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FEG Holdings Corporation Limited

鑄帝控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1413)

SUPPLEMENTAL ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION IN RELATION TO FORMATION OF JOINT VENTURE COMPANY

Reference is made to the announcement of FEG Holdings Corporation Limited (the “**Company**”) dated 22 November 2024 in relation to the formation of the Joint Venture Company (the “**Announcement**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Joint Venture Company will focus on building and operating the digital asset business in virtual real estate and decentralised finance aspect (the “**Joint Venture Business**”). The Board wishes to provide the Shareholders and potential investors of the Company with additional information on the Joint Venture Business and the preliminary allocation of the capital contribution as follows:

BUSINESS MODEL

The Joint Venture Business focuses on the digital asset sector, particularly in virtual real estate. It intends to design and build various virtual environments within Decentraland (a 3D virtual world browser-based platform), including:

1. Virtual stock trading hall:

A simulated trading floor that offers real-time market data and charting tools, allowing users to practice trading strategies in a risk-free environment. This setup serves as a practical learning opportunity for beginners and a testing ground for experienced traders;

2. Financial education centre:

Interactive exhibits, gamified learning modules, and immersive simulations designed to educate users about various financial concepts, investment strategies, and risk management techniques. This centre will cater to users of all levels, from beginners to seasoned investors;

3. DeFi exploration zone:

An interactive and informative area that highlights the potential of decentralised finance (“DeFi”) applications, including decentralized exchanges, lending platforms, and yield farming protocols. Users can explore the benefits and risks of DeFi in a controlled setting;

4. Virtual conference centre:

A facility for hosting virtual conferences, seminars, and workshops featuring leading experts in finance and technology. This provides a platform for knowledge sharing and networking within the Metaverse; and

5. Innovation lab:

A space for showcasing advanced financial technologies, including blockchain applications, AI-powered analytics, and virtual reality trading tools. This lab will foster experimentation and drive the development of new financial solutions.

To support the construction and development of the aforesaid virtual environments, the Joint Venture Company intends to invest in the following:

- a) specifically for the virtual stock trading hall, strengthening the technology team by increasing and/or recruiting developers and designers to expedite platform development, as well as introducing advanced technologies and tools to enhance functionality and user experience;
- b) specifically for the financial education centre, recruiting additional content creators and editors to enhance content quality and production. This will involve integrating multimedia element by developing diverse content including video, audio and interactive features, to attract a wider audience;
- c) optimizing testing processes by establishing stringent testing protocols to ensure platform stability and performance;
- d) utilising data analysis and user feedback to continually improve platform functionality and user experience;
- e) expanding the marketing team by increasing and/or recruiting personnel with an aim to expand market coverage; and
- f) enhancing customer support and engagement by strengthening the customer service team.

REVENUE MODEL

The revenue model of the Joint Venture Business is structured to leverage multiple streams, as outlined below:

1. Virtual land sales:

Revenue will be generated through the initial sale of virtual land parcels, offering ownership or usage rights tailored to meet the varied needs and budgets of users. Pricing strategies may include fixed prices, tiered pricing based on parcel size, location, or desirability, and auction mechanisms to maximize competitive bidding and revenue capture. Premium locations and limited-edition plots will attract higher prices and increase revenue potential. Virtual land sales involve transactions conducted by the Joint Venture Company on a virtual platform or game, where users can purchase these virtual lands for construction or other virtual world activities;

2. Virtual real estate transactions:

Additionally, the Joint Venture Business will generate revenue through commissions and fees on virtual real estate transactions, relying on a thriving in-world economy and active user participation, supported by transparent and competitive rates, which will be derived from transaction fees from platform participants or fee contracts with trading platforms. For instance, the platform will facilitate a secondary market where users can buy and sell virtual land parcels among themselves, capturing revenue through transaction fees levied as a percentage of each sale price;

3. In-game purchases and subscriptions:

Furthermore, in-game purchases of items, virtual currency, and digital assets will be offered to users, ensuring a balanced approach that augments user experience while maintaining gameplay integrity. This will also contribute to steady income through subscription plans or service contracts, primarily targeting paid subscribers;

4. Product promotions:

Collaborations with financial institutions for product promotions within the virtual world will create additional revenue streams through commissions on successful referrals or leads;

5. Advertisements:

Lastly, strategic placements of advertisements within the virtual space, thoughtfully curated to minimize user disruption and preserve the immersive experience, will provide additional revenue. This will be accomplished through bidding competitions or contracts with specific advertising clients;

6. Custom service:

Earning income through custom service contracts or project collaborations with clients, which may involve providing specific blockchain solutions, technical support, joint project development, or other customised services tailored to client needs. These services will be developed by relevant professional staff after the establishment of the Joint Venture Company in accordance with the actual operational model; and

7. Data sales:

Revenue will be generated by selling data through data sales agreements or licensing contracts to relevant entities, such as analytics companies or enterprises.

BUSINESS PLAN FOR THE DEVELOPMENT OF THE JOINT VENTURE BUSINESS

The following sets out the preliminary timeline of the Joint Venture Business's development:

- Phase 1 (January – March 2025) : Project initiation, market research, and team formation.
- Phase 2 (April – September 2025) : Platform development and content creation, including virtual land acquisition, feature development, UI/UX design, blockchain integration, and 3D modelling.
- Phase 3 (October – December 2025) : Testing, optimisation, and marketing.
- Phase 4 (January 2026) : Official launch and ongoing content and feature updates.

RELEVANT EXPERIENCE AND EXPERTISE

A proposed chief executive officer (the “**Proposed CEO**”) for the Joint Venture Company has already been identified by the Company and the Joint Venture Partner.

The Proposed CEO has more than 8 years of experience in technology, finance and blockchain sectors, specialising in cloud computing, cryptocurrency exchange development, and blockchain community building. He was the founder of TUBES Blockchain Ecosystem Community from May 2020 to September 2024. During this time, he led the development and launch of TUBES, focusing on DeFi, non-fungible tokens (NFTs), and Web3 technologies. Under his leadership, the community grew to 20,000 members and organised 90 events, including workshops, hackathons, and conferences, which supported blockchain education and adoption. The Proposed CEO also co-founded and served as the chief technology officer at ACE Cryptocurrency Exchange from 2021 to 2022. In this role, he contributed to the establishment and growth of ACE as a notable cryptocurrency exchange in Taiwan. The Proposed CEO also worked at Google Cloud Platform as a Cloud Solutions Architect from 2014 to 2018, where he was responsible for providing technical guidance to clients on cloud solutions. He holds a Bachelor of Science degree in Electrical Engineering and Computer Science.

The Company and the Joint Venture Partner intend for the Proposed CEO to be responsible for guiding the strategic direction and overall operations of the Joint Venture Business. His role will involve leading the implementation of innovative business strategies, fostering collaboration among stakeholders, overseeing financial performance, and guiding the Joint Venture Business toward sustainable growth and success. With his extensive experience in blockchain technology, cryptocurrency exchanges, and cloud solutions architecture, the Board is satisfied that he will leverage his expertise to advance the Joint Venture Business in the digital asset industry.

CAPITAL CONTRIBUTION ALLOCATION

The total capital contribution in the amount of HK\$25 million to be contributed by the Group and the Joint Venture Partner (the “**Capital Contribution**”) was decided based on the meticulous budget allocation and operational expense analysis. The operation costs are expected to include, among others, salaries for personnel and costs associated with computer servers, marketing, customer service systems, office rent, etc.. It is intended to fund the Joint Venture Business’s operations for a minimum of three years, ensuring smooth progress, supporting future growth and maintaining continuity.

Based on current planning and information available to the Company and the Joint Venture Partner, the provisional allocation of the Capital Contribution for the Joint Venture Business is as follows:

1. HK\$1,000,000 is reserved for project initiation and planning, including market research, team formation, project scope definition and technology assessment;
2. HK\$10,000,000 is reserved for platform design and development, including virtual land acquisition, core functionality development and blockchain design, etc.;
3. HK\$5,000,000 is reserved for content production and integration, including 3D modelling, animation, content creation, system integration and AI development, etc.;
4. HK\$3,000,000 is reserved for testing and optimisation, including internal testing, user acceptance testing, bug fixing, performance optimisation and security audits;
5. HK\$2,000,000 is reserved for launch and marketing, including platform launch, marketing campaigns, community management and public relations; and
6. HK\$4,000,000 is reserved for ongoing operations and development, including content updates, feature enhancements and platform maintenance.

The capital contribution in the amount of HK\$15 million to be made by the Group as disclosed in the Announcement was determined based on the shareholding structure of the Joint Venture Company as agreed upon by the Company and the Joint Venture Partner, with Kwong Luen Information being set to acquire 60% shareholding in the Joint Venture Company.

This announcement is supplemental and should be read in conjunction with the Announcement. Save as disclosed above, the Board confirms that the above supplemental information does not affect other information contained in the Announcement and the content of the Announcement remains correct and unchanged.

By order of the Board
FEG Holdings Corporation Limited
Cheung Tung Tsun Billy
Chairman

Hong Kong, 13 December 2024

As at the date of this announcement, the executive directors are Mr. CHEUNG Tung Tsun Billy, Mr. YIP Kwong Cheung, Ms. LUO Tingting, Ms. HUANG Jiayi and Mr. YANG Zhenwei; and the independent non-executive directors are Ms. LAI Pik Chi Peggy, Mr. WONG Kwok On and Mr. TANG Man Joe.