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HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF PROPERTIES

THE ACQUISITIONS

The Board is pleased to announce that on 22 October 2021 (after trading hours), (i) the Purchaser A, an indirect wholly-owned subsidiary of the Company and the Vendor A entered into the Provisional Agreement A to acquire the Property A at the total consideration of HK\$10,200,000 (equivalent to approximately SGD1,758,621) in cash; (ii) the Purchaser B, an indirect wholly-owned subsidiary of the Company and the Vendor B entered into the Provisional Agreement B to acquire the Property B at the total consideration of HK\$18,080,000 (equivalent to approximately SGD3,117,241) in cash.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (within the meaning of the Listing Rules) in respect of the Acquisitions are above 5% but less than 25%, the Acquisitions constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 22 October 2021 (after trading hours), (i) the Purchaser A, an indirect wholly-own subsidiary of the Company and the Vendor A entered into the Provisional Agreement A to acquire the Property A at the total consideration of HK\$10,200,000 (equivalent to approximately SGD1,758,621) in cash; (ii) the Purchaser B, an indirect wholly-owned subsidiary of the Company and the Vendor B entered into the Provisional Agreement B to acquire the Property B at the total consideration of HK\$18,080,000 (equivalent to approximately SGD3,117,241) in cash.

THE PROVISIONAL AGREEMENT A

The principal terms of the Provisional Agreement A are summarised as follows:

- Date** : 22 October 2021
- Vendor** : To To Development Company Limited (滔滔發展有限公司)
(the “**Vendor A**”)
- Purchaser** : Jovial Bliss Holding Limited (the “**Purchaser A**”)
- Location of Property A** : Factory No. 13 on 1/F, Elite Industrial Centre, No. 883
Cheung Sha Wan Road, Kowloon, Hong Kong
- Usage** : Industrial
- Gross Area** : approximately 1,915 sq. ft
- Consideration and payment terms** : The consideration of HK\$10,200,000 (equivalent to approximately SGD1,758,621) shall be paid by the Purchaser A to the Vendor A in the following manner:
- (i) an initial deposit of HK\$1,000,000 (equivalent to approximately SGD172,414) shall be paid by the Purchaser A to the Vendor A upon signing of the Provisional Agreement A;
 - (ii) a further deposit of HK\$20,000 (equivalent to approximately SGD3,448) shall be paid by the Purchaser A to the Vendor A on 4 November 2021; and
 - (iii) a balance of consideration of HK\$9,180,000 (equivalent to approximately SGD1,582,759) shall be payable by the Purchaser A to the Vendor A on the completion date.
- Possession** : The Property A is subject to an existing tenancy
- Completion** : Completion will take place within two months after the signing of the formal sale and purchase agreement

THE PROVISIONAL AGREEMENT B

The principal terms of the Provisional Agreement B are summarised as follows:

- Date** : 22 October 2021
- Vendor** : Wide Ascent Industrial Limited (弘進實業有限公司)
(the “**Vendor B**”)
- Purchaser** : Peachy Alliance Limited (the “**Purchaser B**”)
- Location of Property B** : Flat Roof of Godown No.16 and Godown No. 16 on 1/F,
Elite Industrial Centre, No. 883 Cheung Sha Wan Road,
Kowloon, Hong Kong
- Usage** : Warehouse
- Gross Area** : approximately 3,396 sq. ft
- Consideration and payment terms** : The consideration of HK\$18,080,000 (equivalent to approximately SGD3,117,241) shall be paid by the Purchaser B to the Vendor B in the following manner:
- (i) an initial deposit of HK\$1,000,000 (equivalent to approximately SGD172,414) shall be paid by the Purchaser B to the Vendor B upon signing of the Provisional Agreement B;
 - (ii) a further deposit of HK\$808,000 (equivalent to approximately SGD139,310) shall be paid by the Purchaser B to the Vendor B on 4 November 2021; and
 - (iii) a balance of consideration of HK\$16,272,000 (equivalent to approximately SGD2,805,517) shall be payable by the Purchaser B to the Vendor B on the completion date.
- Possession** : The Property B is subject to an existing tenancy
- Completion** : Completion will take place within two months after the signing of the formal sale and purchase agreement

Formal sale and purchase agreements in respect of the Property A and the Property B are expected to be signed by the Vendor A and the Purchaser A and the Vendor B and the Purchaser B, respectively, within 14 workings days from the date of the Provisional Agreement A and Provisional Agreement B.

BASIS OF DETERMINATION OF CONSIDERATION A AND CONSIDERATION B

The Consideration A and Consideration B were determined after arm's length negotiations between the Purchaser A and Vendor A and the Purchaser B and the Vendor B, respectively, on normal commercial terms with reference to the followings:

- (i) the prevailing market price of comparable properties in the vicinity of the Properties; and
- (ii) the location and quality of the Properties.

The Consideration A and Consideration B shall be funded as to approximately 100% by the net proceeds from the Share Offer and are in line with the intended use of the net proceeds from the Share Offer as stated in the Prospectus.

INFORMATION OF THE PROPERTY A

The Property A is subject to an existing tenancy. The Net Rental Income generated from the Property A for the two financial years immediately preceding Completion of the Acquisition A and the estimated Net Rental Income to be generated from the Property A for the one financial year immediately following Completion of the Acquisition A are as follows:

	For the year ended or ending 30 June		
	2020	2021	2022
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net Rental Income	367	367	99*

* *Estimated figures under the terms and provision pursuant to the existing tenancy.*

INFORMATION OF THE PROPERTY B

The Property B is subject to an existing tenancy. The Net Rental Income generated from the Property B for the two financial years immediately preceding Completion of the Acquisition B and the estimated Net Rental Income to be generated from the Property B for the one financial year immediately following Completion of the Acquisition B are as follows:

	For the year ended or ending 30 June		
	2020	2021	2022
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Net Rental Income	523	523	116*

* *Estimated figures under the terms and provision pursuant to the existing tenancy.*

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE PROVISIONAL AGREEMENTS

According to the Prospectus of the Company, the Company intended to use HK\$34 million, representing approximately 45.9% of the net proceeds from the Share Offer for the acquisition of additional properties for workshop and office to accommodate the planned expansion of the Group's manpower and to secure more spaces for the fabrication of the Group's radiation shielding products. The Acquisitions are to accomplish the above purposes.

Having considered that the Provisional Agreement A and Provisional Agreement B were entered into on normal commercial terms with the consideration being determined with reference to the aforesaid reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement A and Provisional Agreement B are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

The Group

The Company was incorporated in the Cayman Islands with limited liability, and the shares of which are listed on Main Board of the Stock Exchange. The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

Purchaser A

The Purchaser A is a company incorporated under the laws of the British Virgin Islands on 19 August 2021 with limited liability, and is an indirect wholly-owned subsidiary of the Company. The principal activity of the Purchaser A is investment holding.

Purchaser B

The Purchaser B is a company incorporated under the laws of the British Virgin Islands on 27 July 2021 with limited liability, and is an indirect wholly-owned subsidiary of the Company. The principal activity of the Purchaser B is investment holding.

Vendor A

The Vendor A is a company incorporated in Hong Kong with limited liability. The principal activity of the Vendor A is investment holding.

To the best knowledge, information, and belief of the Directors, having made all reasonable enquiries, the Vendor A and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

Vendor B

The Vendor B is a company incorporated in Hong Kong with limited liability. The principal activity of the Vendor B is investment holding.

To the best knowledge, information, and belief of the Directors, having made all reasonable enquiries, both the Vendor B and its ultimate beneficial owner(s) are Independent Third Parties of the Company and its connected persons.

DEFINITION

“Acquisitions”	:	Acquisition A and Acquisition B
“Acquisition A”	:	acquisition of Property A by Purchaser A from Vendor A
“Acquisition B”	:	acquisition of Property B by Purchaser B from Vendor B
“Board”	:	the board of Directors
“Company”	:	HKE Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares listed on the Main Board of the Stock Exchange
“Completion”	:	completion of each of the Acquisitions
“Completion Date”	:	within two months after the signing of the formal sale and purchase agreement in respect of Acquisition A and Acquisition B, respectively
“connected person(s)”	:	has the meaning ascribed to it under the Listing Rules
“Consideration A”	:	the total consideration of HK\$10,200,000 payable by the Purchaser A in relation to Acquisition A
“Consideration B”	:	the total consideration of HK\$18,080,000 payable by the Purchaser B in relation to Acquisition B
“Director(s)”	:	director(s) of the Company
“Group”	:	the Company and its subsidiaries
“HK\$” or “HKD”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	:	person(s) or company(ies) which is not a connected person of the Company

“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Rental Income”	:	the rental income derived from the existing tenancy of Property A and Property B, respectively
“PRC”	:	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property A”	:	Factory No. 13 on 1/F, Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon, Hong Kong
“Property B”	:	Flat Roof of Godown No. 16 and Godown No. 16 on 1/F, Elite Industrial Centre, No. 883 Cheung Sha Wan Road, Kowloon, Hong Kong
“Properties”	:	Property A and Property B
“Provisional Agreements”	:	Provisional Agreement A and Provisional Agreement B
“Provisional Agreement A”	:	a provisional agreement for sale and purchase dated 22 October 2021 entered between the Vendor A and the Purchaser A in relation to the acquisition of the Property A
“Provisional Agreement B”	:	a provisional agreement for sale and purchase dated 22 October 2021 entered between the Vendor B and the Purchaser B in relation to the acquisition of the Property B
“Prospectus”	:	prospectus issued by the Company on 28 March 2018
“Purchaser A”	:	Jovial Bliss Holding Limited, a company incorporated under the laws of the British Virgin Islands on 19 August 2021 with limited liability and is an indirect wholly-owned subsidiary of the Company
“Purchaser B”	:	Peachy Alliance Limited, a company incorporated under the laws of the British Virgin Islands on 27 July 2021 with limited liability and is an indirect wholly-owned subsidiary of the Company

“Singapore”	:	the Republic of Singapore
“SGD”	:	Singapore dollars, the lawful currency of Singapore
“Shareholder(s)”	:	shareholder(s) of the Company
“Share Offer”	:	the public offer and the placing in accordance with the Prospectus
“sq. ft”	:	square feet
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Vendor A”	:	To To Development Company Limited (滔滔發展有限公司), a company incorporated in Hong Kong with limited liability (company no. 1452410) and is an Independent Third Party
“Vendor B”	:	Wide Ascent Industrial Limited (弘進實業有限公司), a company incorporated in Hong Kong with limited liability (company no. 791873) and is an Independent Third Party
“%”	:	per cent.

By order of the Board
HKE Holdings Limited
Chan Wing Hang
Company Secretary

Hong Kong, 22 October 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tsang Wing Fung and Mr. Koh Lee Huat, one non-executive Director, namely Mr. Lin Ho Man, and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung, and Mr. Cheung Kwok Yan Wilfred.

For the purpose of this announcement, unless otherwise indicated, conversion of SGD into HKD is calculated at the approximate exchange rate of SGD 1.00 to HKD 5.80. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.