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SUPPLEMENTAL AGREEMENT REGARDING PROPOSED ISSUE OF CONVERTIBLE BOND

Reference is made to the announcement of HKE Holdings Limited (the “**Company**”) dated 28 January 2025 (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to provide the Shareholders and the potential investors of the Company with further information regarding the proposed issue of the Convertible Bond.

CONVERSION PRICE

The Company would like to clarify that the initial Conversion Price of HK\$2.50 per Conversion Share represents (i) a premium of approximately “62.3%” 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, instead of “162.3%” as disclosed in the Announcement; and (ii) a premium of approximately “65.6%” 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, instead of “165.6%” as disclosed in the Announcement.

ANTI-DILUTION ADJUSTMENTS

The initial Conversion Price is subject to adjustments on the occurrence of the following events:

- (i) If the Shares by reason of any consolidation or sub-division or re-classification or otherwise become of a different nominal amount, the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

where:

A = the revised nominal amount; and

B = the former nominal amount.

- (ii) If the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C}{C + D}$$

where:

C = the aggregate nominal amount of the issued Shares immediately before such issue;
and

D = the aggregate nominal amount of the Shares issued in such capitalisation.

- (iii) If the Company shall make any capital distribution to the Shareholders or shall grant to such Shareholders' rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price shall be adjusted by multiplying it by the following fraction:

$$\frac{E - F}{E}$$

where:

E = the market price on the date on which the capital distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the capital distribution or, as the case may be, of the grant; and

F = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by the Company's auditors for the time being, of the portion of the capital distribution or of such rights which is attributable to one Share.

- (iv) If the Company shall offer to the Shareholders new Shares for subscription by way of rights, or shall grant to the 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, the Conversion Price shall be adjusted by the following fraction:

$$\frac{G + \frac{H \times I}{J}}{G + H}$$

where:

G = the number of Shares in issue immediately before the date of such announcement;

H = the aggregate number of Shares so offered for subscription or comprised in the options or warrants or other rights;

I = the amount (if any) payable for the rights, options or warrants or other rights to subscribe for each new Share, plus the subscription price payable for each new Share; and

J = the market price on the trading day immediately prior to such announcement.

- (v) If the Company shall 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, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Shares in issue immediately before the date of the issue plus the number of Shares which the total effective consideration receivable for the securities issued would purchase at the said market price immediately prior to the date of such announcement and the denominator is the number of Shares in issue immediately before the date of the issue plus the number of Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities, at the initial conversion or exchange price or subscription price.

- (vi) If the rights of conversion or exchange or subscription attached to any such securities as are mentioned in paragraph (v) are modified so that the total effective consideration per Share initially receivable for such securities shall be less than 70% of the market price as at the date of the announcement of such proposal, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Shares in issue immediately before the date of such modification plus the number of Shares which the total effective consideration receivable for the securities issued at the modified conversion or exchange price would purchase at the said market price and of which the denominator is the number of Shares in issue immediately before such date of modification plus the number of Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange price or subscription price.

- (vii) If the Company shall issue 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, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares which the aggregate amount payable for the issue would purchase at the said market price immediately prior to the date of such announcement and the denominator is the number of Shares in issue immediately before the date of such announcement plus the number of Shares so issued.

(viii) If the Company shall issue the Shares for the acquisition of asset 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, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the total effective consideration per Share and the denominator shall be such market price.

2024 PLACING

The gross and net proceeds (after deducting the placing commission and other related expenses incurred) from the 2024 Placing were HK\$51.10 million and approximately HK\$50.59 million, respectively. The Company used (i) approximately 90% of the net proceeds to finance the Fintech Platform Business; and (ii) approximately 10% of the net proceeds as general working capital of the Group. Set out below is the breakdown of the utilised use of net proceeds:

Use of Net Proceeds	<i>HK\$'000</i>	Approximate percentage (%)
Payroll related expenses (<i>Note 1</i>)	36,622	72.39
Property, plant and equipment (<i>Note 2</i>)	3,066	6.06
IT support expenses (<i>Note 3</i>)	3,662	7.24
Legal and professional fee	1,400	2.77
General working capital (<i>Note 4</i>)	5,059	10.00
	<u>49,809</u>	<u>98.46</u>

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.

Notes:

1. The payroll-related expenses primarily covered approximately 101 employees in Hong Kong and the PRC under the Group's subsidiaries. Employees based in Hong Kong are mainly responsible for research and development ("R&D") and license applications, while those based in the PRC focus on R&D and the infrastructure development of the Virtual Assets Trading Platform.
2. Approximately 6% of the net proceeds were used to acquire computer equipment to ensure compliance with the SFC's requirements for obtaining the Licence.

3. IT support expenses primarily consisted of cloud usage fees for the Virtual Assets Trading Platform.
4. General working capital mainly included operating expenses such as office rental and building management fees.

Save as disclosed above, all other information disclosed in the Announcement remains unchanged.

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

Hong Kong, 11 February 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.