Employer in April 2024 for the execution and completion of the Works for the Project in the name of Vibro HK, as amended between Vibro HK and the Employer from time to time
“Titan”	Titan Foundation Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Build King and an indirect subsidiary of the Company. It has 40% participating interest in the Vibro-Titan JV
“Titan Sub-Contract”	the sub-contract to be entered into between Titan and the Vibro-Titan JV regarding the carrying out of partial ELS Works
“Vibro Construction”	Vibro Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of NWS Holdings. It has 60% participating interest in the Vibro-Titan JV
“Vibro Group”	Vibro HK and Vibro Construction

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## DEFINITIONS

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“Vibro HK”	Vibro (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of NWS Holdings
“Vibro Sub-Contract”	the sub-contract to be entered into between Vibro HK (as the main contractor) and Vibro Construction (as subcontractor) regarding the carrying out of the Bored Piling Works
“Vibro-Titan JV”	a fully integrated and unincorporated joint venture between Vibro Construction and Titan formed pursuant to the JV Agreement
“Works”	all works for the Project as specified under the Main Contract
“%”	per cent.

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## LETTER FROM THE BOARD

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### WAI KEE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

*Executive Directors:*

Mr. Zen Wei Pao, William (*Chairman*)  
Mr. Zen Wei Peu, Derek  
*(Vice Chairman and Chief Executive Officer)*  
Miss Chiu Wai Yee, Anriena

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Dr. Wong Che Ming, Steve  
Mr. Wan Siu Kau, Samuel  
Mr. Wong Man Chung, Francis  
Ms. Tsang Wing Yee

*Principal Place of Business*

*in Hong Kong:*  
Unit 1103, 11th Floor  
East Ocean Centre  
98 Granville Road  
Tsimshatsui, Kowloon  
Hong Kong

8 October 2024

*To the Shareholders*

Dear Sir or Madam,

### **CONNECTED TRANSACTIONS FORMATION OF JOINT VENTURE AND RELATED SUBCONTRACTING ARRANGEMENT AND NOTICE OF SPECIAL GENERAL MEETING**

#### **INTRODUCTION**

We refer to our announcement dated 3 October 2024 in relation to the formation of the Vibro-Titan JV and its related subcontracting arrangement.

In July 2024, Vibro HK was awarded the Tender by the Employer for the Project, following which it will enter into the Main Contract (as the main contractor) with the Employer (as employer) to carry out the Works.

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## LETTER FROM THE BOARD

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The Works can be broadly classified as three types of works - (i) the ELS Works (the general purpose of which is to establish a supported area for deep excavation in order to facilitate subsequent construction of footing foundation or pile caps for further infrastructure development); (ii) the Bored Piling Works (in general involving the formation and installation of bored piles with reinforced concrete to support the structure to be built upon them); and (iii) other ancillary, site preliminary, preparation and site management works. Based on discussions between Titan, Vibro HK and Vibro Construction, Vibro HK intends to subcontract the Bored Piling Works to Vibro Construction under the Vibro Sub-Contract and the remainder of the Works to the Vibro-Titan JV under the JV Sub-Contract, and the Vibro-Titan JV in turn will subcontract to Titan partial ELS Works (being the construction of steel strutting and waling systems which are used to support the excavation area, and the disposal of construction waste resulting from the excavation works) under the Titan Sub-Contract.

In this context, on 3 October 2024, Titan (an indirect subsidiary of the Company) entered into the JV Agreement with Vibro Construction (a connected person of the Company) to form the Vibro-Titan JV in connection with the Works.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract); (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract); (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the SGM.

### THE JV AGREEMENT

The principal commercial terms of the JV Agreement are set out below:

**Date:** 3 October 2024

**Parties:** (1) Vibro Construction; and  
(2) Titan

**Object of the JV Agreement:** The terms of the JV Agreement define the respective rights and obligations of the parties in the Vibro-Titan JV for the execution and completion of the Works, the JV Sub-Contract Works and any extra works to be undertaken in accordance with the Main Contract and the JV Sub-Contract for the Project. It is also agreed that Vibro Construction and Titan shall be jointly and severally responsible and liable for all profits or losses arising out of the Tender, joint execution and completion of the Works (i.e. the works that are to be the subject of the JV Sub-Contract and the Vibro Sub-Contract).

Titan will be responsible for the performance under the terms of the Titan Sub-Contract and Vibro Construction will similarly be responsible for the performance under the terms of the Vibro Sub-Contract. The JV Agreement further provides that Vibro Construction shall be responsible to the Vibro-Titan JV for performing the works under the Vibro Sub-Contract.



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## LETTER FROM THE BOARD

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The unanimous consent of Titan and Vibro Construction is required for any change to the nature and the scope of the Vibro-Titan JV's business under the JV Agreement and any transactions pursuant to the JV Agreement which are not on arm's length basis.

**Participating Interest and  
Financial Contributions:**

<b>Parties</b>	<b>Participating Interest</b>
Vibro Construction	60%
Titan	40%

All rights, interest, assets, liabilities, obligations, undertakings and the risks arising out of or in connection with the JV Agreement, the Main Contract or the JV Sub-Contract and all profits or losses arising out of the Tender, joint execution and completion of Works, the performance of the Main Contract, the JV Sub-Contract and the JV Agreement shall be shared or borne by Titan and Vibro Construction proportionate to their participating interest. No distribution of profit or cash surplus, including final and interim distributions, shall be made by the Vibro-Titan JV to the parties unless it was agreed by both parties in the JV Board meeting.

If and to the extent that Titan or Vibro Construction has seconded its staff and/or provided any plant, equipment or materials for the purposes of the performance of the JV Sub-Contract/the Works, the costs and expenses properly incurred with the agreement of Titan and Vibro Construction or the JV Board are chargeable as expenses of the Vibro-Titan JV.

Titan and Vibro Construction have agreed to provide working capital, security, guarantee and performance bond *pro rata* to their participating interest called for by the JV Board (which is jointly controlled by Titan and Vibro Construction as mentioned below) from time to time. Based on estimated working capital requirements of the Vibro-Titan JV of not more than approximately HK\$125 million, Titan's *pro rata* share would therefore be HK\$50 million. Subject to fulfilment of the Condition, Titan is required to provide a performance bond in the amount of approximately HK\$47.88 million in favour of Vibro HK, being 40% of the value of the performance bond provided by Vibro HK to the Employer under the Main Contract, on the basis that Titan's performance bond will be released shortly following the release by the Employer of Vibro HK's performance bonds.

(Note 1)

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## LETTER FROM THE BOARD

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The JV Agreement provides that should either party fail to pay any of its share of working capital: (i) the defaulting party will be required to pay interest to the non-defaulting party at the rate of 5% per annum over and above the prime lending rate for Hong Kong dollars from the due date of providing working capital to the date of settlement of the unpaid working capital; (ii) the non-defaulting party may through the JV Board require an adjustment to the share in the interest and profits based on the actual working capital paid by each party even if the share of liability remains at the 40:60 ratio and costs and expenses incurred by the non-defaulting party directly or indirectly as a result of the default shall be reimbursed by the defaulting party; and/or (iii) the defaulting party could be excluded from participation and management and control of the Vibro-Titan JV and the defaulting party will only be entitled to share of profits after tax up to the date of exclusion while it will remain liable for losses, liabilities, costs and expenses in connection with the Works, the JV Sub-Contract Works, the Main Contract, the JV Sub-Contract and the JV Agreement until all obligations under those contracts/agreements are fully discharged and fulfilled. Titan or Vibro Construction may also be excluded from the Vibro-Titan JV as described in (iii) above, if it is subject to insolvency events, it fails to provide security, it assigns or sublets its obligations in breach of the JV Agreement or it fails to remedy any breach under the JV Agreement.

### **JV Board and JV Leader:**

The business of the Vibro-Titan JV is to be managed by the JV Board which is to comprise two representatives from each of Titan and Vibro Construction. All decisions of the JV Board shall be taken by a unanimous vote of the representatives from the parties on the JV Board, subject to the limited exceptions described below.

Subject to the overriding authority and control of the JV Board, Vibro Construction as JV Leader shall be mainly responsible for (i) liaising with Vibro HK for submission of the Tender; (ii) nominating the project manager (which the JV Board has the power to remove) for management of the Project; (iii) verifying that the Works and the JV Sub-Contract Works and the Vibro-Titan JV are being properly managed; (iv) leading technical and commercial negotiations with the Employer for the award of the Main Contract to Vibro HK and post-contract negotiations, liaison and reporting as directed by the JV Board; (v) convening meetings of the JV Board in accordance with the reasonable requests of the parties; and (vi) preparing reports to the JV Board.

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## LETTER FROM THE BOARD

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Vibro Construction as JV Leader has the power to make limited interim decisions (in the case of a deadlock) as may be reasonably necessary or appropriate to avoid, correct or address imminent emergencies that threatens life, health, safety and/or property, to avoid a default or waiver of rights or benefits under the Main Contract and the JV Sub-Contract or to avoid partial or total suspension of, or serious delays in the performance of, the Works and/or the JV Sub-Contract Works schedule or a breach by the Vibro-Titan JV of any environmental, safety or other statutory requirements, rules, regulations and laws.

For its role as JV Leader, Vibro Construction is entitled to receive a fee equal to 1% of the value of the Works <sup>(Note 2)</sup> which is paid by the Employer under the Main Contract proportionate to the timing of payments being made by the Employer.

**Condition:**

The obligations of the parties under the JV Agreement shall take effect from the date on which the JV Agreement is signed by all parties therein, although the obligations of the parties under the JV Agreement, including Titan's obligation to provide (a) any working capital pursuant to a capital notice issued in accordance with the JV Agreement or (b) any security, guarantee or performance bond shall be conditional upon obtaining the approval from the shareholders of the Company (being the holding company of Titan) (the "**Condition**") as required under the Listing Rules.

**Exclusivity:**

Until the termination of the JV Agreement and for a period of one (1) year thereafter neither party (including any Affiliate) shall enter into any agreements or collaborations with any other third parties in any form individually or jointly or through any third parties which compete with the interests of the parties in the Tender, the Works, the Main Contract and the JV Agreement.

*Notes:*

1. The working capital to be contributed by Titan is expected to be funded by Build King Group's internal resources, whereas the costs of Titan's performance bond shall be chargeable to the account of the Vibro-Titan JV pursuant to the JV Agreement.
2. The 1% fee to JV Leader is determined by Titan to be fair and reasonable having taken into account (i) the post-contract negotiation, liaison and reporting work comparing with the same type of work typically undertaken by project managers of construction contract (which would normally command a fee of approximately 0.5% of contract value out of total project management fee typically charged at between 3% to 5% of contract value); and (ii) the estimated costs for the remaining work undertaken and to be undertaken by the JV Leader (which is not typically covered by construction project managers) had that work been done by Titan amounting to approximately 0.5% of the contract value.

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## LETTER FROM THE BOARD

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The terms of the JV Agreement were negotiated on an arms' length basis by Titan with Vibro Construction, having regard to (i) the Works required to be conducted under the Main Contract; (ii) the track record, expertise and resources available to Titan; (iii) the track record and expertise of Vibro Construction; (iv) the proportionality of rights and obligations of the parties; (v) the estimated costs of different aspects of works to be performed (see the section headed "Information Regarding the Main Contract and the Sub-Contracts" below); (vi) the fact that the Main Contract precludes the sub-contracting of all of the Works to one sub-contractor; (vii) the JV Agreement regulates the relationship and sharing of risks and rewards between Vibro Construction and Titan as partners of the Vibro-Titan JV, while each of Vibro Construction and Titan is respectively responsible to the Vibro-Titan JV for their work under the Vibro Sub-Contract and the Titan Sub-Contract; and (viii) what Titan understands to be industry practice on the terms of construction joint ventures based on its experience.

The Company will recognize the Vibro-Titan JV as a joint operation (and not a subsidiary) in the consolidated financial statements of the Company.

### INFORMATION REGARDING THE MAIN CONTRACT AND THE SUB-CONTRACTS

The Tender was awarded by the Employer (as the employer) to Vibro HK (as the main contractor) for the performance of the Works for the Project through a tender process. The contract sum awarded was approximately HK\$2,394 million (comprising HK\$41.5 million for the Bored Piling Works, HK\$2,092.5 million for the remaining Works, and an Employer's contingency money of HK\$260 million), subject to variations in accordance with the terms of the Main Contract and the Works are to be completed within 914 calendar days expiring in January 2027, subject to such extensions in accordance with the Main Contract. Under the Tender terms, the Main Contract will provide for liquidated damages of HK\$540,000 to be payable for each day of delay of practical completion of the whole of the Works subject to a maximum of 10% of the contract sum for the Works actually undertaken pursuant to the Main Contract. The Employer's contingency money is not payable by the Employer if no additional works or additional measures for the safety, efficiency or quality of the Works are required. The JV Agreement contemplates that Vibro HK (as the main contractor) will sub-contract the Bored Piling Works to Vibro Construction, subject to variations in accordance with the terms of the Vibro Sub-Contract which are to align with variations that may be required under the Main Contract.

The JV Agreement also contemplates that:

- (a) Vibro HK (as the main contractor) is to enter into the JV Sub-Contract with the Vibro-Titan JV (as the sub-contractor) in respect of the Works (other than the Bored Piling Works), subject to variations in accordance with the terms of the JV Sub-Contract which are to align with variations that may be required under the Main Contract;
- (b) the Vibro-Titan JV is to subcontract partial ELS Works to Titan, subject to variations in accordance with the terms of the Titan Sub-Contract which are to align with variations that may be required under the JV Sub-Contract;

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## LETTER FROM THE BOARD

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- (c) without prejudice to the sole obligation of Vibro Construction to perform its obligations under the Vibro Sub-Contract (just as Titan has the sole obligation to perform its obligations under the Titan Sub-Contract), the parties have agreed to require Vibro HK to effect all payments by Vibro HK under the Vibro Sub-Contract to be managed through the Vibro-Titan JV; and
- (d) any part of the Employer's contingency money that is receivable by Vibro HK for additional works undertaken (if any) will be paid to the credit of the bank account of the Vibro-Titan JV which is jointly controlled by Titan and Vibro Construction.

It is customary within the construction industry that the construction contracts (which can run to over 1,000 pages as they would include detailed specifications and alignment with the head contracts etc) for works awarded would take time (normally between 2 to 3 months after award) to finalise and be signed by the relevant parties. This applies to both the Main Contract and the various sub-contracts. The purpose of the JV Agreement is to document the agreed arrangements on the division of labour as between the parties in relation to the Works awarded, through various sub-contracts, and the sharing economic interests in respect of the Works between them. Given the above, while the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract are to be governed by separate contracts, they form one single commercial arrangement between the parties for which the approval of the Independent Shareholders are being sought based on material information on terms included in this circular.

The parties to the JV Agreement expect that the contract sum before any variations of (i) the JV Sub-Contract would be approximately HK\$2,092.5 million (i.e equivalent to the contract sum allocated for the Works (other than the Bored Piling Works) under the Main Contract); and (ii) the Vibro Sub-Contract would be approximately HK\$41.5 million (i.e consistent with the sum allocated for the Bored Piling Works under the Main Contract). Titan expects that the contract sum before any variations of the Titan Sub-Contract would be approximately HK\$610.1 million, based on current work specifications. Variations of works under each sub-contract would be limited to those that are necessary to align with any variations that are required under the direct head contract from which that sub-contract is derived or to the extent that there are changes in the designs by the contractor in the course of the contractor's performance of its contract for the relevant parts of the Works.

While the JV Sub-Contract is on a "fixed sum basis", subject to variations, due to the nature of the works that are the subject of the Vibro Sub-Contract and the Titan Sub-Contract (e.g. the number and type of bored piles or the size and design of supported area for deep excavation) which are dictated by the designs approved in accordance with the terms of each sub-contract and the requirements under the Main Contract, the final amount charged will be based on the actual quantity of work undertaken (known in the construction industry as charging on a "re-measurement basis") and accordingly the variations of works can also be lesser than the contract sum disclosed above. The contract sum, before variation, under each of the Vibro Sub-Contract and the Titan Sub-Contract is determined based on technical drawings for the relevant works accompanied by a detailed bill of quantity (which itemizes works and materials used and quantities required based on the drawings) attached to each contract. Any such variation would be accompanied by amended technical drawings by which corresponding changes of works and materials required can be measured in accordance with the applicable industry measurement standards, such that the contract sum can be adjusted by reference to the resultant changes to the bill of quantity.

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## LETTER FROM THE BOARD

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The terms of the JV Sub-Contract, the Titan Sub-Contract and the Vibro Sub-Contract will be in line with industry standard and be substantially the same, save in respect of the specification for the works to be undertaken and the contract sum payable under each contract. Consistent with market practice in the construction industry, (i) payments under the various contracts are to be made based on monthly certification of works (to be supported by independent surveyor's certification) by the Employer under the Main Contract, Vibro HK under the JV Sub-Contract and the Vibro Sub-Contract and the Vibro-Titan JV under the Titan Sub-Contract; (ii) up to 10% of progress payment and subject to a cap of 5% of the contract sum under the Main Contract, the JV Sub-Contract, the Vibro Sub-Contract and the Titan Sub-Contract (as the case may be) will be withheld by the Employer (in the case of the Main Contract), Vibro HK (in the case of the JV Sub-Contract and the Vibro Sub-Contract), and the Vibro-Titan JV (in the case of the Titan Sub-Contract); and (iii) liquidated damages of HK\$530,000, HK\$150,000 and HK\$10,000 to be payable by the Vibro-Titan JV, Titan and Vibro Construction respectively for each day of delay of completion of the works under the JV Sub-Contract, the Titan Sub-Contract and the Vibro Sub-Contract respectively, subject to a maximum of 10% (in respect of the JV Sub-Contract) and 5% (in respect of each of the Titan Sub-Contract and the Vibro Sub-Contract) of the contract sum and any variations under the relevant sub-contract, determined mainly in proportion to the relative size of the sub-contract and the range of works covered by that sub-contract.

50% of the retention money withheld by the Employer under the Main Contract will be released upon the issuance of the practical completion certificate of the Project and the remaining 50% shall be released within 12 months after the issuance of the practical completion certificate. As for retention money withheld by Vibro HK (in the case of the JV Sub-Contract and the Vibro Sub-Contract), and the Vibro-Titan JV (in the case of the Titan Sub-Contract), they shall be released after the expiry of the defects liability period of 6 months after completion of the works that is the subject of the relevant sub-contract and the satisfactory completion of the making good defects by the relevant subcontractors. Due to the nature of the works involved (e.g. foundation works are completed before any superstructure can be constructed), the defects liability period for the JV Sub-Contract and the Titan Sub-Contract is likely to commence on or around practical completion of the Main Contract while the defects liability period for the Vibro Sub-Contract will commence much earlier.

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## LETTER FROM THE BOARD

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### *Basis of determination of the contract sum*

The terms of the JV Sub-Contract and the Titan Sub-Contract will be reviewed (in the case of the JV Sub-Contract) or negotiated by Titan on an arm's length basis with Vibro Construction (in the case of the Titan Sub-Contract) in the ordinary and usual course of business of the construction business of the Group, having regard to Employer's specifications regarding the Works and other terms (including delivery and payment schedules) of the Main Contract. Accepting the contract sum under the JV Sub-Contract (which represents the "see-through" price for the relevant works under the Main Contract) and the Titan Sub-Contract (which accounts for approximately 29.2% of the contract sum under the JV Sub-Contract) by Titan took into account the Group's pricing policy generally applicable for all its construction projects or other projects involving the delivery of services similar to the works being undertaken under each contract and factors such as:

- (a) the Group's estimation of the costs of materials, including the costs for structural steel, concrete and steel reinforcement materials, that would be used for construction at the site;
- (b) the estimated costs of labour and professional staff, temporary materials, sub-contractors, plant and equipment required to undertake the works and other costs such as insurance costs, utilities, transportation costs and costs for maintenance of site safety under the Titan Sub-Contract and under the JV Sub-Contract (excluding those covered under the Titan Sub-Contract);
- (c) the estimated costs of servicing and maintaining temporary site accommodation and site vehicles for Vibro HK and Employer-appointed supervising officer under the JV Sub-Contract;
- (d) historical costs of providing (i) construction, excavation and lateral support works under the term of the Titan Sub-Contract; and (ii) the remainder of the works under the JV Sub-Contract; and the overall profit margin that could be achieved for similar types of foundation works that has been undertaken by Titan on a solo basis;
- (e) the relative amount of resources, difficulty, expertise and risks of the works of the subject of each sub-contract relative to the contract sum for the Works under the Main Contract; and
- (f) in the case of the JV Sub-Contract, the fact that the contract price under the Main Contract (including its components) was awarded by the Employer through a tender process.

In the context of the Vibro Sub-Contract, whilst not negotiated by Titan, in assessing the reasonableness of the contract sum of the Vibro Sub-Contract for the purposes of the JV Agreement (through which the Vibro-Titan JV will also account for the economic benefits and corresponding liability associated with works to be undertaken under the Vibro Sub-Contract and Vibro Construction will bear responsibility towards the Vibro-Titan JV for Vibro Construction's performance of the Vibro Sub-Contract), Titan took into account (a), (b), (d) and (e) in the context of the Bored Piling Works required under the Main Contract.

Titan has confirmed to the Board that the terms of the JV Agreement (including the JV Sub-Contract and the Titan Sub-Contract) are fair and reasonable and consistent with market practice, based on the above.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF FORMATION OF JOINT VENTURE AND RELATED SUBCONTRACTING ARRANGEMENT

The Company is an investment holding company and the principal activities of its group companies include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying. Titan is principally engaged in piling, foundation and earth works and is a wholly-owned subsidiary of Build King (a listed subsidiary of the Company). Build King is an investment holding company. Build King Group is principally engaged in building construction and civil engineering works projects in Hong Kong and environmental infrastructure projects in Mainland China.

Vibro HK is principally engaged in the design and construction of civil engineering works, with particular expertise in foundations and site investigation works, while Vibro Construction is principally engaged in the design and construction of civil engineering works and the construction of landslip preventive measures (LPM) and remedial works to slopes and retaining walls. Vibro HK is a 99.8%-owned subsidiary of NWS Holdings whereas Vibro Construction is a wholly-owned subsidiary of NWS Holdings. NWS Holdings is a company whose shares are listed on the Stock Exchange (Stock Code: 659) and the principal business of its group includes toll roads, insurance, logistics, construction, and facilities management.

The Project is to design and construct the Excavation and Lateral Support Works (Stages 1 & 2) for the Integrated Basement and Underground Road in Zones 2A, 2B and 2C of the West Kowloon Cultural District. Vibro Group is one of the oldest foundation contractors in Hong Kong, it has extensive experience in designing and constructing foundation systems and has particular expertise in bored piling works. On the other hand, Titan is a specialist contractor who is specialised in piling and foundation works and is experienced in completing foundation projects involving complicated foundation and engineering designs. Titan has strong in-house design capability and has proven record to design innovative engineering solutions (such as the horizontal pipe pile method which is first invented by Titan) to overcome technical difficulties in piling and foundation works to fulfill the requirements of its client. By joining forces with Vibro Group, the Vibro-Titan JV forms a strong team capable of handling the technical challenges of the Project effectively and allows delivery of the Works and JV Sub-Contract Works in a timely and cost-effective manner.

Furthermore, by forming the Vibro-Titan JV, the costs and risk for performing the Works and the JV Sub-Contract Works can be shared by both Vibro Group and Titan, and the joint venture allows for pooling of expertise of the two groups described above as well as their relevant resources such as manpower, engineers and the plants and machinery required for performing the Works and the JV Sub-Contract Works.



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## LETTER FROM THE BOARD

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In light of the above and the bases upon which Titan negotiated and agreed the terms of the JV Agreement (described in the section headed “The JV Agreement” above) and the terms (including pricing) of the JV Sub-Contract and the Titan Sub-Contract, the Board (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser) considers that the terms of JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract), are fair and reasonable, on normal commercial terms or better from the perspective of the Group, are entered into in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders.

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 JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract). Accordingly, none of them abstained from voting on the resolution approving the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) at the Board meeting.

### **LISTING RULES IMPLICATIONS**

The Company is indirectly owned as to approximately 11.49% by NWS Holdings as at the Latest Practicable Date. As such, NWS Holdings is a substantial shareholder and therefore a connected person of the Company. Vibro Construction and Vibro HK, being subsidiaries of NWS Holdings, are associates of NWS Holdings, and therefore are connected persons to the Company under Chapter 14A of the Listing Rules.

The formation of the Vibro-Titan JV pursuant to the JV Agreement does not constitute a “transaction” of the Company or Build King pursuant to Rule 14.04(1)(f) of the Listing Rules since (i) the Vibro-Titan JV is engaged for the sole purpose of the Works as described more particularly above, which is of a revenue nature in the ordinary and usual course of business of the Company and Build King whose principal business include construction; (ii) the terms of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) is on arm’s length basis and on normal commercial terms; and (iii) the JV Agreement contains clauses to the effect that the unanimous consent of Titan and Vibro Construction is required for any change to the nature and the scope of the Vibro-Titan JV’s business under the JV Agreement and any transactions pursuant to the JV Agreement which are not on arm’s length basis.

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## LETTER FROM THE BOARD

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Accordingly, the entering into of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) only constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) exceed 5%, the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **SGM AND CLOSURE OF REGISTER OF MEMBERS**

A notice of the SGM is set out on pages 43 to 44 of this circular. The SGM will be convened at Unit 1103, 11th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 24 October 2024 at 11:00 a.m., at which the resolution in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) will be proposed to be considered and, if thought fit, approved by the Independent Shareholders. Pursuant to Rule 13.39(4) of the Listing Rules, all votes to be taken at the SGM will be taken by way of poll.

The register of members of the Company will be closed from Tuesday, 22 October 2024 to Thursday, 24 October 2024, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the SGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than Monday, 21 October 2024 at 4:00 p.m.

A form of proxy for use at the SGM is accompanied with this circular. Whether or not you intend to attend the SGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish and in such case, the form of proxy shall be deemed to be revoked.

As at the Latest Practicable Date, Vast Earn Group Limited, an indirect wholly-owned subsidiary of NWS Holdings (the holding company of Vibro Group), holds 91,134,000 shares of the Company (representing approximately 11.49% of the total issued shares of the Company). In order to comply with the Listing Rules, any Shareholder with a material interest in the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) and its/his close associates are required to abstain from voting on the relevant proposed resolution at the SGM. Accordingly, Vast Earn Group Limited will abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to:

- (i) the letter from the Independent Board Committee (comprising Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Ms. Tsang Wing Yee, all being independent non-executive Directors) set out on pages 18 to 19 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the fairness and reasonableness of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract); and
- (ii) the letter from the Independent Financial Adviser set out on pages 20 to 33 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders on whether the terms and conditions of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) are fair and reasonable, on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations.

Based on the reasons set out in this letter, the Board recommends the Independent Shareholders to vote in favour of the proposed ordinary resolution set out in the notice convening the SGM in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Zen Wei Pao, William**  
*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the full text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in respect of the entering into of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).*



### WAI KEE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

8 October 2024

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular of the Company to the Shareholders dated 8 October 2024 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise you as to whether, in our opinion, the terms of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) are fair and reasonable, entered into on normal commercial terms or better (from the perspective of the Group) in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Ballas Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).

We draw your attention to the letter from the Board set out on pages 5 to 17 of the Circular which contains, among other things, information on the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract), and the letter from the Independent Financial Adviser set out on pages 20 to 33 of the Circular which contains its advice in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the JV Agreement and the transactions contemplated thereunder, as well as the opinion and advice of the Independent Financial Adviser contained in their letter as set out on pages 20 to 33 of the Circular, we are of the opinion that the terms and conditions of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) are fair and reasonable, entered into on normal commercial terms or better (from the perspective of the Group) in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) to be proposed at the SGM.

Yours faithfully,

For and on behalf of

the Independent Board Committee of

**Wai Kee Holdings Limited**

**WONG Che Ming,**  
Steve

**WAN Siu Kau,**  
Samuel

**WONG Man Chung,**  
Francis

**TSANG Wing Yee**

*Independent Non-Executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the entering into of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).*

**BALLAS**  
C A P I T A L  
A subsidiary of Crosby

5/F, Capital Centre,  
151 Gloucester Road,  
Wanchai, Hong Kong

8 October 2024

*To the Independent Board Committee and  
the Independent Shareholders of Wai Kee Holdings Limited*

Dear Sir or Madam,

### **CONNECTED TRANSACTIONS FORMATION OF JOINT VENTURE AND RELATED SUBCONTRACTING ARRANGEMENT**

#### **INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transactions in relation to the formation of joint venture and related subcontracting arrangement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 8 October 2024, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In July 2024, Vibro HK was awarded the Tender by the Employer for the Project, following which it will enter into the Main Contract (as the main contractor) with the Employer (as employer) to carry out the Works.

Based on discussions among Titan, Vibro HK and Vibro Construction, Vibro HK intends to subcontract the Bored Piling Works to Vibro Construction under the Vibro Sub-Contract and the remainder of the Works to the Vibro-Titan JV under the JV Sub-Contract, and the Vibro-Titan JV in turn will subcontract to Titan partial ELS Works under the Titan Sub-Contract.

In this context, on 3 October 2024, Titan (an indirect subsidiary of the Company) entered into the JV Agreement with Vibro Construction (a connected person of the Company) to form the Vibro-Titan JV in connection with the Works.

The Company is indirectly owned as to approximately 11.49% by NWS Holdings as at the Latest Practicable Date. As such, NWS Holdings is a substantial shareholder and therefore a connected person of the Company. Vibro Construction and Vibro HK, being subsidiaries of NWS Holdings, are associates of NWS Holdings,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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and therefore are connected persons to the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) exceed 5%, the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising the Independent Non-executive Directors, namely Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Ms. Tsang Wing Yee, has been established to advise the Independent Shareholders in relation to the terms of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).

### **INDEPENDENCE DECLARATION**

We are not associated or connected with the Company, Vibro HK or Vibro Construction or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for the appointment as the independent financial adviser to Build King, the shares of which are listed on the Stock Exchange and an indirect non wholly-owned subsidiary of the Company, in respect of (i) certain continuing connected transactions as disclosed in its circular dated 6 December 2022; (ii) the formation of a joint venture as disclosed in its circular dated 23 December 2022; and (iii) a connected transaction in respect of certain sub-contract works as disclosed in its circular dated 3 May 2023, we did not have any other relationship or interests in the Company, Vibro HK or Vibro Construction or their respective core connected persons or associates nor had we acted as independent financial adviser to other transactions of the Company that could reasonably be regarded as hindrance to our independence as defined under the Listing Rules. Accordingly, we consider we are eligible to give independent advice on the terms of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract).

### **BASIS OF OUR OPINION**

In formulating our advice and recommendation, we have reviewed information on the facts contained or referred to in the Circular as well as the information and representations provided or made by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We considered that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Vibro HK or Vibro Construction or any of their respective subsidiaries or associates.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract), we have considered the following principal factors and reasons:

#### **1. Background and reasons for and benefits of formation of the joint venture and the related subcontracting arrangement**

##### ***1.1 Information on the Group and Titan***

The Company is an investment holding company and the principal activities of its group companies include property development and investment, toll road, investment and asset management, construction, sewage treatment and steam fuel, construction materials and quarrying.

As at the Latest Practicable Date, the Company indirectly holds approximately 58.33% of the issued shares of Build King, the issued shares of which are listed on the Stock Exchange. Build King is an investment holding company and its group companies are principally engaged in building construction and civil engineering works projects in Hong Kong and environmental infrastructure projects in Mainland China. Titan is a wholly-owned subsidiary of Build King and is principally engaged in piling, foundation and earth works.

##### ***1.2 The Main Contract and the related subcontracting arrangement***

The Tender was awarded by the Employer (as the employer) to Vibro HK (as the main contractor) for the performance of the Works for the Project (which is to design and construct the Excavation and Lateral Support Works for certain parts of the West Kowloon Cultural District in Hong Kong) through a tender process. The contract sum awarded was approximately HK\$2,394 million (comprising approximately HK\$41.5 million for the Bored Piling Works, approximately HK\$2,092.5 million for the remaining Works, and an Employer's contingency money of HK\$260 million), subject to variations in accordance with the terms of the Main Contract and the Works are to be completed within 914 calendar days expiring in January 2027, subject to such extensions in accordance with the Main Contract. The Employer's contingency money is not payable by the Employer if no additional works or additional measures for the safety, efficiency or quality of the Works are required.

Vibro HK (as the main contractor) will (i) sub-contract the Bored Piling Works to Vibro Construction for a contract sum of approximately HK\$41.5 million (i.e. consistent with the sum allocated for the Bored Piling Works under the Main Contract), subject to variations in accordance with the terms of the Vibro Sub-Contract which are to align with variations that may be required under the Main Contract; and (ii) sub-contract the Works (other than the Bored Piling Works) to the Vibro-Titan JV for a contract sum of approximately HK\$2,092.5 million (i.e. equivalent to the contract sum allocated for the Works



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(other than the Bored Piling Works) under the Main Contract), subject to variations in accordance with the terms of the JV Sub-Contract which are to align with variations that may be required under the Main Contract. Furthermore, the Vibro-Titan JV will sub-contract partial ELS Works to Titan for a contract sum of approximately HK\$610.1 million, subject to variations in accordance with the terms of the Titan Sub-Contract, which are to align with variations that may be required under the JV Sub-Contract.

Variations of works under each sub-contract would be limited to those that are necessary to align with any variations that are required under the direct head contract from which the sub-contract is derived or to the extent that there are changes in the designs by the contractor. While the JV Sub-Contract is on a “fixed sum basis”, subject to variations, due to the nature of the works that are the subject of the Vibro Sub-Contract and the Titan Sub-Contract (e.g. the number and type of bored piles or the size and design of supported area for deep excavation) which are dictated by the designs approved in accordance with the terms of each sub-contract and the requirements under the Main Contract, the final amount charged will be based on the actual quantity of work undertaken (known in the construction industry as charging on a “re-measurement basis”) and accordingly the variations of works can also be lesser than the contract sum disclosed above.

### *1.3 Reasons for and benefits of formation of the joint venture and the related subcontracting arrangement*

As stated in the Letter from the Board, Vibro Group is one of the oldest foundation contractors in Hong Kong, has extensive experience in designing and constructing foundation systems and has particular expertise in bored piling works. On the other hand, Titan is a specialist contractor who is specialised in piling and foundation works and is experienced in completing foundation projects involving complicated foundation and engineering designs. By joining forces with Vibro Group, the Vibro-Titan JV forms a strong team capable of handling the technical challenges of the Project effectively. Vibro HK (as the main contractor) will sub-contract all the Works (other than the Bored Piling Works) to the Vibro-Titan JV (i.e. the JV Sub-Contract) to allow delivery of the Works and the JV Sub-Contract Works in a timely and cost-effective manner. The Vibro-Titan JV will further subcontract partial ELS Works to Titan (i.e. the Titan Sub-Contract). Furthermore, by forming the Vibro-Titan JV, the costs and risk for performing the Works and the JV Sub-Contract Works can be shared by both Vibro Group and Titan, and the joint venture allows for pooling of expertise of the two groups described above as well as their relevant resources such as manpower, engineers and the plants and machinery required for performing the Works and the JV Sub-Contract Works.

Taking into account (a) the fact that the nature of the formation of the Vibro-Titan JV, the JV Sub-Contract and the Titan Sub-Contract falls within the scope of the principal business of Titan; (b) the fact that the Vibro-Titan JV, the JV Sub-Contract and the Titan Sub-Contract allow Titan (and hence the Group) to enhance its revenue stream; and (c) our analysis on the principal terms of the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract as discussed in the sections below, we concur with the view of the Directors that the entering into of the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2. The JV Agreement

The principal commercial terms of the JV Agreement are summarised below. Please refer to the section headed “THE JV AGREEMENT” in the Letter from the Board for further details.

**Date:** 3 October 2024

**Parties:** (1) Vibro Construction; and  
(2) Titan

**Object of the JV Agreement:** The terms of the JV Agreement define the respective rights and obligations of the parties in the Vibro-Titan JV for the execution and completion of the Works, the JV Sub-Contract Works and any extra works to be undertaken in accordance with the Main Contract and the JV Sub-Contract for the Project.

It is also agreed that Vibro Construction and Titan shall be jointly and severally responsible and liable for all profits or losses arising out of the Tender, joint execution and completion of the Works (i.e. the works that are to be the subject of the JV Sub-Contract and the Vibro Sub-Contract).

Titan will be responsible for the performance under the terms of the Titan Sub-Contract and Vibro Construction will similarly be responsible for the performance under the terms of the Vibro Sub-Contract. The JV Agreement further provides that Vibro Construction shall be responsible to the Vibro-Titan JV for performing the works under the Vibro Sub-Contract.

The unanimous consent of Titan and Vibro Construction is required for any change to the nature and the scope of the Vibro-Titan JV’s business under the JV Agreement and any transactions pursuant to the JV Agreement which are not on arm’s length basis.

**Participating Interest and  
Financial Contributions:**

<b>Parties</b>	<b>Participating Interest</b>
Vibro Construction	60%
Titan	40%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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All rights, interest, assets, liabilities, obligations, undertakings and the risks arising out of or in connection with the JV Agreement, the Main Contract or the JV Sub-Contract and all profits or losses arising out of the Tender, joint execution and completion of Works, the performance of the Main Contract, the JV Sub-Contract and the JV Agreement shall be shared or borne by Titan and Vibro Construction proportionate to their participating interest. No distribution of profit or cash surplus, including final and interim distributions, shall be made by the Vibro-Titan JV to the parties unless it was agreed by both parties in the JV Board meeting.

If and to the extent that Titan or Vibro Construction has seconded its staff and/or provided any plant, equipment or materials for the purposes of the performance of the JV Sub-Contract/the Works, the costs and expenses properly incurred with the agreement of Titan and Vibro Construction or the JV Board are chargeable as expenses of the Vibro-Titan JV.

Titan and Vibro Construction have agreed to provide working capital security, guarantee and performance bond pro rata to their participating interest called for by the JV Board from time to time. Based on estimated working capital requirements of the Vibro-Titan JV of not more than approximately HK\$125 million, Titan's pro rata share would therefore be HK\$50 million. Subject to fulfilment of the Condition, Titan is required to provide a performance bond in the amount of approximately HK\$47.88 million in favour of Vibro HK, being 40% of the value of the performance bond provided by Vibro HK to the Employer under the Main Contract, on the basis that Titan's performance bond will be released shortly following the release by the Employer of Vibro HK's performance bonds.

The JV Agreement provides that should either party fail to pay any of its share of working capital, (i) the defaulting party will be required to pay interest to the non-defaulting party; (ii) the non-defaulting party may require an adjustment to the share in the interest and profits; and/or (iii) the defaulting party could be excluded from participation and management and control of the Vibro-Titan JV. Titan or Vibro Construction may also be excluded from the Vibro-Titan JV as described in (iii) above, if it is subject to insolvency events, it fails to provide security, it assigns or sublets its obligations in breach of the JV Agreement or it fails to remedy any breach under the JV Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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**JV Board and JV Leader:**

The business of the Vibro-Titan JV is to be managed by the JV Board which is to comprise two representatives from each of Titan and Vibro Construction. All decisions of the JV Board shall be taken by a unanimous vote of the representatives from the parties on the JV Board, subject to the limited exceptions described below.

Subject to the overriding authority and control of the JV Board, Vibro Construction as JV Leader shall be mainly responsible for (i) liaising with Vibro HK for submission of the Tender; (ii) nominating the project manager (which the JV Board has the power to remove) for management of the Project; (iii) verifying that the Works and the JV Sub-Contract Works and the Vibro-Titan JV are being properly managed; (iv) leading technical and commercial negotiations with the Employer for the award of the Main Contract to Vibro HK and post-contract negotiations, liaison and reporting as directed by the JV Board; (v) convening meetings of the JV Board in accordance with the reasonable requests of the parties; and (vi) preparing reports to the JV Board.

Vibro Construction as JV Leader has the power to make limited interim decisions (in the case of a deadlock) (please refer to the section headed “THE JV AGREEMENT” in the Letter from the Board for details of these limited exceptions).

For its role as JV Leader, Vibro Construction is entitled to receive a fee equal to 1% of the value of the Works which is paid by the Employer under the Main Contract proportionate to the timing of payments being made by the Employer.

**Condition:**

The obligations of the parties under the JV Agreement shall take effect from the date on which the JV Agreement is signed by all parties therein, although the obligations of the parties under the JV Agreement, including Titan’s obligation to provide (a) any working capital pursuant to a capital notice issued in accordance with the JV Agreement or (b) any security, guarantee or performance bond shall be conditional upon obtaining the approval from the shareholders of the Company as required under the Listing Rules.

**Exclusivity:**

Until the termination of the JV Agreement and for a period of one (1) year thereafter neither party (including any Affiliate) shall enter into any agreements or collaborations with any other third parties in any form individually or jointly or through any third parties which compete with the interests of the parties in the Tender, the Works, the Main Contract and the JV Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Company will recognize the Vibro-Titan JV as a joint operation (and not a subsidiary) in the consolidated financial statements of the Company.

### 3. Subcontracting arrangement pursuant to the JV Agreement

Pursuant to the JV Agreement,

- (a) Vibro HK (as the main contractor) is to enter into the JV Sub-Contract with the Vibro-Titan JV (as the sub-contractor) in respect of the Works (other than the Bored Piling Works), subject to variations in accordance with the terms of the JV Sub-Contract which are to align with variations that may be required under the Main Contract;
- (b) the Vibro-Titan JV is to subcontract partial ELS Works to Titan, subject to variations in accordance with the terms of the Titan Sub-Contract which are to align with variations that may be required under the JV Sub-Contract;
- (c) without prejudice to the sole obligation of Vibro Construction to perform its obligations under the Vibro Sub-Contract (just as Titan has the sole obligation to perform its obligations under the Titan Sub-Contract), the parties have agreed to require Vibro HK to effect all payments by Vibro HK under the Vibro Sub-Contract to be managed through the Vibro-Titan JV; and
- (d) any part of the Employer's contingency money that is receivable by Vibro HK for additional works undertaken (if any) will be paid to the credit of the bank account of the Vibro-Titan JV which is jointly controlled by Titan and Vibro Construction.

The parties to the JV Agreement expect that the contract sum before any variations of (i) the JV Sub-Contract would be approximately HK\$2,092.5 million (i.e. equivalent to the contract sum allocated for the Works (other than the Bored Piling Works) under the Main Contract); and (ii) the Vibro Sub-Contract would be approximately HK\$41.5 million (i.e. consistent with the sum allocated for the Bored Piling Works under the Main Contract). Titan expects that the contract sum before any variations of the Titan Sub-Contract would be approximately HK\$610.1 million, based on current work specifications. The JV Agreement regulates the relationship and sharing of risks and rewards between Vibro Construction and Titan as partners of the Vibro-Titan JV, while each of Vibro Construction and Titan is respectively responsible to the Vibro-Titan JV for their work under the Vibro Sub-Contract and the Titan Sub-Contract.

The terms of the JV Sub-Contract, the Titan Sub-Contract and the Vibro Sub-Contract will be in line with industry standard and be substantially the same, save in respect of the specification for the works to be undertaken and the contract sum payable under each contract. Consistent with market practice in the construction industry, (i) payments under the various contracts are to be made based on monthly certification of works (to be supported by independent surveyor's certification) by the Employer under the Main Contract, Vibro HK under the JV Sub-Contract and the Vibro Sub-Contract and the Vibro-Titan JV under the Titan Sub-Contract; (ii) up to 10% of progress payment and subject to a cap of 5% of the contract sum under the Main Contract, the JV Sub-Contract, the Vibro Sub-Contract and the Titan Sub-Contract (as the case may be) will be withheld by the Employer (in the case of the Main Contract), Vibro HK (in the case of the JV Sub-Contract and the Vibro Sub-Contract), and the Vibro-Titan JV (in the case of the Titan Sub-Contract); and (iii) liquidated damages of HK\$530,000,

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HK\$150,000 and HK\$10,000 to be payable by the Vibro-Titan JV, Titan and Vibro Construction respectively for each day of delay of completion of the works under the JV Sub-Contract, the Titan Sub-Contract and the Vibro Sub-Contract respectively, subject to a maximum of 10% (in respect of the JV Sub-Contract) and 5% (in respect of each of the Titan Sub-Contract and the Vibro Sub-Contract) of the contract sum and any variations under the relevant sub-contract, determined mainly in proportion to the relative size of the sub-contract and the range of works covered by that sub-contract. 50% of the retention money withheld by the Employer under the Main Contract will be released upon the issuance of the practical completion certificate of the Project and the remaining 50% shall be released within 12 months after the issuance of the practical completion certificate. As for retention money withheld by Vibro HK (in the case of the JV Sub-Contract and the Vibro Sub-Contract), and the Vibro-Titan JV (in the case of the Titan Sub-Contract), they shall be released after the expiry of the defects liability period of 6 months after completion of the works that is the subject of the relevant sub-contract and the satisfactory completion of the making good defects by the relevant subcontractors. Due to the nature of the works involved (e.g. foundation works are completed before any superstructure can be constructed), the defects liability period for the JV Sub-Contract and the Titan Sub-Contract is likely to commence on or around practical completion of the Main Contract while the defects liability period for the Vibro Sub-Contract will commence much earlier.

#### **4. Our view on the principal terms of the JV Agreement and the JV Sub-Contract**

We consider the terms of the JV Agreement and the JV Sub-Contract fair and reasonable and in the interest of the Company based on the factors set out below.

- (i) All profits or losses, contribution to working capital, provision of performance bond, rights, interest, assets, liabilities, obligations, undertakings and the risks arising out of or in connection with the JV Agreement, the Main Contract, the JV Sub-Contract and the Tender shall be shared or borne by Titan and Vibro Construction proportionate to their participating interest. As disclosed in the section headed “The JV Agreement - Object of the JV Agreement” in the Letter from the Board, pursuant to the JV Agreement, it is agreed that, among other things, the parties in the Vibro-Titan JV to be liable for all the profits or losses arising out of the Tender, joint execution and completion of the Works (i.e. the works that are to be the subject of the JV Sub-Contract and the Vibro Sub-Contract). Considering (i) the object clause of the JV Agreement as aforementioned; and (ii) the fact that the JV Agreement provides that Vibro Construction shall be responsible to the Vibro-Titan JV for performing the works under the Vibro Sub-Contract, we consider that it is fair and responsible for the Vibro-Titan JV and the Company (through Titan’s 40% interest in the Vibro-Titan JV) to bear the potential risks and liabilities arising from the Vibro Sub-Contract. We have also reviewed the calculation of contract sum for the Vibro Sub-Contract and noted that the unit prices applied in the Vibro Sub-Contract are no less favourable than those offered by Titan to independent third parties.
- (ii) The business of the Vibro-Titan JV is to be managed by the JV Board which is to comprise two representatives from each of Titan and Vibro Construction, notwithstanding the fact that Titan only has a participating interest of 40% in the Vibro-Titan JV, Titan has a 50% representation in the JV Board. We consider this is in the interest of the Company.

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- (iii) All decisions of the JV Board (including but not limited to change to nature and scope of business and transactions not on arm's length basis) shall be taken by a unanimous vote of the representatives from the parties on the JV Board, subject to the limited exceptions. We consider this provision, which allows Titan to effectively jointly control the joint venture with Vibro Construction although it only has a 40% participating interest, to be beneficial and in the interest of the Company.
- (iv) The expected working capital requirement of the Vibro-Titan JV of not more than approximately HK\$125 million represents the projected maximum cumulative net cash outflows during the term of the project and is estimated based on the expected receipts from the Employer and the costs for the work. Titan's pro rata share is therefore estimated at HK\$50 million, which we consider to be fair and reasonable as the contribution is proportionate to Titan's participating interest in the Vibro-Titan JV.
- (v) The 1% fee to the JV Leader is determined having taken into account (i) the post-contract negotiation, liaison and reporting work comparing with the same type of work typically undertaken by project managers of construction contract (which would normally command a fee of approximately 0.5% of contract value out of total project management fee typically charged at between 3% to 5% of contract value); and (ii) the estimated costs for the remaining work (the "**Remaining JV Leader Work**") undertaken and to be undertaken by the JV Leader (which is not typically covered by project managers) had that work been done by Titan amounting to approximately 0.5% of the contract value. The Remaining JV Leader Work includes, among others, liaising with Vibro HK for submission of the Tender, verifying that the Works and the JV Sub-Contract Works and the Vibro-Titan JV are being properly managed, and leading technical and commercial negotiations with the Employer. In assessing the fairness and reasonableness of the 1% fee allocated to Vibro Construction as the JV Leader, we have reviewed Titan's detailed estimation of costs that would have incurred had the work been done by Titan. These estimations are based on the estimated number of work hours for different types of work and the salary levels of personnel assigned to perform the work, which we found to be consistent with salaries data in the Hong Kong construction industry published by Maxim Recruitment on 20 March 2023. Our review of the above estimation shows that the fee is reasonable given the work required for the ongoing management and coordination tasks of the JV Leader and we consider the 1% fee to be fair and reasonable.
- (vi) The expected contract sum of the JV Sub-Contract of approximately HK\$2,092.5 million is determined taking into account (a) the costs of materials; (b) the estimated costs of labour and professional staff, temporary materials, sub-contractors, plant and equipment required to undertake the works and other costs; (c) the estimated costs of servicing and maintaining temporary site accommodation and site vehicles for Vibro HK and Employer-appointed supervising officer under the JV Sub-Contract; (d) historical costs of provision of relevant works; and (e) the relative amount of resources, difficulty, expertise and risks of the relevant works. In this connection, we have reviewed the calculation of the Vibro-Titan JV on the contract sum for the Works (other than the Bored Piling Works) and noted that the Vibro-Titan JV has prepared a detailed estimation of the costs of each category of sub-contract works which was determined

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based on factors including the estimated volume of materials, manpower and equipment needs in accordance with the requirements of the sub-contract works. We have obtained unit prices charged by Titan to independent third parties for comparison and noted that the unit prices charged by the Vibro-Titan JV to Vibro HK for the Works (other than the Bored Piling Works) are no less favourable to Titan than those charged to independent third parties.

- (vii) Variations under the JV Sub-Contract would be limited to those that are necessary to align with any variations that are required under the Main Contract which in turn would be agreed between the Employer and Vibro HK on normal commercial terms and arm's length basis. We consider that the variation clauses in contracts are common in the construction industry. These clauses allow for necessary changes in the scope of work of the JV Sub-Contract to align with the variations that are required under the Main Contract. Any variations to the JV Sub-contract will be charged based on the same pricing policy that underlies the determination of the initial contract sum (or a fair value basis if the work involved in the variations is not of similar characteristics). Therefore, we are of the view that the inclusion of variation clause is on normal commercial terms, and the contract sum after these variations would remain fair and reasonable.
- (viii) The terms of the JV Sub-Contract will be in line with industry standard.

### 5. Assessment of the terms of the Titan Sub-Contract

#### *Contract sum of the Titan Sub-Contract*

As set out in the Letter from the Board, the expected contract sum of the Titan Sub-Contract (which accounts for approximately 29.2% of the contract sum under the JV Sub-Contract) has been determined by Titan based on the Group's pricing policy generally applicable for all its construction projects or other projects involving the delivery of services similar to the works being undertaken under the contract and after taking into account factors such as:

- (a) the Group's estimation of the costs of materials, including the costs for structural steel, concrete and steel reinforcement materials, that would be used for construction at the site;
- (b) the estimated costs of labour and professional staff, temporary materials, sub-contractors, plant and equipment required to undertake the works and other costs under the Titan Sub-Contract;
- (c) historical costs of providing construction, excavation and lateral support works under the term of the Titan Sub-Contract;
- (d) the overall profit margin that could be achieved for similar types of ELS works that has been undertaken by Titan on a solo basis; and
- (e) the relative amount of resources, difficulty, expertise and risks of the works under the Titan Sub-Contract.



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We have obtained the calculation of the contract sum of the Titan Sub-Contract of approximately HK\$610.1 million and note that such price is based on the aggregate of the estimated price components of each category of the sub-contract works. We note that the contract sum mainly comprises the price components for (i) fabrication and installation of structural steel walings and strutting; (ii) excavation and disposal of excavated materials; (iii) provision of cranes, welding tests, bolts and nuts; (iv) installation of temporary steel working platforms and steel lagging plates; and (v) staff and labour cost. Furthermore, variations of works under each sub-contract would be limited to those that are necessary to align with any variations that are required under the direct head contract from which that sub-contract is derived or to the extent that there are changes in the designs by the contractor in the course of the contractor's performance of its contract for the relevant parts of the Works. As discussed above, we consider that the variation clauses in contracts are common in the construction industry and any variation of the Titan Sub-Contract would be accompanied by amended technical drawings by which corresponding changes of works and materials required can be measured in accordance with the applicable industry measurement standards, such that the contract sum can be adjusted by reference to the resultant changes to the bill of quantity. Any variations to the Titan Sub-Contract will be charged based on the same pricing policy as the initial contract sum (or a fair value basis if the work involved in the variations is not of similar characteristics). Therefore, we are of the view that the inclusion of variation clause is on normal commercial terms, and the contract sum after these variations would remain fair and reasonable.

We have obtained and reviewed the detailed calculation underlying each of major components of the contract sum. Based on our review, we note that in determining the contract sum of the Titan Sub-Contract, Titan has (i) prepared a detailed estimation of the costs of each category of sub-contract works which was determined based on factors including the estimated volume of excavated materials, quantity of materials required for the struts and walings, manpower and equipment needs in accordance with the requirements of the sub-contract works; and (ii) applied a profit margin based on the cost estimates as described above.

In order to compare the unit prices and profit margin applied to the Titan Sub-Contract with transactions entered into with independent third parties, we have obtained three samples of Titan's projects of similar nature with independent third parties (the "**Independent Transactions**"). The selection criteria for these comparable transactions are: (i) projects involving Titan in ELS and related works and with a contract value exceeding HK\$100 million, (ii) projects where the Hong Kong Government was the ultimate employer, and (iii) projects that occurred within the past five years. These Independent Transactions represented all the transactions meeting our selection criteria, which we believe makes them sufficient and representative for our due diligence purpose. We have reviewed the relevant tender summary sheet of the Independent Transactions, and note that the unit prices and margin applied by Titan in respect of the Titan Sub-Contract are no less favourable to Titan than those applied in the Independent Transactions.

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Taking into account the above, in particular (a) the contract sum of the Titan Sub-Contract was based on a detailed estimation of the costs of each category of sub-contract works and was determined based on factors including the estimated volume of excavated materials, quantity of materials required for the struts and walings, manpower and equipment needs in accordance with the requirements of the sub-contract works; and (b) the unit prices and margin applied in the Titan Sub-Contract are no less favourable to Titan than those applied in the Independent Transactions, we are of the view that the contract sum of the Titan Sub-Contract of approximately HK\$610.1 million is fair and reasonable.

### *Terms of payment*

As stated in the Letter from the Board, the terms of the Titan Sub-Contract will be in line with industry standard. In particular, monthly payments are to be made based on monthly certification of works (to be supported by independent surveyor's certification). Up to 10% of progress payment and subject to a cap of 5% of the contract sum under the Titan Sub-contract will be withheld by the Vibro-Titan JV. Such retention money withheld by the Vibro-Titan JV shall be released after the expiry of the defects liability period of 6 months and the satisfactory completion of the making good defects by Titan.

We have reviewed the payment terms of the Independent Transactions and note that the payment terms for the Titan Sub-Contract are generally consistent with the payment terms for the Independent Transactions.

### *Our view*

Having considered the above, in particular the fairness and reasonableness of the contract sum of the Titan Sub-Contract, we concur with the Directors' view that the terms of the Titan Sub-Contract are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **RECOMMENDATION**

Having considered the principal factors and reasons referred to above, we are of the opinion that:

- (1) the entering into of the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and
- (2) the terms of the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract are on normal commercial terms and are fair and reasonableness so far as the Company and the Shareholders as a whole.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the JV Agreement, the JV Sub-Contract and the Titan Sub-Contract and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Ballas Capital Limited**  
**Heidi Cheng**                      **Cathy Leung**  
*Managing Director*                      *Director*

*Ms. Heidi Cheng is a responsible officer of Type 6 (advising on corporate finance) regulated activities and has over 25 years of experience in advising corporate finance transactions. Ms. Cathy Leung is a responsible officer of Type 6 (advising on corporate finance) regulated activities and has over 10 years of experience in advising corporate finance transactions.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (I) Interests and short positions of the Directors and chief executive in the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### (A) The Company

##### *Interest in shares*

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
		Long position (note 1)	Short position	
Zen Wei Pao, William	Personal	245,808,843 (note 2)	—	30.99
Zen Wei Peu, Derek	Personal	255,880,078 (note 2)	—	32.26
	Securities Interest	40,127,000	—	5.06
Wong Che Ming, Steve	Personal	900,000	—	0.11

##### *Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are parties to an agreement that is subject to section 317(1)(b) of the SFO. Each of them is thereby deemed to be interested in shares held by the other. Accordingly, for the purposes of section 317(1)(b) of the SFO, each of Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek is deemed to be interested in a total of 501,688,921 shares, representing 63.25% of shares in issue of the Company, as at the Latest Practicable Date.

**(B) Associated corporations***Interest in shares*

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
			Long position (note 1)	Short position	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	—	0.11 (note 2)
	Wai Kee (Zens) Construction & Transportation Company Limited (note 4)	Personal	2,000,000	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000	—	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	122,775,228	—	9.89
	Road King Infrastructure Limited	Personal	24,649,000 (note 3)	—	3.29
	Wai Kee (Zens) Construction & Transportation Company Limited (note 4)	Personal	2,000,000	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000	—	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	—	0.09
	Road King Infrastructure Limited	Personal	205,000	—	0.03
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	—	0.03

*Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. As at the Latest Practicable Date, the issued share capital of Build King Holdings Limited was 1,241,877,992 shares.
3. Included in the balance, 1,000,000 Road King shares are held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. With effect from 29 February 2016, the name of Wai Kee (Zens) Construction & Transportation Company Limited has been changed to Build King (Zens) Engineering Limited.

*Interest in debentures*

<b>Name of Director</b>	<b>Name of company</b> <i>(note 1)</i>	<b>Capacity/ Nature of interest</b>	<b>Type of debenture</b>	<b>Principal amount held</b> <i>(%)</i> <i>(note 2)</i>
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 <i>(note 3)</i>
	RKP Overseas Finance 2016 (A) Limited	Personal	US\$300 million 7.95% senior guaranteed perpetual capital securities	US\$4,050,000 <i>(note 4)</i>
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities	US\$46,450,000 <i>(note 5)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$2,495,446 <i>(note 6)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes	US\$1,767,242 <i>(note 7)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$416 million 6% guaranteed senior notes	US\$9,094,656 <i>(note 8)</i>
Wong Che Ming, Steve	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$356,492
Wong Man Chung, Francis	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$1,925,059

*Notes:*

1. Wholly owned subsidiaries of Road King.
2. Long position.
3. A principal amount of US\$400,000 of US\$300 million 7% senior guaranteed perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. A principal amount of US\$4,050,000 of US\$300 million 7.95% senior guaranteed perpetual capital securities was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.
5. A principal amount of US\$1,300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$36,500,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek. A principal amount of US\$2,150,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Prepared Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.
6. A principal amount of US\$2,495,446 of US\$480 million 6.7% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
7. A principal amount of US\$883,621 of US\$300 million 5.9% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
8. A principal amount of US\$1,765,953 of US\$416 million 6% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$2,913,822 of US\$416 million 6% guaranteed senior notes was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.

**(II) Substantial Shareholders' Interests in the Company**

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
		Long position (note 1)	Short position	
Cheng Yu Tung Family (Holdings) Limited (note 2)	Corporate	91,134,000	—	11.49
Cheng Yu Tung Family (Holdings II) Limited (note 3)	Corporate	91,134,000	—	11.49
Chow Tai Fook Capital Limited (note 4)	Corporate	91,134,000	—	11.49
Chow Tai Fook (Holding) Limited (note 5)	Corporate	91,134,000	—	11.49
Chow Tai Fook Enterprises Limited (note 6)	Corporate	91,134,000	—	11.49
Century Acquisition Limited (note 7)	Corporate	91,134,000	—	11.49
NWS Holdings Limited (note 8)	Corporate	91,134,000	—	11.49
NWS Service Management Limited (incorporated in the Cayman Islands) (note 9)	Corporate	91,134,000	—	11.49
NWS Service Management Limited (incorporated in the British Virgin Islands) (note 10)	Corporate	91,134,000	—	11.49
Vast Earn Group Limited (note 11)	Beneficial owner	91,134,000	—	11.49



*Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
6. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Century Acquisition Limited.
7. Century Acquisition Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
8. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands).
9. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands).
10. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
11. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, the following Director was interested in certain businesses (apart from the Group's business) which compete or are likely to compete either directly or indirectly with the Group's business:

Name of Director	Name of entity	Competing Business	Nature of interest
Zen Wei Pao, William	CMP Investment Group Limited	Property development in the PRC	Director and shareholder

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

### 5. DIRECTOR'S INTERESTS IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save for the contracts with Build King and Road King (of which Mr. Zen Wei Peu, Derek is a shareholder) as disclosed below, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

- (a) a participation agreement dated 30 November 2021 entered into between RK Properties Holdings Limited ("**RKP**"), an indirect wholly-owned subsidiary of Road King, and Supreme Gain Limited ("**Supreme Gain**"), an indirect wholly-owned subsidiary of the Company, in relation to RKP's grant of the participation rights to Supreme Gain to participate in a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in a property development project with the parcel of land located at South of Xintang Avenue, Xintang Town, Zengcheng District, Guangzhou, the PRC;
- (b) the Investment Agreement dated 6 October 2022 entered into between Shine Precious Limited ("**Shine Precious**", an indirect wholly-owned subsidiary of Road King), Wise Start Global Limited ("**Wise Start**", an indirect wholly-owned subsidiary of Build King), Road King and Build King in relation to the formation of a "joint venture" between Shine Precious and Wise Start for an urban renewal project involving the site located at Yantian District, Shenzhen, the PRC and for which Build King Group paid a total consideration of HK\$800,015,700 to Road King Group, the details of which were set out in the joint announcements of Build King and the Company dated 6 October 2022 and the circular of the Company dated 23 December 2022;

- (c) the Extension Agreement dated 23 November 2022 entered into between Shine Precious and Wise Start in relation to the extension of the long stop date of the Investment Agreement from 23 December 2022 to 31 January 2023, the details of which were set out in the joint announcements of Build King and the Company dated 23 November 2022 and the circular of the Company dated 23 December 2022;
- (d) the framework agreement dated 30 November 2022 entered into between Build King and the Company in respect of the purchase by Build King, and sale by the Company, of concrete (the details of which are set out in the circular of Build King dated 6 December 2022);
- (e) the supplemental agreement dated 25 April 2023 entered into between Kaden-Titan JV (a joint venture wholly-owned by Build King) and Faith Oriental Investment Limited (a wholly-owned subsidiary of the Company) in respect of the extension of duration of, and expansion of scope of, subcontract works (the details of which are set out in the circular of Build King dated 3 May 2023);
- (f) the sale and purchase agreement dated 28 April 2023 entered into among Sky Fortune Investment Limited (“**Sky Fortune**”, a wholly-owned subsidiary of Build King, as purchaser), Shen Qiong, Lo Leung Wai and Leung Kwok Shing (as vendors) and Build King in relation to the acquisition of 100% equity interests in Sky Grant Investment Limited (the target company) and the assignment of shareholder loans, the details of which are set out in the circular of the Company dated 26 July 2023. The relevant parties have subsequently entered into a supplemental agreement on 2 February 2024 to, among others, extend the long stop date in the sale and purchase agreement. On 30 April 2024, for reasons as set out in the joint announcement of the Company and Build King dated 30 April 2024, the sale and purchase agreement was terminated and the acquisition shall be unwound. For further details, please refer to the joint announcements of the Company and Build King dated 2 February 2024 and 30 April 2024 respectively; and
- (g) the sale and purchase agreement dated 28 April 2023 entered into among Sky Fortune (as purchaser), Ng Yiu Wah (as vendor) and Build King in relation to the acquisition of 100% equity interests in Real Best Development Limited (the target company) and the assignment of shareholder loans, the details of which are set out in the circular of the Company dated 26 July 2023. The relevant parties have subsequently entered into a supplemental agreement on 2 February 2024 to, among others, extend the long stop date in the sale and purchase agreement. On 30 April 2024, for reasons as set out in the joint announcement of the Company and Build King dated 30 April 2024, the sale and purchase agreement was terminated and the acquisition shall be unwound. For further details, please refer to the joint announcements of the Company and Build King dated 2 February 2024 and 30 April 2024 respectively.

**6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice which is contained herein:

<b>Name</b>	<b>Qualification</b>
Ballas Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or opinion or reference to its name in the form and context in which it appears. The letter of the Independent Financial Adviser contained in this circular was issued on the date of this circular and was made by the Independent Financial Adviser for incorporation in this circular.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

**8. DOCUMENT ON DISPLAY**

Copy of the JV Agreement will be on display on the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.waikee.com](http://www.waikee.com)) for a period of 14 days from the date of this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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### WAI KEE HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Wai Kee Holdings Limited (the “Company”) will be held at Unit 1103, 11th Floor, East Ocean Centre, 98 Granville Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 24 October 2024 at 11:00 a.m. (and at any adjournment thereof) for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution of the Company. Unless otherwise specified, capitalised terms defined in the circular dated 8 October 2024 issued by the Company shall have the same meanings when used herein.

#### ORDINARY RESOLUTION

“**THAT:**

- (i) the JV Agreement and the transactions contemplated thereunder (including the JV Sub-Contract and the Titan Sub-Contract) be and are hereby approved; and
- (ii) the Directors be and are hereby authorised for and on behalf of the Company to do all things and acts and exercise all powers which they consider necessary, desirable or expedient in connection with the performance of the JV Agreement (including the JV Sub-Contract and the Titan Sub-Contract) and/or any variation thereof (subject to compliance with applicable Listing Rules) and otherwise in connection with the implementation of the transactions contemplated thereunder.”

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

Hong Kong, 8 October 2024

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. For determining the entitlement to attend and vote at the SGM to be held on Thursday, 24 October 2024, the register of members of the Company will be closed from Tuesday, 22 October 2024 to Thursday, 24 October 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:00 p.m. on Monday, 21 October 2024.
2. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorized to sign the same.
4. The instrument appointing a proxy and (if required by the board of Directors) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be delivered to the office of Tricor Secretaries Limited, the Company's Branch Share Registrar in Hong Kong, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong in or by way of note to or in any document accompanying the notice convening the meeting not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid.
5. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In the case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
7. No refreshments will be served at the meeting venue and the Company will not distribute any corporate gift at the SGM.