

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for the securities of the Company.

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

COMPLETION OF PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



Monmonkey Group Securities Limited

Reference is made to the announcements of HKE Holdings Limited (the “**Company**”) dated 27 January 2023, 31 January 2023, 13 February 2023 and 15 February 2023 (collectively, the “**Announcements**”) in relation to the placing of new shares under the general mandate. Unless defined otherwise, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

COMPLETION OF THE PLACING

The Board is pleased to announce that the condition precedent set out in the Placing Agreement has been fulfilled and completion of the Placing took place on 22 February 2023. A total of 90,000,000 Placing Shares have been allotted and issued to not less than six independent Placees at the Placing Price of HK\$1.05 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

To the best of the Directors’ knowledge, information, and belief, having made all reasonable enquiries, each of the Placees and their respective ultimate beneficial owner(s) (as the case may be) is a third party independent of and not connected with the Company and its connected persons. None of the Placees has become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) immediately before the completion of the Placing; and (ii) immediately after the completion of the Placing are as follows:

Shareholders	Immediately before the completion of the Placing		Immediately after the completion of the Placing	
	No. of Shares (Note 1)	Approximate percentage (%)	No. of Shares (Note 1)	Approximate percentage (%)
Flourish Nation Enterprises Limited (Note 2)	568,000,000	59.17%	568,000,000	54.10%
Mr. Tsang (Note 3)	16,000,000	1.67%	16,000,000	1.52%
Placees	–	–	90,000,000	8.57%
Public Shareholders	<u>376,000,000</u>	<u>39.16%</u>	<u>376,000,000</u>	<u>35.81%</u>
Total	<u>960,000,000</u>	<u>100.00%</u>	<u>1,050,000,000</u>	<u>100.00%</u>

Notes:

1. The Company has outstanding options granted under the Share Option Scheme to subscribe for 22,098,719 Shares as at the date of this announcement.
2. 568,000,000 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. Mr. Lin, in personal capacity, owns 800,000 Share Options, representing approximately 0.08% of the issued share capital of the Company immediately after the completion of the Placing.
3. Mr. Tsang, in personal capacity, also owns 8,000,000 Share Options, representing approximately 0.76% of the issued share capital of the Company immediately after the completion of the Placing.

USE OF NET PROCEEDS FROM THE PLACING

The Company intends to use (i) approximately 80% of the Net Proceeds to finance the New Business; (ii) approximately 10% of the Net Proceeds to finance the Existing Business; and (iii) approximately 10% of the Net Proceeds as general working capital of the Group.

Set out below is the breakdown of the use of Net Proceeds:

Use of Net Proceeds	HK\$'000	Approximate percentage (%)
Payroll-related expenses (<i>Note 1</i>)	46,044	49.22%
Projected working capital (<i>Note 2</i>)	22,500	24.05%
IT support	6,300	6.73%
Existing Business	9,355	10.00%
General working capital (<i>Note 3</i>)	9,356	10.00%
Total	93,555	100.00%

Notes:

1. The payroll-related expenses are mainly for approximately 85 employees in Hong Kong and the PRC under the subsidiaries of the Group, which are under the New Business segment. Under the New Business segment, the Hong Kong employees are responsible for the research and development (the “**R&D**”) and the Licence application; and the PRC employees are responsible for the R&D and the building up the infrastructure of the Platform.
2. Regarding the application for the Licence, HKBGE is required to maintain certain level of liquidity for the licensed corporation (i.e., equivalent to at least 12 months of its actual operating expenses calculated on a rolling basis) upon the license granted to satisfy the requirement pursuant to the terms and conditions for virtual asset trading platform operators set out by SFC.
3. General working capital includes the remuneration of the Directors, rental and building management fee and other expenses.

Set out below is the breakdown of the use of Net Proceeds to be allocated to finance the Existing Business and the expected timeline for utilization:

Use of Net Proceeds in the Existing Business	HK\$'000	Approximate percentage (%)	Expected timeline for utilization
Sub-contracting costs	4,600	49.17%	On or before the end of 2024
Direct labour costs	2,080	22.23%	On or before the end of 2024
Materials and consumables	1,820	19.46%	On or before the end of 2024
Others	855	9.14%	On or before the end of 2024
Total	<u>9,355</u>	<u>100.00%</u>	

BUSINESS INFORMATION OF THE GROUP

Existing Business

The principal activities of the Group are the provision of integrated design and building services in the medical and healthcare sectors with expertise in performing radiation shielding works (the “**Existing Business**”). The Existing Business is a revenue-generating segment, and there are numbers of projects on hand and in discussion which will bring a stable income to the Group. The Company has no intention to scale down the Existing Business, and the Directors expect continuous growth of the Existing Business.

New Business

The Company has been building up a comprehensive FinTech service platform for multi classes of assets including but not limited to virtual assets, listed securities, listed bonds and alternative assets since May 2021.

The Company has been focusing on the application of the virtual asset trading platform (the “**Platform**”) licence from SFC (the “**Licence**”) through Hong Kong BGE Limited (“**HKBGE**”), one of the subsidiaries of the Company under the New Business segment. HKBGE submitted the application for Type 1 and Type 7 SFC’s licence related to virtual asset trading platform in 2022.

HKBGE will operate the Platform after obtaining the Licence. It will provide the services including but not limited to (1) brokerage service; (2) custody service; and (3) security token offering service through the Platform, in the following manner:

- (1) Brokerage service: HKBGE will provide automated trading service to its clients by matching the sell and purchase order they submitted. After transaction is matched and completed, HKBGE will charge commission fee to its clients for both sell and purchase side.
- (2) Custody service: HKBGE will provide custody service for client virtual assets held on behalf of clients. Custody service fee will be charged on monthly basis based on total value of assets under custodian.
- (3) Security token offering service: HKBGE will provide security token offering service for listing a new security token on the Platform. Listing fee will be charged on project basis.

The target customers of the Platform are the professional investors such as hedge funds, securities firms under current regulatory requirement of the Licence.

Moreover, HKBGE TSP Limited and BGC Limited, two of the subsidiaries of the Company under the New Business segment both have obtained the Trust or Company Service Provider Licence from the Registry for Trust and Company Service Providers of the Companies Registry of Hong Kong.

REASONS FOR THE PLACING

As disclosed in the 2022 annual report of the Company, approximately 90% of the proceeds from the 2021 Placing have been utilized to finance the New Business, particularly the remuneration of the employees of the subsidiaries of the Company in Hong Kong and the PRC. The Directors (including the independent non-executive Directors) consider that additional funds would be required from the Placing to finance the New Business.

Moreover, the Directors (including the independent non-executive Directors) consider that the Placing also represents a good opportunity to raise additional funds to finance the Existing Business for the following reasons.

Firstly, based on the information currently available to the Company, there are approximately 77 projects on hand which are awarded after the Listing (as defined below) and several projects under discussion under the Existing Business segment as at 31 December 2022. The Existing Business projects focus on providing integrated design and building services for hospitals and clinics in Singapore and providing radiation shielding works. Based on the past revenue-generating model and experience of the Group, it requires a significant amount of funds at the beginning stage before generating revenue. As such, the Directors consider that additional funds would be needed from the Placing to continue sustaining the smooth operations of the Group.

Secondly, some of the net proceeds (the “**IPO Proceeds**”) from the listing of the Shares on the Main Board of the Stock Exchange in 2018 (the “**Listing**”) have been fully utilized, particularly in recruiting additional staff under the Existing Business segment. Therefore, the Directors are of the view that additional funds would be required for the Existing Business to fulfil the needs of the Company to enlarge the workforce.

Thirdly, based on the information currently available to the Company and the preliminary review and analysis of the unaudited management accounts of the Group for the six months ended 31 December 2022, although there are approximately HK\$14.28 million of unutilized IPO Proceeds as at 31 December 2022, the usage of the IPO Proceeds and the Net Proceeds are different. The IPO Proceeds have been allocated to (i) the acquisition of additional property for workshop and office use; (ii) recruiting additional staff; (iii) the issue of performance guarantees; (iv) the acquisition of additional motor vehicles and machinery; (v) marketing cost; and (vi) general working capital. Under the IPO proceeds, item (i), (iii), (iv) and (v) are expected to be utilized on or before 30 June 2024. The Net Proceeds to be allocated to the Existing Business will be used for (i) sub-contracting costs; (ii) direct labour costs; (iii) materials and consumables; and (iv) preliminary expenses and other overhead expenses. Sub-contracting costs refer to the amount to be paid to the subcontractor(s) hired by the Company to perform the projects on hand and projects under discussion under the Existing Business segment, and the subcontractor would be responsible for the outsourced tasks assigned by the Company. Direct labour costs refer to the amount to be incurred in (a) the payroll-related expenses of the existing staff under the Existing Business segment; and (b) recruiting additional staff under the Existing Business segment as the relevant IPO Proceeds have been fully utilized in January 2023. Materials and consumables refer to hardware, electrical equipment and accessories and lead sheets. Please refer to the above use of Net Proceeds breakdown for further information.

By order of the Board
HKE Holdings Limited
Yip Chi Keung
Company Secretary

Hong Kong, 22 February 2023

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