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HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1726)

SUPPLEMENTAL ANNOUNCEMENT REGARDING THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2018 AND THE INTERIM REPORT OF THE COMPANY FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

Reference is made to the annual report for the year ended 30 June 2018 (the “**2018 Annual Report**”) of HKE Holdings Limited (the “**Company**”) and the interim report for the six months ended 31 December 2018 (the “**2019 Interim Report**”) of the Company. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the 2019 Interim Report.

Reference is also made to the joint announcements (the “**Joint Announcements**”) issued by the Company and Eagle Fortitude Limited (“**Eagle Fortitude**”) dated 17 July 2019 and 22 July 2019 in relation to the sale and purchase of the shares in the Company. As disclosed in the Joint Announcements, Eagle Fortitude completed the purchase of 75% of the total issued share capital of the Company (the “**Completion**”) as of 22 July 2019.

The Company would like to provide the following additional information pursuant to paragraph 11(8)(b) of Appendix 16 of the Rules Governing the Listing of Securities on the Main Board of Stock Exchange (the “**Listing Rules**”) in the 2018 Annual Report and 2019 Interim Report. The Company was successfully listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited on 18 April 2018.

An analysis of the planned use of the proceeds (the “**Proceeds**”) from the Listing as disclosed in the prospectus (the “**Prospectus**”) of the Company dated 28 March 2018 compared against the actual use of Proceeds is set out below:

Use of Proceeds	Planned use of Proceeds <i>HK\$’000</i>	Actual use of Proceeds from the Listing Date to 31 December 2018 <i>HK\$’000</i>	Unused amount <i>HK\$’000</i>
Acquisition of additional property for workshop and office use	34,000	—	34,000
Recruiting additional staff	21,500	989	20,511
Issue of performance guarantees	4,800	143	4,657
Acquisition of additional motor vehicles and machinery	5,100	849	4,251
Increasing marketing efforts	2,300	1,083	1,217
General working capital	6,300	6,300	—

As shown in the table above, approximately HK\$64.6 million of the Proceeds (the “**Unutilised Proceeds**”) has not been utilised as of the end of the reporting period covered by the 2019 Interim Report (i.e. 31 December 2018) mainly due to the following reasons:

- Since the Listing and up to the date of this announcement, the Directors had considered quotations from a few property agents in selecting the best location and price for the acquisition of the new property. Nevertheless, none of the quotations received thus far was, in the opinion of the Directors, commercially acceptable to Group and in the interest of its shareholders. Going forward, the Directors will continue to identify other suitable property for acquisition.
- As the recruitment of additional staff and acquisition of additional motor vehicles and machinery would increase our overhead and recurring expenses in the long run, the Group has and will continue to fine-tune the timing for using the Unutilised Proceeds for implementing the business expansion, having regard to its business performance, contracts on hand, the available internal resources, the market opportunities in the industry and prevailing market sentiments.

As disclosed in the Joint Announcements, Eagle Fortitude intends to continue the existing principal business of the Group immediately following Completion. However, Eagle Fortitude also intends to review the operation and business activities of the Group to formulate a long-term business strategy for the Group. Subject to the results of such review, the Offeror may explore other business and/or seek to expand the geographical coverage of the principal business of the Group in addition to the market of Singapore. In this regard, the Company will issue a further announcement as soon as possible regarding any future change in the use of Proceeds that differ materially from the plan or timeline as disclosed in the Prospectus.

By order of the Board of
HKE Holdings Limited
Koh Lee Huat
Chief Executive Officer and Executive Director

Hong Kong, 13 August 2019

As at the date of this announcement, the Board comprises one non-executive director, namely Mr. Ang Kong Meng; two executive directors, namely Mr. Koh Lee Huat and Mr. Ryan Ong Wei Liang; and three independent non-executive directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred.