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PROPOSED ISSUE OF CONVERTIBLE BOND UNDER GENERAL MANDATE

The Board is pleased to announce that on 28 January 2025 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bond in an aggregate principal amount of HK\$26 million at the initial Conversion Price of HK\$2.50 per Conversion Share.

Based on the initial Conversion Price of HK\$2.50, 10,400,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion right attaching to the Convertible Bond, representing (i) approximately 0.96% of the existing issued share capital of the Company as of the date of this announcement; and (ii) approximately 0.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bond at the initial Conversion Price, assuming that no other Shares would be allotted and issued.

The Conversion Shares will be allotted and issued under the General Mandate. An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

The net proceeds from the issue of the Convertible Bond are expected to be approximately HK\$25.8 million. The Company intends to use (i) approximately HK\$20.6 million (representing 80% of the net proceeds) for the development of Fintech Platform Business; and (ii) approximately HK\$5.2 million (representing 20% of the net proceeds) for the general working capital of the Group.

Subscription Completion is subject to the satisfaction of the Subscription Conditions. Accordingly, the issue of the Convertible Bond may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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Principal terms of the Subscription Agreement

The principal terms of the Subscription Agreement are set out below:

Date: 28 January 2025 (after trading hours)

Parties: (1) The Company as issuer; and
(2) The Subscriber as subscriber.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

Subscription:

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bond in an aggregate principal amount of HK\$26 million at the initial Conversion Price of HK\$2.50 per Conversion Share.

The principal amount of HK\$26 million for the Convertible Bond shall be paid in the following manner:

- (i) by signing of the Subscription Agreement, HK\$9.0 million was paid to the Company as refundable deposit; and
- (ii) upon Subscription Completion, HK\$17.0 million shall be paid to the Company.

Subscription Conditions:

The Subscription Completion shall be conditional upon the satisfaction (or, where applicable, waiver by the Subscriber) of the following Subscription Conditions on or before the Longstop Date:

- (a) the granting of the approval by the Stock Exchange for the listing of, and the permission to deal in, the new Shares to be issued upon the exercise of the conversion rights under the terms and conditions of the Convertible Bond; and
- (b) if required, all other approvals, consents and acts required under the Listing Rules, or other applicable laws and regulations or otherwise required from any third parties (including banks or financial institutions) in connection with the Subscription Agreement and the transactions contemplated thereunder having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such laws, rules, regulations and requirements having been obtained from the Stock Exchange or other relevant regulatory authorities or the relevant third parties.

The Subscriber may, at its absolute discretion, waive the Subscription Condition set out in paragraph (b), and no other Subscription Condition may be waived by the Subscriber. If the Subscription Conditions are not satisfied (or where applicable, waived) by the Longstop Date, the Subscription Agreement shall be terminated and the Company shall refund the deposit of HK\$9.0 million to the Subscriber within 10 Business Days after the termination of the Subscription Agreement.

Completion: Subject to all the Subscription Conditions having been fulfilled (or, where applicable, waived), the Subscription Completion shall take place on the 5th Business Days after the day on which the last of the Subscription Conditions is fulfilled (or, where applicable, waived).

Principal terms of the Convertible Bond

The principal terms of the Convertible Bond are set out below:

Issuer:	The Company
Principal amount:	HK\$26 million
Interest:	The Convertible Bond does not bear any interest on their outstanding principal amount.
Maturity Date:	Second anniversary of the date of the issue of the Convertible Bond, which shall be extended for one year if the Company and all holder(s) of the Convertible Bond(s) shall mutually agree.
Early redemption:	The Company shall have the right to redeem all or part of the Convertible Bond held by the holder of the Convertible Bond at any time and from time to time prior to the Maturity Date.
Redemption on maturity:	Unless previously converted, the Company shall redeem all the Convertible Bond then outstanding at the principal amount on the Maturity Date.

Conversion Price:

The initial Conversion Price of HK\$2.50 per Conversion Share represents (i) a premium of approximately 162.3% over the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the date of signing of the Subscription Agreement; and (ii) a premium of approximately 165.6% over the average closing price of HK\$1.51 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the Subscription Agreement.

The net issue price of the Conversion Shares (after deducting costs expected to be incurred in the Subscription) is estimated to be approximately HK\$2.48 per Conversion Share.

The Conversion Price was determined based on arm's length negotiations between the parties with reference to the prevailing market prices of the Shares on the Stock Exchange, the business performance of the Group, and the Subscriber's view on the prospectus and the future development of the Group, in particular, the FinTech Platform Business. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and is in the interests of the Company and the Shareholders as a whole.

Conversion rights:

The holder of the Convertible Bond will have the right, on any Business Day during the period commencing from the date of issue of the Convertible Bond to the Maturity Date, to convert the whole or part of the principal amount of the Convertible Bond (in amounts of not less than HK\$1,000,000 at any one time, unless the outstanding principal amount of the Convertible Bond to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be converted) into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the conversion rights attaching to the Convertible Bond shall be allowed if (i) immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) a mandatory general offer obligation under the Takeovers Code will be triggered as a result of such conversion.

The Conversion Shares shall rank pari passu with all other existing Shares in issue as at the date of conversion and be entitled to all dividends, bonuses and other distributions the record date of which falls on a date on or after the date of conversion. An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Conversion Shares.

Anti-dilution
adjustments:

The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:

- (i) consolidation, sub-division or re-classification of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution to Shareholders;
- (iv) offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 70% of the market price as at the date of the announcement of the terms of the offer or grant;

- (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 70% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 70% of the market price as at the date of the announcement of such proposal;
- (vii) when the Company issues wholly for cash any Shares at a price per Share which is less than 70% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) when the Company issues Shares for the acquisition of assets at a total effective consideration per Share which is less than 70% of the market price at the date of the announcement of the terms of such issue.

Voting:

The holder of the Convertible Bond will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Convertible Bond.

Events of default:

If any of the following events occurs, the Convertible Bond shall on the giving of notice by the holder of the Convertible Bond to the Company become due and payable at its principal amount then outstanding:

- (i) the Company defaults in its material obligations of the terms of the Convertible Bond which default is incapable of remedy or, if capable of remedy, is not remedied within 20 Business Days after notice of such default from the holder of the Convertible Bond to the Company;
- (ii) an encumbrancer takes possession or a receiver, manager or other similar officer is appointed in respect of the whole or any substantial part of the undertaking, property, assets or revenues of the Company;
- (iii) the Company becomes insolvent or is unable to pay its debts as they fall due or applies for or consents to or suffers the appointment of any administrator, liquidator or receiver of the Company or the whole or any substantial part of the undertaking, property, assets or revenues of the Company or takes any proceeding under any law for a readjustment or deferment of its obligations or any part of them;
- (iv) an order is made or an effective resolution passed for the winding up, insolvency, administration or dissolution of the Company;
- (v) the insolvency of the Company;

- (vi) a moratorium is agreed or declared in respect of any indebtedness of the Company or any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or a substantial part of the assets of the Company;
- (vii) listing of the Shares on the Stock Exchange ceases;
- (viii) the Company consolidates or amalgamates with or merges into any other corporation, or the Group sells or transfers all or substantially all of its assets;
- (ix) the Company fails to pay the principal amount when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within 10 Business Days of the due date.

Transferability:

The holder of the Convertible Bond is entitled to transfer part or whole of the Convertible Bond.

Listing:

No application will be made for a listing of the Convertible Bond on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the initial Conversion Price of HK\$2.50 and assuming full conversion of the Convertible Bond, the Convertible Bond will be convertible into 10,400,000 Shares, representing approximately 0.96% of the existing issued share capital of the Company and approximately 0.95% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The aggregate nominal value of the Conversion Shares is HK\$104,000.

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bond (assuming no other changes in the share capital of the Company since the date of this announcement) is as follows:

Shareholders	At the date of this announcement		Immediately upon Subscription Completion	
	<i>No. of Shares</i> <i>(Note 1)</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Flourish Nation Enterprises Limited (<i>Note 2</i>)	568,000,000	52.77	568,000,000	52.26
Mr. Tsang Wing Fung (<i>Note 3</i>)	16,000,000	1.49	16,000,000	1.47
Subscriber	–	–	10,400,000	0.96
Public Shareholders	492,387,019	45.74	492,387,019	45.31
Total	1,076,387,019	100.00	1,086,787,019	100.00

Notes:

- The percentage of shareholding is calculated based on Shares in issue as at the date of this announcement.*
- 568,000,000 Shares are held by Flourish Nation Enterprises Limited which is owned as to 100% by Mr. Lin Ho Man, an executive Director and the Chairman of the Company. By virtue of the Securities and Futures Ordinance, Mr. Lin Ho Man is deemed to be interested in the Shares held by Flourish Nation Enterprises Limited.*
- Mr. Tsang Wing Fung is an executive Director.*

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising exercises in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Equity fund raising exercise	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
10 May 2024	Placing of 25,550,000 Shares to not less than six independent placees at the placing price of HK\$2.00 per Share	HK\$50.59 million	The Company intended to use (i) approximately 90% of the net proceeds from the placing to finance the Fintech Platform Business; and (ii) approximately 10% of the net proceeds as general working capital of the Group.	The net proceeds for the general working capital have been fully utilised as intended and HK\$780,000 for Fintech Platform Business has not yet been utilised as at the date of this announcement and will be used as intended.

INFORMATION OF THE PARTIES

The Company was incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on Main Board of the Stock Exchange. The Group has four operating segments: (i) engineering business segment which engaged in provision of integrated designs and building services for hospitals and clinics in Singapore, maintenance and other service as well as sales of tools and materials; (ii) the FinTech Platform Business; (iii) trading and asset management segment which engaged in trading of derivatives and provision of advisory and asset management services; and (iv) investment holding segment which engaged in provision of investment services.

The Subscriber is Mr. Chen Weiqin who is an individual investor who has experience in investing in finance, technology and property businesses.

USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bond is expected to be approximately HK\$25.8 million. The Company intends to use (i) approximately HK\$20.6 million (representing 80% of the net proceeds) for the development of Fintech Platform Business; and (ii) approximately HK\$5.2 million (representing 20% of the net proceeds) for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Since 2023, the Group has been collaborating with regulators and dedicated external professionals to acquire the Virtual Asset Trading Platform Operators Licence (the “**Licence**”) regulated by the SFC through its wholly-owned subsidiary, HKBGE. HKBGE will operate virtual asset trading platform after obtaining the Licence and funds will be required in the process of obtaining the Licence and development of the virtual asset trading platform, particularly, the payroll related expenses for the employees, acquisition of equipment and improvement of software. The Group has nearly utilised all net proceeds from the 2024 Placing for the development of the Fintech Platform Business.

The Company has considered other fund-raising alternatives, including bank loans, right issues, open offer and share placings. The Board considered that bank loan may incur interests and security pledging on the Group’s assets and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group’s financial position and the then financial market condition and it may be relatively uncertain and time-consuming. Rights issue or open offer will involve the issue of prospectus with other application and administrative procedures (such as arrangements for nil-paid rights shares) which may lead to relatively longer time and additional administrative cost to complete as compared to the issue of the Convertible Bond. As compared to share placing, the issue of the Convertible Bond does not have an immediate dilution effect on the shareholding of the existing Shareholders.

Having considered the above and that (i) the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group and raise funds for the development of the Fintech Platform Business; and (ii) the Conversion Price represents a premium over the most recent market price of the Shares, the Directors are of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the Conversion Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

The Conversion Shares will be allotted and issued under the General Mandate upon conversion of the Convertible Bond. Under the General Mandate, the Company is authorised to issue up to 215,269,422 Shares until the revocation, variation or expiration of the General Mandate. As at the date of this announcement, no Share has been issued under the General Mandate.

Assuming there is no further issue or repurchase of the Shares and there is no adjustment to the initial Conversion Price, upon full conversion of the Convertible Bond at the initial Conversion Price of HK\$2.50, the Convertible Bond will be convertible into 10,400,000 Shares, utilizing approximately 4.83% of the General Mandate.

The issue of Conversion Shares under the General Mandate is not subject to the Shareholders' approval.

GENERAL

Subscription Completion is subject to the satisfaction of the Subscription Conditions. Accordingly, the issue of the Convertible Bond may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“2024 Placing”	the placing of 25,550,000 Shares to not less than six independent places at the placing price of HK\$2.00 per Share as set out in the announcement of the Company dated 10 May 2024
“AGM”	the annual general meeting held on 27 November 2024
“Board”	the board of Directors

“Business Day”	a day on which licensed banks in Hong Kong are open for business throughout their normal business hours, other than a Saturday, a Sunday or a public holiday in Hong Kong; or a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Company”	HKE Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose Shares are listed on the Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$2.50 per Share, subject to adjustment
“Conversion Shares”	the Shares to be allotted and issued by the Company upon the issue of the Convertible Bond
“Convertible Bond”	the zero coupon convertible bond in the principal amount of HK\$26 million to be issued to the Subscriber under the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Fintech Platform Business”	the provision of virtual assets platform services by the Group
“General Mandate”	the unconditional general mandate granted to the Directors at the AGM to allot, issue and deal with Shares of not exceeding 215,269,422 Shares, being 20% of the total number of Shares in issue as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKBGE”	Hong Kong BGE Limited, a wholly-owned subsidiary of the Company

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	third party independent of and not connected with the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Longstop Date”	17 February 2025 (or such later date as may be agreed between the Subscriber and the Company in writing)
“SFC”	the Securities and Futures Commission
“Share(s)”	fully paid ordinary share(s) having a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Chen Weiqin
“Subscription”	the subscription of the Convertible Bond by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 28 January 2025 entered into between the Company and the Subscriber in respect of the issue and subscription of the Convertible Bond
“Subscription Completion”	the completion of the Subscription
“Subscription Conditions”	the conditions precedent to completion of the Subscription

“Takeovers Code”

the Hong Kong Code on Takeovers and Merger

“%”

per cent.

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

Hong Kong, 28 January 2025

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 four independent non-executive Directors, namely Mr. Siu Man Ho Simon, Prof. Pong Kam Keung, Mr. Cheung Kwok Yan Wilfred and Ms. Xu Aijia.