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HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE AND CONNECTED TRANSACTION IN RELATION TO THE APPOINTMENT OF PLACING AGENT

Placing Agent



Monmonkey Group Securities Limited

The Placing

The Board is pleased to announce that on 29 October 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 160,000,000 Placing Shares at the Placing Price of HK\$0.40 per Placing Share, to not less than six (6) Placees, who and whose respective ultimate beneficial owners shall be Independent Third Parties who are not related to each other or a party not acting in concert with any other Placee(s).

The maximum number of the Placing Shares represents (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement and up to Completion).

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Assuming all 160,000,000 Placing Shares are subscribed for in full, upon Completion, the gross proceeds from the Placing will be HK\$64.00 million and the Net Proceeds from the Placing will be HK\$63.00 million (after deduction of commission and other expenses of the Placing), representing a net issue price of HK\$0.39 per Placing Share.

The Company intends to use (i) approximately 10% of the Net Proceeds as general working capital of the Group; and (ii) approximately 90% of the Net Proceeds to finance the New Business.

Listing Rules Implications

The Placing Agent is owned as to 94% by Mr. Lin, a substantial Shareholder and a non-executive Director. As such, the Placing Agent is an associate of Mr. Lin and a connected person of the Company under the Listing Rules. Accordingly, the Placing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, it falls below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and therefore the transaction is fully exempt from independent shareholders' approval, annual review, and all disclosure requirements under Chapter 14A of the Listing Rules.

WARNINGS

Since the Completion is subject to the satisfaction of the condition precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING

On 29 October 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 160,000,000 Placing Shares at the Placing Price of HK\$0.40 per Placing Share. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date : 29 October 2021

Parties : The Company (as the issuer)
Monmonkey Group Securities Limited (as the Placing Agent)

The Placing Agent has been appointed to place up to 160,000,000 Placing Shares at the Placing Price of HK\$0.40 on a best effort basis, to not less than six (6) Places.

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. As mentioned in the 2021 annual report of the Company dated 28 September 2021, the Group has extended its presence in Hong Kong and diversified its business coverage by developing potential business opportunities in Asia such as software development relating to market analytical data for capital markets and other potential asset classes.

Placing Agent

The Placing Agent is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 1 regulated activity (dealing in securities) under the SFO. The Placing Agent is owned as to 94% by Mr. Lin, a substantial Shareholder and a non-executive Director. As such, the Placing Agent is a connected person of the Company under the Listing Rules. Accordingly, the Placing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, it falls below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and therefore the transaction is fully exempt from independent shareholders' approval, annual review, and all disclosure requirements under Chapter 14A of the Listing Rules.

Mr. Lin has a material interest with the Placing Agent, and therefore he has abstained from voting on the relevant Board resolutions.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to not less than six (6) Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties who are not related to each other or an party no acting in concert with any other Placee(s). Upon Completion, it is expected that none of the Placees will become a substantial Shareholder.

Placing Shares

The maximum number of 160,000,000 Placing Shares under the Placing represents (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to Completion). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$1,600,000.

Placing Price

The Placing Price of HK\$0.40 per Placing Share represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 4.31% to the average of the closing prices per Share of HK\$0.418 as quoted on the Stock Exchange for the last five consecutive Business days immediately preceding the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares between the Company and the Placing Agent.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors (including the independent non-executive Directors) consider that the Placing is in the interests of the Company and the Shareholders as a whole. After taking into account all related costs, fees, expenses and commission of the Placing, the net issue price of the Placing Shares is approximately HK\$0.39 per Share.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, shall rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Commission

The Placing Agent will charge the Company a placing commission of 1.00% of the Placing Price multiplied by the number of the Placing Shares placed by the Placing Agent. The Placing commission was determined between the Company and the Placing Agent by reference to the prevailing market rates charged by other placing agents. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit of up to 20% of the then total number of Shares in issue of 800,000,000 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 160,000,000 new Shares. Up to the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Condition of the Placing

The Placing is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing shall take place on the third (3rd) Business Day after the fulfilment of the condition as set out in paragraph headed “Condition of the Placing” above (or such later date as may be agreed between the parties to the Placing Agreement) or such other date as the Company and the Placing Agent may agree in writing.

Termination

The Placing Agreement may be terminated by the Placing Agent prior to the Completion Date if the condition set out in the Placing Agreement is not fulfilled on or prior to 30 November 2021, or such later date as may be agreed in writing between the Company and the Placing Agent, in which case the obligations of the Company and the Placing Agent under the Placing Agreement shall terminate and neither of the parties thereto shall have any claim against the others for costs, damages, compensation or otherwise in respect of the Placing.

If for any reason (other than any breach by the Placing Agent of its obligations under the Placing Agreement) the Placing Agreement is terminated or the Placing is not completed, the Company shall remain liable for the payment of all costs and expenses in accordance with the Placing Agreement.

TOTAL FUNDS TO BE RAISED AND THE USE OF PROCEEDS

Assuming all 160,000,000 Placing Shares are subscribed for in full, upon Completion, the gross proceeds from the Placing will be HK\$64.00 million and the Net Proceeds from the Placing will be HK\$63.00 million (after deduction of commission and other expenses of the Placing), representing a net issue price of HK\$0.39 per Placing Share.

The Company intends to use (i) approximately 10% of the Net Proceeds as general working capital of the Group; and (ii) approximately 90% of the Net Proceeds to finance the New Business.

REASONS OF THE PLACING

According to the announcement issued by the Company dated 22 October 2021, the Directors (including the independent non-executive Directors) had utilised the net proceeds from the Share Offer to purchase industrial properties through its indirect wholly-own subsidiaries for a total consideration of HK\$28,282,000. As such, the Directors (including the independent non-executive Directors) consider that the Placing represents a good opportunity to raise additional funds to sustain the smooth operations of the Group and to finance the New Business.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on current market conditions. Hence, the Directors (including the independent non-executive Directors) consider the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming all the Placing Shares are issued and allotted, and there is no change in the issued share capital of the Company from the date of this announcement and up to Completion):

Shareholders	At the date of this announcement		Immediately upon Completion	
	No. of Shares (Note 1)	Approximate %	No. of Shares	Approximate %
Flourish Nation Enterprises Limited (Note 2)	584,000,000	73.00	584,000,000	60.83
Mr. Tsang (Note 3)	8,000,000	1.00	8,000,000	0.83
Placees	–	–	160,000,000	16.67
Public Shareholders	208,000,000	26.00	208,000,000	21.67
Total	800,000,000	100.00	960,000,000	100.00

Notes:

1. The percentage of shareholding is calculated based on 800,000,000 Shares in issue as at the date of this announcement and the Company has outstanding options granted under the Share Option Scheme to subscribe for 19,300,000 Shares as at the date of this announcement.
2. 584,000,000 Shares are held by Flourish Nation Enterprises Limited which is owned as to 100% by Mr. Lin. By virtue of the SFO, Mr. Lin is deemed to be interested in the Shares held by Flourish Nation Enterprises Limited.
3. Mr. Tsang is an executive Director.

APPLICATION FOR LISTING OF THE PLACING SHARES

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

LISTING RULES IMPLICATIONS

The Placing Agent is owned as to 94% by Mr. Lin, a substantial Shareholder and a non-executive Director. As such, the Placing Agent is an associate of Mr. Lin and a connected person of the Company under the Listing Rules. Accordingly, the Placing constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, it falls below the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and therefore the transaction is fully exempt from independent shareholders' approval, annual review, and all disclosure requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Placing Agreement are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

WARNINGS

Since the Completion is subject to the satisfaction of the condition precedent as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITION

Unless otherwise specified, the following term have the following meanings in this announcement:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“AGM”	the annual general meeting held on 26 November 2020
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities
“Company”	HKE Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the Placing Agreement
“Completion Date”	the date which is the third (3rd) Business Day after the fulfilment of the condition set out in the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agent)
“Director(s)”	director(s) of the Company
“General Mandate”	the unconditional general mandate granted to the Directors at the AGM to allot, issue and deal with Shares of not exceeding 160,000,000 Shares, being 20% of the total number of Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	person(s) or company(ies) which is or are not a connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lin”	Mr. Lin Ho Man, a non-executive Director, and the substantial Shareholder of the Company
“Mr. Tsang”	Mr. Tsang Wing Fung, an executive Director of the Company
“Net Proceeds”	net proceeds arising from the Placing
“New Business”	the new business undertaken by the Group, namely, software development relating to market analytical data for capital markets and other potential asset classes as mentioned in the 2021 annual report of the Company dated 28 September 2021
“Placee(s)”	any individual(s), corporation(s) and/or institutional or professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 160,000,000 Placing Shares by the Placing Agent, on a best effort basis, to not less than six (6) Placees pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Monmonkey Group Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent in respect of the Placing on 29 October 2021
“Placing Price”	HK\$0.40 per Placing Share

“Placing Shares”	up to 160,000,000 new Shares to be allotted and issued under the Placing in accordance with the Placing Agreement
“Share Option Scheme”	the share option scheme of the Company adopted on 15 March 2018
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	fully paid ordinary share(s) having a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Offer”	the public offer and the placing in accordance with the prospectus issued by the Company on 28 March 2018
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

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

Hong Kong, 29 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.