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ABLE ENGINEERING HOLDINGS LIMITED

安保工程控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1627)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARES OF GAIN CAPITAL CORPORATION LIMITED

**Independent Financial Advisor to the Independent Board Committee and
the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

THE ACQUISITION

The Board is pleased to announce that on 18 February 2022 (after trading hours), Tregunter Global (an indirect wholly-owned subsidiary of the Company) as the buyer and Mr. NGAI as the seller entered into the Agreement, pursuant to which Mr. NGAI has conditionally agreed to sell, and Tregunter Global has conditionally agreed to acquire the Sale Shares and the Sale Loan of Gain Capital at the Consideration of HK\$181,400,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid in cash by Tregunter Global at Completion.

LISTING RULES IMPLICATIONS

Disclosable transaction

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. NGAI is the chairman, an executive Director and a controlling Shareholder who, through companies wholly and beneficially owned by him, is interested in 1,500,000,000 Shares, representing 75% of the total number of issued Shares in the Company. Accordingly, Mr. NGAI (a controlling Shareholder and a Director of the Company) is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

As Gain Capital is beneficially owned and ultimately controlled by Mr. NGAI as at the date hereof, the entering into of the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% and the total consideration is more than HK\$10 million, the entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition, are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Agreement. Ample Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting.

The EGM will be convened and held for the independent Shareholders to consider and, if thought fit, approve, the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the valuation report issued by the Independent Valuer on the Property; (iii) recommendation of the Independent Board Committee; (iv) letter of advice from the Independent Financial Adviser; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the EGM and a form of proxy is expected to be despatched by the Company to the Shareholders on or before 11 March 2022.

Completion is subject to fulfilment of the relevant conditions, and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The Board is pleased to announce that on 18 February 2022 (after trading hours), Tregunter Global (an indirect wholly-owned subsidiary of the Company) as buyer and Mr. NGAI as seller entered into the Agreement, pursuant to which Mr. NGAI has conditionally agreed to sell, and Tregunter Global has conditionally agreed to acquire, the Sale Shares and Sale Loan of Gain Capital at the Consideration of HK\$181,400,000. In accordance with the terms and conditions of the Agreement, the Consideration will be paid in cash by Tregunter Global at Completion.

Summarised below are the principal terms of the Agreement:

THE AGREEMENT

Date: 18 February 2022

Parties: Mr. NGAI Chun Hung (as the seller); and

Tregunter Global Limited (as the buyer), an indirect wholly-owned subsidiary of the Company

Assets to be acquired

Pursuant to the Agreement, Mr. NGAI has conditionally agreed to sell and Tregunter Global has conditionally agreed to acquire the Sale Shares and the Sale Loan.

Upon Completion of the Acquisition, Gain Capital will become an indirect wholly-owned subsidiary of the Company and accordingly, the assets, liabilities and financial performance of the Gain Capital Group will be consolidated into the consolidated financial statements of the Company.

Consideration

The Consideration is HK\$181,400,000. In accordance with the terms and conditions of the Agreement, the Consideration will be payable in full in cash by Tregunter Global to Mr. NGAI on the date of Completion.

The Consideration was determined after arm's length negotiations by reference to, among others:

1. the indicative valuation of the Gain Capital Group as at 31 December 2021 as assessed by the Independent Valuer at HK\$43,400,000, having considered (i) the indicative valuation of the Property of the Gain Capital Group as at 31 December 2021 as assessed by the Independent Valuer at RMB135,000,000 (equivalent to approximately HK\$165,308,000), and (ii) the unaudited net liability value of the Gain Capital Group as at 31 December 2021 in an amount of HK\$2,024,000; and
2. the amount of Sale Loan as at the date of Completion which shall not exceed HK\$138,000,000 (the amount of initial shareholder's loan due and owing by Gain Capital Group to the Mr. NGAI as at the date of this announcement is HK\$138,000,000).

The Directors intends to finance the Acquisition with the Group's internal resources.

Conditions

Completion of the Acquisition is subject to and conditional upon, including but not limited to, the fulfilment (or waiver) of the following conditions:

- (a) the passing of all resolutions approving the entering into the Agreement by Tregunter Global and the performance of the transactions contemplated hereunder including, but not limited to, the Acquisition, by the independent Shareholders (who are entitled to vote and are not required to abstain from voting under the Listing Rules) at the EGM in accordance with the relevant provisions in the Listing Rules, the articles of the association of the Company and the applicable laws and regulations in Hong Kong and other applicable jurisdictions;
- (b) each of the warranties provided under the Agreement being accurate as at the date of the Agreement and as at the date of Completion;
- (c) Tregunter Global having obtained a valuation report as assessed by the Independent Valuer, in form and substance satisfactory to Tregunter Global at its absolute discretion on the Property with valuation basis following either The Hong Kong Institute of Surveyors Valuation Standards on Properties published from time to time by the Hong Kong Institute of Surveyors or the International Valuation Standards published from time to time by the International Valuation Standards Council, with an effective date as at which the property was valued not earlier than 31 December 2021 and the value of the Property is not less than RMB135,000,000 (equivalent to approximately HK\$165,308,000);
- (d) Tregunter Global having obtained a valuation report on the Gain Capital Group as assessed by the Independent Valuer, in form and substance satisfactory to Tregunter Global at its absolute discretion on the Gain Capital Group with valuation basis following either The Hong Kong Institute of Surveyors Valuation Standards on Properties published from time to time by the Hong Kong Institute of Surveyors or the International Valuation Standards published from time to time by the International Valuation Standards Council, with an effective date as at which the Gain Capital Group was valued not earlier than 31 December 2021 and the value of the Gain Capital Group is not less than HK\$43,400,000;
- (e) Tregunter Global having completed its due diligence over the business, assets, financial results, material contracts, licenses, legal aspects and corporate structure of each member of the Gain Capital Group, and being satisfied with the results of the due diligence in its absolute discretion; and
- (f) in connection with the transactions contemplated under the Agreement:
 - (i) all requisite filings or registrations with all applicable government entities having been made;
 - (ii) all requisite governmental authorisations from all applicable governmental entities, on terms and conditions reasonably satisfactory to the Tregunter Global, having been obtained; and

- (iii) no proceedings that seek to restrain, prohibit, declare illegal, or otherwise challenge or interfere or obtain relief having been instituted or threatened.

Tregunter Global may at any time waive, by written notice to Mr. NGAI, in whole or in part of any of the conditions above, except conditions (a), (c), (d) and (f)(ii).

The long stop date for the fulfillment of the conditions to the Agreement is 31 May 2022. If the conditions are not fulfilled or waived (as the case may be) on or before 31 May 2022, then unless Mr. NGAI and Tregunter Global mutually agree to further extend the long stop date, the parties to the Agreement are not obliged to complete the Acquisition and the Agreement may be terminated by written notice by one party to the Agreement to the other.

Completion

Completion of the Acquisition shall take place on or before the fifth (5th) Business Day after the fulfilment or waiver of all the conditions (other than those conditions that by their terms are intended to or may be fulfilled at Completion) or on such other date as the parties may agree in writing.

Upon Completion of the Acquisition, the Gain Capital Group Companies will become indirectly wholly-owned subsidiaries of the Company and the assets, liabilities and financial performance of the Gain Capital Group will be consolidated into the consolidated financial statements of the Company.

INFORMATION OF TREGUNTER GLOBAL

Tregunter Global is a company established in the BVI, an indirect wholly-owned subsidiary of the Company and does not engage in any business as at the date of this announcement.

Upon Completion, Tregunter Global will become the holding company, and shall passively engage in investment holding, of the Gain Capital Group.

INFORMATION OF THE GAIN CAPITAL GROUP

Gain Capital was acquired by Mr. NGAI in September 2017 at a consideration of HK\$10,000, whilst Huizhou RKS was acquired by Gain Capital in January 2018 at a consideration of RMB15,000,000.

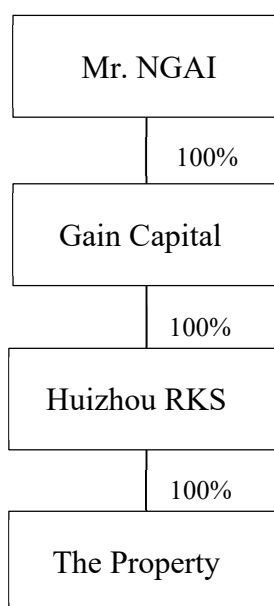
Gain Capital

Gain Capital was established on 19 October 2016. It is an investment holding company incorporated in Hong Kong. As at the date hereof, the entire issued share capital of Gain Capital is directly held by Mr. NGAI.

Huizhou RKS

Huizhou RKS is a limited liability company established under the laws of PRC. The principal business of Huizhou RKS is the holding of a land-use-right at 博羅縣龍溪鎮埔上村委會紅星村、東風村東邊溢(土名) of the PRC (the “**Land**”) and is currently engaging in the construction of factory, office and related premises on the Land. As at the date hereof, the entire equity interests in Huizhou RKS is held by Gain Capital.

The group structure of the Gain Capital Group as at the date of this announcement and immediately before Completion is set out as follows:



Property held by the Gain Capital Group

As at the date of this announcement, the Gain Capital Group owns the land-use-right of the Land in Huizhou City, Guangdong Province, the PRC through Huizhou RKS. As mentioned above, the Gain Capital Group is currently constructing factory, office and related premises on the Land set out below:

Location:	博羅縣龍溪鎮埔上村委會紅星村、東風村東邊溢 (土名) in the PRC
Term(s) of the land use rights:	Up to 22 December 2063
Type(s) of land usage:	Industrial use
Land area:	50,184 square meters
Expected completion of the construction of factory, office and related premises:	On or before 31 December 2022

Financial information of the Gain Capital Group

Set out below is the financial information of Gain Capital for each of the two financial years ended 31 December 2020 and 31 December 2021:

	For the financial year ended	
	31 December 2020	31 December 2021
	HK\$'000	HK\$'000
	(audited)	(unaudited)
Profit/(loss) before taxation	460	(6)
Profit/(loss) after taxation	460	(6)

Set out below is the financial information of Huizhou RKS for each of the two financial years ended 31 December 2020 and 31 December 2021:

	For the financial year ended	
	31 December 2020	31 December 2021
	RMB'000	RMB'000
	(audited)	(unaudited)
Loss before taxation	(1,385)	(1,478)
Loss after taxation	(1,385)	(1,478)

Based on the management accounts of the Gain Capital Group prepared in accordance with the generally accepted accounting principles in Hong Kong as at 31 December 2021, the unaudited net liability value of Gain Capital Group amounted to approximately HK\$2 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in contract works business as a main contractor or sub-contractor, primarily in respect of building construction and repair, maintenance, alteration and addition works.

As part of the Group's business operation, the Group has throughout the years relied on its suppliers to supply free-standing integrated modules which are pre-manufactured in the prefabrication factories and then be transported to the construction sites for installation. With the modules being pre-manufactured in factories, contractors would only need to resemble the modules on site instead of constructing the building blocks from scratch. This ensures the quality of the modules that are pre-tested and subject to quality control review by suppliers prior to transporting to the construction site, and minimises the project construction time and work required. In order to facilitate wider use of modular integrated construction for private building developments in Hong Kong, the Buildings Department has set up a pre-acceptance mechanism for granting in-principle acceptance to modular integrated construction systems / components.

For the year ended 31 March 2021, the Group recorded contract costs of approximately HK\$3.56 billion, of which approximately HK\$0.12 billion were costs for procuring the free-standing integrated modules. In view of maximising the profit margin and shareholders' return, the Group considers it to be beneficial in the long run if it could expand upstream so that the Group could ensure the quality of the integrated-modules, and lower or otherwise manage the cost for obtaining the integrated-modules.

As at the date of this announcement, the Gain Capital Group is the wholly and beneficial holder of the land-use-right of the Land on which the Gain Capital Group has started the construction of the Property (including factory, offices and related premises).

Having considered that:

- (i) the Property under development, including the size, the land usage and the construction process, would fit the Group's intention and allow the Group to construct or change the layout in view of fully-utilising the Property to suit its use as a pre-fabrication factory for manufacturing sufficient free-standing integrated modules for its own use;
- (ii) the benefits and synergies created by expanding to upstream manufacturing business in line with the Group's vertical integration strategy to maximise the profit margin and shareholders' return, in particular with assurance of products quality, product availability, better management or control of the cost and the increase in capacity by shortening the construction time utilised per project; and
- (iii) the Consideration of HK\$181,400,000 which is determined based on (a) the indicative valuation of the Gain Capital Group as at 31 December 2021 as assessed by the Independent Valuer at HK\$43,400,000, having considered, among others, the indicative valuation of the Property as at 31 December 2021 as assessed by the Independent Valuer at RMB135,000,000 (equivalent to approximately HK\$165,308,000); and (b) the amount of the Sale Loan at the date of this announcement at HK\$138,000,000;

the Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be issued by the Company after considering the advice from the Independent Financial Adviser, and excluding Mr. NGAI who abstained from voting due to his material interest in the Acquisition as the seller and Mr. YAU Kwok Fai who abstained from voting due to his family relationship with Mr. NGAI) are of the view that the Acquisition is in the interests of the Group, and the terms of the Agreement (including but not limited to the Consideration) are on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATION

Discloseable transaction

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% and less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. NGAI is the chairman and an executive Director and, a controlling Shareholder who, through companies wholly and beneficially owned by him, is interested in 1,500,000,000 Shares, representing 75% of the total number of issued Shares in the Company. Accordingly, Mr. NGAI (a controlling Shareholder and a Director of the Company) is regarded as a connected person of the Company under Chapter 14A of the Listing Rules.

As Gain Capital is beneficially owned and ultimately controlled by Mr. NGAI as at the date hereof, the entering into of the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition are more than 5% and the total consideration is more than HK\$10 million, the entering into of the Agreement and the transactions contemplated thereunder, including but not limited to the Acquisition, are subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the independent Shareholders on the terms of the Agreement and the transactions contemplated thereunder. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Agreement. Ample Capital has been appointed as the Independent Financial Adviser with the approval of the Independent Board Committee to advise the Independent Board Committee and the independent Shareholders in respect of the Agreement and the transactions contemplated thereunder and as to voting.

The EGM will be convened and held for the independent Shareholders to consider and, if thought fit, approve, the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition.

A circular containing, among other things, (i) further details of the Acquisition; (ii) the valuation report issued by the Independent Valuer on the Property; (iii) recommendation of the Independent Board Committee; (iv) letter of advice from the Independent Financial Adviser; (v) other information as required to be disclosed under the Listing Rules; and (vi) a notice of the EGM and a form of proxy is expected to be despatched by the Company to the Shareholders on or before 11 March 2022.

Completion is subject to fulfilment of the relevant conditions, and the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the Sale Loan under the Agreement
“Agreement”	the agreement entered into between Mr. NGAI (as seller) and Tregunter Global (as buyer) on 18 February 2022 in relation to the conditional sale and purchase of the Sale Shares in Gain Capital and the Sale Loan
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday) on which commercial banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Able Engineering Holdings Limited (安保工程控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange (stock code: 1627)
“Completion”	the completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder including, but not limited to, the Acquisition
“Gain Capital”	Gain Capital Corporation Limited (佳祺有限公司), a company incorporated in Hong Kong with limited liability owned as to 100% by Mr. NGAI as at the date hereof
“Gain Capital Company(ies)”	member(s) of the Gain Capital Group
“Gain Capital Group”	Gain Capital and Huizhou RKS

“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Huizhou RKS”	Huizhou Rongkangshun New Energy Technology Co., Ltd.* (惠州市榮康順新能源科技有限公司), a limited liability company established under the laws of the PRC, a wholly-owned subsidiary of Gain Capital as at the date hereof and a member of the Gain Capital Group
“Independent Board Committee”	an independent committee of the Board established which comprises all the independent non-executive Directors to advise the independent Shareholders on the fairness and reasonableness of terms of the Agreement and to advise the independent Shareholders how to vote at the EGM
“Independent Financial Advisor” or “Ample Capital”	Ample Capital Limited (豐盛融資有限公司), a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Independent Valuer”	Cushman & Wakefield Limited, an independent professional valuer appointed by the Company for the valuation of the Gain Capital Group and the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. NGAI”	Mr. NGAI Chun Hung, (a) the legal and beneficial owner of the entire issued share capital of Gain Capital as at the date hereof, (b) a controlling shareholder, the chairman, and an executive Director of the Company and (c) the seller of the Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Property”	the property owned by Huizhou RKS in Huizhou City, Guangdong Province, PRC with details set out in the paragraph “Information on the Gain Capital Group”
“RMB”	Renminbi, the lawful currency of the PRC
“Tregunter Global”	Tregunter Global Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company and the buyer of the Agreement
“Sale Shares”	10,000 ordinary shares, representing the entire issued share capital of Gain Capital
“Sale Loan”	All such sum of money due and owing by the Gain Capital Group to Mr. NGAI as at Completion
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *For identification purpose only*

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.2245. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.

By Order of the Board
ABLE ENGINEERING HOLDINGS LIMITED
CHEUNG Ho Yuen
Executive Director and Chief Executive Officer

Hong Kong, 18 February 2022

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors

Mr. NGAI Chun Hung
Mr. CHEUNG Ho Yuen
Mr. IP Yik Nam
Mr. LAU Chi Fai, Daniel
Mr. YAU Kwok Fai

Independent non-executive Directors

Prof. KO Jan Ming
Dr. LEE Man Piu, Albert
Dr. LI Yok Sheung
Ms. MAK Suk Hing
Mr. MONG Chan