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ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

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 2024 (the “**Review Year**”), together with comparative amounts for the year ended 30 June 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

	<i>Note</i>	2024	2023
		S\$	S\$
Revenue	5	18,433,408	13,442,516
Cost of services rendered/sales		<u>(9,596,136)</u>	<u>(8,960,327)</u>
Gross profit		8,837,272	4,482,189
Other income	6	568,927	503,643
Other gains and losses, net	7	625,748	19,222
Administrative expenses		(22,472,788)	(19,208,340)
Finance costs		<u>(61,390)</u>	<u>(89,693)</u>
Loss before taxation	8	(12,502,231)	(14,292,979)
Income tax expense	9	<u>(146,920)</u>	<u>(242,014)</u>
Loss for the year		<u>(12,649,151)</u>	<u>(14,534,993)</u>

	<i>Note</i>	2024	2023
		S\$	S\$
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations, net of tax		<u>(56,785)</u>	<u>(456,834)</u>
Total comprehensive loss for the year		<u>(12,705,936)</u>	<u>(14,991,827)</u>
Loss for the year attributable to:			
Owners of the Company		(12,648,291)	(14,533,043)
Non-controlling interests		<u>(860)</u>	<u>(1,950)</u>
		<u>(12,649,151)</u>	<u>(14,534,993)</u>
Total comprehensive loss for the year attributable to:			
Owners of the Company		(12,705,076)	(14,989,877)
Non-controlling interests		<u>(860)</u>	<u>(1,950)</u>
		<u>(12,705,936)</u>	<u>(14,991,827)</u>
Loss per share			
Basic and diluted (Singapore cents)	<i>11</i>	<u>(1.20)</u>	<u>(1.47)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	<i>Note</i>	2024 S\$	2023 S\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		1,391,508	1,164,771
Investment properties		4,942,078	5,112,193
Goodwill		32,066	–
Right-of-use assets		674,755	624,196
Financial assets at fair value through profit or loss		4	–
Deposits and prepayments		203,170	404,051
Deferred tax assets		25,026	–
		<u>7,268,607</u>	<u>7,305,211</u>
Total non-current assets			
Current assets			
Cryptocurrencies		1,324,934	439,686
Trade receivables	12	3,440,873	3,744,126
Other receivables, deposits and prepayments		24,623,041	472,056
Derivative financial instruments	13	439,157	–
Contract assets		4,402,271	3,645,257
Bank and cash balances		15,715,715	19,155,015
		<u>49,945,991</u>	<u>27,456,140</u>
Total current assets			
Current liabilities			
Trade and other payables	14	27,759,145	2,014,095
Derivative financial instruments	13	435,559	–
Amount due to a related company		1,403	–
Contract liabilities		1,248,775	1,753,661
Lease liabilities		394,460	527,430
Tax payable		213,680	255,659
		<u>30,053,022</u>	<u>4,550,845</u>
Total current liabilities			
Net current assets		<u>19,892,969</u>	<u>22,905,295</u>
Total assets less current liabilities		<u>27,161,576</u>	<u>30,210,506</u>

	<i>Note</i>	2024 S\$	2023 S\$
Non-current liabilities			
Lease liabilities		298,734	128,285
Deferred tax liabilities		35,342	27,310
		<u>334,076</u>	<u>155,595</u>
Total non-current liabilities		334,076	155,595
Net assets		26,827,500	30,054,911
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	<i>15</i>	1,812,705	1,767,677
Reserves		25,018,490	28,290,069
		<u>26,831,195</u>	<u>30,057,746</u>
Non-controlling interests		(3,695)	(2,835)
Total equity		26,827,500	30,054,911

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**”); (ii) financial technology (“**FinTech**”) platform business; and (iii) trading and asset management 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 (the “**Listing Rules**”) 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, cryptocurrencies and derivative financial instruments that are measured at fair value).

3. APPLICATION OF NEW AND REVISED IFRSs

In the Review Year, the Group has adopted all the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 July 2023. IFRSs comprise International Financial Reporting Standards, International Accounting Standards and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the Review Year and prior years.

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

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The application of these new and revised IFRSs will not have material impact on the consolidated financial statements of the Group.

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.

On 24 August 2023, the Group had acquired 100% equity interests in Monmonkey Group Asset Management Limited and Quality Union Limited, which are engaged in provision of advisory and asset management services and trading of derivatives respectively. As a result, the Group determined four 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 trading platform services (“**FinTech Platform Business**”); (iii) Trading and asset management business segment which engaged in trading of derivatives and provision of advisory and asset management services (“**Trading and Asset Management Business**”); and (iv) Investment holding segment (“**Investment Holding**”).

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.

	Engineering Business S\$	FinTech Platform Business S\$	Trading and Asset Management Business S\$	Investment Holding S\$	Total S\$
For the year ended 30 June 2024					
Revenue from external customers	<u>17,149,296</u>	<u>313,111</u>	<u>971,001</u>	<u>–</u>	<u>18,433,408</u>
Segment results	<u>1,260,256</u>	<u>(11,281,117)</u>	<u>(240,820)</u>	<u>(2,809,477)</u>	<u>(13,071,158)</u>
Other income					<u>568,927</u>
Consolidated loss before tax					<u>(12,502,231)</u>
Income tax expense					<u>(146,920)</u>
Consolidated loss after tax					<u>(12,649,151)</u>
Other information					
Bad debts written off	–	–	6,076	–	6,076
Depreciation for:					
– property, plant and equipment	30,867	141,133	–	198,916	370,916
– right-of-use assets	102,905	196,864	–	347,412	647,181
Interest income	116,704	4,264	1,960	221,928	344,856
Interest expenses	2,520	31,858	–	27,012	61,390
(Gain)/loss on disposal of property, plant and equipment	(1,000)	2,930	–	–	1,930
Gain on disposal of a subsidiary	–	–	–	253,476	253,476
Gain on bargain purchase	–	–	–	31,279	31,279
Fair value gain on cryptocurrencies	–	413,207	–	–	413,207
Fair value loss on investment properties	–	–	–	200,066	200,066
Segment assets	<u>12,370,124</u>	<u>5,067,335</u>	<u>24,510,821</u>	<u>15,266,318</u>	<u>57,214,598</u>
Segment liabilities	<u>4,523,543</u>	<u>1,081,344</u>	<u>23,895,059</u>	<u>887,152</u>	<u>30,387,098</u>

	Engineering Business S\$	FinTech Platform Business S\$	Investment Holding S\$	Total S\$
For the year ended 30 June 2023				
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				(14,292,979)
Income tax expense				<u>(242,014)</u>
Consolidated loss after tax				<u>(14,534,993)</u>
Other information				
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
Fair value gain on 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>

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the years ended 30 June 2024 and 2023 are as follows:

	2024	2023
	S\$	S\$
Customer A	6,381,433	4,457,118
Customer B	2,434,138	2,890,918

Geographical information

The Group principally operates in Hong Kong, Mainland China and Singapore. Revenue derived from Singapore represents 93% (2023: 96%) of total revenue for the year ended 30 June 2024 based on the location of products and services delivered. During the years ended 30 June 2024 and 2023, breakdown of the total revenue and non-current assets by geographical location are as follows:

	Revenue		Non-current assets	
	2024	2023	2024	2023
	S\$	S\$	S\$	S\$
Hong Kong and Others	1,284,112	584,742	6,360,680	6,440,981
Mainland China	–	–	251,565	243,325
Singapore	17,149,296	12,857,774	656,362	620,905
	18,433,408	13,442,516	7,268,607	7,305,211

	2024	2023
	S\$	S\$
Revenue		
– Integrated designs and building services	16,131,316	12,115,502
– Maintenance and other services	1,017,980	742,272
– Virtual assets custodian solutions services	313,111	584,742
– Asset management services	313,780	–
– Commission and fee income	18,088	–
	<u>17,794,275</u>	<u>13,442,516</u>
Net trading income	<u>639,133</u>	–
Total revenue	<u>18,433,408</u>	<u>13,442,516</u>
Timing of revenue recognition		
– Over time	16,749,850	12,697,877
– At a point in time	1,044,425	744,639
	<u>17,794,275</u>	<u>13,442,516</u>

Except for the asset management service contracts with customers that have no fixed duration and can be terminated or modified by other party at any time, all other contracts with customers are agreed at fixed price and the expected duration of the contracts is one year or less.

Revenue derived from trading in derivative financial instruments and net fair value change in financial instruments are under the scope of IFRS 9, while all other revenue are arising from IFRS 15.

6. OTHER INCOME

	2024	2023
	S\$	S\$
Government grants	5,233	61,366
Interest income	344,856	203,135
Rental income	182,333	174,087
Others	36,505	65,055
	<u>568,927</u>	<u>503,643</u>

7. OTHER GAINS AND LOSSES, NET

	2024	2023
	S\$	S\$
Foreign exchange gain/(loss), net	129,782	(3,638)
Loss on disposal of property, plant and equipment	(1,930)	(2,079)
Gain on disposal of a subsidiary	253,476	–
Gain on bargain purchase	31,279	–
Fair value loss on investment properties	(200,066)	–
Fair value gain on cryptocurrencies	413,207	24,939
	<u>625,748</u>	<u>19,222</u>

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging:

	2024	2023
	S\$	S\$
Finance costs		
– Interest on lease liabilities	<u>61,390</u>	<u>89,693</u>
Depreciation for right-of-use assets		
– Recognised as cost of services rendered/sales	102,905	57,343
– Recognised as administrative expenses	<u>544,276</u>	<u>499,644</u>
	<u>647,181</u>	<u>556,987</u>
Depreciation for property, plant and equipment		
– Recognised as cost of services rendered/sales	12,414	40,243
– Recognised as administrative expenses	<u>358,502</u>	<u>348,777</u>
	<u>370,916</u>	<u>389,020</u>
Loss on disposal of property, plant and equipment	1,930	2,079
Impairment loss on cryptocurrencies	<u>–</u>	<u>145</u>

9. INCOME TAX EXPENSE

	2024	2023
	S\$	S\$
Current tax:		
– Singapore corporate income tax	214,484	149,490
– Hong Kong Profits Tax	2,415	81,942
– (Over)/under provision in prior years	<u>(52,985)</u>	<u>10,582</u>
	163,914	242,014
Deferred tax	<u>(16,994)</u>	<u>–</u>
	<u>146,920</u>	<u>242,014</u>

10. DIVIDEND

The Directors do not recommend any payment of dividends for the year ended 30 June 2024 (2023: 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:

	2024	2023
Loss attributable to owners of the Company		
Loss for the purpose of calculating basic and diluted loss per share (S\$)	<u>12,648,291</u>	<u>14,533,043</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,052,467,201</u>	<u>991,808,384</u>
Basic and diluted loss per share (Singapore Cents)	<u>1.20</u>	<u>1.47</u>

The computations of diluted loss per share during the years ended 30 June 2024 and 2023 did not assume the exercises of the Company's outstanding share options as these are anti-dilutive.

12. TRADE RECEIVABLES

	2024	2023
	S\$	S\$
Trade receivables	<u>3,440,873</u>	<u>3,744,126</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 2024 and 2023, no impairment loss was recognised for the trade receivables.

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

	2024	2023
	S\$	S\$
Within 30 days	1,403,441	658,643
31 days to 60 days	1,139,072	1,116,417
61 days to 90 days	682,063	1,849,742
91 days to 180 days	175,196	1,693
Over 180 days	<u>41,101</u>	<u>117,631</u>
	<u>3,440,873</u>	<u>3,744,126</u>

13. DERIVATIVE FINANCIAL INSTRUMENTS

	2024		2023	
	Notional	Fair value	Notional	Fair value
	amounts		amounts	
	S\$	S\$	S\$	S\$
Assets				
Unlisted swaps	3,024,190	430,229	–	–
Unlisted options	85,705	8,928	–	–
	<u>3,109,895</u>	<u>439,157</u>	<u>–</u>	<u>–</u>
Liabilities				
Unlisted swaps	3,023,104	426,631	–	–
Unlisted options	89,181	8,928	–	–
	<u>3,112,285</u>	<u>435,559</u>	<u>–</u>	<u>–</u>

14. TRADE AND OTHER PAYABLES

	2024	2023
	S\$	S\$
Trade payables	1,301,065	585,428
Amounts due to clients	23,389,930	–
Accruals	487,205	526,521
Goods and services tax payable	216,666	219,325
Staff cost payable	1,820,732	595,942
Consideration payable for acquisition	399,397	–
Others	144,150	86,879
	<u>27,759,145</u>	<u>2,014,095</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:

	2024	2023
	S\$	S\$
Within 90 days	1,290,165	564,347
91 days to 180 days	10,900	21,081
	<u>1,301,065</u>	<u>585,428</u>

15. SHARE CAPITAL

	2024			2023		
	No. of shares	HK\$	Equivalent to S\$	No. of shares	HK\$	Equivalent to S\$
Authorised:						
At 1 July/30 June	1,500,000,000	15,000,000	-	1,500,000,000	15,000,000	-
Issued and fully paid ordinary shares:						
At 1 July	1,050,030,000	10,500,300	1,767,677	960,000,000	9,600,000	1,613,181
Issuance of shares (<i>Notes a and b</i>)	25,550,000	255,500	44,166	90,000,000	900,000	154,444
Exercise of share options (<i>Notes c and d</i>)	498,524	4,985	862	30,000	300	52
At 30 June	<u>1,076,078,524</u>	<u>10,760,785</u>	<u>1,812,705</u>	<u>1,050,030,000</u>	<u>10,500,300</u>	<u>1,767,677</u>

Notes:

- (a) On 28 May 2024, the Company allotted and issued a total of 25,550,000 ordinary shares at a placing price of HK\$2.00 per share to no less than six independent placees through a placing agreement. Upon the issuance of the shares, a sum of HK\$255,500 (equivalent to S\$44,166) was credited to the share capital and HK\$50,333,500 (equivalent to S\$8,700,738), net of issuance expense, was credited to share premium.
- (b) On 22 February 2023, the Company allotted and issued a total of 90,000,000 ordinary shares 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.
- (c) During the Review Year, a total of 498,524 share options at a weighted average exercise price of HK\$1.28 per share were exercised. Upon the exercise of share options, a sum of HK\$4,985 (equivalent to S\$862) was credited to share capital and HK\$632,216 (equivalent to S\$109,341) was credited to share premium. The new shares issued rank pari passu in all respects with the existing shares in issue.
- (d) 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 up 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. During the Review Year, the Group acquired two subsidiaries which are principally engaged in trading of derivatives and provision of advisory and asset management services (the “**Trading and Asset Management Business**”) to diversify its income sources and provide a full spectrum of financial services.

For the Review Year, the revenue of the Group was approximately S\$18.4 million, representing an increase of approximately S\$5.0 million, or 37.1%, as compared to approximately S\$13.4 million for the year ended 30 June 2023.

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 26 polyclinics in Singapore. Meanwhile, Sembawang and Tampines North Polyclinics were opened in 2023. Khatib Polyclinic was opened in May 2024 and Serangoon and Tengah Polyclinics will open in 2025. The polyclinic planned in Kaki Bukit is 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 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. At the same time Singapore General Hospital is undergoing major transformation with new facilities such as the new Emergency Medicine Building, Elective Care Centre and National Dental Centre.

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. Overall, healthcare facilities in Singapore are still in high demand.

In the meantime, the Group is involved in the process of planning a new hospital in the east of Singapore. Additionally, there are lots of old machines that are undergoing the process of replacement and upgrades, and facilities are also undergoing changes and upgrades to address future pandemics. Thus, there are opportunities for the Group to engage in more projects.

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 virtual and Web3 assets.

In 2023, the Group has been collaborating with regulators and dedicated external professionals to acquire the Virtual Asset Trading Platform Operators Licence regulated by The Securities and Futures Commission (“SFC”) through its indirect 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.

Trading and Asset Management Business

Despite the growing concerns over global economic uncertainty and geopolitical tensions, the Group strives to seize business opportunities by enriching the eco-system around its core FinTech trading service platform. On 24 August 2023, the Company acquired 100% equity interest in Monmonkey Group Asset Management Limited and Quality Union Limited, which are engaged in the provision of advisory and asset management services and trading of derivatives, and the Group began the new segment of Trading and Asset Management Business. Revenue from this segment composed of gain or loss on trading of the derivative financial instruments (primarily unlisted options and total return swaps traded over-the-counter) and asset management fee income from the funds managed.

FUTURE OUTLOOK

The Group will continue to strengthen its market position in the medical and healthcare construction sectors in Singapore and other markets, and develop the FinTech Platform and Trading and Asset Management Businesses 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 Hong Kong government to develop Hong Kong as an international financial centre for virtual assets, the Group is confident that the FinTech Platform Business will continue to grow and provide value-add services to various participants in the eco-system such as virtual assets spot exchange-traded funds (ETFs) issuers, token issuers and investors with investment needs in trading virtual assets with state-of-the-arts virtual assets custodian solutions.

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.

In connection with Trading and Asset Management Business, with strict risk control guidelines, the Group will continue to increase its participation in trading various financial instruments and enlarging the scale of our assets under management to explore more business potentials.

FINANCIAL REVIEW

Revenue

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

	For the year ended 30 June	
	2024	2023
	S\$	S\$
Revenue from:		
Integrated designs and building services	16,131,316	12,115,502
Maintenance and other services	1,017,980	742,272
Virtual assets custodian solutions services	313,111	584,742
Trading of derivatives and asset management services	971,001	–
	<u>18,433,408</u>	<u>13,442,516</u>

The Group's revenue for the Review Year was approximately S\$18.4 million, representing an increase of approximately S\$5.0 million, or 37.1%, as compared to approximately S\$13.4 million for the year ended 30 June 2023. The increase in revenue was primarily driven by a more diversified customer base in the Engineering Business, from which more projects with higher contract sums have been obtained. In addition, there is new revenue generated from subsidiaries of the Group acquired during the Review Year.

Revenue from integrated designs and building services was approximately S\$16.1 million for the Review Year, representing an increase of approximately S\$4.0 million, or 33.1%, as compared to approximately S\$12.1 million for the year ended 30 June 2023.

Revenue from maintenance and other services was approximately S\$1.0 million for the Review Year, representing an increase of approximately S\$0.3 million, or 37.1%, as compared to approximately S\$0.7 million for the year ended 30 June 2023.

Revenue from virtual assets custodian solutions services was approximately S\$0.3 million for the Review Year, representing a decrease of approximately S\$0.3 million, or 46.5%, as compared to approximately S\$0.6 million for the year ended 30 June 2023.

Revenue from trading of derivatives and asset management services was approximately S\$1.0 million for the Review Year (2023: Nil).

Gross Profit and Gross Profit Margin

The Group's gross profit was approximately S\$8.8 million for the Review Year (2023: approximately S\$4.5 million), with a gross profit margin of approximately 47.9% (2023: 33.3%). The increase in the gross profit margin over the year ended 30 June 2024 was mainly attributable to more new projects with higher contract sums and gross profit margin have been obtained from diversified customers of the Engineering Business, while better cost control measures have been implemented by the Group and new income generated from Trading and Asset Management Business during the Review Year.

Other Income

For the Review Year, the Group's other income was approximately S\$0.6 million, or 3.1% of revenue for the Review Year (2023: approximately S\$0.5 million, or 3.7% of revenue for the year ended 30 June 2023).

Other Gains and Losses, net

For the Review Year, the net other gains and losses was approximately S\$0.6 million, or 3.4% of the revenue for the Review Year (2023: approximately S\$0.02 million or 0.1% of the revenue for the year ended 30 June 2023). The increase in net other gains and losses was mainly attributed to gain on disposal of a subsidiary and fair value gain on cryptocurrencies during the Review Year.

Administrative Expenses

For the Review Year, the Group's administrative expenses increased by approximately S\$3.3 million or 17.0% to approximately S\$22.5 million, or 121.9% of the revenue for the Review Year, as compared to approximately S\$19.2 million, or 142.9% of the revenue for the year ended 30 June 2023. 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 Trading and Asset Management Business and the FinTech Platform Business, and the application of the Virtual Asset Trading Platform Operators Licence.

Loss for the Year

As a combined effect of the above, during the Review Year, the Group recorded a loss of approximately S\$12.6 million, as compared to a loss of approximately S\$14.5 million for the year ended 30 June 2023.

Liquidity and Financial Resources

Shareholders' funds

As at 30 June 2024, total shareholders' funds amounted to approximately S\$26.8 million, as compared to approximately S\$30.1 million as at 30 June 2023.

Financial position

As at 30 June 2024, the Group had current assets of approximately S\$49.9 million (2023: S\$27.5 million), and current liabilities of S\$30.1 million (2023: S\$4.6 million). The Group's current ratio (defined as current assets divided by current liabilities) as at 30 June 2024 was 1.7 (2023: 6.0).

The Group's gearing ratio, expressed as a percentage of interest-bearing liabilities to total assets, was at 1.2% as at 30 June 2024 (2023: 1.9%).

Cash and cash equivalents

As at 30 June 2024, the Group had cash and cash equivalents of approximately S\$15.7 million (2023: S\$19.2 million), most of which were denominated in Hong Kong dollars.

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 was completed with a placing price of HK\$0.40 per share of the Company ("**Share(s)**").

On 22 February 2023, 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.

On 28 May 2024, a placement of 25,550,000 new shares of the Company at par value of HK\$0.01 each (the “**2024 Placing**”) was completed with a placing price of HK\$2.00 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\$1.1 million (2023: S\$0.4 million) for the Review Year.

Pledge of Assets

As at 30 June 2024, the Group had no pledged assets (2023: 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 2023 Placing and the 2024 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.

Changes in Subsidiaries of the Group

During the Review Year, the Company, through its subsidiary Apex Goal Worldwide Limited (“**Apex Goal**”), completed the acquisition of the entire equity interests in Monmonkey Group Asset Management Limited and Quality Union Limited (the “**Target Group**”) pursuant to two separate sale and purchase agreements executed between (i) Apex Goal and Monmonkey Group Holdings Limited; and (ii) Apex Goal and Smart Unicorn Enterprises Limited, for an aggregate consideration of HK\$2,300,001 (the “**Acquisitions**”).

The Target Group, which was previously controlled by the substantial shareholder of the Company, is primarily engaged in provision of advisory and asset management services, as well as trading derivatives. Monmonkey Group Asset Management Limited is licensed by the Securities and Futures Commission (“**SFC**”) to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Following the completion of the Acquisitions, the Target Group became indirect wholly-owned subsidiaries of the Company, and the Group commenced its Trading and Asset Management Business. This transaction was fully exempted from the reporting, announcement and independent shareholder’s approval requirements under Rule 14A.76 of the Listing Rules.

Additionally, during the Review Year, the Company completed the disposal of the entire equity interests in BG Technologies Limited (the “**Target Company**”) pursuant to a sale and purchase agreement with Solar Patch Limited (an independent third party) for an aggregate consideration of HK\$1,500,000. The Target Company is a technology service provider and operator of a portal company. This transaction was completed on 22 December 2023 and the transaction was fully exempted from the reporting and announcement requirements under Rule 14.06(2) of the Listing Rules.

Material Acquisitions and Disposal of Subsidiaries

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries by the Group for the Review Year.

Significant Investments

Save as disclosed above, 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 2023 Placing” and “Use of Net Proceeds from the 2024 Placing” in this announcement, the Group did not have any other future plans for material investments or capital assets as at 30 June 2024.

Employees and Emolument Policy

As at 30 June 2024, the Group employed a total of 149 full-time employees (including three executive Directors), as compared to the 139 full-time employees as at 30 June 2023. The total staff costs in the Review Year amounted to approximately S\$20.6 million (2023: approximately S\$16.9 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 2024, the Group has not provided guarantees to any customer (2023: Nil), and did not have any material capital commitments (2023: 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 2024 are as follows:

	Planned use of Listing Net Proceeds	Actual use of Listing Net Proceeds from the Listing Date to 30 June 2024	Unutilised balance up to 30 June 2024	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 2025
Recruiting additional staff	21,500	21,500	–	N/A
Issue of performance guarantees	4,800	144	4,656	on or before 30 June 2025
Acquisition of additional motor vehicles and machinery	5,100	885	4,215	on or before 30 June 2025
Increasing our marketing efforts	2,300	1,509	791	on or before 30 June 2025
General working capital	6,300	6,300	–	N/A

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 intended 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 as at 30 June 2024 are as follows:

	Planned use of 2023 Placing Net Proceeds	Actual use of 2023 Placing Net Proceeds as at 30 June 2024	Unutilised balance as at 30 June 2024	Expected date of full utilisation of 2023 Placing Net Proceeds
Use of 2023 Placing Net Proceeds:	HK\$'000	HK\$'000	HK\$'000	
Payroll related expenses	46,044	46,044	–	N/A
Projected working capital	22,500	–	22,500	N/A (<i>Note</i>)
IT support	6,300	6,300	–	N/A
Engineering Business	9,355	9,355	–	N/A
General working capital	9,356	9,356	–	N/A

Note: Such proceeds shall be utilised under the liquidity requirements for the licensed corporation upon the Type 1 and Type 7 licences granted by SFC.

Use of Net Proceeds from the 2024 Placing

The gross and net proceeds (after deducting the placing commission and other related expenses incurred) from the 2024 Placing (“**2024 Placing Net Proceeds**”) were HK\$51.10 million and approximately HK\$50.59 million, respectively. The Company intended to use (i) approximately 90% of the 2024 Placing Net Proceeds to finance the Fintech Platform Business; and (ii) approximately 10% of the 2024 Placing Net Proceeds as general working capital of the Group.

The 2024 Placing Net Proceeds applied by the Group as at 30 June 2024 are as follows:

	Planned use of 2024 Placing Net Proceeds <i>HK\$'000</i>	Actual use of 2024 Placing Net Proceeds as at 30 June 2024 <i>HK\$'000</i>	Unutilised balance as at 30 June 2024 <i>HK\$'000</i>	Expected date of full utilisation of 2024 Placing Net Proceeds
Use of 2024 Placing Net Proceeds:				
Fintech Platform Business	45,530	5,925	39,605	on or before 30 June 2025
General working capital	5,059	798	4,261	on or before 30 June 2025

IMPORTANT EVENT AFTER THE REVIEW YEAR

As disclosed in the announcement of the Company dated 29 July 2024, Mr. Zhou Peng was appointed as an executive Director with effect from 1 August 2024.

Save as disclosed above, to the best knowledge of Directors, there were no other important events affecting the Group which have occurred since 30 June 2024.

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 C1 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 C3 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 (including sale of treasury shares, if any).

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 CPA Limited (“**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 annual general meeting (“AGM”) of the Company will be held on or about 27 November 2024 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 (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 22 November 2024 to 27 November 2024, 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 27 November 2024. 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 21 November 2024.

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) and the Company (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, 26 September 2024

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Lin Ho Man, Mr. Tsang Wing Fung, Mr. Koh Lee Huat and Mr. Zhou Peng, 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.