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Wan Kei Group Holdings Limited
宏基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1718)

**SUPPLEMENTAL ANNOUNCEMENT
TO 2023 ANNUAL REPORT AND
UPDATE ON USE OF PROCEEDS**

References are made to the announcements of Wan Kei Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), dated 29 November 2016 (the “**2016 Announcement**”), 16 December 2016, 2 October 2018 (the “**2018 Announcement**”), 2 April 2020 (the “**2020 Announcement**”), 17 August 2021 (the “**2021 Announcement**”), 3 January 2023 (the “**2023 Announcement**”) (collectively hereinafter referred to as the “**Announcements**”) and the annual report of the Company for the year ended 31 March 2023 published on 27 July 2023 (the “**2023 Annual Report**”). Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meanings as those defined in the 2023 Annual Report.

As disclosed in the Announcements and the 2023 Annual Report, the total net proceeds from the placing of 160,000,000 new ordinary shares of the Company, which was completed on 16 December 2016 (the “**Placing**”) amounted to approximately HK\$134.0 million (the “**Net Proceeds**”). This announcement is made to provide supplemental information to the 2023 Annual Report, an update of the use of Net Proceeds from the Placing.

USE OF PROCEEDS FROM THE PLACING

As disclosed in the paragraph headed “Use of Net Proceeds From the Placing” in the “Management Discussion and Analysis” section in the 2023 Annual Report, as at 31 March 2023, the intended use of the outstanding Net Proceeds raised from the Placing, being approximately HK\$57,100,000 (the “**Unutilised Net Proceeds**”) are as follows: (i) as to approximately HK\$25,700,000, to fund further possible acquisition(s) (the “**Unutilised Net Proceeds for Further Acquisitions**”) and (ii) as to the remaining balance of approximately HK\$31,400,000, for general working capital.

The board (the “**Board**”) of directors of the Company (the “**Directors**”) currently has no intention to change the planned use of the Net Proceeds as disclosed in the 2023 Announcement and 2023 Annual Report. The Company wishes to supplement that the Unutilised Net Proceeds for Further Acquisitions are intended to be fully utilised by 31 March 2025 in the acquisition of equity interests in target company(-ies) engaged in the food and beverage and/or the construction sectors, provided that, if any such opportunity(ies) arise in the meantime, the Group may also utilise the Unutilised Net Proceeds for Further Acquisitions (or part thereof) in the acquisition of target company(-ies) engaged in other sector(s) if such acquisition is considered by the Board to be conducive in broadening the source of the revenue for the Group or otherwise in the best interest of the Company and its shareholders as a whole.

REASONS FOR THE DELAYED USE OF PROCEEDS

Set out below is a summary of the Company’s use and intended use of Net Proceeds and any change thereof since the completion of the Placing:

- (1) On 29 November 2016, the Company entered into a placing agreement with Kingston Securities Limited (as the placing agent) in relation to the Placing. As at 29 November 2016, the Company intended to utilise the Net Proceeds in developing a business in the investment and financing services sector and for setting up a subsidiary with money lender licence. Please refer to the 2016 Announcement for further details.
- (2) As at 2 October 2018, the Group had utilised approximately HK\$20.8 million of the Net Proceeds in developing the investment and financial services business and setting up a subsidiary with a money lender licence. The said subsidiary has been granted the money lenders licence and the Group intended to utilise up to approximately HK\$36.5 million of the Net Proceeds in developing the Group’s money lending business in the next 12 months. Nonetheless, due to the increasing level of instability pertaining to the financial markets and competition in the financial services sector on one hand, and the benefits of the proposed entry to the e-sports markets on the other, the Company changed the use of up to approximately HK\$76.7 million of the Net Proceeds to fund the acquisition of approximately 51% of the issued share capital of Blue Marble Limited at a total consideration of HK\$320,000,000 (the “**E-sports Acquisition**”). Please refer to the 2018 Announcement for further details.

- (3) The E-sports Acquisition subsequently lapsed on 2 April 2020 and the unutilised Net Proceeds remained idle thereafter. Therefore, on 17 August 2021, the board of directors of the Company (the “**Board**”) resolved to change the use of the outstanding Net Proceeds, being approximately HK\$76,700,000 as at 31 March 2021 as follows: (i) as to approximately HK\$70,700,000, by 31 March 2023 to fund further possible acquisition(s), including exercising the right to acquire 16% of the issued share capital of Matsu Gami IP Development Limited (“**Matsu Gami**”) at a consideration of HK\$35,025,000 (the “**Matsu Gami Call Option**”) if Matsu Gami shall have fulfilled certain profit guarantee (the “**Matsu Gami Profit Guarantee**”) and acquired certain intellectual property rights for the year ended 31 March 2021 or 31 March 2022; and (ii) as to the remaining balance of approximately HK\$6,000,000, by 31 March 2023 for general working capital. Please refer to the 2020 Announcement and the 2021 Announcement for further details.
- (4) As disclosed in the announcement dated 29 August 2022 and the interim report of the Company for the six months ended 30 September 2022, due to non-fulfillment of the Matsu Gami Profit Guarantee, the Matsu Gami Call Option had lapsed. Since the lapse of the Matsu Gami Call Option, the Group has carried out investigation and research in order to identify suitable target(s) for acquisition, but no such target has been identified so far. As a result, HK\$70,700,000 of the Net Proceeds remained unutilised. In order to generate more working capital to meet its operation needs, on 3 January 2023 the Board resolved to re-allocate HK\$45,000,000 of such unutilised Net Proceeds to general working capital including staff costs, rental payment, audit fees, professional fees, and other operating expenses such as insurance by 31 March 2024, while the remaining HK\$25,700,000 of the Net Proceeds shall remain allocated to the funding of further possible acquisition(s) by 31 March 2025. Please refer to the 2023 Announcement for further details.

As illustrated above, the delay in the use of the Net Proceeds by the Group was due to (a) the lapse of the E-sports Acquisition and the Matsu Gami Call Option; and (b) the lack of suitable targets for acquisition in the market. Nevertheless, the Board expects to utilise (i) as to the Unutilised Net Proceeds for Further Acquisitions, in the funding of further possible acquisition(s) as elaborated in the section headed “Use of Proceeds from the Placing” above by 31 March 2025; and (ii) as to any balance of the Unutilised Net Proceeds, for general working capital by 31 March 2024.

The Board confirms that this announcement does not affect the other information contained in the 2023 Annual Report. Save as disclosed in this announcement, all the other information and contents of the 2023 Annual Report remain unchanged.

By Order of the Board
Wan Kei Group Holdings Limited
Yan Shuai
Chairman

Hong Kong, 17 November 2023

As at the date of this announcement, the executive Directors are Mr. Yan Shuai and Mr. Bai Huawei; the non-executive Directors are Mr. Zhang Zhenyi and Mr. Chui Kwong Kau; and the independent non-executive Directors are Mr. Lo Wa Kei Roy, Mr. Eric Todd, Mr. Jiang Senlin and Mr. Zhang Yi.