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Flourish Nation Enterprises Limited

(Incorporated in the British Virgin Islands with limited liability)

HKE Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1726)

JOINT ANNOUNCEMENT

**(1) SALE AND PURCHASE AGREEMENT IN RELATION TO THE SALE AND PURCHASE OF THE SALE SHARES IN HKE HOLDINGS LIMITED;
(2) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY VC BROKERAGE LIMITED FOR AND ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES IN THE SHARE CAPITAL OF HKE HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED AND/OR AGREED TO BE ACQUIRED BY THE OFFEROR AND/OR PARTIES ACTING IN CONCERT WITH IT);
AND
(3) RESUMPTION OF TRADING**

Financial adviser to the Offeror



VC Capital Limited

Financial adviser to the Company



Sorrento Capital Limited

Offer agent to the Offeror



VC Brokerage Limited

THE SHARE PURCHASE AGREEMENT

The Board was notified by the Vendor that on 6 April 2021, the Vendor, the Guarantor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase the Sale Shares, being 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement, for a total cash consideration of HK\$112,800,000 (being HK\$0.188 per Sale Share). Details of the Share Purchase Agreement are set out in the section headed “The Share Purchase Agreement” in this joint announcement.

Subject to fulfillment or, where applicable, waiver of, among others, all the conditions set out in the section headed “Conditions of the Share Purchase Agreement”, Completion shall take place on the Completion Date.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

As at the date of this joint announcement and prior to the Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror and parties acting in concert with it will be interested in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement. The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it.

As at the date of this joint announcement, there are 800,000,000 Shares in issue and the Company does not have any outstanding options, warrants or securities or derivatives which are convertible or exchangeable into Shares.

Subject to Completion, VC Brokerage on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the following basis:

For each Offer Share

HK\$0.188 in cash

The Offer Price of HK\$0.188 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

Principal terms of the Offer are set out in the section headed “Possible Mandatory Unconditional Cash Offer” below. The Offeror intends to finance the Acquisition and the Offer by its internal resources. VC Capital, the financial adviser to the Offeror in respect of the Acquisition and the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Sale Shares under the Share Purchase Agreement and to satisfy full acceptance of the Offer.

Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$0.188 per Offer Share, the total issued share capital of the Company is valued at HK\$150,400,000. The Offer will be made to the Independent Shareholders. As the Offeror and parties acting in concert with it will be interested in aggregate 600,000,000 Shares immediately after Completion, 200,000,000 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.188 per Offer Share, the consideration of the Offer would be HK\$37,600,000. The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, has been established to recommend the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Independent Shareholders as a whole and as to the acceptance of the Offer.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee will be included in the Composite Document to be despatched to the Shareholders.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, a composite document containing, among other things, (i) further details of the Offer (including the expected timetable and the terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the acceptance and transfer form, should normally be posted to the Shareholders within 21 days from the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 7 April 2021 pending the release of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 April 2021.

WARNING

Shareholders and potential investors of the Company should note that the Offer is a possible mandatory unconditional cash offer and will only be made if Completion takes place. As Completion may or may not take place, the Offer may or may not proceed. This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing Shareholders of the fact that the Company has been informed that the Offer will be made if Completion takes place. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

The Board was notified by the Vendor that on 6 April 2021, the Vendor, the Guarantor and the Offeror entered into the Share Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Offeror has conditionally agreed to purchase the Sale Shares, being 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement, for a total cash consideration of HK\$112,800,000 (being HK\$0.188 per Sale Share). Details of the Share Purchase Agreement are set out in the section headed “The Share Purchase Agreement” below in this joint announcement.

THE SHARE PURCHASE AGREEMENT

Date:

6 April 2021

Parties:

- (i) Vendor : Eagle Fortitude Limited;
- (ii) Offeror : Flourish Nation Enterprises Limited; and
- (iii) Guarantor : Mr. Wu

The Offeror and its ultimate beneficial owner are third parties independent of, and not connected with, either the Company or any of its connected persons.

The Sale Shares

The Sale Shares comprise a total of 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement. Pursuant to the terms of the Share Purchase Agreement, the Sale Shares will be acquired by the Offeror free from all encumbrances and together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date of the Share Purchase Agreement.

Consideration for the Sale Shares

The Consideration for the sale and purchase of the Sale Shares under the Share Purchase Agreement shall be the aggregate sum of HK\$112,800,000, being HK\$0.188 per Sale Share, which was agreed between the Offeror and the Vendor after arm's length negotiations, taking into account the Share price on the Last Trading Day and the 52-week trading range of the Company on the Stock Exchange.

The Offeror will settle the Consideration in cash in Hong Kong dollars at the Completion in one lump sum. The Consideration will be financed by the Offeror with its internal resources.

Conditions of the Share Purchase Agreement

Completion is conditional upon the satisfaction (or waived by the Offeror, where applicable) of the following conditions on or prior to the Long Stop Date:

- (1) the Shares remaining listed and traded on Main Board at all times from the date of the Share Purchase Agreement up to (and including) the Completion Date, excluding any temporary suspension not exceeding seven (7) consecutive trading days for the purposes of clearing any announcements, circulars or documents in relation to the transactions contemplated under the Share Purchase Agreement;
- (2) there being no notification, indication or direction from the Stock Exchange or the SFC prior to the Completion Date that listing of the Shares will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the Share Purchase Agreement or otherwise;
- (3) all necessary consents, clearance and approvals required to be obtained on the part of the Vendor and the Guarantor in respect of the Share Purchase Agreement and the transactions contemplated thereby having been obtained, which includes but not limited to, the board approval and shareholder approval of the Vendor, consents, clearance and/or approvals of the relevant officials and authorities, bank, creditors, customers, suppliers and/or such other third parties;
- (4) the representations, warranties and indemnities given by the Vendor under the Share Purchase Agreement remaining true and accurate in all respects;
- (5) the Vendor having complied with all its obligations under the Share Purchase Agreement as at the Completion Date;
- (6) the Company not having been informed about itself becoming the subject of any investigation, enquiry, notice of actual or possible non-compliance or violation, or any kind of written confirmations, relating to the compliance with any applicable laws, any other rules and regulations (including but not limited to the SFO and the Securities and Futures (Stock Market Listing Rules) (Chapter 571V of the laws of Hong Kong), the Listing Rules), conducted or issued by SFC, the Stock Exchange or any other relevant authority, nor the Company being notified any information, fact or circumstance which gives rise or is likely to give rise to any such investigation, inquiry, notice of actual or possible non-compliance or violation or written communications;

- (7) the Offeror shall have received a BVI legal opinion in the form and substance reasonably satisfactory to the Offeror in relation to the Vendor's entering into of the Share Purchase Agreement and the transactions contemplated under the Share Purchase Agreement; and
- (8) the Offeror having conduct a due diligence exercise on the Group, and is satisfied with the results thereof.

The Offeror may at any time by notice in writing to the Vendor waive any of the conditions set out above (save for paragraph (3) which is incapable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Offeror. If any of the conditions set out above has not been satisfied and/or waived at or before 12:00 noon on the Long Stop Date, the Share Purchase Agreement shall cease and determine (save and except the surviving provisions shall continue to have full force and effect following the termination of the Share Purchase Agreement) and none of the parties shall have any obligations and liabilities thereunder and none of the parties thereto shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms thereof.

Guarantee

Pursuant to the Share Purchase Agreement, the Guarantor, as primary obligor and not merely a surety, hereby irrevocably and unconditionally guarantees:

- (i) to the Offeror the due and punctual performance of the Vendor under the Share Purchase Agreement; and
- (ii) to indemnify the Offeror against all losses, damages, payments (tax or otherwise), penalties, charges, interests, costs and expenses (including legal costs and expense), which the Offeror may incur or suffer arising from, relating to, as a result of or in connection with any breach by the Vendor of its obligations, commitments, undertakings, indemnities or covenants under or pursuant to any of the representations, warranties and indemnities given by the Vendor under the Share Purchase Agreement.

The obligations of the Guarantor shall be continuing obligations and shall not be satisfied, discharged or affected by any intermediate payment or settlement of account or any change in the constitution or control of, or the insolvency of or any bankruptcy, winding up or analogous proceedings relating to any of the parties to the Share Purchase Agreement. The liability of the Guarantor thereunder shall be unaffected by any arrangement which the Offeror may make with the Vendor or with any other person which (but for this paragraph) might operate to diminish or discharge the liability of or otherwise provide a defense to a surety.

Completion of the Share Purchase Agreement

Subject to fulfillment or, where applicable, waiver of, among others, all the conditions set out in the section headed “Conditions of the Share Purchase Agreement” above, Completion shall take place on the Completion Date.

POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER

The Offer

As at the date of this joint announcement and prior to the Completion, the Offeror and parties acting in concert with it did not own, control or have direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. Immediately following Completion, the Offeror and parties acting in concert with it will be interested in aggregate 600,000,000 Shares, representing 75% of the total issued share capital of the Company as at the date of this joint announcement. The Offeror will therefore upon Completion be required under Rule 26.1 of the Takeovers Code to make an Offer for all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it. As at the date of this joint announcement, there are 800,000,000 Shares in issue and the Company does not have any outstanding options, warrants or securities or derivatives which are convertible or exchangeable into Shares. Subject to Completion, VC Brokerage on behalf of the Offeror and in compliance with the Takeovers Code, will make the Offer on the following basis:

For each Offer Share

HK\$0.188 in cash

The Offer Price of HK\$0.188 per Offer Share is equal to the purchase price per Sale Share payable by the Offeror under the Share Purchase Agreement.

The Offer will be unconditional in all aspects when it is made.

Value of the Offer

Assuming that there is no change in the issued share capital of the Company and based on the Offer Price of HK\$0.188 per Offer Share, the total issued share capital of the Company is valued at HK\$150,400,000. The Offer will be made to the Independent Shareholders. As the Offeror and parties acting in concert with it will be interested in aggregate 600,000,000 Shares immediately after Completion, 200,000,000 Shares will be subject to the Offer. Based on the Offer Price of HK\$0.188 per Offer Share, the consideration of the Offer would be HK\$37,600,000. The Offer Shares to be acquired under the Offer shall be fully paid and free from all encumbrance and together with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Offer Price

The Offer Price of HK\$0.188 per Offer Share represents:

- a discount of approximately 27.69% on the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 26.56% on the average closing price of HK\$0.256 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 25.52% on the average closing price of approximately HK\$0.252 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 17.90% on the average closing price of HK\$0.229 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days prior to and including the Last Trading Day;
- a discount of approximately 10.05% on the Group's audited consolidated net asset value attributable to the Shareholders per Share of HK\$0.209 as at 30 June 2020 (based on a total of 800,000,000 Shares as at the date of this joint announcement and the Group's audited consolidated net asset value attributable to the Shareholders of approximately S\$28,489,539 (equivalent to approximately HK\$167,233,593.93) as at 30 June 2020); and
- a discount of approximately 6.47% on the Group's unaudited consolidated net asset value attributable to the Shareholders per Share of HK\$0.201 as at 31 December 2020 (based on a total of 800,000,000 Shares as at the date of this joint announcement and the Group's unaudited consolidated net asset value attributable to the Shareholders of approximately S\$27,397,628 (equivalent to approximately HK\$160,824,076.36) as at 31 December 2020).

Highest and lowest Share prices

During the six-month period immediately preceding and including the Last Trading Day: (i) the highest closing price of the Shares quoted on the Stock Exchange was HK\$0.26 per Share on the Last Trading Day; and (ii) the lowest closing price of the Shares quoted on the Stock Exchange was HK\$0.17 per Share on 24 December 2020, 28 December 2020 and 29 December 2020.

Confirmation of financial resources

The maximum amount of cash payable by the Offeror in respect of acceptances of the Offer is approximately HK\$37,600,000, assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer. The Offeror intends to finance the consideration payable by the Offeror in respect of the Sale Shares under the Share Purchase Agreement and the Offer by its internal resources.

VC Capital, as the financial adviser to the Offeror in respect of the Acquisition and the Offer, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy the consideration for the Sale Shares under the Share Purchase Agreement and to satisfy full acceptance of the Offer.

Effect of accepting the Offer

As at the date of this joint announcement, the Company has not declared any dividend and the Company does not intend to declare, make or pay any dividend or other distributions prior to close of the Offer.

Acceptance of the Offer by any Independent Shareholders will be deemed to constitute a warranty by such person that all the Shares sold by such person under the Offer are free from all encumbrances and with all rights now and thereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof on or after the date on which the Offer is made, being the date of the despatch of the Composite Document.

Acceptance of the Offer will be irrevocable and not capable of being withdrawn, except as permitted under the Takeovers Code.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible within seven (7) Business Days (as defined in the Takeovers Code) of the date of receipt of a duly completed acceptance. Relevant documents evidencing title must be received by or on behalf of the Offeror to render such acceptance of the Offer complete and valid.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the sellers' Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Overseas Shareholders

As the Offer to persons not being resident in Hong Kong may be affected by the laws of the relevant jurisdiction in which they are resident, the Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the sole responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consent which may be required, the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdictions).

If the receipt of the Composite Document by the Overseas Shareholders is prohibited by any applicable laws and regulations and may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, may not be despatched to such Overseas Shareholders. In those circumstances, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. There are no Overseas Shareholders (except the Vendor) as at the date of this joint announcement.

Any acceptance of the Offer by such Overseas Shareholders will be deemed to constitute a representation and warranty from such Overseas Shareholders to the Offeror that the applicable local laws and requirements have been complied with. The Overseas Shareholders should consult their professional advisers if in doubt.

Taxation advice

The Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, the Vendor, the Guarantor and their respective ultimate beneficial owners, directors, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

DEALING AND INTERESTS IN SECURITIES OF THE COMPANY

The Offeror confirms that as at the date of this joint announcement:

- (i) none of the Offeror nor any person acting in concert with it owned or had control or direction over any voting rights or rights over the Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities;
- (ii) none of the Offeror nor any person acting in concert with it had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities in the six (6) months prior to 9 April 2021, being the date of this joint announcement and the commencement date of the offer period under the Takeovers Code;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) save for the Share Purchase Agreement, there is no agreement or arrangement to which the Offeror or any person acting in concert with it, is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (v) none of the Offeror nor any person acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (vi) none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept the Offer;

- (vii) there is no agreement or arrangement in relation to outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror, nor any person acting in concert with it;
- (viii) save for the Completion, there are no conditions to which the Offer is subject;
- (ix) other than the Consideration for the sale and purchase of the Sale Shares under the Share Purchase Agreement, there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the Vendor or any party acting in concert with it in connection with the sale and purchase of the Sale Shares under the Share Purchase Agreement;
- (x) there is no understanding, arrangement or special deal (as defined under Rule 25 of the Takeovers Code) between the Vendor and any parties acting in concert with it on one hand, and the Offeror or any parties acting in concert with it on the other hand; and
- (xi) save for the Share Purchase Agreement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between (i) any Shareholder; and (ii)(a) the Offeror and any parties acting in concert with it or (ii)(b) the Company, its subsidiaries or associated companies.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued shares have been listed on Main Board since 18 April 2018. The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the authorised share capital of the Company is HK\$15,000,000 divided into 1,500,000,000 ordinary shares with par value of HK\$0.01 each, and there are 800,000,000 Shares in issue. The Company does not have any outstanding options, warrants or derivatives or convertible rights affecting the Shares as at the date of this joint announcement.

The shareholding structure of the Company as at the date of this joint announcement and immediately after the Completion and before the Offer are as follows:

	As at the date of this joint announcement		Immediately after the Completion and before the Offer	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Offeror and person(s) acting in concert with it	–	–	600,000,000	75
The Vendor (<i>Note</i>)	600,000,000	75	–	–
The Independent Shareholders	200,000,000	25	200,000,000	25
	<u>800,000,000</u>	<u>100</u>	<u>800,000,000</u>	<u>100</u>

Note: The Vendor is owned as to 100% by Mr. Wu.

FINANCIAL INFORMATION ON THE GROUP

Set out below is a summary of the audited consolidated financial results of the Group for the financial years ended 30 June 2019 and 30 June 2020 and the unaudited consolidated financial results of the Group for the six months ended 31 December 2020, prepared in accordance with the relevant accounting principles and financial regulations applicable to the Hong Kong Financial Report Standards:

	For the financial year ended		For the six months ended
	30 June 2019	30 June 2020	31 December 2020
	S\$	S\$	S\$
	(audited)	(audited)	(unaudited)
Revenue	10,403,292	7,641,788	4,505,409
Profits before tax	2,731,028	259,002	82,605
Profit for the year/period	2,262,611	58,303	31,229
Net assets	<u>27,943,981</u>	<u>28,489,539</u>	<u>27,397,628</u>

INFORMATION ON THE OFFEROR

Flourish Nation Enterprises Limited is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. As at the date of this joint announcement, save for entering into the Share Purchase Agreement, the Offeror did not engage in any other business activities.

As at the date of this joint announcement, Mr. Lin Ho Man (“**Mr. Lin**”), aged 28, is the sole ultimate beneficial shareholder and the sole director of the Offeror. Mr. Lin has extensive experience in investment and company management. He is currently the chairman of Ever Royal International Limited which is a limited company incorporated in Hong Kong with its major business engaged in oversea property investment. Its business also includes provision of consultation services on building design and specifications, performance of building works, etc. which is similar to the core business of the Group. Apart from the above, he is also the Member of the All-China Youth Federation, the Director (2021/2022) of Hong Kong Tung Wah Group of Hospitals, the Executive Member and Deputy Secretary-General of Y. Elite Club, the Vice Chairman of Hong Kong CPPCC Youth Federation, Member of Jiangsu Youth Federation, Honorary Director of South District Youth Association, the Honorary Chairman of Kowloon Federation of Associations, Secretary-General of the Youth Encouragement Fund and the Honorary Director of University of Hong Kong Foundation.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror will become the controlling shareholder of the Company and is expected to be interested in 75% of the issued share capital of the Company.

The Group is a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. The Group mainly provides integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, the Group is also engaged in providing maintenance and other services, as well as sales of tools and materials. The Offeror is of the view that the Group is an attractive investment whose current businesses have established networks and reputation in the medical and healthcare sectors.

The Offeror intends to continue the employment of the existing management and employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate). The Offeror also intends to continue the existing principal business of the Group immediately following the Completion. However, the Offeror 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 businesses of the Group in addition to the market of Singapore.

Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will review the business operations and financial position of the Group from time to time for development of a sustainable business plan and strategy to the Group. Other business opportunities will be explored and restructuring or integration of the existing businesses of the Group which will also be considered for better utilisation of the resources so as to enhance long-term growth of the Group. Save for the potential change(s) to the composition of the Board as mentioned below, the Offeror has no plan to terminate the employment of any other employees or other personnel of the Group. However, the Offeror may re-deploy the human resources from time to time when it is deemed necessary or appropriate to the benefit of the Group.

Save for the Offeror's intention regarding the Group as set out above, (i) the Offeror has no intention to make material changes to the employment of the employees of the Group (except for a proposed change to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate); (ii) the Offeror has no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) as at the date of this joint announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

The Offeror intends to nominate new director(s) to the Board with effect from a date which is no earlier than such date as permitted under the Takeovers Code or such later date as the Offeror considers to be appropriate. Any changes to the members of the Board will be made in compliance with the Takeovers Codes and/or the Listing Rules and further announcement(s) will be made as and when appropriate.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, is held by the public at all times, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares. Therefore, it should be noted that upon close of the Offer, there may be insufficient public float of the Shares and the trading in the Shares may be suspended until sufficient public float exists for the Shares. Each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to Rule 2.1 of the Takeovers Code, the Independent Board Committee comprising the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, has been established to recommend the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and whether the Offer is in the interests of the Independent Shareholders as a whole and as to the acceptance of the Offer.

The Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Offer and, in particular, as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser. The advice of the Independent Financial Adviser and the recommendation of the Independent Board Committee will be included in the Composite Document to be despatched to the Shareholders.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree's board circular in the Composite Document.

Pursuant to Rule 8.2 of the Takeovers Code, a composite document containing, among other things, (i) further details of the Offer (including the expected timetable and the terms of the Offer); (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Offer; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Offer, together with the acceptance and transfer form, should normally be posted to the Shareholders within 21 days from the date of this joint announcement or such later date as the Executive may approve. Further announcement(s) will be made when the Composite Document is despatched.

The Independent Shareholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders and the recommendation from the Independent Board Committee to the Independent Shareholders in respect the terms of the Offer and as to the acceptance of the Offer.

TRADING SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 7 April 2021 pending the release of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 12 April 2021.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including persons holding 5% or more of a class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

Shareholders and potential investors of the Company should note that the Offer is possible mandatory unconditional cash offer and will only be made if Completion takes place. As Completion may or may not take place, the Offer may or may not proceed. This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing Shareholders of the fact that the Company has been informed that the Offer will be made. The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the purchase of the Sale Shares by the Offeror from the Vendor in accordance with the terms and conditions of the Share Purchase Agreement;
“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“associate(s)”	has the meaning ascribed to it under the Takeovers Code;
“Board”	the board of Directors;
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business;
“BVI”	the British Virgin Islands;
“Company”	HKE Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose ordinary shares are listed on the Main Board (Stock Code: 1726);
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Share Purchase Agreement;
“Completion Date”	the second (2 nd) business day (i.e. a day (other than a Saturday or Sunday and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours) immediately after all the conditions set out in the Share Purchase Agreement have been fulfilled or waived or such other date as may be agreed between the parties;

“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the forms of acceptance and transfer) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the sum of HK\$112,800,000, being consideration payable by the Offeror to the Vendor for the Acquisition;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director;
“Group”	the Company, together with its subsidiaries;
“Guarantor”	Mr. Wu;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred, established for the purpose of advising the Independent Shareholders in respect of the Offer and in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer;
“Independent Financial Adviser”	the independent financial adviser to be appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the terms of the Offer and as to their acceptance;

“Independent Shareholder(s)”	holder(s) of Share(s), other than the Offeror and parties acting in concert with it;
“Last Trading Day”	1 April 2021, being the last trading day immediately prior to the suspension of trading in the Shares pending the release of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 May 2021 or such other date as the Offeror and the Vendor may agree in writing;
“Main Board”	the main board of the Stock Exchange;
“Mr. Wu”	Mr. Wu An Ming, the Chairman and an executive Director of the Company and the sole shareholder of the Vendor;
“Offer”	the mandatory unconditional cash offer to be made by VC Brokerage, on behalf of the Offeror, to acquire all the issued Shares not already owned and/or agreed to be acquired by the Offeror and/or parties acting in concert with it subject to the conditions summarised in this joint announcement and in accordance with the Takeovers Code;
“Offeror”	Flourish Nation Enterprises Limited, a company incorporated in the BVI with limited liability, being the purchaser under the Share Purchase Agreement, and Mr. Lin Ho Man is the sole shareholder of the Offeror;
“Offer Price”	HK\$0.188 per Offer Share in respect of the Offer;
“Offer Shares”	any of the 200,000,000 Shares that are subject to the Offer;
“Overseas Shareholders”	the Independent Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong;

“PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Sale Shares”	600,000,000 Shares beneficially owned by the Vendor, representing 75% of the issued share capital of the Company as at the date of this joint announcement;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Share Purchase Agreement”	the conditional share purchase agreement for the sale and purchase of Sale Shares dated 6 April 2021 and entered into among the Vendor, the Guarantor and the Offeror in relation to the sale and purchase of the Sale Shares;
“Shareholder(s)”	the holder(s) of Share(s);
“Singapore”	the Republic of Singapore;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“VC Brokerage”	VC Brokerage Limited, a corporation licensed by the SFC to conduct on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO;
“VC Capital”	VC Capital Limited, a corporation licensed by the SFC to conduct on Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror;

“Vendor”	Eagle Fortitude Limited, a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Wu;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“S\$”	Singapore dollars, the lawful currency of Singapore; and
“%”	per cent.

Unless stated otherwise, in this joint announcement, amounts denominated in S\$ have been translated into HK\$ at the exchange rate of S\$1.00 to HK\$5.87. No representation is made that the HK\$ amounts could have been or could be converted into S\$ at such rate or any other rate or at all. Certain amounts and percentage figures in this joint announcement have been subject to rounding adjustments.

By order of the sole director of
Flourish Nation Enterprises Limited
Lin Ho Man
Sole Director

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

Hong Kong, 9 April 2021

As at the date of this joint announcement, the Board comprises two executive Directors, namely Mr. Wu An Ming and Mr. Koh Lee Huat, and three independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung and Mr. Cheung Kwok Yan Wilfred.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

As at the date of this joint announcement, Lin Ho Man is the sole director of the Offeror. As the sole director of the Offeror, Lin Ho Man accepts full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Vendor, the Guarantor and the Group) and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.