

*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.*



## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2023**

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of HKE Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), is pleased to present the consolidated financial statements of the Group for the year ended 30 June 2023 (the “**Review Year**”), together with comparative amounts for the year ended 30 June 2022, as follows:

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 June 2023*

	<i>Note</i>	<b>2023</b>	2022
		S\$	S\$
<b>Revenue</b>	5	<b>13,442,516</b>	10,048,393
Cost of sales		<u>(8,960,327)</u>	<u>(7,019,421)</u>
<b>Gross profit</b>		<b>4,482,189</b>	3,028,972
Other income	6	<b>503,643</b>	257,408
Other gains/(losses)	7	<b>19,222</b>	(61,960)
Administrative expenses		<b>(19,208,340)</b>	(13,956,781)
Finance costs		<u>(89,693)</u>	<u>(153,004)</u>
<b>Loss before taxation</b>	8	<b>(14,292,979)</b>	(10,885,365)
Income tax expense	9	<u>(242,014)</u>	<u>(382,059)</u>
<b>Loss for the year</b>		<u><b>(14,534,993)</b></u>	<u>(11,267,424)</u>

	<i>Note</i>	<b>2023</b> S\$	2022 S\$
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations, net of tax		<u>(456,834)</u>	<u>486,733</u>
<b>Total comprehensive loss for the year</b>		<b><u>(14,991,827)</u></b>	<b><u>(10,780,691)</u></b>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<u>(14,533,043)</u>	<u>(11,266,538)</u>
Non-controlling interests		<u>(1,950)</u>	<u>(886)</u>
		<b><u>(14,534,993)</u></b>	<b><u>(11,267,424)</u></b>
<b>Total comprehensive loss for the year attributable to:</b>			
Owners of the Company		<u>(14,989,877)</u>	<u>(10,779,805)</u>
Non-controlling interests		<u>(1,950)</u>	<u>(886)</u>
		<b><u>(14,991,827)</u></b>	<b><u>(10,780,691)</u></b>
<b>Loss per share</b>			
Basic and diluted (Singapore cents)	<i>11</i>	<u>(1.47)</u>	<u>(1.25)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Note</i>	<b>2023</b> S\$	2022 S\$
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,164,771</b>	1,396,636
Investment properties		<b>5,112,193</b>	5,248,830
Right-of-use assets		<b>624,196</b>	1,136,298
Deposits and prepayment		<b>404,051</b>	404,928
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>7,305,211</b>	8,186,692
<b>Current assets</b>			
Cryptocurrencies		<b>439,686</b>	12,266
Trade receivables	<i>12</i>	<b>3,744,126</b>	3,249,973
Other receivables, deposits and prepayments		<b>472,056</b>	542,222
Contract assets		<b>3,645,257</b>	2,521,563
Bank and cash balances		<b>19,155,015</b>	18,932,359
		<hr/>	<hr/>
<b>Total current assets</b>		<b>27,456,140</b>	25,258,383
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>2,014,095</b>	1,684,929
Contract liabilities		<b>1,753,661</b>	1,527,506
Lease liabilities		<b>527,430</b>	891,117
Tax payable		<b>255,659</b>	398,912
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>4,550,845</b>	4,502,464
<b>Net current assets</b>		<b>22,905,295</b>	20,755,919
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>30,210,506</b>	28,942,611

	<i>Note</i>	<b>2023</b> S\$	2022 S\$
<b>Non-current liabilities</b>			
Lease liabilities		<b>128,285</b>	472,818
Deferred tax liabilities		<b>27,310</b>	27,310
		<u>155,595</u>	<u>500,128</u>
<b>Total non-current liabilities</b>		<b>155,595</b>	500,128
<b>Net assets</b>		<b>30,054,911</b>	28,442,483
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	<i>14</i>	<b>1,767,677</b>	1,613,181
Reserves		<b>28,290,069</b>	26,830,187
		<u>30,057,746</u>	<u>28,443,368</u>
Non-controlling interests		<u>(2,835)</u>	(885)
<b>Total equity</b>		<b>30,054,911</b>	28,442,483

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 August 2017 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The principal place of business is at Unit 2414-2416, 24/F, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The Company is an investment holding company. The Group are principally engaged in (i) provision of engineering business in the Republic of Singapore (“**Singapore**”); and (ii) financial technology (“**FinTech**”) platform business.

The Directors regard Flourish Nation Enterprises Limited, a company incorporated in the British Virgin Islands, as the ultimate holding company, and Mr. Lin Ho Man is the ultimate controlling party of the Company.

The functional currency of the Company is Hong Kong dollars (“**HK\$**”), and the presentation currency of the Company and its principal subsidiaries is Singapore dollars (“**S\$**”).

### 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”). In addition, the consolidated financial statements also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the Stock Exchange and the disclosure requirements of the Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies (e.g. investment properties and inventories - cryptocurrencies that are measured at fair value).

### 3. APPLICATION OF NEW AND REVISED IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 July 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020 Cycle

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/ or on the disclosures set out in these consolidated financial statements.

### 4. NEW AND REVISED IFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 July 2022. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

### 5. REVENUE AND SEGMENT INFORMATION

The chief operating decision-makers (“CODM”) have been identified as the executive Directors of the Company. The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. Segment results do not include other income, because this information is not used by CODM as a basis for the purpose of resource allocation and assessment of segment performance. The accounting policies of the operating segments are the same as those adopted by the Group.

During last financial year, the Group has renamed its software development segment to FinTech platform business segment as these business activities serving common business strategic. As a result, the Group determined three operating segments: (i) Engineering business segment which engaged in provision of integrated designs and building services, maintenance and other service as well as sales of tools and materials (“**Engineering Business**”); (ii) FinTech platform business segment which engaged in provision of virtual assets platform services (“**FinTech Platform Business**”); (iii) Investment holding segment which engaged in provision of investment services.

There were no material inter-segment sales during the year. The revenue from external customers reported to the CODM is measured in a manner consistent with that applied in the consolidated financial statements.

	<b>Engineering Business S\$</b>	<b>FinTech Platform Business S\$</b>	<b>Investment holding S\$</b>	<b>Total S\$</b>
<b>For the year ended 30 June 2023</b>				
Revenue from external customers	<u>12,857,774</u>	<u>584,742</u>	<u>–</u>	<u>13,442,516</u>
Segment results	<u>869,186</u>	<u>(12,301,192)</u>	<u>(3,364,616)</u>	<u>(14,796,622)</u>
Other income				<u>503,643</u>
Consolidated loss before tax				<u>(14,292,979)</u>
Income tax expense				<u>(242,014)</u>
Consolidated loss after tax				<u>(14,534,993)</u>
<b>Other information</b>				
Bad debts written off	76,236	–	–	76,236
Depreciation for:				
– property, plant and equipment	58,975	134,513	195,532	389,020
– right-of-use assets	57,343	195,838	303,806	556,987
Interest income	46,045	4,383	152,707	203,135
Interest expenses	1,522	22,864	65,307	89,693
Loss on disposal of property, plant and equipment	344	1,735	–	2,079
Changes in fair value of cryptocurrencies	–	24,939	–	24,939
Impairment loss on cryptocurrencies	–	–	145	145
Segment assets	<u>11,340,928</u>	<u>4,762,554</u>	<u>18,657,869</u>	<u>34,761,351</u>
Segment liabilities	<u>3,091,232</u>	<u>720,245</u>	<u>894,963</u>	<u>4,706,440</u>

	Engineering Business S\$	FinTech Platform Business S\$	Investment holding S\$	Total S\$
<b>For the year ended 30 June 2022</b>				
Revenue from external customers	<u>10,048,393</u>	<u>–</u>	<u>–</u>	<u>10,048,393</u>
Segment results	<u>2,211,450</u>	<u>(10,342,238)</u>	<u>(3,011,985)</u>	(11,142,773)
Other income				<u>257,408</u>
Consolidated loss before tax				(10,885,365)
Income tax expense				<u>(382,059)</u>
Consolidated loss after tax				<u>(11,267,424)</u>
<b>Other information</b>				
Depreciation for:				
– property, plant and equipment	73,470	71,429	124,387	269,286
– right-of-use assets	17,435	309,368	270,519	597,322
Interest income	793	13,432	2,948	17,173
Interest expenses	507	61,983	90,514	153,004
Gain/(loss) on disposal of property, plant and equipment	7,243	(207)	–	7,036
Changes in fair value of cryptocurrencies	–	705	–	705
Impairment loss on cryptocurrencies	–	57,244	–	57,244
Segment assets	<u>10,452,981</u>	<u>10,256,374</u>	<u>12,735,720</u>	<u>33,445,075</u>
Segment liabilities	<u>2,663,037</u>	<u>1,318,252</u>	<u>1,021,303</u>	<u>5,002,592</u>

## Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the years ended 30 June 2023 and 2022 are as follows:

	2023	2022
	S\$	S\$
Customer A	*	1,883,575
Customer B	<b>4,457,118</b>	4,203,070
Customer C	<b>2,890,918</b>	*
Customer D	*	1,211,051

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the reporting period.

## Geographical information

The Group principally operates in Hong Kong, Mainland China and Singapore. Revenue derived from Singapore represents 96% (2022: 100%) of total revenue for the year ended 30 June 2023 based on the location of products, services delivered. During the years ended 30 June 2023 and 2022, breakdown of the total revenue and non-current assets by geographical location are as follows:

	Revenue		Non-current assets	
	2023	2022	2023	2022
	S\$	S\$	S\$	S\$
Hong Kong and Others	<b>584,742</b>	–	<b>6,440,981</b>	6,683,591
Mainland China	–	–	<b>243,325</b>	712,376
Singapore	<b>12,857,774</b>	10,048,393	<b>620,905</b>	593,123
	<b>13,442,516</b>	10,048,393	<b>7,305,211</b>	7,989,090

	2023	2022
	S\$	S\$
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
– Integrated design and building services	12,115,502	9,619,531
– Maintenance and other services	742,272	428,862
– Virtual assets custodian solutions services	584,742	–
	<u>13,442,516</u>	<u>10,048,393</u>
<b>Timing of revenue recognition</b>		
– Over time	12,697,877	9,619,531
– At a point in time	744,639	428,862
	<u>13,442,516</u>	<u>10,048,393</u>

All the contracts with customers are agreed at fixed price and the expected duration of the contracts is one year or less.

#### 6. OTHER INCOME

	2023	2022
	S\$	S\$
Government grants	61,366	115,878
Interest income	203,135	17,173
Rental income	174,087	108,193
Others	65,055	16,164
	<u>503,643</u>	<u>257,408</u>

#### 7. OTHER GAINS/(LOSSES)

	2023	2022
	S\$	S\$
Foreign exchange loss, net	(3,638)	(68,291)
(Loss)/gain on disposal of property, plant and equipment	(2,079)	7,036
Changes in fair value on cryptocurrencies	24,939	(705)
	<u>19,222</u>	<u>(61,960)</u>

## 8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging/(crediting):

	2023	2022
	S\$	S\$
Finance costs		
– Interest on lease liabilities	<u>89,693</u>	<u>153,004</u>
Depreciation for right-of-use assets		
– Recognised as cost of sales	57,343	17,434
– Recognised as administrative expenses	<u>499,644</u>	<u>579,888</u>
	<u>556,987</u>	<u>597,322</u>
Depreciation for property, plant and equipment		
– Recognised as cost of sales	40,243	45,054
– Recognised as administrative expenses	<u>348,777</u>	<u>224,232</u>
	<u>389,020</u>	<u>269,286</u>
Loss/(gain) on disposal of property, plant and equipment	2,079	(7,036)
Impairment loss on cryptocurrencies	<u>145</u>	<u>57,244</u>

## 9. INCOME TAX EXPENSE

	2023	2022
	S\$	S\$
<b>Current tax:</b>		
– Singapore corporate income tax	149,490	392,555
– Hong Kong Profits Tax	81,942	–
– Under/(over) provision in prior years	10,582	(10,496)
	<u>242,014</u>	<u>382,059</u>

## 10. DIVIDEND

The Directors do not recommend any payment of dividends for the year ended 30 June 2023 (2022: Nil).

## 11. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following:

	2023	2022
<b>Loss attributable to owners of the Company</b>		
Loss for the purpose of calculating basic and diluted loss per share (S\$)	<u>14,533,043</u>	<u>11,266,538</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares		
for the purpose of calculating basic and diluted loss per share	<u>991,808,384</u>	<u>898,630,137</u>

The computations of diluted loss per share during the years ended 30 June 2023 and 2022 did not assume the exercises of the Company's outstanding share options as these are anti-dilutive.

## 12. TRADE RECEIVABLES

	2023 S\$	2022 S\$
Trade receivables	<u>3,744,126</u>	<u>3,249,973</u>

The Group grants credit terms to customers typically for 30, 60 or 90 days from the invoice date for trade receivables.

The Group applied simplified approach to provide the expected credit losses (“ECL”) prescribed by IFRS 9.

As part of the Group’s credit risk management, the Group assesses the impairment for its customers based on different group of customers which share common risk characteristics that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms.

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate.

During the years ended 30 June 2023 and 2022, no impairment loss was recognised for the trade receivables.

The ageing analysis of the trade receivables based on invoice date is as follows:

	2023 S\$	2022 S\$
Within 30 days	658,643	779,661
31 days to 60 days	1,116,417	561,506
61 days to 90 days	1,849,742	335,840
91 days to 180 days	1,693	950,406
Over 180 days	<u>117,631</u>	<u>622,560</u>
	<u>3,744,126</u>	<u>3,249,973</u>

## 13. TRADE AND OTHER PAYABLES

	2023 S\$	2022 S\$
Trade payables	585,428	374,553
Accruals	526,521	401,880
Goods and services tax payable	219,325	79,499
Staff cost payable	595,942	750,130
Others	<u>86,879</u>	<u>78,867</u>
	<u>2,014,095</u>	<u>1,684,929</u>

The credit period on purchases from suppliers and subcontractors is between 14 and 90 days or payable upon delivery and rendering of services.

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	2023 S\$	2022 S\$
Within 90 days	<b>564,347</b>	374,071
91 days to 180 days	<b>21,081</b>	482
	<b><u>585,428</u></b>	<b><u>374,553</u></b>

#### 14. SHARE CAPITAL

	2023			2022		
	No. of shares	HK\$	Equivalent to S\$	No. of shares	HK\$	Equivalent to S\$
Authorised:						
At 1 July/30 June	<b>1,500,000,000</b>	<b>15,000,000</b>	-	1,500,000,000	15,000,000	-
Issued and fully paid ordinary shares:						
At 1 July	<b>960,000,000</b>	<b>9,600,000</b>	<b>1,613,181</b>	800,000,000	8,000,000	1,335,760
Issuance of shares ( <i>Notes a and b</i> )	<b>90,000,000</b>	<b>900,000</b>	<b>154,444</b>	160,000,000	1,600,000	277,421
Exercise of share options ( <i>Note c</i> )	<b>30,000</b>	<b>300</b>	<b>52</b>	-	-	-
At 30 June	<b><u>1,050,030,000</u></b>	<b><u>10,500,300</u></b>	<b><u>1,767,677</u></b>	<b><u>960,000,000</u></b>	<b><u>9,600,000</u></b>	<b><u>1,613,181</u></b>

#### Notes:

- (a) On 22 February 2023, the Company allotted and issued a total of 90,000,000 ordinary share at a placing price of HK\$1.05 per share to no less than six independent placees through a placing agreement. Upon the issuance of the shares, a sum of HK\$900,000 (equivalent to S\$154,444) was credited to the share capital and HK\$92,655,000 (equivalent to S\$15,899,947), net of issuance expense, was credited to share premium.
- (b) On 17 November 2021, the Company allotted and issued a total of 160,000,000 ordinary share at a placing price of HK\$0.40 per share to no less than six independent placees through a placing agreement. Upon the issuance of the shares, a sum of HK\$1,600,000 (equivalent to S\$277,421) was credited to the share capital and HK\$61,760,000 (equivalent to S\$10,708,469), net of issuance expense, was credited to share premium.
- (c) During the year ended 30 June 2023, a total of 30,000 share options at a weighted average exercise price of HK\$1.25 per share were exercised. Upon the exercise of share options, a sum of HK\$300 (equivalent to S\$52) was credited to share capital and HK\$37,200 (equivalent to S\$6,420) was credited to share premium. The new shares issued rank pari passu in all respects with the existing shares in issue.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated designs and building services for hospitals and clinics in Singapore (the “**Engineering Business**”). To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials. Since May 2021, the Group has also been building a comprehensive FinTech service platform (the “**FinTech Platform Business**”) for multi classes of assets including but not limited to virtual assets, listed securities, listed bonds and alternative assets.

For the Review Year, the revenue of the Group was approximately S\$13.4 million, representing an increase of approximately S\$3.4 million, or 33.8%, as compared to approximately S\$10.0 million for the year ended 30 June 2022.

#### Engineering Business

In Singapore, the transformation journey of healthcare is to ensure that a good and sustainable system will be in place. The trend of increasing demand for healthcare and elderly care services will continue as Singapore’s aging population increases. The Ministry of Health is on track to expanding its network to 32 polyclinics by 2030, as there are currently only 23 polyclinics in Singapore. Meanwhile, Sembawang and Tampines North Polyclinics are scheduled to open in 2023. Four polyclinics planned in Kaki Bukit, Khatib, Serangoon and Tengah are scheduled to be completed by 2026. Four polyclinics planned in Bidadari, Bishan, Taman Jurong and Yew Tee are scheduled to be completed by 2030. Six polyclinics planned in Bukit Merah, Clementi, Jurong, Outram, Pasir Ris and Queenstown Polyclinics will be redeveloped by 2030, and Bukit Merah and Outram polyclinics will be consolidated into one polyclinic after the redevelopment. Furthermore, a new hospital at Bedok North is scheduled to be completed around 2030. As such, the Directors are of the opinion that the Singapore government’s initiative to increase medical-related facilities will, therefore, drive demand for medical-related radiation shielding works. Currently, public hospitals are still unable to cope with the high demand for medical scans and the average waiting time for Magnetic Resonance Imaging (MRI) scans is 3 months, hence a lot of hospitals are increasing diagnostic imaging machines. As for the private sector, there are only a few new private hospitals at Orchard Road to cope with overseas patients, hence, Parkway Hospitals are undergoing major renovations at Orchard Road. Overall, healthcare facilities in Singapore are still in high demand.

## **FinTech Platform Business**

The Group has been developing a trusted, user-centric and compliance-focused FinTech trading service platform to empower global users to discover and monetise the potential of different asset classes from traditional financial markets such as listed securities, as well as the digital economy such as virtual and Web3 assets.

In 2022, the Group has been collaborating with regulators and dedicated external professionals to acquire the Virtual Asset Trading Platform Operators Licence, and submitted the application to The Securities and Futures Commission through its wholly-owned subsidiary, Hong Kong BGE Limited. The Group is optimistic and ready to embrace Hong Kong's new licensing regime and the proposed regulatory requirements which will be a more comprehensive approach focusing on investor protection.

In addition, the Group has also launched a robust and future-proof virtual assets custodian solutions services for global users through its wholly-owned subsidiaries, BG Technologies Limited and BGC Limited. BGC Limited has obtained the Trust or Company Service Provider Licence from the Companies Registry in Hong Kong. The virtual assets custodian solutions services achieved organic growth for the Group during the Review Year and already generated revenue with its wallet service business model. The Group, via its Market Data Vendor Licence approved by HKEx Information Services Limited is developing market data services, data analytics, high-performance order management systems and risk management systems for traditional equities market.

## **FUTURE OUTLOOK**

The Group will continue to strengthen its market position in the medical and healthcare construction sectors in Singapore and other markets, and continue to develop the FinTech Platform Business to capture the fast-growing business opportunities.

As the financial landscape continues to evolve and virtual assets are becoming mainstream with lots of investment opportunities and thriving interests, the market yearns for multi-asset classes of FinTech trading platforms to help global users easily navigate this complexity, access a wider range of investment choices and achieve their financial goals.

With tremendous support from the government to develop Hong Kong as an international financial centre for virtual assets, the Group is excited and committed to develop the FinTech Platform Business and to join hands with other industry players to unlock the potential of the blockchain and Web3 industry in Hong Kong.

The blockchain technology has already been widely applied in smart contracts, decentralised applications (DAPPs), decentralised finance (DeFi), Web3, enterprise solutions and other areas. The Group firmly believes that with the continued development and advancement in blockchain technology, the virtual assets trading, custodian and management industry will experience exponential growth, particularly in respect of security, transparency and cost-effectiveness.

As the virtual assets industry continues to bloom, regulators around the globe are paying more attention to the regulation of the virtual assets industry in order to strengthen investor protection. The Group embraces regulations and regards them as opportunities for the long-term development of the industry. The Group is committed to be a regulated and transparent market leader in the virtual assets industry and will continue to closely follow current regulatory requirements, monitor regulatory changes, and react expeditiously to these changes and to hold on to new market opportunities.

## FINANCIAL REVIEW

### Revenue

The table below sets forth the Group's revenue by operating activities:

	For the year ended 30 June	
	2023	2022
	S\$	S\$
Revenue from:		
Integrated design and building services	12,115,502	9,619,531
Maintenance and other services	742,272	428,862
Virtual assets custodian solutions services	584,742	—
	<u>13,442,516</u>	<u>10,048,393</u>

The Group's revenue for the Review Year was approximately S\$13.4 million, representing an increase of approximately S\$3.4 million, or 33.8%, as compared to approximately S\$10.0 million for the year ended 30 June 2022. As Singapore has been easing pandemic-linked restrictions to get its economy back on track, the Group's ongoing projects have resumed to pre-pandemic level.

Revenue from integrated design and building services was approximately S\$12.1 million for the Review Year, representing an increase of approximately S\$2.5 million, or 25.9%, as compared to approximately S\$9.6 million for the year ended 30 June 2022.

Revenue from maintenance and other services was approximately S\$0.7 million for the Review Year (2022: approximately S\$0.4 million).

Revenue from virtual assets custodian solutions services was approximately S\$0.6 million for the Review Year (2022: Nil).

## **Gross Profit and Gross Profit Margin**

The Group's gross profit was approximately S\$4.5 million for the Review Year (2022: approximately S\$3.0 million), with a gross profit margin of approximately 33.3% (2022: 30.0%). The increase in the gross profit margin in the year ended 30 June 2023 was mainly attributable to new income generated from virtual assets custodian solutions services during the Review Year.

## **Other Income**

For the Review Year, the Group's other income was approximately S\$0.5 million, or 3.7% of revenue for the Review Year (2022: approximately S\$0.3 million, or 2.6% of revenue for the year ended 30 June 2022).

## **Administrative Expenses**

For the Review Year, the Group's administrative expenses increased by approximately S\$5.3 million or 37.6% to approximately S\$19.2 million, or 142.9% of the revenue for the Review Year, as compared to approximately S\$14.0 million, or 138.9% of the revenue for the year ended 30 June 2022. The increase was mainly attributed to the increase in staff costs mainly arising from the expanding headcount of professional talents for the development of the FinTech Platform Business and the application of the Virtual Asset Trading Platform Operators Licence, and the increase in IT related expenses for the FinTech Platform Business.

## **Loss for the Year**

As a combined effect of the above, during the Review Year, the Group recorded a loss of approximately S\$14.5 million, as compared to a loss of approximately S\$11.3 million for the year ended 30 June 2022.

## Liquidity and Financial Resources

### *Shareholders' funds*

As at 30 June 2023, total shareholders' funds amounted to approximately S\$30.1 million, as compared to approximately S\$28.4 million as at 30 June 2022.

### *Financial position*

As at 30 June 2023, the Group had current assets of approximately S\$27.5 million (2022: S\$25.3 million), and current liabilities of S\$4.6 million (2022: S\$4.5 million). The Group's current ratio (defined as current assets divided by current liabilities) as at 30 June 2023 was 6.0 (2022: 5.6).

The Group's gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets, was at 1.9% as at 30 June 2023 (2022: 4.1%).

### *Cash and cash equivalents*

As at 30 June 2023, the Group had cash and cash equivalents of approximately S\$19.2 million (2022: S\$18.9 million), most of which were denominated in Hong Kong dollar.

## Capital Structure

The shares of the Company were successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 18 April 2018 (the "**Listing Date**").

On 17 November 2021, a placement of 160,000,000 new shares of the Company at par value of HK\$0.01 each (the "**2021 Placing**") was completed with a placing price of HK\$0.40 per share.

On 22 February 2023 (the "**2023 Placing Date**"), a placement of 90,000,000 new shares of the Company at par value of HK\$0.01 each (the "**2023 Placing**") was completed with a placing price of HK\$1.05 per share.

## **Funding and Treasury Policy**

The Group has adopted a prudent financial management approach towards its funding and treasury policy and thus maintained a healthy financial position throughout the Review Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## **Capital Expenditure**

The Group's capital expenditure mainly represents additions to property, plant and equipment and right-of-use assets totaling approximately S\$0.4 million (2022: S\$7.9 million) for the Review Year.

## **Pledge of Assets**

As at 30 June 2023, the Group had no pledged assets (2022: Nil).

## **Foreign Exchange Risk**

The Group transacts mainly in Singapore dollars (“S\$”), which is the functional currency of the Group's principal operating subsidiaries. However, the Group mainly retains proceeds from the listing of the Company's shares (the “**Listing**”), the 2021 Placing and the 2023 Placing in Hong Kong dollars (“HK\$”) which are exposed to foreign exchange risks. The Group does not use any derivative financial instrument to hedge the foreign exchange risk. Instead, the Group manages the foreign exchange risk by closely monitoring the movement of the foreign currency rates and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

## **Material Acquisitions and Disposal of Subsidiaries**

There were no material acquisitions or disposals of subsidiaries by the Group for the Review Year.

## **Significant Investments**

There were no significant investments made by the Group for the Review Year.

## **Future Plans for Material Investments or Capital Assets**

Save as disclosed under the section headed “Use of Net Proceeds from the Listing”, “Use of Net Proceeds from the 2021 Placing” and “Use of Net Proceeds from the 2023 Placing” in this announcement, the Group did not have any other future plans for material investments or capital assets as at 30 June 2023.

## **Employees and Emolument Policy**

As at 30 June 2023, the Group employed a total of 139 full-time employees (including three executive Directors), as compared to the 146 full-time employees as at 30 June 2022. The total staff costs in the Review Year amounted to approximately S\$16.9 million (2022: approximately S\$12.2 million), which included Directors’ emoluments, salaries, wages and other staff benefits, and contributions to retirement benefit schemes. According to the emolument policy of the Company, in order to attract and retain valuable employees, the performance of the Group’s employees are annually reviewed. The Group provides adequate job training to employees to equip them with practical knowledge and skills. Apart from the job training programs, salary increments and discretionary bonuses may be awarded to employees according to the assessment of individual performance and market conditions.

According to the emolument policy of the Company, the emoluments of the Directors have been reviewed by the remuneration committee of the Board, having regards to the Company’s operating results, market competitiveness, individual performance and achievement, and the approval of the Board. The Directors and eligible employees of the Company are also entitled to participate in the share option scheme of the Company. The principal terms of the share option scheme are summarised in the section headed the “Report of the Directors” in the annual report.

## **Capital Commitments and Contingent Liabilities**

As at 30 June 2023, the Group has not provided guarantees to any customer (2022: Nil), and did not have any material capital commitments (2022: Nil).

## Use of Net Proceeds from the Listing

The net proceeds from the Listing, after deducting listing expenses which includes underwriting fees, and other expenses arising from the Listing (“**Listing Net Proceeds**”) were approximately HK\$74.0 million. The Group intends to apply the Listing Net Proceeds in accordance with the proposed applications set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 28 March 2018 (the “**Prospectus**”). As stated in the Prospectus, the Company intended to apply the Listing Net Proceeds for: (i) acquisition of additional property for workshop and office use; (ii) strengthening the Group’s manpower by recruiting additional staff; (iii) increasing the Group’s reserve for financing the issue of performance guarantees in favour of our customers; (iv) financing the acquisition of additional motor vehicles and additional machinery; (v) increasing the Group’s marketing efforts; and (vi) general working capital.

The Listing Net Proceeds applied by the Group during the period from the Listing Date up to 30 June 2023 are as follows:

	Planned use of Listing Net Proceeds	Actual use of Listing Net Proceeds from the Listing Date to 30 June 2023	Unutilised balance up to 30 June 2023	Expected date of full utilisation of Listing Net Proceeds
Use of Listing Net Proceeds:	HK\$'000	HK\$'000	HK\$'000	
Acquisition of additional property for workshop and office use	34,000	29,623	4,377	on or before 30 June 2024
Recruiting additional staff	21,500	21,500	–	N/A
Issue of performance guarantees	4,800	144	4,656	on or before 30 June 2024
Acquisition of additional motor vehicles and machinery	5,100	850	4,250	on or before 30 June 2024
Increasing our marketing efforts	2,300	1,443	857	on or before 30 June 2024
General working capital	6,300	6,300	–	N/A

## Use of Net Proceeds from the 2021 Placing

The gross and net proceeds (after deducting the placing commission and other related expenses incurred) from the 2021 Placing (“**2021 Placing Net Proceeds**”) were approximately HK\$64.0 million and approximately HK\$63.0 million, respectively. The Company has applied 90% of the 2021 Placing Net Proceeds for financing the FinTech Platform Business and 10% of the 2021 Placing Net Proceeds for the general working capital of the Group. The 2021 Placing Net Proceeds were fully utilised as intended.

## Use of Net Proceeds from the 2023 Placing

The gross and net proceeds (after deducting the placing commission and other related expenses incurred) from the 2023 Placing (“**2023 Placing Net Proceeds**”) were approximately HK\$94.50 million and approximately HK\$93.56 million, respectively. The Company intends to use (i) approximately 80% of the 2023 Placing Net Proceeds to finance the FinTech Platform Business; (ii) approximately 10% of the 2023 Placing Net Proceeds to finance the Engineering Business; and (iii) approximately 10% of the 2023 Placing Net Proceeds for the general working capital of the Group.

The 2023 Placing Net Proceeds applied by the Group during the period from the 2023 Placing Date up to 30 June 2023 are as follows:

	Planned use of 2023 Placing Net Proceeds <i>HK\$'000</i>	Actual use of 2023 Placing Net Proceeds from the 2023 Placing Date to 30 June 2023 <i>HK\$'000</i>	Unutilised balance up to 30 June 2023 <i>HK\$'000</i>	Expected date of full utilisation of 2023 Placing Net Proceeds
Use of 2023 Placing Net Proceeds:				
Payroll related expenses	46,044	24,458	21,586	on or before 30 June 2024
Projected working capital	22,500	–	22,500	on or before 30 June 2024
IT support	6,300	3,383	2,917	on or before 30 June 2024
Engineering Business	9,355	9,355	–	N/A
General working capital	9,356	8,062	1,294	on or before 30 June 2024

## **IMPORTANT EVENT AFTER THE REVIEW YEAR**

As disclosed in the announcement of the Company dated 31 July 2023, RSM Hong Kong (“**RSM**”) resigned as the auditor of the Company with effect from 31 July 2023.

In the consideration of all relevant factors and the recommendations of the audit committee, Zhonghui Anda CPA Limited (“**Zhonghui Anda**”) was appointed as the auditor of the Company with effect from 31 July 2023 to fill the casual vacancy following the resignation of RSM and to hold office until the conclusion of the forthcoming annual general meeting (“**AGM**”) of the Company.

Save as disclosed above, to the best knowledge of Directors, there were no important events affecting the Group which have occurred since 30 June 2023.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and enhance its corporate value. For the Review Year, the Company adopted and complied with all the mandatory disclosure requirements and code provisions in the Corporate Governance Code (the “**CG Code**”) in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code on corporate governance practices.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors. All Directors have confirmed, following specific enquiries by the Company, that they have fully complied with the required standards set out in the Model Code and its code of conduct regarding Directors’ securities transactions during the Review Year.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY**

During the Review Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Review Year as set out in this announcement have been agreed by the Group's auditor, Zhonghui Anda, to the amounts set out in the Group's audited consolidated financial statements for the Review Year. The work performed by Zhonghui Anda in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Zhonghui Anda on this announcement.

## **AUDIT COMMITTEE**

The Company has established an audit committee of the Board (the "**Audit Committee**") and adopted the written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and approve the Group's financial reporting process and risk management and internal control system. The Audit Committee comprises all independent non-executive Directors, namely, Mr. Siu Man Ho Simon, Prof. Pong Kam Keung, and Mr. Cheung Kwok Yan Wilfred. Mr. Cheung Kwok Yan Wilfred is the chairman of the Audit Committee.

The Group's results for the Review Year have been reviewed by the Audit Committee, and it was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee recommended the Board to adopt the same.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on or about 28 November 2023 and the notice of the AGM will be published and despatched in the manner as required by the Listing Rules in due course.

## **FINAL DIVIDEND**

The Board has resolved not to declared a final dividend for the Review Year (2022: Nil).

## **CLOSURE OF REGISTER OF MEMBERS FOR AGM**

The register of members of the Company will be closed from 23 November 2023 to 28 November 2023, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Company's AGM to be held on 28 November 2023. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms of the members must be lodged with the Company's share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on 22 November 2023.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT**

The results announcement is required to be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([hke.holdings](http://hke.holdings)), respectively. The annual report of the Company for the Review Year containing all information required by the Listing Rules will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board  
**HKE Holdings Limited**  
**Lin Ho Man**  
*Chairman and Executive Director*

Hong Kong, 28 September 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.*