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Wan Kei Group Holdings Limited

宏基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1718)

**UPDATE ANNOUNCEMENT
IN RELATION TO
THE CALL OPTION ON
THE 16% ISSUED SHARE CAPITAL OF
MATSU GAMI IP DEVELOPMENT LIMITED**

Reference is made to (a) the announcements of Wan Kei Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 10 December 2019, 9 June 2020 and 4 September 2020 in relation to the acquisition (the “**Acquisition**”) of 35% of the issued share capital of Matsu Gami IP Development Limited (“**Matsu Gami**”, together with its subsidiaries, the “**Matsu Gami Group**”), which is principally engaged in the business of provision of food and beverage catering services utilizing well-known intellectual property rights (the “**Acquisition Announcements**”); and (b) the announcement of the Company dated 10 August 2021 in relation to the fulfilment of Guaranteed Profit and Guaranteed IP Right for the 2020-2021 Guaranteed Period in relation to the Acquisition (the “**Fulfilment Announcement**”, together with the Acquisition Announcements, as the “**Announcements**”). Unless otherwise defined, capitalised terms used shall have the same meanings as those defined in the Announcements.

Under the Sale and Purchase Agreement (as amended by the 1st Supplemental Agreement and the 2nd Supplemental Agreement), the Vendors granted the Company a Call Option conferring the right to the Company to require the Vendors to sell the 16% of the issued share capital of Matsu Gami, which the Company may exercise within the periods either (i) beginning on the date of the 1st Determination Date (i.e. 31 July 2021) and ending on the 30th business day thereafter (the “**1st Exercise Period**”); or (ii) beginning on the date of the 2nd Determination Date (i.e. 31 July 2022) and ending on the 30th business day thereafter (the “**2nd Exercise Period**”), if:

- (a) the Matsu Gami Group having achieved the Guaranteed Profits of HK\$10,000,000 and obtained at least one Guaranteed IP Right for the 2020-2021 Guaranteed Period as determined on the 1st Determination Date; or

(b) if condition (a) is not fulfilled, the Matsu Gami Group having achieved the Guaranteed Profits of HK\$20,000,000 and obtained at least one Guaranteed IP Right for the 2021-2022 Guaranteed Period as determined on the 2nd Determination Date.

As disclosed in the Fulfilment Announcement, the Matsu Gami Group has fulfilled condition (a) above for the 2020-2021 Guaranteed Period allowing the Company to decide at its sole discretion whether to exercise the Call Option during the 1st Exercise Period, or alternatively, during the 2nd Exercise Period.

Despite that the Matsu Gami Group has already fulfilled the Guaranteed Profit and Guaranteed IP Right for the 1st Guaranteed Period, the Company adopted a prudent approach in deciding whether to exercise the Call Option and took into account the uncertainty brought about by the COVID-19 Outbreak on the food and beverage catering industry in China in which the Matsu Gami Group operates (in particular due to the resurgence of COVID-19 confirmed cases in China sparingly throughout the year 2021). The Company has therefore decided that it will not exercise the Call Option during the 1st Exercise Period, and defers its decision of whether to exercise the Call Option during the 2nd Exercise Period after taking into account the business and financial performance of the Matsu Gami Group for the year ended 31 March 2022, whilst continue to reserve its right to exercise the Call Option at its sole discretion during the 2nd Exercise Period. Accordingly, the Company on 10 September 2021 issued a letter notifying the Vendors of the Company's decision.

The Company will publish announcement(s) to inform the Shareholders to any updates regarding the exercise of the Call Option as and when appropriate.

By order of the Board
Wan Kei Group Holdings Limited
Yan Shuai
Chairman

Hong Kong, 10 September 2021

As at the date of this announcement, the executive Directors are Mr. Yan Shuai, Mr. Chan Kwan and Mr. Zhu Jiayu; the non-executive Directors are Mr. Zhang Zhenyi and Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Lo Wa Kei Roy, Mr. Leung Ka Fai Nelson and Mr. Eric, Todd.